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MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE
2008 GENERAL RATE APPLICATION

Before Board Panel:

- Graham Lane - Board Chairman
- Alain Molgat - Board Member
- Len Evans - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
October 9th, 2007
Pages 514 to 916

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APPEARANCES

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1 --- Upon commencing at 9:05 a.m.

2

3 THE CHAIRPERSON: Okay. Good morning,
4 everyone. Is there any undertakings, exhibits to be
5 filed or anything of that nature?

6 MR. KEVIN MCCULLOCH: Not at this point,
7 Mr. Chairman, no.

8 THE CHAIRPERSON: Oh. I think I'm
9 slightly disappointed but anyway.

10 Okay, Mr. Williams, you can recommence.

11

12 MPI PANEL, Resumed

13 BARRY GALENZOSKI, Resumed

14 DON PALMER, Resumed

15 MARILYN MCLAREN, Resumed

16 WARD KEITH, Resumed

17 OTTMAR KRAMER, Resumed

18

19 CONTINUED CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

20 MR. BYRON WILLIAMS: Good morning, Mr.
21 Chair and Members of the Board. Ms. Hunter will be
22 joining me a bit later this morning. Ms. Desorcy not
23 till this afternoon by which time I hope she will be
24 watching Mr. Oakes and not myself.

25 Just thanks to the courtesy of MPI counsel

1 it's almost like an undertaking, Mr. Chairman.

2 I believe that Mr. Keith has some
3 information I posed to the Board last week both about
4 what if any involvement the -- MPI had with enforcement
5 activities undertaken this weekend and also the -- any
6 information they had about the relationship
7 between fatalities this year and occupant restraints.

8 So, I'll turn the floor over to MPI.

9 MR. WARD KEITH: Thank you, Mr. Williams.
10 What we have is information which is taken from police
11 accident reports for the 2006 calendar year. And what
12 that information indicates is that there -- with respect
13 to fatalities where there was the potential for occupant
14 restraints to be used that the -- those restraints were
15 not used in 42.7 percent of the -- of the fatalities,
16 based on the police reported data. And so that excludes
17 pedestrians, motorcyclists, and cyclists.

18 And in total there were forty-one (41)
19 unbelted fatalities out of a total of ninety-six (96) in
20 that category, as reported by the police. And that is
21 for 2006 data.

22 The other question that was raised was
23 with respect to what -- what is our Road Watch funding
24 and at -- what we have is on an annual basis. We
25 contribute about two hundred and seventy thousand dollars

1 (\$270,000) towards Road Watch funding and this is divided
2 up amongst seven (7) police agencies in the province,
3 including the RCMP, Winnipeg Police Service, Brandon, the
4 Dakota Ojibway Police Service, Morden, Winkler, and five
5 (5) smaller forces.

6 And the intent of this is -- is really
7 over the course of the year to fund initiatives like what
8 we heard about this past weekend where police agencies
9 can -- can do checkstops at a greater frequency than they
10 would otherwise based on their own budgets.

11 And so -- so our -- our funding for Road
12 Watch initiatives is generally focussed between May and
13 October and that would include this past weekend as well.

14 MR. BYRON WILLIAMS: Thank you, Mr.
15 Keith. And I'll come back to these a bit later when I --
16 when I get to road safety issues, but if I could just --
17 someone's chair was moving at the exact moment that you
18 were talking about the fatalities for 2006 so just so I
19 understand in terms of 2006 of the ninety-six (96)
20 fatalities in which seatbelts might have been used,
21 forty-one (41) of the people who died were unbelted.

22 Is that right?

23 MR. WARD KEITH: That's right.

24 MR. BYRON WILLIAMS: And the percentage
25 is a bit over 41 percent, at 42.7; is that right?

1 MR. WARD KEITH: That's right.

2

3 (BRIEF PAUSE)

4

5 MR. BYRON WILLIAMS: I'll come back to
6 that information a bit later this morning. The next
7 section that I'll be referring to deals with -- some of
8 the information I'll be referring to will be MPI
9 Exhibit Number 10 which is the second quarter financial
10 report, as well as CAC/MSOS Exhibits 6, 7, and 8 which
11 relate to Saskatchewan Government Insurance Auto Fund.

12 So the -- the four (4) exhibits that you
13 may want to have nearby are MPI-10, which is the
14 quarterly financial report, second quarter, as well as
15 CAC/MSOS Exhibits 6 through 8.

16

17 (BRIEF PAUSE)

18

19 MR. BYRON WILLIAMS: And I'm not sure who
20 on the MPI panel these will be going to. I suspect
21 Messrs. Kramer and Galenzoski and perhaps Ms. McLaren,
22 but one (1) -- a couple of questions directly for Mr.
23 Galenzoski, just based on his discussion with Ms. Everard
24 from last Thursday.

25 And I'm just going to try and -- I know it

1 seems like so long ago, Mr. Galenzoski, but if you'll
2 recall last Thursday you had a bit of a discussion and
3 you don't need to refer to it, but on trend analysis,
4 Section TI-5, with Ms. Everard and the relative
5 experience of MPI and other insurers in terms of the
6 growth of certain costs.

7 Do you recall that discussion, in very
8 broad terms?

9 MR. BARRY GALENZOSKI: Yes, I do.

10 MR. BYRON WILLIAMS: And do you recall
11 during that discussion that you suggested to Ms. Everard
12 that when you're looking for comparators or comparisons
13 with MPI the best comparisons in terms of cost were
14 probably your sister Crown's, like I -- it's sister
15 Crowns, like ICBC and SGI.

16 Do you remember saying something to that
17 effect, Mr. Galenzoski?

18 MR. BARRY GALENZOSKI: I could have,
19 yeah.

20 MR. BYRON WILLIAMS: And that would be
21 your -- your viewpoint at least at a high level that when
22 you're looking to -- to comparisons that always a good
23 first place to start would be SGI and ICBC.

24 Would that be fair?

25 MR. BARRY GALENZOSKI: Yes.

1 MR. BYRON WILLIAMS: I want to -- before
2 we get to SGI, I do want to draw your attention very
3 quickly to the quarterly financial report, the second
4 quarter. And I'm less interested with the result -- in
5 the results, although, I'm always interested in good
6 results as -- and bad ones too -- as I am in the
7 corporate goals which are found at pages 2 and 3 of that
8 quarterly report.

9 And as I look at goal number 1, would it
10 be right to suggest to you that in terms of goal number
11 1, the direct comparator that you're -- you're driving in
12 the -- expressly in that goal is that rates on average
13 will be lower than those charged by private insurance
14 companies for comparable coverage and service?

15 Is that right?

16

17 (BRIEF PAUSE)

18

19 MR. DON PALMER: That -- that's correct,
20 using ICBC rates and SGI for comparative purposes in that
21 chart, yes.

22 MR. BYRON WILLIAMS: And just so I'm
23 clear though, what -- when you're setting your goal, the
24 express goal of goal number 1 is to be lower than those
25 charged by private insurers.

1 Is that right, sir?

2 MR. DON PALMER: That's what the goal
3 says, yes.

4 MR. BYRON WILLIAMS: And as I turn to
5 goal number 2, being to return 85 percent of premium
6 revenue to Manitobans, again when you go to the "why"
7 part of that goal, would it be fair to say that again
8 you're comparing yourself to private insurers, in the
9 sense that you're saying that we pay back more to -- or
10 substantially more to -- we pay back to Manitobans
11 substantially more of the premiums than -- than would
12 private insurers?

13 Would that be fair?

14 MR. DON PALMER: Again, that's what the
15 goal says, yes.

16 MS. MARILYN MCLAREN: Excuse me, Mr.
17 Williams, just for context. These goals really have
18 existed within Manitoba Public Insurance and have kept us
19 focussed on these really since before the Corporation was
20 established. That's why the emphasis on the private
21 sector. These were the founding principles of the
22 Company, what it was suppose to achieve before it was
23 even established.

24 MR. BYRON WILLIAMS: And that's no
25 problem, Ms. McLaren. And I -- I'm just going to follow-

1 up on this line and then I -- I'll give you a chance to
2 speak to that and then I'll -- I'll move on.

3 But would it also be fair when we look
4 down to goal 4 which is to provide service response of
5 fair and courteous, that again under your -- the why
6 under goal 4, you're again comparing yourselves to
7 private insurers, and that you -- you indicate the
8 Manitobans expect more from us than from private
9 insurers?

10 Would that be fair?

11 MR. DON PALMER: Again, that's the why,
12 yes.

13 MR. BYRON WILLIAMS: And if I look
14 through goals 1 through 7, are there any expressed
15 comparisons to Crown corporations there?

16

17 (BRIEF PAUSE)

18

19 MR. DON PALMER: I guess the only
20 expressed comparison would be in the chart in goal 1,
21 where there is a comparison with -- across Canada and
22 both the comparison with ICBC and with Saskatchewan and
23 with Quebec, which is also a provincial -- or partly
24 provincial plan.

25 So there is a comparison there, yes.

1 MR. BYRON WILLIAMS: Thank you for that,
2 Mr. Palmer. And, Mr. Chairman, I misspoke. Apparently I
3 have my clients mixed up. I believe it's Ms. Desorcy
4 who's here and Ms. Hunter who may have the pleasure of
5 watching the motorcyclists' cross-examination this
6 afternoon.

7 And, Ms. McLaren, you -- you eluded to
8 this previously, but in terms of the original goals of
9 MPI, but would it be fair to say that -- that MPI's
10 pretty firmly of the view -- or at least that you are,
11 that the public ownership model serves Manitobans well?

12 Would that be fair?

13 MS. MARILYN MCLAREN: Yes.

14 MR. BYRON WILLIAMS: And certainly based
15 on what I've heard you say in previous proceedings,
16 you're of the view that the value and service offered to
17 Manitobans through the public insurance model is superior
18 to that that might be offered through private insurance?

19 would that be fair?

20 MS. MARILYN MCLAREN: Yes.

21 MR. BYRON WILLIAMS: And, Ms. McLaren --
22 and you offered some explanation of the -- of the seven
23 (7) -- seven (7) goals, and their history, but given --
24 given -- given the corporation's firm view that -- of the
25 superiority of the public model, I guess one (1) question

1 I -- I might pose to you, is when I look at these goals,
2 I wonder if whether you're setting your -- your goals a
3 little to modestly?

4 Rather than just comparing yourself to
5 private insurers, perhaps some of your goals should be --
6 you should be measuring yourself more expressly against
7 the public insurers.

8 Would you agree with that?

9 MS. MARILYN MCLAREN: No, I'm not sure I
10 would agree with that, because every jurisdiction has a
11 very -- every jurisdiction in this country, and certainly
12 the country is different than other places in the world,
13 has a different compulsory automobile insurance mandate,
14 and when you get down to more specific comparisons it
15 really is so much depending on the coverage itself and
16 the perimeters of the program.

17 So I think in terms of the way the
18 corporation operates -- you know, the way -- the reason
19 that Mr. Galenzoski and others on the panel can talk so
20 knowledgeably about what happens at SGI and ICBC, we do
21 compare ourselves; pay attention to what they're doing;
22 try to share best practices when it's appropriate.

23 So, I'm not sure that that just leads us
24 to say, in our public information, our accountability
25 documents, like the annual report to Manitobans, we

1 should be making express comparisons to the two (2)
2 public insurers, no.

3 MR. BYRON WILLIAMS: Fair enough. You
4 did -- did note that you -- that internally you do
5 compare ourselves, you pay attention, you share best
6 practices with the other Crowns.

7 And I -- I wonder at a very high level, if
8 you can indicate to me and certainly to my clients, how
9 you do review the performance of other Crowns; such as
10 SGI and ICBC. And I'll suggest to you, presumably you do
11 it through reviewing annual reports, regulatory filings,
12 and -- and the decisions of other regulators -- would
13 that be -- who regulate these utilities?

14 Would that be fair?

15 MS. MARILYN MCLAREN: Only tangentially.
16 No, I think most of the activity is really much more at
17 an operational level, at a very more pragmatic working
18 level.

19 Contact -- I can give you an example. A
20 number of years ago ICBC, I believe, was the first public
21 insurer to move to telephone reporting of glass claims
22 and not requiring people to come in and see an estimator.
23 We followed their practice in that regard. Saskatchewan
24 Government Insurance, I understand, has just started --
25 has just made a decision -- decision to introduce

1 compliance software into their estimating processes.
2 They picked that up from us.

3 So it's much more at an operational level
4 that we try to learn from each other and -- and share
5 information like that.

6 MR. BYRON WILLIAMS: That's very helpful.
7 Would it -- you would also, as a matter of course, review
8 the annual reports of the SGI Auto Fund and ICBC?

9 Would that be correct?

10 MS. MARILYN MCLAREN: Well, I believe Mr.
11 Galenzoski does that it -- fairly consistently. I don't
12 necessarily read them cover to cover all the time.

13 MR. BYRON WILLIAMS: And you also conduct
14 some trend analysis through the -- Section TI-5 of the
15 MPI Rate Application.

16 Is that right?

17 MR. BARRY GALENZOSKI: That's correct,
18 yes.

19

20 (BRIEF PAUSE)

21

22 MR. BYRON WILLIAMS: Now the -- I'd like
23 to turn your attention to CAC/MSOS Exhibit Number 6,
24 which is an excerpt from the annual report of Sask -- of
25 the Saskatchewan Auto Fund. And specifically I'll draw

1 your attention to page 19. And, Mr. -- and I'm assuming
2 I'm -- I'm heading down to Mr. Galenzoski. Ms. McLaren
3 is nodding her head and smiling, so that's always a good
4 sign. The -- please feel free to pop in if you wish, Ms.
5 McLaren, though.

6 Just, Mr. Galenzoski, you'll see what's --
7 what's portrayed on page 19 of the -- the Auto Fund's
8 annual report are some of their performance measures.

9 Would that be right, sir?

10 MR. BARRY GALENZOSKI: Yes, that's
11 correct.

12 MR. BYRON WILLIAMS: And just at -- at a
13 very high level, across the top of this table we see
14 their --their performance measure, their 2005 target, the
15 results from 2005 and also the 2006 target.

16 Would that be right, sir?

17 MR. BARRY GALENZOSKI: Yes, that's
18 correct.

19 MR. BYRON WILLIAMS: And they look at it
20 in a -- in a number of areas, including a cross Canada
21 rate comparison; secondly, administrative costs per
22 insured vehicle; investment portfolio; the RSR; claims
23 customer service survey; and at the bottom we see some
24 road safety measures.

25 Is that right, sir?

1 MR. BARRY GALENZOSKI: Yes, that's
2 correct.

3 MR. BYRON WILLIAMS: Now just -- we had a
4 brief discussion on this on Friday, and I -- I believe I
5 had referenced you to a -- what I suggested to you was a
6 standard measure in other utilities, such as Hydro or
7 gas, in terms of the -- the measure of OM&A, or Operating
8 Maintenance and Administrative per -- per customer.

9 And if I recall your evidence on Friday, I
10 believe it was from Mr. Palmer, but MPI indicated that it
11 wasn't familiar at a -- at any -- to any degree with that
12 st -- standard measure from other utilities.

13 Would that be fair?

14 MR. BARRY GALENZOSKI: We don't normally
15 use that measure. It is evident though in the material
16 filed with this application, because when the rates are
17 set, there's -- it's done a per unit basis, and so it
18 would measure things like administrative costs, claims
19 costs. Those things are all measured on a per unit
20 basis.

21 MR. BYRON WILLIAMS: And you could -- you
22 could understand why one might use performance measures
23 such as that, both as an internal mechanism to trace the
24 growth, or -- or the trends and operating and
25 administrative costs over time, as well as -- as a

1 mechanism to benchmark against other utilities?

2 MR. BARRY GALENZOSKI: Yes, but if I
3 might be allowed just to digress a little bit into a
4 little further answer on that.

5 One of the problems with using those
6 measurements is getting the raw data. And the raw data,
7 for instance, on policy count or claim count can be
8 different from company to company depending on just
9 exactly how they do those counts.

10 Another difficulty is in how costs might
11 be allocated. When you look at SGI for example, they are
12 a company that deals in many provinces in -- and they
13 have multiple lines of business, not just auto line like
14 Manitoba does in one (1) province, and so how they
15 allocate their costs is very critical to an analysis of
16 their administrative costs.

17 And if they've got a larger base that they
18 can spread those costs over, particularly some
19 centralized costs, let's -- you know, like their
20 accounting, or their underwriting, or their executive
21 offices charges, they can spread that over multiple lines
22 of business that's going to provide some -- some form of
23 efficiency to them.

24 In addition, it's just the pure allocation
25 of costs. Unless you can really compare their cost

1 allocation methodologies compared to the company that
2 you're -- another company that you're comparing them to,
3 it's very difficult to know whether they're really the
4 same.

5 And then the last part of that, is how
6 does companies spend their money, okay. We -- we do high
7 school driver education, and other companies may not do
8 that for instance, as -- as one (1) example.

9 So there's differences that you have to
10 understand can creep into that, and so you have to take
11 these comparisons with a little bit of a grain of salt.

12 MR. BYRON WILLIAMS: Yes, and I -- I --
13 always the risk of filing something that's in advance is
14 I can allow you to prepare a more nuanced answer, but I
15 think that's a good part of the process.

16 Let me just go back to the question I -- I
17 asked though, Mr. Galenzoski. We can certainly -- and I
18 -- I take -- I understand your comments about looking with
19 -- with care at -- at comparisons to other companies.
20 The other part of it -- and it was a compound question
21 for which I apologize.

22 The other part I was suggesting to you is,
23 measures such as this may be helpful in terms of tracing
24 the internal trends in terms of costs per -- per standard
25 unit of measures, such as policies or vehicles.

1 Would that be fair, sir?

2 MR. BARRY GALENZOSKI: Yes. And you'll
3 see that MPI does do that in -- in some of that trends
4 analysis where we do -- we track a number of claims per
5 claims employee, a number of polices per support
6 employee, things along that line.

7 MR. BYRON WILLIAMS: And so another
8 measure that could be used, and certainly is used by
9 Saskatchewan Government Insurance, is measuring
10 administrative cost per insured vehicle.

11 Is that right, sir?

12 MR. BARRY GALENZOSKI: Yes. They're
13 doing that and we do that also.

14 MR. BYRON WILLIAMS: You do it expressly
15 in your trends analysis?

16 MR. BARRY GALENZOSKI: No, it's done in
17 the rate making process, as -- as I explained earlier.

18 MR. BYRON WILLIAMS: Now, I'll draw your
19 attention to page 20 of the SGI 2005 Annual Report, and
20 it's specifically the section under "Administrative Costs
21 Per Insured Vehicle."

22 And you can see what SGI is saying is that
23 they monitor this cost to ensure that administrative
24 expenses are being controlled that -- so that more of
25 each premium dollar can be used to cover customer claims

1 and keep rates low.

2 Is -- is that right, sir, that's what SGI
3 says?

4 MR. BARRY GALENZOSKI: Yes, that's what
5 they're saying, yes.

6 MR. BYRON WILLIAMS: And that's something
7 as well that your evidence is that MPI does, is that
8 right?

9 MR. BARRY GALENZOSKI: That's correct.

10 MR. BYRON WILLIAMS: Now -- and again
11 just so I'm -- I'm clear, in the trend analysis you don't
12 report your measure such as administrative costs per
13 insured vehicle?

14 MR. BARRY GALENZOSKI: That's right.

15 MR. BYRON WILLIAMS: Okay. Now SGI's
16 evidence, just so -- so -- if you go into the second line
17 -- or second line of the -- this page 20, they suggest
18 that in 2005 that administrative costs have grown by six
19 -- six dollars (\$6) from '92 to '98 and also they suggest
20 that their costs are lower than ICBC or MPI for cost per
21 insured vehicle and 2004.

22 Do you see that, sir?

23 MR. BARRY GALENZOSKI: Yes. But what it
24 doesn't tell you is just that other -- the other things
25 that I was mentioning earlier and how costs compare.

1 You know, are the -- are the costs
2 comparable that you're dealing with? Are the number of
3 vehicles that they're using comparable? And -- and
4 that's the -- the fly in the ointment here.

5 And in my discussions with SGI officials
6 about statements like this in their annual report, they
7 indicate a similar concern about whether they're really
8 comparing apples to apples. And I think as a result of
9 that they are going to be discontinuing this type of
10 comparison in the future.

11 MR. BYRON WILLIAMS: You -- can you point
12 me to anything in writing? For example, the 2006 Annual
13 Report of SGI continues to use this measure, does it not,
14 sir?

15 MR. BARRY GALENZOSKI: Yes, it does but I
16 think that will be the last year you'll see that in
17 there.

18 MR. BYRON WILLIAMS: So we'll watch for
19 next year.

20 In terms of -- and your discussions were
21 this weekend, Mr. Galenzoski, with SGI?

22 MR. BARRY GALENZOSKI: No, they were
23 prior to that.

24 MR. BYRON WILLIAMS: In terms of -- in
25 terms of this measure, the -- you can see what SGI is

1 doing with it is, it's using it in two (2) ways. It is
2 measuring the growth and cost over time per insured
3 vehicle and it's also using it as a comparison with other
4 utilities.

5 Is that right, sir?

6 MR. BARRY GALENZOSKI: Yes. SGI is --
7 there's a bit of a political mandate in Saskatchewan that
8 says -- from their Premier -- that their utilities are
9 going to be the lowest cost utilities in Canada, and so
10 they are -- they've been mandated to find ways of proving
11 that. And this is part of the way of doing that, I
12 guess.

13 MR. BYRON WILLIAMS: Now the -- one of
14 the concerns you mentioned with -- with using this
15 approach is getting access to the raw data.

16 Now, would it be fair to say that through
17 the regulatory filings of ICBC before its utility
18 regulator and also the filings that SGI made this -- this
19 spring before its recommender rather than regulator, that
20 -- that there is in the public record greater information
21 regarding these utility -- or regarding these Crown owned
22 public insurance companies than there has been in the
23 past, sir?

24 MR. BARRY GALENZOSKI: I would generally
25 agree with that. Again, it comes down to really

1 understanding the material and -- and looking at it in --
2 in -- in a light that would say these are comparable
3 numbers.

4 MR. BYRON WILLIAMS: Okay. Now just to
5 turn to SGI -- or CAC/MSOS Exhibit Number 7, which is the
6 SGI Annual Report from 2006, and specifically the page
7 19.

8 We can see that SGI is again using the
9 measure of administrative costs per insured vehicle. Is
10 that right, sir?

11 MR. BARRY GALENZOSKI: Yes, that's
12 correct.

13 MR. BYRON WILLIAMS: And again they're
14 measuring the -- the growth over time, about three
15 dollars (\$3) from '98 to a hundred and one dollars (\$101)
16 is that right, sir?

17 MR. BARRY GALENZOSKI: Yes, that's right.

18 MR. BYRON WILLIAMS: And they're also
19 suggesting that their -- their costs are lower than ICBC
20 and MPI, again subject to the caveats that -- that you --
21 you've mentioned previously.

22 Is that right, sir?

23 MR. BARRY GALENZOSKI: That's what
24 they're saying, yes.

25 MR. BYRON WILLIAMS: Now when did your

1 discussion with SGI suggesting they might discontinue
2 this indicator take place?

3 MR. BARRY GALENZOSKI: About two (2)
4 hours after you filed this material.

5 MR. BYRON WILLIAMS: Well, I'm glad I'm
6 helping to improve communication, not that you don't have
7 improved communication as well, sir.

8 MR. BARRY GALENZOSKI: No, we -- we do
9 look at, as Ms. McLaren said, the annual reports provided
10 by our sister corporations, and -- and we do, you know,
11 try to keep on eye on where things are going, and when we
12 see comparisons like in their -- like this in there, we
13 do have chats with them about that as to, you know, what
14 are they considering, compared to what we might consider.
15 And there's always, you know, more information comes out
16 as a result of those kind of discussions.

17 So that isn't the first time I've talked
18 to them about things like this and probably won't be --
19 well, for me it'll be the last time, but it'll be up to
20 Mr. Palmer to continue those discussions with them. But
21 you know, they're -- they are looking for some particular
22 advantage because of the mandate that the province has
23 set for them to become the low cost provider, and they're
24 looking for ways of -- of proving that.

25 And, you know, we bounce around between

1 number one (1) and two (2) as to who's got the lowest
2 premium, but it always depends on exactly what are you
3 comparing: which vehicle, what coverage, that type of
4 thing.

5 MR. BARRY WILLIAMS: There -- there is
6 some value, though, apart from benchmarking in terms of
7 using this as an internal measure for your own
8 Corporation.

9 I wonder if you'd agree with that?

10 MR. BARRY GALENZOSKI: There is, and --
11 and if you look at TI-20 for instance, through the rating
12 making process, we do provide some very detailed
13 information on the administrative costs per -- on a per
14 unit basis. And we've been doing that for a number of
15 years, going back quite a number of years, so it's very
16 easy to measure that over time with MPI.

17 MR. BYRON WILLIAMS: Okay --

18 MS. MARILYN MCLAREN: Maybe just more
19 specifically and -- for an answer that might carry us
20 beyond this Hearing.

21 I'm not prepared to say the Corporation
22 does see value in using these measures as internal
23 targets or goals. We do the trending. We show you the
24 information that's T -- in TI-5. I don't believe that
25 there's any value in driving MPI to be the lowest

1 administrative cost public insurer.

2 I don't see that as an appropriate goal
3 for us, and I don't think we're ever going to use those
4 other organizations to really drive decisions within MPI
5 simply on a target basis.

6 MR. BYRON WILLIAMS: Ms. -- Ms. McLaren,
7 perhaps you misunderstood.

8 I'm -- I'm not sure I was suggesting that
9 you -- your goal should be -- to be the lowest cost
10 public insurer. What I was suggesting is that there's
11 some value in using these measures internally over time
12 to measure how the Corporation is doing on cost growth.
13 Now that may not be the only measure; we'll certainly be
14 wanting to look at service as well.

15 That was the suggesting I put to you.

16 MS. MARILYN MCLAREN: My words about
17 being the lowest cost -- lowest administrative cost; I
18 knew you didn't suggest that, Mr. Williams.

19 But no, I'm not sure that there's much
20 value in anything other than the way we use it today. It
21 -- it's information. We have a look at the trends. If
22 there's something that really causes us to ask a
23 question, we'll get on the phone, or we'll visit and
24 we'll talk about it.

25 But no, I think in terms of MPI's

1 measurement, we don't use it to measure ourselves against
2 them; that's the word I'm picking up on more than
3 anything.

4 We measure ourselves against the things
5 that we believe are really important to the operations of
6 MPI and to the plan that we have here in Manitoba.

7 MR. BYRON WILLIAMS: Thank you. Turning
8 to CAC/MSOS Exhibit Number 8, which is titled "A
9 Comparison of Administrative Costs per Insur -- Vehicle
10 Insured. MPI versus SGI."

11 Before we get to walking down this path,
12 for just a couple more -- more minutes in terms of the
13 nuanced discussion that Mr. Galenzoski's been offering,
14 as -- as well as Ms. McLaren, I wonder if MPI accepts the
15 calculations in -- in terms of this table?

16 MR. BARRY GALENZOSKI: Yes. We've had
17 the calculations checked, and they -- they appear to be
18 correct. And we've done some comparisons with them.

19 MR. BYRON WILLIAMS: Okay. And I just --
20 at a -- at a -- just for a couple minutes, I -- I just
21 want to draw your attention to page 2, which explains the
22 details of the calculation and the -- the data source.

23 And just as a starting point, I think it
24 would be fair to note that what we're -- we're comparing
25 the SGI year ended December 31st, 2005, with the MPI year

1 ended February 28th, 2006.

2 Would that be fair, Mr. Galenzoski?

3 MR. BARRY GALENZOSKI: That's fair, and
4 we have verified these numbers.

5 MR. BYRON WILLIAMS: And again, I don't -
6 - I don't want to -- to -- to belabour this issue, but
7 just in terms of understanding what the -- the numbers
8 are -- are relating to, in terms of SGI again, going to
9 the -- the background information on table 2, there are
10 four (4) administrative costs presented and those being
11 issuer fees, administrative expenses, premium taxes, and
12 traffic safety programs.

13 Would that be fair, sir?

14 MR. BARRY GALENZOSKI: Yes, that's
15 correct.

16 MR. BYRON WILLIAMS: And if we turn to
17 the -- to the next page, we'll see the data for MPI for
18 the year ended February 28, 2006. And you'll see that
19 the -- the information that we're including in -- in the
20 comparison are operating expenses, commissions, premium
21 taxes, regulatory appeal expenses, and road safety loss
22 prevention expenses.

23 Is that right, sir?

24 MR. BARRY GALENZOSKI: Yes, that's
25 correct and we verified these numbers also.

1 MR. BYRON WILLIAMS: Just a couple of
2 things I want to -- when we're -- we're trying to do a --
3 a comparison the -- by -- when MPI speaks of commissions
4 I'm assuming that the comparable term for SGI is "issuer
5 fees," is that right, sir?

6 MR. BARRY GALENZOSKI: Yes. And if you
7 look at the numbers if I might just lead you down this
8 path a bit further and quicker --

9 MR. BYRON WILLIAMS: I was going to lead
10 you down that path, Mr. Galenzoski but --

11 MR. BARRY GALENZOSKI: I -- I -- we've
12 done some per-unit costs on those, okay. And for
13 instance if you look at SGI's numbers for the 2005 year
14 their -- their per-unit is twenty-three dollars and
15 eighty cents (\$23.80) for their issuer's number. Our
16 corresponding commission for brokers is thirty-nine
17 dollars and five cents (\$39.05) per unit for the '06 --
18 for the '05/'06 year.

19 If you look at the '06 year for SGI, their
20 per-unit cost is increased to twenty-five dollars and
21 forty-nine cents (\$25.49) per unit. That would be
22 comparable to MPI's thirty-nine dollars and sixty-six
23 (\$39.66) for the year ending '06/'07.

24 So you can see there's a big difference in
25 how we pay the brokers doing the work for both companies.

1 And that's again one of those things that you have to
2 understand when you're looking at a per-unit cost
3 situation. And there are similar things in the other
4 numbers also.

5 MR. BYRON WILLIAMS: Yes. And I -- I
6 thought we -- I would start with the one that's more
7 favourable to MPI, being commissions. I guess another
8 one would be administrative or, excuse me, premium taxes.
9 And -- and in that regard, the comparison goes the other
10 way with the cost per unit for MPI being lower and the
11 cost per unit in terms of premium taxes for SGI being
12 higher.

13 Is that fair, sir?

14 MR. BARRY GALENZOSKI: Yes, that's fair.

15 MR. BYRON WILLIAMS: And do you wish to
16 elaborate on that?

17 MR. BARRY GALENZOSKI: I could give you
18 the numbers. It would make it look too good for you.

19 But the -- the numbers for '05 for SGI are
20 twenty-nine dollars and sixty-six (\$29.66) per unit.

21 That would compare to MPI's twenty-one dollars and
22 eighty-nine cents (\$21.89) for the corresponding year.

23 In the next year for SGI is thirty-dollars
24 and twenty-five (\$30.25), and that compares to eighteen
25 dollars and twenty-eight cents (\$18.28) for MPI. And

1 MPI's is lower because of an adjustment due to the rebate
2 where we got back some premium taxes from the Provincial
3 Government.

4 MR. BYRON WILLIAMS: So in terms of
5 nuance as -- as we look at any calculations we should
6 understand that the cost per vehicle in terms of
7 commissions is higher for MPI and we should also
8 understand that the cost per unit in terms of premium
9 taxes is lower for MPI.

10 Would that be fair?

11 MR. BARRY GALENZOSKI: Right. And that's
12 what this -- this information tells you. It doesn't tell
13 you the why, it just tells you that it is.

14 MR. BYRON WILLIAMS: Now, just -- and I
15 appreciate the -- the extensive work you've done on this.
16 If we go to the -- the bottom line in terms of summary of
17 results, what we -- we have presented on page 1, Mr.
18 Galenzoski, is for SGI for the 2005 year an
19 administrative cost per vehicle insured of about ninety-
20 eight dollars (\$98), and for MPI for the period ended
21 February 2006 a figure of somewhere between a hundred and
22 sixteen (\$116) and a hundred and twenty dollars (\$120)
23 depending on whether or not regulatory and appeal
24 expenses are included.

25 Is that right, sir?

1 MR. BARRY GALENZOSKI: Yes, that's right.
2 And, you know, if you go back onto that page 2 and look
3 at traffic safety programs and the per-unit costs there,
4 SGI for the first year at twelve dollars and sixty-seven
5 cents (\$12.67) compared to MPI's twelve dollars and
6 seventy-eight cents (\$12.78), so very comparable numbers
7 on that side. But then the subsequent year for '06 for
8 SGI it's eleven dollars and ninety-nine cents (\$11.99)
9 but MPI shoots up to twenty-five dollars and forty-five
10 cents (\$25.45) because of the Immobilizer Program.

11 So again, those are the numbers that are
12 impacting these comparisons that you're providing.

13 MR. BYRON WILLIAMS: Now, the -- Mr.
14 Galenzoski, this has all been very helpful, and -- and I
15 guess apart from the -- the numbers themselves I'd
16 suggest to you that -- that the discussion that we've
17 just had is something that's actually provided some
18 insight into the administrative costs and the -- and that
19 -- that MPI is experiencing. I don't know if you agree
20 with that or not.

21 MR. BARRY GALENZOSKI: Well, I agree.
22 And it's not something that is new to us, because we have
23 looked at SGI's annual reports for a number of years, and
24 so we know that there's differences in the way we do
25 business and the way our expenses are -- are incurred by

1 each of the individual organizations.

2

3 (BRIEF PAUSE)

4

5 MR. BYRON WILLIAMS: In -- I have some in
6 this area, Mr. Chairman, some short snappers. There's
7 going to be some long snappers coming up as I move to
8 other subjects, but I -- I just want to draw the -- the
9 MPI attention to PUB/MPI Pre-Ask Number 4.

10

11 (BRIEF PAUSE)

12

13 MR. BYRON WILLIAMS: And in -- in
14 particular to chart Number 7 which appears towards the
15 end of -- of this pre-ask.

16

17 (BRIEF PAUSE)

18

19 MR. BYRON WILLIAMS: Now my understanding
20 is that this pre-ask was a refiling of the trend
21 analysis, TI-5, excluding DVL operations.

22 Is that correct, sir?

23 MR. OTTMAR KRAMER: Yes, that is correct.

24 MR. BYRON WILLIAMS: And just going to
25 chart 7, if -- I'll draw your attention, let's go to the

1 year 2000, in terms -- and chart 7 reflects total costs,
2 and I'll just draw your attention to the year 2000.

3 And we see for MPI the -- the number cho -
4 - the number reflected is one seventy-seven point two
5 (177.2).

6 Is that right, sir?

7 MR. OTTMAR KRAMER: Yes, that's correct.

8 MR. BYRON WILLIAMS: And that's not a
9 actual dollar figure, that's a -- it's -- it's starting
10 from a -- a ratio of -- or a percentage of one hundred
11 point zero (100.0), and that just reflects how it's gr --
12 changed from 1988 through to 2000.

13 Is that right, sir?

14 MR. OTTMAR KRAMER: Yes, that's correct.

15 MR. BYRON WILLIAMS: And we see for SGI
16 in 2000, again, their figure of one seventy-one point
17 five (171.5) -- and I'd suggest to you that that's fairly
18 comparable to the MPI figure.

19 Is that right, sir?

20 MR. OTTMAR KRAMER: Yes, at that point in
21 time it is.

22 MR. BYRON WILLIAMS: Now I guess as we
23 move farther down the line to the year 2007, we see MPI
24 being at two seventy-two point five (272.5) versus SGI
25 being at two-o-eight (208).

1 Is that right, sir?

2 MR. OTTMAR KRAMER: Yes, that's correct.

3 MR. BYRON WILLIAMS: And I'd suggest to
4 you that suggests some divergence in terms of total clo -
5 - total costs, even after ex -- excluding DVL operations.
6 I wonder if you'd agree with that?

7

8 (BRIEF PAUSE)

9

10 MR. BYRON WILLIAMS: I'm suggesting that
11 there's been a divergence in total cost between the year
12 2000 and the year 2007?

13 MR. OTTMAR KRAMER: Again, keeping in
14 mind what this is measuring, this is measuring the --
15 using the base of 1988 as being a hundred (100), it's
16 measuring the change in the cost. So it's not measuring
17 the relative cost, it's measuring the change in the cost
18 that's occurred since 1988. And you'll notice that
19 there's a note in -- in this statement about in 19 --
20 2005:

21 "The Corporation changed it's
22 accounting policies with regards to
23 pension liability."

24 So it's again, understanding all the
25 nuances that are buried in these numbers. So looking

1 just at the pure growth, yeah, there's -- there's change
2 in the numbers, that's all this tells you, but it's not
3 telling you the why. It's telling you something's
4 happened, but not why something has happened.

5 MR. BYRON WILLIAMS: And we'll get to the
6 pension changes in just a couple minutes, Mr. Galenzoski.
7 Thank you for that.

8 The -- continuing on with my hopefully
9 short snappers in this area, and referring you to TI-
10 7(b), as well as PUB-2-12.

11

12 (BRIEF PAUSE)

13

14 MR. BYRON WILLIAMS: TI-7(b) of course
15 looks at a summary of basic expenses by category and it -
16 - it suggests that for the operating expenses which is in
17 the middle on the first line there was a -- a change from
18 the actual -- a projected change from the actual of
19 38.629 million in '06/'07 up to and outlook for 2011/'12
20 of 51.314 million.

21 Is that right, sir?

22 MR. OTTMAR KRAMER: Yes, that is correct.

23 MR. BYRON WILLIAMS: Now in PUB-2-12
24 (sic) and I don't know if you need to turn there or not,
25 but the suggestion was made in that Interrogatory -- was

1 that these costs were projected to increase in excess of
2 inflation and suggesting 6 percent annually.

3 I wonder if -- if MPI accepts -- I'm just
4 trying to get whether you accept the suggestion that
5 that's a 6 percent annual increase.

6

7 (BRIEF PAUSE)

8

9 MR. OTTMAR KRAMER: It -- it would be in
10 that ballpark.

11 MR. BYRON WILLIAMS: Perhaps even a
12 little higher?

13 MR. OTTMAR KRAMER: I'm -- I'm not sure
14 with the compounding impact of -- but -- but it's in that
15 ballpark.

16 MR. BYRON WILLIAMS: Okay. Thank you.
17 And again, I was just wanting to confirm that number.

18 Moving on to TI-8 which should be right
19 now before you as well. This table -- do you have that,
20 Mr. Kramer?

21

22 (BRIEF PAUSE)

23

24 MR. OTTMAR KRAMER: Yes, we have that
25 now.

1 MR. BYRON WILLIAMS: Okay. And out of
2 courtesy I should have provided those two (2) references
3 to you earlier. I apologize.

4 What I -- TI-8 tracks the compensation
5 increases basic share from the 2005 -- 2004/'05 year
6 through to the 2011/'12 -- 2011/'12 year, is that right,
7 sir?

8 MR. OTTMAR KRAMER: Yes, that is correct.

9 MR. BYRON WILLIAMS: And I just want to
10 draw your attention to the projections for the last four
11 (4) columns there.

12 Would I be correct in suggesting -- and --
13 and the bottom line -- would I be correct in suggesting
14 to you that the projected change from 2007/'08 through
15 2008/'09, in terms of compensation increase -- increases
16 is 4.16 percent.

17 Is that right, sir?

18 MR. OTTMAR KRAMER: Yes, that is correct.

19 MR. BYRON WILLIAMS: And for the next
20 year being 2008/'09 through 2009/'10, would I be correct
21 in suggesting that's almost 4 percent, 3.98 percent?

22 MR. OTTMAR KRAMER: Yes, that is correct.

23 MR. BYRON WILLIAMS: And for the next two
24 (2) years, it's four point zero three (4.03) and also
25 four point three five (4.35).

1 Would that be right, sir?

2 MR. OTTMAR KRAMER: Yes, that's correct.

3

4 (BRIEF PAUSE)

5

6 MR. BYRON WILLIAMS: I want to turn very
7 quickly to the issue of some capital expenditures and the
8 reference I -- I have is the PUB book of documents, Tab
9 34 and the interrogatory is CAC/MSOS-1-56.

10

11 (BRIEF PAUSE)

12

13 MR. BYRON WILLIAMS: And you have that,
14 Mr. Kramer?

15 MR. OTTMAR KRAMER: Yes, we have that.

16 MR. BYRON WILLIAMS: And I want to start
17 with the premise put to you in the interrogatory was that
18 the original project -- the projected capital expenditure
19 for MPI for the 2007/'08 year was originally \$15.576
20 million and that it's -- the forecast capital expenditure
21 for the same year is now \$28.74 million.

22 Do you agree with that premise, sir?

23 MR. BARRY GALENZOSKI: Yes, I would agree
24 with that.

25 MR. BYRON WILLIAMS: So -- so that would

1 be an increase in -- in projected capital expenditures or
2 forecasts of about \$13 million for the '07/'08 year.

3 Would that be right, sir?

4 MR. BARRY GALENZOSKI: Yeah, 13.2
5 million.

6 MR. BYRON WILLIAMS: You're as precise as
7 Mr. Palmer. I'm glad to hear that.

8 And the suggestion made to you in this
9 Interrogatory was that this represents an increase of
10 84.5 percent of forecasts over projected and I wonder if
11 MPI would accept that calculation?

12 MR. BARRY GALENZOSKI: Yes, that's 84.5
13 percent. I -- I just want to also make sure that you
14 understand that this is the entire corporate capital
15 spend, not just Basic.

16 MR. BYRON WILLIAMS: That's fair enough
17 and I appreciate that.

18 Now, my understanding is that a major
19 portion of the growth between the -- the projected and
20 the forecast was a proposed land transaction which Mr. --
21 which the MPI panel discussed with Ms. Everard on -- on
22 Thursday.

23 Is that right, sir?

24 MR. BARRY GALENZOSKI: Yes, that's the --
25 the largest variance in there.

1 MR. BYRON WILLIAMS: And is that land
2 variance, is that associated with Basic or not?

3 MR. BARRY GALENZOSKI: From a cashflow
4 process it'll have some Basic component into it but there
5 is no amortization on the expense side.

6 MR. BYRON WILLIAMS: And by that you mean
7 it'll -- it'll have a -- about a four hundred thousand
8 dollar (\$400,000) impact if it goes through in terms of
9 investment income.

10 Is that right?

11 MR. BARRY GALENZOSKI: Four hundred
12 thousand (400,000) on a corporate-wide basis.

13 MR. BYRON WILLIAMS: And some of that
14 will flow through to Basic?

15 MR. BARRY GALENZOSKI: Yes, it could.

16 MR. BYRON WILLIAMS: Now, and again I
17 don't want to -- to trench upon where Ms. Everard was
18 going, too much anyways, but I understand that that land
19 is not yet purchased; is that right?

20 MR. BARRY GALENZOSKI: Yes, that is
21 correct.

22 MR. BYRON WILLIAMS: I also understand --
23 I think Mr. Galenzoski was pretty clear about this, that
24 the Corporation was not prepared at this point in time to
25 go on the public record with an explanation of what that

1 \$8 million is for?

2 MR. BARRY GALENZOSKI: Yes, that's how we
3 prefer to leave it.

4 MR. BYRON WILLIAMS: And just so I
5 understand, I want to follow one (1) or two (2) steps
6 down that path. What I want to be clear on is whether
7 there is a specific purchase in mind or whether that --
8 that figure is a -- is merely a contingency.

9 MR. BARRY GALENZOSKI: That figure is a
10 contingency right now because there's a number of other
11 factors could impact whether it's used or not.

12 MR. BYRON WILLIAMS: And just to follow
13 through, Mr. Galenzoski, is there a specific parcel of
14 land that the Corporation has in mind and a specific
15 purpose for which they'd purchase this land or is it a
16 little more speculative than that?

17 MR. BARRY GALENZOSKI: It's not
18 speculative.

19 MR. BYRON WILLIAMS: I should never ask
20 compound questions with you.

21 Is there a specific purchase in mind and a
22 specific purpose that this land would be put to?

23 MR. BARRY GALENZOSKI: There are some
24 specific purposes in mind. Whether it ends up being a
25 purchase or not remains to be seen.

1 MR. BYRON WILLIAMS: And again without
2 going any farther down in terms of what it's for then I -
3 - I would be assuming that you've obtained a market
4 valuation or estimate of the property's value?

5 MR. BARRY GALENZOSKI: There is a whole
6 process in place for involving Land Value Appraisal
7 Commission on this that the Corporation adheres to.

8

9 (BRIEF PAUSE)

10

11 MR. BYRON WILLIAMS: Mr. Galenzoski, you
12 mentioned changes in -- in pensions and -- and how that -
13 - some of those calculations are -- are performed. And I
14 just ask you to -- you or the MPI Panel -- to turn to Tab
15 20 from the CAC/MSOS book of documents which is the
16 response to CMMG Interrogatory 1-48.1.

17

18 (BRIEF PAUSE)

19

20 MR. BYRON WILLIAMS: And again, Mr.
21 Kramer, I'm not sure who this goes to so if I mention Mr.
22 Galenzoski's name you just -- if you want to -- to speak,
23 please -- please do so.

24 And what this calculation -- or what the
25 Interrogatory asked was for MPI to prepare a table

1 showing any other financial reserves by type of reserve
2 for each of the last five (5) years.

3 Is that right?

4 MR. OTTMAR KRAMER: Yes, that is correct.

5 MR. BYRON WILLIAMS: And the results for
6 that are shown in the -- on the attachment, which appears
7 on the next side of -- of that document.

8 Is that right?

9 MR. OTTMAR KRAMER: Yes, we see that.

10 MR. BYRON WILLIAMS: Now, I just want to
11 draw your attention to the second line from the bottom;
12 the pro -- provision for employee future benefits.

13 And that provision in 2003 was 96.161
14 million, is that right?

15 MR. OTTMAR KRAMER: Yes, that's correct.

16 MR. BYRON WILLIAMS: And its grown by a
17 bit over 70 million to 2007, being 166.472 million.

18 Is that correct?

19 MR. OTTMAR KRAMER: Yes, that's correct.

20 MR. BYRON WILLIAMS: And I wonder if you
21 could discuss at a -- at a high level the factors that
22 have gone into that -- that change.

23 MR. OTTMAR KRAMER: I -- I think there's
24 several factors, and I'll just answer them as -- as I
25 know them right now.

1 The prob -- the main thing that is
2 impacting those numbers is the accounting policy change
3 for accounting for the pension plan, expenses and the
4 provisions required that we have in our annual report --
5 annual report ending February '06, where we -- we
6 discussed the pension accounting change, and that
7 significantly impacts the numbers going from the \$123.6
8 to the \$151.7 million between -- on -- on Attachment
9 CMMG-481 (phonetic) of '05 to '06. The -- that pension
10 accounting change was significant. That -- that is
11 probably the -- the main impact to those numbers.

12 Also what would be impacting these numbers
13 is the addition of the DVL staff, which we also have
14 their liability now on our books.

15 MR. BARRY GALENZOSKI: I think one thing
16 we'll add to this response is that those numbers are
17 actuarially calculated by an external actuary on an
18 annual basis.

19 MR. BYRON WILLIAMS: And just so I'm
20 clear, the -- the biggest driver, and that's explained in
21 note 6 of your Corporation's annual report, would be the
22 -- the accounting changes.

23 And another significant element of this
24 would be the DVL?

25 MR. OTTMAR KRAMER: Yes, it would be --

1 those are the two (2) factors that I've brought up.

2 MR. BYRON WILLIAMS: Any other ones that
3 are -- that -- that are worthy of note?

4 MR. OTTMAR KRAMER: No, not that I'm
5 aware of.

6 MR. BYRON WILLIAMS: Turning to -- just
7 to finish up on this area, which is tab -- I refer you to
8 the PUB book of documents, Tab 14, which is the response
9 to PUB Information Request 1-5(a) and 1-5(b).

10

11 (BRIEF PAUSE)

12

13 MR. BYRON WILLIAMS: Mr. -- Mr.
14 Galenzoski, kindly reminded me off line that I had -- had
15 said the investment guy could go away.

16 Now I -- I think that these questions
17 refer to pension -- the pension -- the pension ones, so
18 hopefully the MPI panel can -- can assist me these with
19 me without too much -- too much difficulty.

20 What I draw your attention to, first of
21 all, is the -- the attachment to PUB 1-5(b), which the --
22 the request was to provide a -- a schedule detailing the
23 history of the projected forecast and actual investment
24 income by asset class for the last five (5) years.

25 And I'll draw your attention to the --

1 Attachment 1-5(b), the table appearing, and I want to
2 draw your attention to -- towards the bottom, the pension
3 fund transfer, which was about 4.648 million in 2004.

4 Is that right, sir?

5 That's on the extreme right of the -- of
6 the 2002 -- 2002/'03 year I -- that's -- table.

7 MR. OTTMAR KRAMER: Yes, we see those
8 numbers.

9 MR. BYRON WILLIAMS: And would it be fair
10 to say that in general terms this transfer has grown over
11 time, from about four point six four eight (4.648) in
12 2004 GRA actual, to the 2008 GRA actual of about eight
13 point six zero three (8.603).

14 Would that be right?

15 MR. OTTMAR KRAMER: Yes, that would be
16 correct.

17 MR. BYRON WILLIAMS: And the major driver
18 behind that would be the -- the changes that we just
19 discussed?

20 MR. OTTMAR KRAMER: That increase is
21 primarily due to the growth in the fund and the discount
22 rate, and also as previously mentioned the growth in the
23 staff are primarily from DVL.

24 MR. BYRON WILLIAMS: And if we look one
25 (1) page back to the response to PUB-1-5(a) attachment,

1 and again under Investment Income about two-thirds (2/3s)
2 of the way down the page to Pension Fund Transfer, you'll
3 agree with me that when we look at the forecast '07/'08
4 years going out to the outlook 2011/'12 years, there's
5 also a -- a pattern of growth?

6 Would that be correct, sir?

7 MR. OTTMAR KRAMER: Yes, that would be
8 correct.

9 MR. BYRON WILLIAMS: And essentially the
10 forecast in terms of that transfer is about a bit over 8
11 million in 2007/'08 rising to eleven point three six
12 eight (11.368) in 2011/'12.

13 Would that be right?

14 MR. OTTMAR KRAMER: Yes, those numbers
15 would be correct.

16 MR. BYRON WILLIAMS: And in terms of the
17 -- what's driving those changes, I wonder if you could
18 elaborate on that just a little bit?

19

20 (BRIEF PAUSE)

21

22 MR. OTTMAR KRAMER: As -- as previously
23 indicated in the answer for the '03 to '06, it's a change
24 in discount rate and increase in -- in employees and the
25 increase in the -- in the fund -- in the Pension Fund

1 itself.

2 MR. BYRON WILLIAMS: Could you elaborate
3 just for a couple of seconds on the change in the
4 discount rate?

5 MR. BARRY GALENZOSKI: I can perhaps help
6 with that. I've had a little bit more experience on
7 that.

8 Over time as the Corporation has been
9 looking at its liability on pensions, one of the things
10 that you -- as a driver is, you know, what are the
11 returns that you are able to get on your investment
12 portfolio.

13 And as those returns have decreased over
14 time, you've had to use a different discount rate on --
15 on the liabilities and that has had some impact on -- on
16 the funds that are available for investment to the -- on
17 this particular liability.

18 MR. BYRON WILLIAMS: In terms of the
19 discount rate, is it changed on an annual basis or how
20 often has it changed since 2003?

21 MR. BARRY GALENZOSKI: It's -- it
22 probably has changed on an annual basis since 2003
23 because there's been, you know, the discount rate has
24 dropped a fair bit over that time period, but not by any
25 major amount. It probably drops by about a quarter of a

1 percent a year and -- and that has a fairly major impact
2 on the size of your liability and then on any subsequent
3 fund transfers that are going to go to the -- the
4 investment -- to that particular fund.

5 MR. BYRON WILLIAMS: Okay. Thank you for
6 that, Mr. Galenzoski.

7 THE CHAIRPERSON: Just a minute if you
8 don't mind. Mr. Galenzoski, are you suggesting then that
9 the Pension Fund transfer is -- is not driven by a
10 proportion of sort of the total liabilities of the -- of
11 the Auto Fund and pensions but as to the amount that's
12 required because of the discount rate and things of that
13 nature?

14 MR. BARRY GALENZOSKI: It's -- we do not
15 have any segregated investments related to this
16 particular liability of any other liability in the
17 Corporation. We have one (1) fund that we're using for
18 investments. And so the funds are allocated to the
19 investment liability as a pool rather than as individual
20 investments. And so we determine what we think the fair
21 transfer rate is and that amount is transferred to the --
22 to the pension liability.

23 THE CHAIRPERSON: Did that -- the share
24 if you wanted the fair Pension Fund transfer is not
25 driven by the actual yield of the overall portfolio?

1 MR. BARRY GALENZOSKI: It's -- it's
2 influenced by the actual yield of the overall portfolio.

3 THE CHAIRPERSON: But at minimum it has
4 to be an amount that allows for the appropriate accrued
5 pension benefit to develop?

6 MR. BARRY GALENZOSKI: It has to be an
7 amount that is going to be sufficient for that liability
8 going forward. And in most years it's been -- it's been
9 at a rate lower than what the fund has overall earned.

10 And so there's usually been some net
11 benefit to the bottom line of the Corporation, overall.

12 THE CHAIRPERSON: But not now?

13 MR. BARRY GALENZOSKI: It's about even
14 right now.

15 THE CHAIRPERSON: Thank you.

16 MR. BYRON WILLIAMS: Mr. -- Mr. Chairman,
17 I'm leaving that area, but I'm going to another short
18 area. I just want to -- and then I -- I'm going to head
19 into road safety after that.

20 So I -- what I propose, with the Board's
21 permission, is I just finish up this relatively modest
22 area and then move into a slightly longer one, being road
23 safety and immobilizers, with your permission?

24 THE CHAIRPERSON: Very good, Mr.
25 Williams.

1

2 CONTINUED BY MR. BYRON WILLIAMS:

3 MR. BYRON WILLIAMS: These are,
4 hopefully, in the -- in the -- in the realm of short
5 snappers as well, that other Crown Corporations are --
6 are undertaking some of the initiatives, and I'll -- I'll
7 throw it out to the MPI panel as a whole, and they can --
8 they can respond as they wish.

9 But in the -- again, I didn't provide this
10 excerpt to you, but based upon your discussions with
11 other -- with SGI, I'm assuming this might have come up.

12 One of the - one of the initiatives
13 referenced in the 2006 Saskatchewan Auto Fund annual
14 report, is an initiative -- at page 13, Mr. -- Mr.
15 Galenzoski, if you're -- you're looking -- is a customer
16 council initiative.

17 And SGI describes it as a new tool in two-
18 o-six (206) to -- to collect input directly from our
19 customers. Three (3) customer councils were established;
20 one (1) representing customer from the general public,
21 one (1) representing commercial customers, and the third
22 made up of SGI employees who work directly with their
23 customers.

24 And it appears that they've met twice to
25 share their ideas on how SGI can improve its products and

1 services. And I guess my question to the MPI panel, is
2 a) whether they're familiar with this initiative, and b)
3 if they have any thoughts on whether MPI might be
4 following this -- this type of activity?

5 MS. MARILYN MCLAREN: Some familiarity,
6 not a detailed familiarity. Within MPI we certainly have
7 not selected a representative group of staff who deal
8 directly with customers, but we certainly have ongoing
9 dialogue with those front-line staff in a very similar
10 kind of way.

11 And we would certainly learn more about
12 their experience with that group representing customers.
13 Discussions with your clients would be something the
14 Corporation would be interested in in that regard as
15 well.

16 MR. BYRON WILLIAMS: And -- and just on
17 that same theme, I wonder if you're aware that -- of an
18 initiative ICBC took in turn -- in -- that's referenced
19 in its annual report, as well, at -- for 2006 at page 18;
20 which was to undertake stakeholder consultations in terms
21 of rate -- rate design.

22 Are you familiar with that initiative at
23 all?

24 MS. MARILYN MCLAREN: Very -- very -- in
25 a limited way. I have not had discussions with ICBC

1 about that directly.

2 MR. BYRON WILLIAMS: We have a --

3 MS. MARILYN MCLAREN: Sor -- sorry, Mr.
4 Williams, I think the conversations that I have had
5 though, are really -- leading to -- I think their
6 expectation and their regulators expectation, is that
7 they work towards more formal and a rate-making
8 methodology that -- that deals with many of the details
9 and permutations that, in fact, Manitoba has established
10 through this process over the last twenty (20) years.

11 MR. BYRON WILLIAMS: Now, again, just on
12 this theme of what other Crown's are -- are up to. I
13 wonder if SGI is fam -- or SGI, excuse me, I'm getting my
14 provinces mixed up -- whether MPI is familiar with an
15 initiative out of Saskatchewan called Enforcement
16 Overdrive, by which it participates in additional
17 roadside checks for impaired driving.

18 Is there any familiarity with -- within
19 MPI for -- with -- in terms of that initiative?

20 MS. MARILYN MCLAREN: No, we don't.

21 MR. BYRON WILLIAMS: At a high level, is
22 SG -- MPI familiar with rate design changes that ICBC
23 has proposed in its 2007 rate application relating to
24 increased penalties for high-risk drivers?

25 MR. DON PALMER: Again, some limited

1 knowledge, yes.

2 MR. BYRON WILLIAMS: We may come back to
3 that in -- in a couple of minutes. Is -- is MPI familiar
4 at a high level with what -- with SGI in terms of its
5 treatment of good customers as well as high-risk
6 customers and -- and any changes it may have made in the
7 last couple of years in terms of rate design?

8 MR. DON PALMER: We are familiar with
9 that particular change, yes.

10 MR. BYRON WILLIAMS: Okay. Could you
11 discuss the SGI change, please, Mr. Palmer, and I'll come
12 to ICBC a bit later?

13 MR. DON PALMER: Not having it right in
14 front of me, but their plan and -- and the series of
15 discounts that they -- they have added and then
16 surcharges on the negative side, when put it together it
17 looks almost identical to the program that MPI uses in
18 terms of discounts and surcharges.

19 I don't have it in front of me so I don't
20 know the exact quantum and the -- and the discount
21 levels, but its -- its one (1) time surcharges and its
22 annual discounts are just the same as our current
23 program.

24 MR. BYRON WILLIAMS: Okay. And that was
25 initiated -- am -- am I right in suggesting to you in

1 2006?

2 MR. DON PALMER: No, it's -- it's earlier
3 than that. They did start giving discounts, I -- I'm
4 thinking probably five (5) or six (6) years ago. Again,
5 it's a little sketchy but -- and their most recent
6 changes may have been in 2006, but they have had a
7 program in place which has been amended.

8 MR. BYRON WILLIAMS: Is there at hand a
9 quick and dirty description of the -- the current
10 Saskatchewan proposal that -- that MPI has -- the current
11 Saskatchewan plan?

12 MR. DON PALMER: I don't have it right
13 with me. I know it is available on the Net and we can
14 probably get that at the break.

15 MR. BYRON WILLIAMS: Yeah, and it's just
16 more for -- for future reference but if you'd undertake
17 to do so that would be great, Mr. Palmer.

18 MR. DON PALMER: We can do that.

19

20 --- UNDERTAKING NO. 15: MPI to provide CAC/MSOS a
21 description of the
22 Saskatchewan proposal

23

24 MR. BYRON WILLIAMS: Mr. Chairman, I'm
25 going to move, after the break, to the subject of road

1 safety and -- and immobilizers, so if this would be a
2 good time to break, I'd suggest we do so.

3 THE CHAIRPERSON: Okay, Mr. Williams.
4 We'll adjourn for now.

5
6 --- Upon recessing at 10:14 a.m.
7 --- Upon resuming at 10:32 a.m.

8
9 THE CHAIRPERSON: Okay, welcome back.
10 Mr. Williams...?

11 MR. DON PALMER: Mr. Chairman, if I may
12 for a second; on Friday when Mr. Williams and I were
13 discussing the multi-year application, and there's a
14 point on the record that I would like to clarify, if I
15 may.

16 He was -- on page 644 and 645 of the
17 transcript, he was -- Mr. Williams was -- was asking me
18 what would happen if we made a mistake and if there will
19 be any cross-examination, and -- and I said -- my last
20 reply was if -- there would be no cross-examination, yes,
21 that would be fair. There is a "however" to that though.

22 That all the materials, rate making
23 methodology, using the same processes as has been
24 approved by this Board, pro formas, et cetera. You know,
25 we've -- we've listed many, many documents that we will

1 be filed -- will be filed with the Board and with
2 interested parties.

3 And they will likely be posted on our web
4 site as well -- just as they have been this year and --
5 and last year -- that anyone -- the Board or any of the
6 interested parties -- can check. And if there is an
7 error detected, we would expect them to bring it to our
8 attention and we would correct it.

9 So it's not as if we're -- we're filing
10 them and -- and leaving at that and hoping nobody ever
11 looks at it. That's just not the case.

12 THE CHAIRPERSON: Thank you, Mr. Palmer.
13 Perhaps, Mr. Williams, before you begin, I'll get in this
14 question that we were -- we had on Friday and
15 unfortunately they were -- it wasn't quite ready to go,
16 but now it is. So I'll -- I'll get it in.

17 To better understand the Board's -- to
18 better the Board's understanding concerning the truckers'
19 claims, I've just got a couple of questions.

20 MPI has indicated that the truckers -- and
21 I believe that this would be related to Manitoba-based
22 truckers with WCB registrations that are involved in a
23 motor vehicle accident in Manitoba -- can elect to choose
24 either MPI's PIPP coverage or the WCB.

25 Is that correct?

1 MS. MARILYN MCLAREN: Yes.

2 THE CHAIRPERSON: Given that the WCB has
3 no maximum wage limit and an earlier payment effective
4 date, can you offer any reason why a trucker would choose
5 MPI?

6

7 (BRIEF PAUSE)

8

9 MS. MARILYN MCLAREN: MPI pays 90 percent
10 of net. I believe WCB is 85 percent. I think on longer-
11 term claims it may even drop to 75 percent with the
12 difference being put into some form of a -- a pension
13 kind of cover for that individual.

14 I think, in very short term claims, you're
15 right. There -- the payment effective date for income
16 replacement is sooner. And I think where it becomes
17 somewhat dependent on the individual circumstances is in
18 the category of fairly serious but perhaps not permanent
19 life changing; that it may be in their interests to come
20 to MPI instead of WCB for some of the -- for some of the
21 reasons around the calculation of the IRI that I
22 mentioned.

23 THE CHAIRPERSON: Someone in that
24 situation, are they left sort of to their -- it's not
25 critical of either one of the agencies, but they come to

1 the decision themselves? They're not assisted in trying
2 to choose which one would work better for them?

3 MS. MARILYN MCLAREN: Oh, absolutely.
4 Our -- our case managers and also the WCB talk to people
5 and give them information. We certainly don't try to
6 lead them one way or the other, but -- but we're
7 certainly available to them to explain particulars of the
8 program and then they make their decision.

9 THE CHAIRPERSON: Would self-employment
10 by truckers be one of the factors that might choose them
11 to end up with MPI rather than the WCB; like an
12 independent contractor?

13 MS. MARILYN MCLAREN: Because they would
14 not be covered by WCB?

15 THE CHAIRPERSON: They may now have
16 purchased the insurance if they were voluntaries
17 independent contractors.

18 MS. MARILYN MCLAREN: If there is that
19 category a trucker, I would suggest that would likely
20 lead them to MPI, yes.

21 THE CHAIRPERSON: Have you done a
22 detailed analysis of the choices that are made, or how
23 much cost is flowing towards one or the other?

24 MS. MARILYN MCLAREN: No. We -- we work
25 with WCB to understand the differences that go back and

1 forth overall for the program. We have not specifically
2 looked at a claim-by-claim decision basis for truckers.

3 THE CHAIRPERSON: We recall from last
4 year's application, I believe there was an amount in the
5 order of 1 1/2 million dollars a year attributed to PIPP
6 claims for truckers.

7 Would this include truckers with employers
8 that are not registered with the Manitoba WCB?

9 MR. DON PALMER: That -- that amount was
10 the total amount of our claims from long-ha -- haul
11 truckers, so it would in -- it could include that.
12 Absolutely.

13 THE CHAIRPERSON: Is that amount still
14 valid in approximate basis this year?

15 MR. DON PALMER: We haven't done the
16 exact number this year, but it would be in that -- in
17 that ballpark. Absolutely.

18 THE CHAIRPERSON: Okay. You've answered
19 this other question I had.

20 You've indicated that there was no clear
21 association -- excuse me if I got your words wrong, I've
22 been sort of reflecting on this -- that there's no clear
23 association argued for these costs being offset in basic
24 by a transfer from SRE. Do I --

25 MS. MARILYN MCLAREN: Yeah -- yes.

1 THE CHAIRPERSON: Is the relationship to
2 the basic premium policy holder closer?

3 MS. MARILYN MCLAREN: I think so, because
4 they're clearly intended to be covered under the PIPP
5 provisions of the MPIC Act. Absolutely.

6 And it comes to a matter of all motorists
7 who pay premiums fund a plan that is available to all
8 Manitobans.

9 THE CHAIRPERSON: So you don't think it
10 would be fair to say, as it has been in the past, the
11 basic policy holders are subsidizing the interprovincial
12 truckers?

13 MS. MARILYN MCLAREN: To the extent that
14 they're subsidizing cyclists and pedestrians and others
15 who are involved in motor vehicle related injuries.

16 This is -- I don't -- I don't argue with
17 the concept that there is that subsidization, but there's
18 no legitimate mechanism in this national and
19 international industry, the way it's structured right
20 now, to eliminate that within the context of premium
21 paying for this plan.

22 THE CHAIRPERSON: Okay. I'll reflect
23 more on that. Thank you.

24 Mr. Williams...?

25

1 CONTINUED BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: Yes. Probably my --
3 my next series of questions will be going down to the far
4 end of the table, Mr. Keith, and perhaps Ms. McLaren.

5 Mr. Keith, you were kind enough to share
6 some information about the number of unbelted fatalities
7 in 2006 being about forty-one (41).

8 Does MPI have information in its
9 possession relating to an urban/rural split in terms of
10 how many of these fatalities were in the city of Winnipeg
11 or environs versus rural Manitoba?

12 MR. WARD KEITH: We would have that
13 information, although I don't have it here.

14 MR. BYRON WILLIAMS: I wonder if you
15 would undertake to provide that for the 2006 year in
16 terms of unbelted fatalities?

17 MR. WARD KEITH: Yes, we could do that.

18

19 --- UNDERTAKING NO. 16: MPI to provide CAC/MSOS an
20 urban/rural split in terms of
21 the number of unbelted
22 fatalities in 2006 in the
23 City of Winnipeg or environs
24 versus rural Manitoba

25

1 CONTINUED BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: Would I be right in
3 guessing that the -- there would be a disproportionate
4 amount of unbelted fatalities in rural Manitoba?

5 MR. WARD KEITH: I'm not sure of that.

6 MR. BYRON WILLIAMS: Thanks, Mr. Keith,
7 and thank you for that undertaking.

8 I'd ask you to turn to the CAC/MSOS book
9 of references, Tab 11.

10

11 (BRIEF PAUSE)

12

13 THE CHAIRPERSON: This may sound like a
14 bizarre question, but just following up Mr. Williams;
15 with an unbelted victim, is a traffic offense ticket
16 issued after the fact, so to speak?

17 MS. MARILYN MCLAREN: Absolutely not.

18 THE CHAIRPERSON: But it is an offense
19 not to be belted, is it not?

20 MS. MARILYN MCLAREN: It is. It's also
21 an offense not to drink and drive, and -- and speed, and
22 things like that. And I -- the longstanding practice of
23 every police organization that -- that -- as I understand
24 it, is that when people survive catastrophic injuries
25 related to those sorts of events, they tend, very rarely,

1 to turn around and charge them.

2 They're certainly not going to charge
3 someone that has not survived.

4 THE CHAIRPERSON: Mr. Williams...?

5

6 CONTINUED BY MR. BYRON WILLIAMS:

7 MR. BYRON WILLIAMS: Thank you, Mr.
8 Chairman.

9 Mr. Keith, the -- you'll see -- sorry, the
10 -- I just didn't want to -- to interrupt. Mr. Keith,
11 you'll see at Tab 11 what -- what is there is a response
12 from -- from last year's proceeding to CAC/MSOS
13 Interrogatory 2-18.

14 Is that right, sir?

15 MR. WARD KEITH: Yes.

16 MR. BYRON WILLIAMS: And this is a
17 alcohol-related traffic cash -- crashes and costs to
18 Manitoba Public Insurance. It's a report that was
19 prepared by Strategic Research of MPI in 2004.

20 Is that right, sir?

21 MR. WARD KEITH: Yes.

22 MR. BYRON WILLIAMS: The -- and we went
23 through this report in some detail last year, but I do
24 want to -- to touch upon it again this year.

25 And I draw your attention, first of all,

1 to the -- the third page in which is the Executive
2 Summary, and the indented section about a third of the
3 way down the -- the page.

4 My understanding was that the -- the
5 objective of this report was: 1) To develop a
6 methodology for estimating the direct economic impact of
7 the problem of impaired driving to MPI; and secondly, to
8 develop an economic measure as a baseline for the
9 evaluation of impaired driving intervention programs.

10 Is that right, sir?

11 MR. WARD KEITH: That's correct.

12 MR. BYRON WILLIAMS: And the suggest --
13 just following that indented section -- the suggestion
14 was that an estimate, at least of the magnitude of the
15 problem, would provide management with valuable
16 information in allocating counter-measure resources.

17 Is that right, sir?

18 MR. WARD KEITH: Yes.

19 MR. BYRON WILLIAMS: If we move on to the
20 -- the next page -- being, I guess, page II of the
21 Executive Summary, Roman Numeral II -- my understanding
22 was that, at a very high level, MPI employed two (2)
23 different techniques to estimate alcohol-related
24 collisions and costs -- one (1) being the fatality-based
25 extrapolation method, excuse my pronunciation, and the

1 second being the Criminal Code method.

2 Is that right, sir?

3 MR. WARD KEITH: That's correct.

4 MR. BYRON WILLIAMS: And I draw your
5 attention one (1) page over to Table 13 which appears at
6 the Roman Numeral III under the Executive Summary.

7 Do you have that, Mr. Keith?

8 MR. WARD KEITH: Yes.

9 MR. BYRON WILLIAMS: Now, it appears to
10 me looking at Table 3 that you looked -- MPI looked at --
11 Strategic Research looked at the issue from two (2)
12 different ways. They looked at annual alcohol-related
13 claims and then they looked at annual alcohol-related
14 crashes and came up with some estimates.

15 Is that right, sir?

16 MR. WARD KEITH: Yes.

17 MR. BYRON WILLIAMS: And just under the -
18 - the extrapolation method -- and if I'm mispronouncing
19 it certainly someone will -- extrapolation -- excuse me.
20 Thank you, Mr. Galenzoski. I will miss you when you're
21 gone.

22 Under the -- under the extrapolation
23 method, they're estimating in terms of alcohol-related
24 claims, costs of bodily injury in the range of six (6) --
25 eighteen (18), almost 19 million, and property damage of

1 about 16 million.

2 Is that right, sir?

3 MR. WARD KEITH: Yes.

4 MR. BYRON WILLIAMS: And when they -- and
5 they end up with the total in the range of between 34 and
6 35 million under the extrapolation method?

7 MR. WARD KEITH: That's correct.

8 MR. BYRON WILLIAMS: Moving over to the
9 Criminal Code method, their estimate is -- for -- using
10 this methodology is a bit lower, being in the range of 30
11 million. Is that right, sir?

12 MR. WARD KEITH: Yes, 30.1 million.

13 MR. BYRON WILLIAMS: And, again, when
14 they break down that total, they come up with a bodily
15 injury total estimate of 18.4 mill and a property damage
16 estimate of eleven point seven 11.7 mill; is that about
17 right?

18 MR. WARD KEITH: Yes.

19 MR. BYRON WILLIAMS: So, under both these
20 methods, there's certainly a split between property
21 damage and bodily injury with the suggestion being that,
22 in terms of alcohol-related claims, that over half are
23 associated with bodily injury.

24 Would that be right, sir?

25 MR. WARD KEITH: Yes.

1 MR. BYRON WILLIAMS: And looking at
2 annual alcohol-related crashes which there's a similar
3 result in the sense that the bodily injury total is
4 higher than the property damage total under both -- both
5 approaches.

6 Is that right, sir?

7 MR. WARD KEITH: Yes, that's right.

8 MR. BYRON WILLIAMS: Now one thing I --
9 I'm hoping that you can help me with, this is -- what
10 this paper is purporting to do is look at the average
11 claims and costs on an annual basis.

12 Is that right, sir?

13 MR. WARD KEITH: Yes.

14 MR. BYRON WILLIAMS: If I look down --
15 one thing I'm hoping you can help me with. If I look
16 under the Criminal Code method under crashes, which is
17 the -- the second part of that table, I see nine (9)
18 fatal clashes -- fatal, whereas above on -- under the
19 Criminal Code method under -- in terms of claims, I see
20 twelve (12) fatal claims.

21 I wonder if you can just assist me in
22 understanding the difference between the two (2)? And
23 specifically, sir, I -- what I'm trying to get an idea
24 is, in terms of annual alcohol related claims, are we
25 looking at nine (9) fatalities a year or are we looking

1 at twelve (12); the estimate provided by this table?

2

3

(BRIEF PAUSE)

4

5

MR. DON PALMER: I can probably help you
6 with that. One is crashes or incidents, the other one is
7 claims which would be individual people. So there would
8 be -- some of those incidents where there was more than
9 one (1) person killed.

10

MR. BYRON WILLIAMS: So the -- and just -
11 - that was my assumption. So my understanding is -- and
12 thank you both, Mr. Keith and Mr. Palmer.

13

My understanding would be then the -- the
14 estimate created by this approach is that on -- on an
15 annual basis MPI has averaged about twelve (12)
16 fatalities through this period, in terms of alcohol
17 related crashes.

18

Is that right, sir?

19

MR. WARD KEITH: Yes.

20

MR. BYRON WILLIAMS: And just flipping
21 one (1) page over to Roman Numeral IV of the Executive
22 Summary. The conclusion is that on average alcohol
23 related collision costs the Corporation between 30
24 million and 35 million annually.

25

Is that right?

1 MR. WARD KEITH: Yes, that's the
2 conclusion.

3 MR. BYRON WILLIAMS: And again just to
4 summarize, more than half of those costs would be related
5 to bodily injury, correct?

6 MR. WARD KEITH: Correct.

7 MR. BYRON WILLIAMS: And on average we're
8 looking at fatalities of perhaps twelve (12) a year on
9 average, based upon this study.

10 MR. WARD KEITH: Yes.

11

12 (BRIEF PAUSE)

13

14 MR. BYRON WILLIAMS: I just have one more
15 question at this point in time about this table. I'll
16 ask you to turn over -- or this table -- excuse me, this
17 excerpt from last year's proceeding.

18 And turn over one (1) more page to page 1
19 which is the introduction and I'll direct your attention
20 to the first paragraph, starting at kind of the second
21 sentence and I'll give you just a second to actually, Mr.
22 Keith, to read that paragraph.

23

24 (BRIEF PAUSE)

25

1 MR. BYRON WILLIAMS: Thank you, Mr.
2 Keith, for -- for doing that. If I look at what -- in
3 terms of what this paper was attempting to do, first of
4 all, achieve one -- I'd suggest to an economic measure of
5 the magnitude of the problem.

6 That would be fair, sir?

7 MR. WARD KEITH: Yes.

8 MR. BYRON WILLIAMS: And secondly, going
9 down a couple more lines to create an economic measure as
10 a baseline against which -- which to measure the
11 effectiveness of drinking and driving intervention
12 programs, correct?

13 MR. WARD KEITH: Yes.

14 MR. BYRON WILLIAMS: And third, to assist
15 in resource allocation decisions.

16 Would that be right?

17 MR. WARD KEITH: Yes.

18 MR. BYRON WILLIAMS: I wonder if you
19 could turn over to Tab 12 of the CAC/MSOS book of
20 documents, which is the Corporation's response to
21 CAC/MSOS-2-3.

22 Do you have that, Mr. Keith?

23 MR. WARD KEITH: I do.

24 MR. BYRON WILLIAMS: And what MPI has
25 generously provided in its response is the -- the

1 completed report on the costing framework for seatbelts.

2 Is that right, sir?

3 MR. WARD KEITH: That's right.

4 MR. BYRON WILLIAMS: And just for the
5 panel's information, what's attached in the CAC/MSOS book
6 of documents is an excerpt from the report, not the --
7 not the entire report. And Mr. -- Mr. -- Mr. Keith, I'd
8 ask you to turn again to the good ole Executive Summary,
9 Roman numeral I, which is about three (3) pages in.

10 MR. WARD KEITH: Yes.

11 MR. BYRON WILLIAMS: And again when we
12 look at the -- the ob -- objectives of this project as
13 set out in the -- the report, they're to:

14 "Estimate the number of live saves and
15 injuries prevented from use of
16 seatbelts. Determine the direct costs
17 incurred by MPI from the lack of use of
18 seatbelts, and determine the occupant
19 characteristics important in seatbelt
20 use."

21 Is that right, sir?

22 MR. WARD KEITH: That's right.

23 MR. BYRON WILLIAMS: And at a high level
24 -- going down to the third paragraph on -- on this first
25 page of the Executive Summary -- what the Corporation has

1 estimated, is that those who -- by -- by those who use
2 seatbelts, there's an estimated annual savings to MPI of
3 between 90 -- 93 and 101 million, in terms of lives saved
4 and injuries prevented.

5 Is that right, sir?

6 MR. WARD KEITH: Yes, that's right.

7 MR. BYRON WILLIAMS: And going down just
8 one (1) more paragraph, the Corporation estimated that
9 about 10 percent of -- of path -- of individuals are not
10 buckled.

11 Is that right, sir.

12 MR. WARD KEITH: Yes, approximately.

13 MR. BYRON WILLIAMS: And on an average,
14 this results in about eight hundred and forty-two (842)
15 unbelted occupants with claims per annum?

16 MR. WARD KEITH: Yes.

17 MR. BYRON WILLIAMS: And your analysis
18 also suggests that the average ultimate cost per claim
19 for unbelted occupants is about thirty-four thousand
20 seven hundred (34,700), where as the average ultimate
21 cost for belted occupants is about seven thousand seven
22 hundred (7,700) roughly.

23 Is that right, sir?

24 MR. WARD KEITH: That's right.

25 MR. BYRON WILLIAMS: So pretty close to a

1 twenty-seven thousand dollar (\$27,000) difference in
2 average ultimate cost per claim between unbelted and
3 belted, correct?

4 MR. WARD KEITH: Approximately, yes.

5

6 (BRIEF PAUSE)

7

8 MR. BYRON WILLIAMS: And you probably
9 don't need to -- to turn there, but at page 18 of -- of
10 the report, if you want to check your math, there's a
11 suggestion that it's a 383 percent in claims cost to MPI
12 for not wearing seatbelts. That's right at the bottom,
13 Mr. Keith.

14 MR. WARD KEITH: Yes.

15

16 (BRIEF PAUSE)

17

18 MR. BYRON WILLIAMS: Mr. -- Mr. Keith,
19 you were kind enough to -- to share with me the -- the
20 number of fatalities related to not wearing seatbelt use
21 in 2006.

22 Does the Corporation have a -- based upon
23 its research in -- in this study, have an estimate of --
24 for the -- the study period 2000 through 2005 -- on
25 average, how many fatalities were associated with failing

1 to wear a seatbelt?

2 MR. WARD KEITH: Just to clarify the
3 information from this morning, it wasn't the number of
4 fatalities related to non-seatbelt use, it was the number
5 of fatalities where seatbelts weren't in use. I think
6 there's a subtle difference there.

7 MR. BYRON WILLIAMS: And -- and just --
8 and so I misspoke, well -- and just so I understand,
9 you're saying the number of fatalities where seatbelts
10 were not in use?

11 MR. WARD KEITH: That's right.

12 MR. BYRON WILLIAMS: And just to rephrase
13 my question, for the -- the study period in question
14 here, does this -- the -- the Corporation have an
15 estimate of the average number of fatalities where
16 seatbelts were not in use for the 2000 to 2005 period?

17 MR. WARD KEITH: Yes, those estimates are
18 in Appendix -- Appendix 1 of the report.

19 MR. BYRON WILLIAMS: And I should have
20 read that when I was going through. I wonder if you
21 could share them with us, Mr. Keith?

22 MR. WARD KEITH: I'm sorry, I should have
23 finished that sentence. What Appendix 1 does is break
24 down the number of fatally injured occupants in the two
25 (2) categories analysed here; the first is passenger cars

1 and passenger vans and the second is light trucks, SUVs
2 and vans.

3 And the percentage -- sorry, the
4 proportion of fatally injured occupants who were not
5 belted was 55 percent in passenger cars and passenger
6 vans, and 71 percent in light trucks and SUVs and vans.
7 And that's for the period 2000 to 2005.

8 MR. BYRON WILLIAMS: Now this question
9 can -- and -- and thank you for -- for that insight, Mr.
10 Keith.

11 This question can certainly go to either
12 Ms. McLaren or -- or Mr. -- Mr. Keith.

13 I -- I'm segueing with a -- a conversation
14 that Ms. McLaren had with Ms. Everard on Thursday, which
15 is -- but Ms. McLaren, on Thursday you had a -- a
16 discussion with Ms. Ed -- Everard about how you measure
17 suc -- the success of programs for top pri -- priority
18 road safety programs, such as impaired driving, occupant
19 restraint and unsafe speed.

20 Do you remember that conversation, at
21 least at a high level?

22 MS. MARILYN MCLAREN: Yes.

23 MR. BYRON WILLIAMS: And, just in
24 reviewing my notes, and I haven't reviewed the
25 transcript, my understanding was that you spoke of -- you

1 know, looking at program objectives and a -- and
2 evaluations, and -- and perhaps I misunderstood but your
3 answer led me to believe that you are measuring pro --
4 you know, public awareness rather than employing the --
5 the tools that -- that the Corporation has developed in
6 terms -- as set out in Tabs 11 and 12 of the CAC/MSOS
7 book of documents.

8 Did I misunderstand you, Ms. McLaren?

9 MS. MARILYN MCLAREN: No, I don't think
10 so, but let me try to elaborate and clarify.

11 The questions of Ms. Everard were related
12 to how do we measure the effectiveness of our specific
13 programs. And Manitoba Public Insurance is engaged in
14 education and awareness, as we've talked about many times
15 in this proceedings over the years.

16 We're not in the engineering business.
17 We're not in the enforcement business. Even our
18 contribution to the police agencies for enhanced roadside
19 checkstop is really related to awareness; awareness of
20 the traffic laws; awareness that the police are out
21 there; enforcing the traffic laws, as opposed to trying
22 strictly to fund enforcement activities.

23 So when we make decisions about funding
24 various road safety programs, we do it within the context
25 of our mandate, our responsibilities, and really

1 articulating what it is that -- with the specific dollars
2 what are we trying to accomplish. So that's absolutely
3 what we're trying to do, is really measure the
4 effectiveness of the discrete programs that MPI has care
5 and control over.

6 When it comes to the broad provincial
7 impact of seatbelt usage, and drinking and driving, and
8 things like that, we get into these kinds of analyses.
9 We don't think for a moment that we would be able to
10 significantly impact the cost to MPI of seatbelt usage
11 simply by the awareness programs that we do. It really
12 is a partnership with the police agencies, the
13 legislators, engineering departments of various
14 jurisdictions, and that's why we work on these multi-
15 disciplinary, multi-jurisdictional committees and so on.

16 So this is something that we need to have,
17 the global estimate of the costs. We will run this on a
18 -- what -- you know, not an annual basis, but probably
19 every three (3) to five (5) years to get a sense of where
20 -- of directionally where this is going. But we're not
21 going to make a decision about a particular drinking and
22 driving program. Should we fund Operation Red Nose
23 again? We're not going to make that decision based on
24 our expectation of how it's going to limit the global
25 impact to MPI ratepayers of drinking and driving.

1 MR. BYRON WILLIAMS: Thank you, that --
2 that's a helpful answer.

3 Just to confirm my understand that, when
4 you're evaluating a specific program, such as Operation
5 Red Nose, you look at -- at basically issues relating to
6 public awareness. That's a fair statement?

7 MS. MARILYN MCLAREN: Yes.

8 MR. BYRON WILLIAMS: Just to follow-up in
9 terms of the use of the data that you may get from your
10 impaired driving study, or your occupant restraint study,
11 would it be fair to say that in terms of -- or
12 determining the global budget that goes to impaired
13 driving or occupant restraint, do these studies play some
14 role?

15 MS. MARILYN MCLAREN: They may. I'm not
16 sure. They have not yet. This is -- the seatbelt report
17 is barely a year old, and the drinking and driving one as
18 well, so we have yet to run either of them the second
19 time. We have yet to start really getting our heads
20 around how will they be used in an operational way in the
21 long term. They may very well be used; they have not
22 yet, they're too new.

23 MR. BYRON WILLIAMS: So just so I
24 understand your -- your answer, in terms of whether these
25 studies, as refined over time, may play a role in the

1 allocation of road safety expenditures. They have not as
2 yet although that's something that you may be open to.

3 Is that right?

4 MS. MARILYN MCLAREN: Yes.

5 MR. BYRON WILLIAMS: And just to -- and --
6 -- and it may -- I may have misheard you on this one, I'll
7 concede that occupant restraint is a 2006 study.

8 Would it be fair to suggest to you that
9 the impaired driving study is from three (3) years ago?

10 MS. MARILYN MCLAREN: Yes, absolutely but
11 again, you know, the road safety area is something that
12 really needs significant integration, alignment and --
13 and, excuse me, a focus that studies like this can bring.
14 So I think we would really -- we wouldn't be starting to
15 use it in an operational way with one (1) study. You
16 know, I think we need the other one.

17 And we also need to get a better
18 understanding of how we can work with our other partners
19 in this regard as well. But yes, it is three (3) years
20 old, but standing on its own as the first one we've done
21 it was much too preliminary to start using it in
22 operational decision making.

23 MR. BYRON WILLIAMS: And -- and just to
24 follow through on that, do you have concerns with the
25 methodology with the 2004 Impaired Driving Report?

1 MS. MARILYN MCLAREN: No, I don't have
2 concerns but it's -- this is a new area for us.

3 MR. BYRON WILLIAMS: In terms of the
4 second run of this report when do you anticipate that
5 will take place?

6 MS. MARILYN MCLAREN: Probably in '08 or
7 '09.

8 MR. BYRON WILLIAMS: And if the results
9 are consistent with -- in -- in general terms with the --
10 the preliminary report, that's when you might look to
11 using it in assisting in allocation decisions.

12 Would that be fair?

13 MS. MARILYN MCLAREN: Yes, with emphasis
14 on the "might," absolutely.

15 MR. BYRON WILLIAMS: And in terms of
16 occupant restraint, when would you anticipate the second
17 run of that study?

18 MS. MARILYN MCLAREN: Again, the same
19 four (4) to five (5) year timeframe I would assume; 2010
20 or 2011.

21

22 (BRIEF PAUSE)

23

24 MR. BYRON WILLIAMS: And a third major
25 element of your accident prevention objectives would be

1 speed.

2 Is that right, Ms. McLaren?

3 MS. MARILYN MCLAREN: Yes.

4 MR. BYRON WILLIAMS: Again, this may go
5 to you or Mr. Keith.

6 The study in terms of a methodology for
7 the cost to the Corporation of speed-related collisions
8 is due in 2008.

9 Am I correct on that?

10 MR. WARD KEITH: That's our intention,
11 yes.

12 MR. BYRON WILLIAMS: And would I -- I be
13 right in suggesting then that the second iteration on
14 that study would come down the line in 2012 or 2013?

15 Is that right?

16 MR. WARD KEITH: Yes, I think that's a
17 reasonable timetable.

18 MR. BYRON WILLIAMS: If I could ask you
19 to turn to Tab 10 of the CAC/MSOS book of documents.

20

21 (BRIEF PAUSE)

22

23 MR. BYRON WILLIAMS: And this is an
24 excerpt from a document that I think we're all familiar
25 with, Board Order 156/08. And I'd like you turn to page

1 85 of that -- of that excerpt if -- as you -- if you
2 would, please, Mr. Keith or Ms. McLaren.

3 And we see that Recommendation 5 is that
4 MPI commission an independent review, either internally
5 or externally supported, of the current accident
6 prevention and driver education programs seeking ways and
7 means to bring down accident and injury frequency and
8 severity while ensuring program cost effectiveness.

9 I've reviewed -- by -- by way of lengthy
10 preamble I've reviewed SM-8 pages 14 and 15 and I've
11 certainly seen evidence there that the Corporation is
12 reviewing its driver education programs. I'm just
13 seeking any information the Corporation has in terms of
14 whether it is conducting and I've missed it or it's
15 contemplating an independent review of the current
16 accident prevention programs.

17

18 (BRIEF PAUSE)

19

20 MS. MARILYN MCLAREN: One of the things
21 that we are doing is getting some external advice about
22 the costing frameworks that we just discussed.

23 And we will then need to make some
24 decisions and may very well seek further external advice
25 with respect to what does that mean for Manitoba Public

1 And just a tiny point of clarification. I don't think --
2 the Corporation doesn't really consider itself to have an
3 accident prevention program.

4 You know, it has a number of education and
5 awareness programs that it -- that it supports.

6 MR. BYRON WILLIAMS: I'd like to turn now
7 to what the Corporation's actually spending on impair --
8 impaired driving, occupant restraint and -- and occupant
9 restraint in recent years. And for the panel's
10 information, MPI -- the -- the next three (3) references
11 I'll be referring you to are from the CAC/MSOS book of
12 documents, Tab 13 through Tab 15.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: Mr. Keith, you have
17 that?

18 MR. WARD KEITH: I do.

19 MR. BYRON WILLIAMS: And you went over
20 some of this with Ms. Everard, but I have a -- a few
21 follow-up questions in terms of that.

22 In terms of Tab 13, which is the response
23 to CMMG-1-26-10, it's basically what's been provided as a
24 table with a further description of the expenses in the
25 road safety loss prevention category for the years

1 2004/'05 forecast -- or projected out to 2011/2012.

2 Is that right, sir?

3 MR. WARD KEITH: Yes, with basic share
4 and, again, with amounts over fifty thousand dollars
5 (\$50,000).

6 MR. BYRON WILLIAMS: Thank you and I
7 appreciate your precision. And again, you went through,
8 at a high level, this -- with -- with Ms. Everard, but
9 I'll draw your attention to the second line for -- which
10 -- which speaks to impaired driving prevention
11 strategies.

12 And we'll see that the actual Corporation
13 expenditures for 2004/'05 through 2006/'07 have ranged
14 between a -- a high of four twenty-eight (428) in
15 '04/'05, and the -- the lower range would be three
16 hundred and seventy-one thousand (371,000) in '05/'06.

17 Would that be fair, Mr. Keith?

18 MR. WARD KEITH: Yes.

19 MR. BYRON WILLIAMS: And if I were to try
20 and attempt to characterize where expenditures are going
21 out in the project -- forecast and projection years, I'd
22 suggest to you that they're remaining relatively steady.

23 Would you accept that characterization?

24 MR. WARD KEITH: With respect to the
25 impaired driving strategies?

1 MR. BYRON WILLIAMS: Yes, yes, sir. And
2 I apologize for the imprecision.

3 MR. WARD KEITH: Well, with some growth
4 in each of the -- in each of the future years, yes.

5 MR. BARRY GALENZOSKI: I think you'll
6 find the growth is somewhat limited, though, to just a
7 very standard couple of percentage points, year over year
8 going forward, because there's no specifics related to
9 those outgoing programs.

10 MR. BYRON WILLIAMS: That's -- that's
11 helpful, Mr. Galenzoski and Mr. Keith. When I go down a
12 couple lines for occupation -- excuse me, Occupant Safety
13 Education Strategies -- I may need, Mr. Galenzoski, to
14 help me with a bit more pronunciation before too long.

15 But for the -- the last three (3) actual
16 years, we've had a range between one ninety-one thousand
17 (191,000) at the lower end, and a high of two seventy-six
18 thousand (276,000).

19 Would that be fair, Mr. Keith, in terms of
20 Occupant Safety Education Strategies?

21 MR. WARD KEITH: Yes.

22 MR. BYRON WILLIAMS: And the -- the --
23 moving out through 2007/'08 forecast, to the projection
24 2011/'12, again, you're -- it appears that there is some
25 -- some growth in terms of where you're going in terms of

1 these strategies.

2 Is that right, sir?

3 MR. WARD KEITH: Yes.

4 MR. BYRON WILLIAMS: Now -- and -- and
5 you had canvassed some of this with Ms. -- Ms. Everard,
6 but I -- I want to just move over one (1) more tab in the
7 CAC/MSOS book of documents to see if there's some
8 expenditures that we -- we may have been missing.

9 And that's the response to CMMG 126.9.

10 You have that, Mr. Keith?

11 MR. WARD KEITH: I do.

12 MR. BYRON WILLIAMS: And what this In --
13 Information Request was attempting to do from CMMG, was
14 to get additional details about the public information
15 advertising category.

16 Is that right, Mr. Keith?

17 MR. WARD KEITH: Yes.

18 MR. BYRON WILLIAMS: So, again, I'll draw
19 you to this -- the attachment to this response, and I --
20 I see that in terms of -- about half way down the page,
21 there's safety media impaired and there's expenditures of
22 one eighty-five (185) for '04/'05, one-o-three (103) for
23 2005/'06 and one -- one eighty-five (185) for 2006/'07.

24 Do you see that, Mr. Keith?

25 MR. WARD KEITH: I do.

1 MR. BYRON WILLIAMS: And just so I
2 understand, would these costs be in addition to the
3 expenditures that are -- that are captured under the
4 previous Interrogatory?

5 MR. OTTMAR KRAMER: I -- I believe the
6 previous Interrogatory was just a -- a subset, and an
7 accumulation of -- of the various initiatives. So, in
8 twenty-six ten (26-10), is -- is a subsection of -- of
9 what's in here.

10 MR. BYRON WILLIAMS: And just so I'm
11 clear; so if I'm trying to get a sense of what the
12 Corporation spent on impaired driving prevention
13 strategies in, for examples, 2006/'07, should I be using
14 the figure of four hundred and fourteen thousand
15 (414,000) or should I be adding an additional hundred and
16 eighty-five thousand (185,000) to that figure? That's
17 what I'm trying to understand.

18 MR. OTTMAR KRAMER: I -- I would be using
19 what was on twenty-six ten (26-10); the four fourteen
20 (414).

21

22 (BRIEF PAUSE)

23

24 MR. BYRON WILLIAMS: Okay, and -- and
25 just so -- if you -- make sure that I do understand this,

1 so if I used, in fairness, the Corporation, I would not
2 add together the four fourteen (414) and the one eighty-
3 five (185)? I would merely use the -- the four fourteen
4 (414) understanding that the one eighty-five (185) in --
5 with regard to impaired driving is -- is a subset of the
6 -- of -- of that expenditure in impaired driving.

7 Is that --

8 MR. OTTMAR KRAMER: Yes --

9 MR. BYRON WILLIAMS: -- fair?

10 MR. OTTMAR KRAMER: -- that would --
11 that's correct.

12

13 (BRIEF PAUSE)

14

15 MR. BYRON WILLIAMS: What I'd like to
16 draw your atten -- and -- and I'm assuming, just so I'm
17 clear, that the same would go for occupant restraint?
18 That the -- the response I should be directing my
19 attention to, is twenty-six ten (26-10), not twenty-six
20 nine (26-9).

21 Is that fair Mr. Kramer?

22 MR. OTTMAR KRAMER: Yes, that would be
23 correct.

24 MR. BYRON WILLIAMS: I'd ask you now to
25 turn to Tab 15 of the CAC/MSOS book of documents, which

1 is the Corporations response to CAC/MSOS 1-12.

2 Does Corporation have that?

3

4 (BRIEF PAUSE)

5

6 MR. WARD KEITH: Yes, we have it.

7 MR. BYRON WILLIAMS: And what this

8 Interrogatory seeks to inquire into, is the actually --
9 the approved budgets and the actuals for road safety and
10 loss prevention for the '05/'06 and '06/'07 years.

11 Is that right?

12 MR. WARD KEITH: That's right.

13 MR. BYRON WILLIAMS: And let's just start
14 with the bottom line for the '05/'06 year. We see that
15 the forecast expenditure on road safety and loss
16 prevention was about 6.6 million, whereas the actual is
17 about 8.788 or 8.8 million.

18 Would that be fair?

19 MR. WARD KEITH: Yes.

20 MR. BYRON WILLIAMS: And the -- the key
21 figure in this difference of a -- a bit over \$2 million,
22 we would attribute to the auto crime prevention
23 strategies.

24 Is that right?

25 MR. WARD KEITH: Yes.

1 MR. BYRON WILLIAMS: If we go up to the
2 second line on this 2005/'06 actual and forecast table,
3 in terms of impaired driving, would I be correct in
4 suggesting to you that the forecast for this year was
5 close to half million dollars being four hundred and
6 eighty-seven thousand (487,000).

7 Would that be right?

8 MR. WARD KEITH: Yes.

9 MR. BYRON WILLIAMS: And that the
10 actuals, in terms of impaired driving, was a little bit -
11 - well, was actually about a hundred and sixteen thousand
12 (116,000) less, being three hundred and seventy-one
13 (371,000).

14 Would that be right?

15 MR. WARD KEITH: Yes.

16 MR. BYRON WILLIAMS: And just moving down
17 a couple lines to occupant safety education strategies,
18 I'd suggest to you that the forecast and actual were --
19 were fairly -- were -- were quite close in '05/'06.

20 Would you agree with that?

21 MR. WARD KEITH: I would agree with that.

22 MR. BYRON WILLIAMS: If I look to -- in
23 the -- the forecast and the actuals for '06/'07, you'll
24 agree with me that, starting with the big picture, the
25 forecast was for about 17.2 million.

1 Would that be right?

2 MR. WARD KEITH: Yes.

3 MR. BYRON WILLIAMS: And the actuals were
4 about 2.5 million higher, being 19.78 million.

5 Would that be right, sir?

6 MR. WARD KEITH: Yes.

7 MR. BYRON WILLIAMS: Moving up to
8 impaired driving, would I be correct in suggesting to you
9 that the -- the actual spent on impaired driving in the
10 '06/'07 year was about seventy-five thousand dollars
11 (\$75,000) less than forecast.

12 Would that be right, sir?

13 MR. WARD KEITH: Yes.

14 MR. BYRON WILLIAMS: And looking at
15 occupant safety education strategies, if I suggested to
16 you that it was forty-seven thousand (47,000) less than
17 actually forecast, that would be correct as well?

18 MR. WARD KEITH: Yes.

19 MR. BYRON WILLIAMS: I wonder, for the
20 '06/'07 year, if you can provide some information to me
21 in terms of why the expenditures for impaired driving and
22 occupant safety were less than forecast?

23

24 (BRIEF PAUSE)

25

1 MR. WARD KEITH: I don't have specific
2 details here. We would have to see what we could do with
3 respect to an Undertaking with that information.

4 MR. BYRON WILLIAMS: Okay. That would be
5 helpful.

6
7 --- UNDERTAKING NO. 17: MPI to provide CAC/MSOS
8 '06/'07 information in terms
9 of why the expenditures for
10 impaired driving and occupant
11 safety were less than
12 forecast

13
14 CONTINUED BY MR. BYRON WILLIAMS:

15 MR. BYRON WILLIAMS: Would it -- and --
16 would it have any relationship with the -- the changes in
17 expenditure for other programming, such as the auto crime
18 prevention?

19 MR. WARD KEITH: No, it would not.

20
21 (BRIEF PAUSE)

22
23 MR. BYRON WILLIAMS: We're -- we're in
24 the area of -- on-the-road safety, Mr. Chairman, of some
25 short snappers. Probably an overused word by me, but

1 hopefully my prediction is true.

2 And I don't believe that this is in either
3 of the book of documents, but if the Corporation could
4 quickly refer -- well, you don't have to do it quickly,
5 but if they would refer to PUB/MPI first round
6 Interrogatory number 55.

7

8 (BRIEF PAUSE)

9

10 MR. WARD KEITH: Yes.

11 MR. BYRON WILLIAMS: And what we've --
12 what this Interrogatory looks at is the incidence of
13 seatbelt usage in Manitoba compared to other
14 jurisdictions in the last ten (10) years.

15 Is that right, sir?

16 MR. WARD KEITH: Yes, based on
17 observational data from Transport Canada.

18 MR. BYRON WILLIAMS: And, as I understand
19 it, Transport Canada now, since 2002, has alter --
20 alternated its observational surveys between rural and
21 urban.

22 Is that right, sir?

23 MR. WARD KEITH: That's right.

24 MR. BYRON WILLIAMS: And, so, if we look
25 at the 2005 urban, for example -- which is the second

1 last column on the right -- we see that the Canadian
2 average is ninety-one point one (91.1) and that Manitoba
3 is actually a little bit above that average at ninety-two
4 point four (92.4).

5 Is that right, sir?

6 MR. WARD KEITH: Yes.

7 MR. BYRON WILLIAMS: And if we -- we look
8 to the 2006 rural data, which is the extreme right-hand
9 column, we see the Canadian average is about eighty-eight
10 point six (88.6) with the Manitoba average being eighty-
11 six point nine (86.9).

12 Is that right, sir?

13 MR. WARD KEITH: Yes.

14 MR. BYRON WILLIAMS: And I guess I -- we
15 -- we'll have more information when we look at the -- one
16 of your previous Undertakings.

17 But if I suggested to you that the issue
18 of occupant restraint is more pronounced in rural
19 Manitoba as opposed to the urban areas, would -- would
20 you be in a position to disagree with me?

21

22 (BRIEF PAUSE)

23

24 MR. WARD KEITH: No, I would agree with
25 that based on the observational data from Transport

1 Canada.

2 MR. BYRON WILLIAMS: And is there -- in
3 terms of where the Corporation is going, in terms of its
4 investment in occupant restraint programming, I wonder if
5 you can give me some insight in -- into how, if at all,
6 the rural/urban difference might be reflected?

7

8 (BRIEF PAUSE)

9

10 MR. WARD KEITH: The ongoing
11 observational reports that are provided by Transport
12 Canada would influence the way that we -- we go in terms
13 of identifying rural versus urban programs for seatbelt
14 awareness.

15 MR. BYRON WILLIAMS: I -- I thought they
16 might. I wonder if you can elaborate on -- on how? Give
17 me some practical examples.

18 MR. WARD KEITH: No, not at this time. I
19 -- I was speaking more in terms of, on a going-forward
20 basis, some of the factors that would feed into our
21 decisions with respect to allocation of resources and
22 specific programming initiatives.

23 MR. BARRY GALENZOSKI: If I might also
24 just add a comment. If you look back in the '04 rural,
25 it was in Manitoba ninety-one point three (91.3) compared

1 to the Canadian average of eighty-seven point one (87.1).
2 So it does show that there's some movement.

3 And also when you're looking -- these are
4 percentages, and there's going to be a lot fewer people
5 riding around unbelted on the rural category compared to
6 the numbers in the urban where you've got even a higher
7 percentage that are belted.

8 MR. BYRON WILLIAMS: Thank you, Mr.
9 Galenzoski. Just to go back for a moment to your
10 occupant restraint study which is found at Tab -- Tab 12
11 of the CAC/MSOS book of documents.

12 And I didn't include the whole study, but
13 I wonder if you'd agree with me that one of the authors
14 that cited quite a bit by MPI in this study is one of my
15 favourite writers on traffic safety -- Leonard Evans.
16 Would you agree with that?

17 MR. WARD KEITH: Yes, with respect to the
18 effectiveness of seatbelt use.

19 MR. BYRON WILLIAMS: And just -- if
20 you're looking for references and, again, it probably
21 won't be in the excerpt, but you cite, by my count, at
22 least five (5) studies of Mr. Evans' at footnotes in
23 total between footnotes 2, 10 and 11.

24 I wonder if you'd accept that, subject to
25 check?

1 MR. WARD KEITH: Yes, subject to check.

2 MR. BYRON WILLIAMS: Now, are -- are you
3 familiar, to any degree, with Mr. Evans and his -- the
4 term he uses in terms of seatbelts of "selective
5 recruitment".

6 Is -- is MPI familiar with that term?

7 MR. WARD KEITH: Yes.

8 MR. BYRON WILLIAMS: And by "selective
9 recruitment", my understanding of the term is it means --
10 it's a term indicating that drivers who wear belts are
11 not recruited at random from those who do not, and that
12 Mr. Evans suggests that much empirical evidence shows
13 that compared to belted drivers, unbelted drivers have
14 higher crash rates and higher severity crashes.

15 Are you familiar with that, to that
16 degree, sir?

17 MR. WARD KEITH: I -- I'm familiar with
18 it to the extent that it was identified as one of the
19 issues complicating this analysis contained in the
20 report.

21 MR. BYRON WILLIAMS: And does MPI, at
22 this point in time, address that conclusion -- or excuse
23 me -- endorse that conclusion or do you have any opinion
24 on whether that conclusion is accurate?

25

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: If not, that's fine.

4 MR. WARD KEITH: Yeah, I -- I believe MPI
5 would support that -- that conclusion.

6 MR. BYRON WILLIAMS: Are you familiar
7 with the term that Mr. Evans uses as well, which he
8 describes as "the law of increasing returns" with regard
9 to occupant restraint?

10 Is that a term you're familiar with?

11 MR. WARD KEITH: No, it's not.

12 MR. BYRON WILLIAMS: And I'll just --
13 just see if this helps or not in -- in terms of assisting
14 you.

15 He suggests, under the law of increasing
16 returns, that increasing belt use by 5 percent from an
17 initial zero use reduces fatalities by 1.4 percent, while
18 increas -- while increasing use by 5 percent from an
19 initial 95 percent use reduces fatalities by 5.5 percent.

20 Does that help you in terms of
21 understanding the term? Or is it a term your familiar
22 with now that I've elaborated?

23 MR. WARD KEITH: It helps me in
24 understanding the term, yes.

25 MR. BYRON WILLIAMS: And is that a

1 philosophy that MPI would endorse or -- or -- or are you
2 prepared to express an opinion on it?

3 MR. WARD KEITH: I wouldn't be in a
4 position to express an opinion on that.

5 MR. BYRON WILLIAMS: Carrying on with my
6 road safety short snappers -- just a couple more.

7 Would it be fair to say, based upon -- and
8 certainly you can look there if you wish -- the
9 Corporation's response to CAC/MSOS-1-6 -- but would it be
10 fair to say that in terms of fatalities per billion motor
11 vehicle kilometres as well as injuries per billion motor
12 vehicle kilometres -- and it's not in the book of
13 documents, Ms. -- sir.

14 Would it be fair to say that Manitoba
15 still is a bit above the -- the national average in terms
16 of both those comparators for the 2005 year?

17 MR. WARD KEITH: Yes, that would be fair.

18

19 (BRIEF PAUSE)

20

21 MR. BYRON WILLIAMS: Mr. Chairman, I'm
22 going to move to a -- a new area of -- well, a related
23 area of the Immobilizer Program. If I could stand down
24 for two (2) minutes. I apologize.

25 THE CHAIRPERSON: Very good.

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: And we have the code
4 253. I've been eternally grateful so I -- I'm doing
5 quite fine, Mr. Chair, and I -- I do once again
6 appreciate my -- express my appreciation to Mr.
7 Galenzoski, probably under the too much information.

8 Mr. Chairman, just for the -- the guidance
9 of the Board, I hope to -- I move into the area of
10 immobilizers and then I have a few kind of smaller areas
11 to -- to finish off this morning. Then I -- I have some
12 questions regarding PIPP and DSR for this afternoon
13 although I don't anticipate I will monopolize the time in
14 -- in the afternoon.

15 In terms of immobilizers the -- the panel
16 -- the MPI panel might want to have -- or the issue of
17 theft in -- in general, might want to have nearby SM-8
18 from the application as well as pages 39 through 49 of
19 TI-18.

20

21 (BRIEF PAUSE)

22

23 MR. BYRON WILLIAMS: And again Ms.
24 Everard has gone through a great deal of this area so I
25 try to lightly step over where she's gone before, but

1 there will be a bit of duplication.

2 But just in terms of -- with reference to
3 the annual cost to MPI of auto theft, my understanding
4 based upon SM-8 page 2, is that direct claim costs can be
5 as -- in the range of 34.2 million being -- with 33.4 for
6 physical damage claims and 0.8 million for injuries
7 claims.

8 Is that correct? It's page 2 on the left
9 hand side, Mr. Palmer.

10 MR. WARD KEITH: Yes, that's correct.

11 MR. BYRON WILLIAMS: Sorry, I've got the
12 wrong panel member. In terms of -- I'm going to come to
13 physical damage claims in -- in just a couple of minutes.
14 But in terms of the bit less than a million dollars for
15 injury claims, can you indicate on an annual basis how
16 many fatalities might be associated with -- with auto
17 theft?

18 I know there have been some in recent
19 years, but I wonder if the Corporation has any knowledge
20 in terms of that?

21 MR. DON PALMER: Not exactly but in --
22 about two (2) or three (3) comes to mind.

23 MR. BYRON WILLIAMS: And if that number
24 is materially off, you'll left me know, Mr. Palmer?

25 MR. DON PALMER: Yes, we will.

1 MR. BYRON WILLIAMS: If I draw your
2 attention now to TI-18 and in particular page 44 of TI-
3 18, my understanding is when we look at the physical
4 damage claims associated with auto left or total theft,
5 we look at three (3) categories, being total losses,
6 first party loss of use and also total theft repairs.

7 Is that right?

8 MR. DON PALMER: That's correct. That's
9 the way we forecast I believe most of the categories.

10 MR. BYRON WILLIAMS: Now -- and if I go
11 to page 44 of TI-18, that will be the -- the summary of
12 the incurred at twelve (12) month history for the past
13 few years as well as your forecast and projections out
14 into the future.

15 Is that right, sir? At twelve (12)
16 months.

17 MR. DON PALMER: That's correct.

18 MR. BYRON WILLIAMS: And in terms of
19 total theft, would I be correct in suggesting to you that
20 the -- the worst year on record is 2004/'05 being about -
21 - just a bit less than -- than 29 million.

22 Is that right, sir?

23 MR. DON PALMER: That's correct.

24 MR. BYRON WILLIAMS: And the -- the
25 second worst year is -- at least as displayed on this

1 table -- is the '06/'07 year which is just a bit over 27
2 million.

3 Would that be right?

4 MR. DON PALMER: That's correct.

5 MR. BYRON WILLIAMS: And I'd also be
6 correct in suggesting to you that the forecast from
7 projections out through the 2011/'12 period show quite a
8 sharp forecast decline in terms of the total theft
9 category.

10 Is that right?

11 MR. DON PALMER: That's correct, due to
12 the Immobilizer Program.

13 MR. BYRON WILLIAMS: Yes, we should give
14 credit where credit is due.

15 Now -- and I think Ms. Everard might have
16 touched upon this on last Thursday, and if she did, I
17 apologize. But in terms of the figure 2011/'12 of just a
18 bit less than 14 million under the total theft category
19 projection, I guess one (1) question that comes to mind
20 is why so -- why so high? Why is it -- when do we reach
21 the new Jerusalem? When do we get to zero?

22 MR. DON PALMER: That -- that, in fact,
23 was an Undertaking that we have not yet responded to, and
24 I expect to respond to that this afternoon.

25 MR. BYRON WILLIAMS: Well, I'll -- I'll

1 wait with baited breath. But, just so I'm clear, is the
2 projection of thirteen point nine seven nine (13.979) for
3 2011/2012 the best estimate at this point in time of --
4 of where that figure is likely to be in 2011/'12?

5 MR. DON PALMER: That's -- that's
6 correct. And I can tell you that it is based on our
7 estimate of number of immobilized vehicles, number of
8 non-immobilized vehicles and the fact that thefts of
9 stolen keys and whatnot still happen.

10 MR. BYRON WILLIAMS: That's helpful.
11 Just, if I could ask you to turn on a few -- turn down a
12 few -- over a few pages to page 47. I'm becoming tongue-
13 tied as the morning progresses or maybe I started that
14 way. Under Total Attempted Thefts.

15 Do you see that, Mr. Palmer?

16 MR. DON PALMER: Yes, I have it.

17 MR. BYRON WILLIAMS: And if I were to
18 summarize the Corporation's actual incurred at twelve
19 (12) months' history as well as its forecasts and
20 projections, I wonder if I would be correct in suggesting
21 to you that the -- the peak year to-date in terms of
22 total attempted thefts would be the '06/'07 year being
23 about 8.45 million.

24 Would that be right, sir?

25 MR. DON PALMER: That's correct.

1 MR. BYRON WILLIAMS: And moving out into
2 the forecast and projection years, you're forecasting a
3 slight -- well, an increase in this in the '07/'08 and
4 '08/'09 years and then a decline out to the projection
5 year of 2011/'12.

6 Is that right, sir?

7 MR. DON PALMER: I would say a flattening
8 out -- a slight decline but then it's very flat for the
9 last three (3) years.

10 MR. BYRON WILLIAMS: And -- and in terms
11 of the flattening out the -- the figure will be just I --
12 I guess slightly above the '06/'07 year.

13 Would that be fair?

14 MR. DON PALMER: That's correct.

15 MR. BYRON WILLIAMS: And then just moving
16 on to page 50 where we get to total partial theft --
17 theft, would it be fair to say to you that the total
18 partial theft -- the peak year was '04/'05 in terms of
19 incurred at twelve (12) months?

20 Is that right, sir?

21 MR. DON PALMER: Observed to date, on
22 this table, yes.

23 MR. BYRON WILLIAMS: And you're
24 projecting a -- what I would characterize as a slight
25 increase moving out to 2011/'12.

1 Is that right, sir?

2 MR. DON PALMER: That's correct.

3 MR. BYRON WILLIAMS: So just, again, in
4 the big picture, in terms of the Corporation's outlook in
5 the family of -- in the theft family being total theft,
6 attempted theft, and partial theft, it's fair to say that
7 there's a -- in terms of total theft you see the numbers
8 declining, in terms of attempted theft you see really a -
9 - a flattening of those figures, and in terms of total
10 partial theft you see a -- a -- some increase.

11 Would that be fair -- and out to 2011/'12?

12 MR. DON PALMER: That increase would be
13 mostly based on the increase in inflation and in the
14 increase of fleet size.

15 MR. BYRON WILLIAMS: So, if I
16 mischaracterize partial theft, would you agree with my
17 characterization of total and attempted theft -- where
18 they're headed, directionally?

19 MR. DON PALMER: Yes.

20 MR. BYRON WILLIAMS: Would it be fair to
21 say with regard to the Immobilizer Incentive Program that
22 its primary focus is on the total theft charact --
23 category with some anticipated benefits in terms of
24 attempted theft?

25 Would that be fair?

1 MR. DON PALMER: I would agree with that.
2 Certainly it's -- the expectation that as there's more
3 and more immobilized vehicles out there, that the thieves
4 will give up and not try to steal them anymore.

5 So that's included in those projections,
6 yes.

7 MR. BYRON WILLIAMS: And there's no real
8 anticipated impact in terms of the partial theft as a
9 consequence of the Immobilizer Program.

10 Is that fair?

11 MR. DON PALMER: The partial theft would
12 include parts of vehicles, you know, steeling wheels,
13 steeling stereos. So no, that probably would not be
14 affected by the Immobilizer Program.

15 MR. BYRON WILLIAMS: And -- and would it
16 also be fair to say that the primary benefit anticipated
17 from the Immobilizer Program relates to total theft?

18 Would that be fair?

19 MR. DON PALMER: Yes; with some carryover
20 too attempted, yes.

21 MR. BYRON WILLIAMS: Now, I don't mean to
22 be catering to the noble words of Mr. Galenzoski this
23 whole week, but he is going -- going away, so he did
24 offline mention to me last week that I -- I never give
25 the Corporation an opportunity to talk about good news.

1 So I want to go -- I want to go to the
2 auto theft big picture for '06/'07 and then '07/'08. And
3 I'm going suggest to you -- I -- I'm going to
4 characterize it as a "bad news, good news story", and you
5 can tell me whether you agree with my characterization or
6 not.

7 The bad news, I would suggest, is from the
8 '06/'07 year, in that the theft as a whole -- theft
9 didn't decrease to the extent that MPI thought it would,
10 with the particular problem being in the first four (4)
11 months of that year. But the good no -- good news being
12 a rebound in the later part of that year.

13 Would that be a fair characterization, or
14 is that just too much of a darn complex question?

15 MR. DON PALMER: There is a real
16 improvement year over year. It would be our opinion
17 there's too -- still too many auto thefts, so I would not
18 necessarily call it good news, but I will call it bad
19 news and improving.

20 So it's getting better for sure.

21 MR. BYRON WILLIAMS: And the -- and the
22 numbers in '07/'08 certainly are an improvement as
23 compared to '06/'07.

24 Is that right, sir?

25 MR. DON PALMER: They are getting better

1 all the time, yes.

2 MR. BYRON WILLIAMS: And I wonder if you
3 could -- perhaps you could do this by way of undertaking.
4 In terms of the '07/'08 year, in terms of total and
5 attempted theft -- and if it's on the record somewhere, I
6 -- I apologize -- but provide to me both on a month-by-
7 month basis, the forecast in terms of frequency,
8 severity, and incurred, and then the actuals to date in
9 terms of frequency, sev -- severity, and -- and incurred?

10

11 (BRIEF PAUSE)

12

13 MR. DON PALMER: I will, again, take the
14 -- this opportunity to compliment the efficiency of the
15 back row.

16 We do have the first seven (7) months of
17 each fiscal year, if -- if that helps you.

18 MR. BYRON WILLIAMS: That certainly
19 helps, sir. Would you be prepared to file that?

20 MR. DON PALMER: I can read in specifics,
21 and then if you want to see more, then we can certainly
22 file it after.

23 MR. BYRON WILLIAMS: That's fine.

24 MR. DON PALMER: For the first seven (7)
25 months -- and this is total claims for major Class 1, so

1 that's private passenger vehicles in Winnipeg -- the
2 total number of claims in 2006/'07 for the seven (7)
3 months, was four thousand and ninety-two (4,092). The
4 seven (7) months to date is two thousand six hundred and
5 fifty-nine (2,659).

6

7

(BRIEF PAUSE)

8

9 MR. DON PALMER: We do not have the
10 forecast of -- of that point in time readily available.
11 And -- and we would undertake to do that for you.

12

13 --- UNDERTAKING NO. 18: MPI to provide CAC/MSOS, in
14 terms of the total and
15 attempted theft in '07/'08,
16 the forecast, on a month-to-
17 month basis, in terms of
18 frequency, severity, and
19 incurred, and then the
20 actuals to-date in terms of
21 frequency, severity and
22 incurred

23

24 CONTINUED BY MR. BYRON WILLIAMS:

25

MR. BYRON WILLIAMS: Now that was

1 frequency, Mr. Palmer. Do you have the -- as well, the
2 figures for incurred, for the first seven (7) months of
3 '06/'07, and the first seven (7) months of '07/'08?

4 MR. DON PALMER: I do.

5 MR. BYRON WILLIAMS: Would you like to
6 share them?

7 MR. DON PALMER: Sure. 14.1 million for
8 '06/'07 and 9.8 million for '07/'08. And that's Winnipeg
9 only.

10 MR. BYRON WILLIAMS: And do you have the
11 figures as well for attempted --

12

13 (BRIEF PAUSE)

14

15 MR. DON PALMER: Sorry, Mr. Williams, go
16 ahead.

17 MR. BYRON WILLIAMS: And in terms of the
18 attempted thefts as well, Mr. Palmer, please?

19 MR. DON PALMER: For 2006/'07, again, in
20 Winnipeg, there's three thousand six hundred and twenty-
21 two (3,622) claims, seven (7) months -- for seven (7)
22 months. In '07/'08, it's three thousand two hundred and
23 sixty (3,260).

24 The corresponding incurred numbers on that
25 are, for '06/'07, 5.5 million and for '07/'08, 5.0

1 million.

2

3

(BRIEF PAUSE)

4

5

MR. BYRON WILLIAMS: Thank you very much
6 for that, Mr. Palmer. And I guess the -- the -- the one
7 (1) element that's outstanding, would be the forecast for
8 '07/'08, and could you prv -- just so I'm clear, provide
9 it both for total theft, and for attempted theft?

10

MR. DON PALMER: We can do that.

11

MR. BYRON WILLIAMS: And -- and, Mr.
12 Chairman, I neglected to do this previously. Prior to
13 the break this morning, Mr. Palmer had indicated that he
14 would be happy to share with CAC/MSOS information
15 relating to the Bonus-Malus Program in Saskatchewan.

16

He's actually been kind enough to provide
17 that to my client. So from what -- from CAC/MSOS's
18 perspective, it was more of a future looking information.
19 So from -- from our perspective, it's not something they
20 intend to rely upon for argument in this Hearing.

21

If the Board would like to -- to have it,
22 certainly, I'm -- I'm sure Mr. Palmer can make it
23 available. But from the purposes of CAC/MSOS, they
24 consider that Undertaking has been complied with.

25

1 (BRIEF PAUSE)

2

3 THE CHAIRPERSON: We'll reflect on it.

4

5 CONTINUED BY MR. BYRON WILLIAMS:

6 MR. BYRON WILLIAMS: Mr. Palmer, I'm
7 going to be referring to the tran -- and Ms. McLaren,
8 actually -- I'm going to be retur -- referring to the
9 transcript from Friday, which is Volume Number III,
10 October 5th, 2007.

11

12 (BRIEF PAUSE)

13

14 MR. BYRON WILLIAMS: And again, I'll --
15 I'll be trenching a little bit upon what Ms. Everard was
16 talking about, but I have a few questions of
17 clarification flowing from her conversation with the MPI
18 panel.

19 And, Ms. Palmer, this is more the high
20 level; at page 528, you -- you talked about the
21 Immobilizer Incentive Fund, and you indicated that:

22 "It provides full funding for those
23 vehicles on the voluntary or mandatory
24 list, and half funding for other
25 vehicles that motorist want to be

1 immobilized."

2 Do I have that right, at least in general
3 terms?

4 MR. DON PALMER: Yes.

5 MR. BYRON WILLIAMS: And one (1) figure
6 that confused me -- puzzled me -- in your discussion with
7 Ms. Everard on -- and that appears at page 533 of the
8 transcript -- there was some talk of ratios.

9 And I was a little unclear whether, for
10 the fully funded portion, we're talking in terms of
11 vehicles that have a one (1) in sixty-two (62) chance of
12 being stolen or whether it's a one (1) in a hundred (100)
13 or if you could clarify exactly how that works, sir.

14 MR. DON PALMER: When we -- before the
15 fully mandatory program that was put in in -- in
16 September 1st, we did have a -- a most-at-risk list that
17 was based on vehicles with a one (1) in a hundred (100)
18 chance, or worse, of being put -- being put on the most-
19 at-risk list. And they were eligible for the full --
20 full cost of -- of immobilizers.

21 Now that was an enhanced list from the
22 original most-at-risk list which we didn't specifically
23 talk in terms of -- of odds. It was the top one fifty
24 (150) at that -- at that point in time.

25 So the -- the enhanced -- so the top one

1 fifty (150) was the mandatory list, and then the
2 difference between that list and the one (1) in a hundred
3 (100) was the voluntary list.

4 In September 1st of 2007 when the
5 mandatory program was put in place and, quite frankly, at
6 the one (1) and one hundred (100) level there wasn't
7 going to be capacity within our installation to use that
8 one (1) in a hundred (100).

9 So that's where the one (1) in sixty-two
10 (62) list came. So vehicles that are mandatory under the
11 September 1 legislation is a one (1) in sixty-two (62)
12 chance.

13 MR. BYRON WILLIAMS: Well I -- I think I
14 have that and I apologize to the degree that Ms. Everard
15 went over that be -- before.

16 Ms. McLaren, I was quite interested in
17 your discussion with Ms. Everard, and it starts between
18 532 and 534 of the transcript. I believe Ms. Everard was
19 chatting about putting vehicles on the list with greater
20 odds than one (1) in one hundred (100).

21 And the -- your -- your answer at -- at
22 page 534, starting at the top line 1, suggests that this
23 is a significant public policy issue. And -- and then
24 going down to line 16 through 21 you -- you spoke to the
25 need to see how this evolved.

1 "Is there an appetite in Manitoba for
2 four thousand (4,000) auto thefts a
3 year? If there is, then we probably
4 won't be expanding the MAR list. So
5 it's a public policy issue -- how much
6 theft if okay, how much is too much."

7 And, Ms. McLaren, first of all, I'm going
8 to come to my question but hopefully I -- I've not
9 misstated your -- your intent in -- in responding to that
10 Interrogatory or that question.

11 MS. MARILYN MCLAREN: That's what the
12 record shows. It's -- I think that's consistent with my
13 intent, yes.

14 MR. BYRON WILLIAMS: And I want to refine
15 the question that Ms. -- Ms. Everard posed to you a
16 little more so you can assist my clients.

17 I don't want to focus on, you know,
18 whether or not the Government is going to add to a list
19 of most-at-risk or enhanced risk vehicles. I wanted to
20 get to the nub of the -- the perspective from the
21 Corporation's perspective.

22 Is there a business case for expanding the
23 list? Have you examined whether there's a business case
24 for expanding the list, assuming that you can increase
25 installation capacity?

1 MS. MARILYN MCLAREN: No. In my view,
2 right now there's no business case for expanding the
3 list. It comes down to the statistics that we talked
4 about with respect to 50 percent of the claims.

5 Auto theft -- total theft claims -- are
6 generated from 5 percent of the vehicles, so we really
7 need to see how this will evolve through time. There may
8 very well be a business case in the Corporation's view,
9 but right now, there's not.

10 MR. BYRON WILLIAMS: So will we -- just
11 so I -- I can be clear, we'll leave public policy to the
12 politicians. There may be other issues in terms of
13 expanding the list that -- that are important to -- to
14 other deliberations. But -- but as the list currently
15 stands at this point in time, the Corporation's view is
16 that there's not a business case to -- to expand the
17 fully funded list.

18 Is that right?

19 MS. MARILYN MCLAREN: Yes, that's right.
20 And I don't want anyone to put too much emphasis on that.
21 We're talking about a point in time. You know, this --
22 this program has continued to evolve. I expect in some
23 fashion it will continue to evolve. There was a business
24 case to expand the list when -- the voluntary list --
25 when we did so earlier this year. A year ago there

1 wasn't a business case to do that, you know, in October
2 of '06. So it -- it's a moving target.

3 MR. BYRON WILLIAMS: Yeah, and I should
4 have been clear, because you were -- you were speaking of
5 an evolution of this.

6 In terms of the issues that you would take
7 into account, in terms of the business case as you go
8 forward, presumably you would look at the potential
9 costs, you would look at the likely benefits and -- and
10 the probability of achieving those benefits.

11 Are those the -- the key considerations
12 the Corporation looks at in terms of the business case?

13 MS. MARILYN MCLAREN: That's fair, yes.

14 MR. BYRON WILLIAMS: Is there some -- in
15 terms of -- I've seen in -- in other Crown Corporations --
16 -- ICBC or Saskatchewan -- in terms of some initiatives,
17 they look for a payback of, you know a two to one (2:1)
18 over a certain period of time. Just in -- in terms of
19 those regards, moving forward as the program evolves,
20 does the Corporation have some sense of what kind of
21 payback and over what period of time you would be looking
22 for it?

23 MS. MARILYN MCLAREN: No, nothing that's
24 structured that we would use cross the board. The WATSS
25 Program we were expecting a six for one (6 for 1) payback

1 in the two (2) year period of the initial commitment. We
2 have -- in our view, we have received that.

3 The savings from the Immobilizer Incentive
4 Program have really been calculated all on the basis and
5 reductions in total theft. And we never have taken the
6 extra step of translating that for a dollar-for-dollar
7 payback. We're really trying to reduce the actual
8 numbers of thefts.

9 MR. BYRON WILLIAMS: And -- and just to
10 finish up on this specific point, in -- in terms of the -
11 - at this point in time, there not being a business case
12 for expanding the program based upon the information the
13 Corporation has, if -- I -- I guess I'm going to suggest
14 to you that it's not an issue of installation capacity at
15 this point in time. It's a fact that -- it's a fact that
16 most severe thefts are focussed within that 5 percent
17 group.

18 Is that right?

19 MS. MARILYN MCLAREN: Yes, that's true.

20 MR. BYRON WILLIAMS: This is -- probably
21 has been answered in -- in this proceeding or past
22 proceedings, but my clients asked me to check on this.

23 The current cost of the Immobilizer
24 Program -- are any of those costs being funded through
25 extension?

1 MR. BARRY GALENZOSKI: No.

2

3 (BRIEF PAUSE)

4

5 MR. BYRON WILLIAMS: In terms of the
6 Immobilizer Incentive Program, I wonder if you can
7 indicate which other jurisdictions or insurance companies
8 in -- in Canada are currently undertaking a program like
9 the IIP?

10 MS. MARILYN MCLAREN: None, to my
11 knowledge.

12 MR. BYRON WILLIAMS: Have you had
13 discussions with your sister Crowns, for example, in
14 British Columbia or SGI, about -- have they inquired into
15 -- to the possibility of initiate -- or to -- have they
16 attempted to benefit from your experience in this
17 program?

18 MS. MARILYN MCLAREN: We have had
19 discussions in Saskatchewan. They just don't have the
20 same auto theft problem that we have here. Regina had a
21 similar problem that they -- in a -- in a much smaller
22 community, and a much more targeted problem, they've been
23 able to deal with.

24 I think in -- the public view is that that
25 has been, you know, effectively dealt with other ways.

1 Largely modelled, largely focussed on a WATSS type
2 program. But it is a much smaller community where the
3 number -- many, many fewer offenders.

4 ICBC certainly has theft issues. And
5 they, again, have focussed on some different strategies,
6 but when it comes to things like supporting and assisting
7 with clients obtaining immobilizers, they've taken a much
8 more targeted approach. They've done some very similar
9 things, but targeted -- very targeted to a much more
10 limited definition of the highest risk vehicles.

11 MR. BYRON WILLIAMS: And just -- I thank
12 you for the segue into ICBC. Just going from there,
13 their most recent annual report, and Mr. Galenzoski,
14 you're the -- the genius when it comes to annual reports,
15 if you're -- if you're looking for a reference, probably
16 page 40 of the 2006 Annual Report.

17 Would I be correct in suggesting to you
18 that in terms of total theft, ICBC was facing about
19 twenty-five thousand (25,000) in 2003 and that they've
20 declined to about seventeen thousand (17,000) in 2006? I
21 wonder if you'd accept that, subject to check?

22 MR. BARRY GALENZOSKI: We can accept
23 that, subject to check.

24 THE CHAIRPERSON: Mr. Williams, I'm
25 afraid that we'll have to take the break now, because one

1 (1) of our members has something over lunch.

2 MR. BYRON WILLIAMS: Okay --

3 THE CHAIRPERSON: Okay, we'll --

4 MR. BYRON WILLIAMS: -- thank you.

5 THE CHAIRPERSON: -- be back at 1:15

6

7 --- Upon recessing at 11:07 a.m.

8 --- Upon resuming at 1:19 p.m.

9

10 THE CHAIRPERSON: Okay, Mr. Williams...?

11

12 CONTINUED BY MR. BYRON WILLIAMS:

13 MR. BYRON WILLIAMS: Yes, thank you, Mr.
14 Chair, the -- the client rotation has occurred. Over my
15 shoulder now is Ms. Hunter ably replacing Ms. Desorcy.

16 I -- I believe when we left off we were
17 chatting about the theft experience in British Columbia
18 and with the -- I -- I believe Mr. Galenzoski, I'm not
19 sure if it's you or not, but we were just chatting, we
20 were -- we were heading that area and I -- I just wonder
21 if the Corporation's aware, and again, I'm citing page 40
22 of the ICB Annual Report 2006, that in 2003 ICBC had
23 total theft claims about twenty-five thousand (25,000).

24 Does that sound right, subject to check?

25 MR. DON PALMER: Yeah, we took a look at

1 that report and that -- that's about the number, yes.

2 MR. BYRON WILLIAMS: And that the numbers
3 have declined somewhat to about seventeen thousand
4 (17,000) in 2006.

5 Would that be right?

6 MR. DON PALMER: That's correct.

7 MR. BYRON WILLIAMS: And ICBC claims that
8 they had a -- in terms of claims, that they had a 9.9
9 percent decrease in -- in total theft claims in the 2005
10 year, as compared to the 2004 year, and 16.9 percent
11 decline in the 2006 year, as compared to the 2005 year.

12 Does that sound correct, subject to check?

13 MR. DON PALMER: That sounds about right.
14 Just -- just as a bit of a cautionary note on ICBC, their
15 compulsory program does not -- does not include
16 comprehensive coverage, so there may be some fluctuation in
17 terms of number of policies or something like that, but
18 it's not part of their basic compulsory program as it is
19 ours.

20 MR. BYRON WILLIAMS: I guess just
21 following up on that and -- and the experience in ICBC,
22 as Ms. McLaren noted earlier, they -- they have had a
23 significant impact from -- from theft claims.

24 And is there anything to be learned from
25 the experience of ICBC over the -- the last two (2) or

1 three (3) years which might inform MPI anti-theft
2 programming moving into the future?

3 MS. MARILYN MCLAREN: No, not
4 specifically that I would think would cause us to do
5 anything different that we're doing.

6 MR. BYRON WILLIAMS: So -- and perhaps
7 MPI hasn't examined this, but my understanding is that
8 ICBC does not use the Immobilizer Incentive Program.

9 Is that right?

10 MS. MARILYN MCLAREN: That's right, they
11 -- they don't have a program like ours.

12 MR. BYRON WILLIAMS: So has MPI conducted
13 any analysis of what would be behind the decline in theft
14 claims in ICBC over the last three (3) or four (4) years?

15 MS. MARILYN MCLAREN: I believe ICBC and
16 the stakeholders, in general, in BC attributes some of
17 those reductions to some enhanced enforcement that's
18 going on.

19 I think with specific reference, I believe
20 they've referenced that the helicopter that patrols the
21 lower mainland specifically targeted on, you know, sort
22 en -- events that are in progress. And I think they also
23 talk a lot about savings they believe were attributable
24 to the Baycore Program (phonetic) that's in BC.

25 MR. BYRON WILLIAMS: And again, in terms

1 of their experience, there is -- there is no programs
2 that MPI will be borrowing from ICBC moving into the
3 future, that you're aware of?

4 MS. MARILYN MCLAREN: That's right.

5 MR. BYRON WILLIAMS: I'd like to turn
6 quickly and -- and we're al -- almost done the anti-
7 theft, but I'd like to turn quickly to Tab 26 of the PUB
8 book of documents, which is the interrogatory response to
9 PUB-1-48.

10

11 (BRIEF PAUSE)

12

13 MR. DON PALMER: I have it.

14 MR. BYRON WILLIAMS: Thank you, Mr.
15 Palmer. And it's a lengthy and helpful response. I'd
16 like to direct your informa -- your attention to page 3
17 of that response under Part 8, total impact.

18 And in the second last paragraph on page 3
19 there's a reference to attrition and the expectation of
20 Manitoba Public Insurance that about six thousand four
21 hundred and thirty-three (6,433) immobilized vehicles
22 will be leaving the fleet due to attrition in 2008/'09.

23 Do you see that, sir?

24 MR. DON PALMER: Yes, I do.

25 MR. BYRON WILLIAMS: And what I'm just

1 trying to get a sense of is, presumably the Corporation
2 has forecast the number of vehicles leaving the fleet --
3 immobilized vehicle leaving the fleet due to attrition
4 for the years 2009/'10 through 2011/2012.

5 Have you done a forecast of that?

6 MR. DON PALMER: Yes, we have done that.

7 MR. BYRON WILLIAMS: And could you -- is
8 it on the record somewhere, that -- that I've missed it
9 or -- or are you aware of the figures, sir?

10 MR. DON PALMER: It underlines a number
11 of the calculations but the specific numbers are not on
12 the record, so we would undertake to provide those.

13 MR. BYRON WILLIAMS: So you'll just
14 undertake to provide the vehicles -- immobilized vehicles
15 leaving the fleet due to attrition for the year
16 2009/2010, 2010/2011 and 2011/2012? Is that correct,
17 sir?

18 MR. DON PALMER: That's what I undertook
19 to do. Thank you.

20 MR. BYRON WILLIAMS: You're a good man.
21 Thank you.

22

23 --- UNDERTAKING NO. 19: MPI to provide CAC/MSOS with
24 the amount of immobilized
25 vehicles leaving the fleet

1 due to attrition for the
2 years 2009/2010, 2010/2011
3 and 2011/2012
4

5 CONTINUED BY MR. BYRON WILLIAMS:

6 MR. BYRON WILLIAMS: And the last
7 question on the immobilizer issue and -- and I believe
8 this information's on the record, I just want to make
9 sure that I'm -- we're talking apples-to-apples.

10 In terms of the cost impacts of the
11 Government's decision on June 27th, 2007, to require
12 most-at-risk owners to immobilize their vehicles, as
13 compared to the original projections for the '07/'08 and
14 '08/'09 year.

15 I wonder if you could advise me where I
16 could find that, Mr. Palmer?

17

18 (BRIEF PAUSE)

19

20 MR. DON PALMER: The -- the cost
21 projections going out really haven't changed very much.
22 We had originally forecast forty thousand (40,000)
23 immobilizers per year. The distribution of where those
24 forty thousand (40,000) vehicles come from has changed a
25 bit with more in the mandatory program, but the overall

1 numbers, the projections, have not changed.

2 MR. BYRON WILLIAMS: In terms of the cost
3 projections they -- they've not changed, have they -- has
4 there been any change in the benefit projections?

5

6 (BRIEF PAUSE)

7

8 MR. DON PALMER: Specifically because of
9 the -- the changes in the -- there hasn't been changes in
10 the projected number of immobilized vehicles so there's
11 no changes in the cost projections.

12 MR. BYRON WILLIAMS: Okay. And just to -
13 - to finalize this, in terms of the Corporation's
14 position, it's your position that the -- the Government
15 decision is not expected to have an impact in terms of
16 theft claims incurred as opposed to the current
17 projections of the Corporation which are on the record?

18 Or is -- or -- or have those benefits just
19 not been restated?

20 MS. MARILYN MCLAREN: We have not
21 revisited or recast our forecast or projections since the
22 announcement at the end of June. But the -- the reason
23 that at this point we don't see a lot of difference is
24 because as stated, although we didn't know that the
25 Government was going to take that action when we prepared

1 the forecasts, we were very committed to forty (40) to
2 fifty thousand (50,000) Immobilizer installs of the most-
3 at-risk kinds of vehicles per year.

4 There was a -- you know, could have been a
5 few different ways where -- where we and the Government
6 could have seen to have achieved that, so the forecast is
7 very consistent with the forecast with the Government's
8 action.

9 MR. BYRON WILLIAMS: Thank you, Ms.
10 McLaren. I just have a couple questions about
11 forecasting. I -- I draw the attention of MPI to the
12 CAC/MSOS book of documents, Tab 19, which is the response
13 to first round Interrogatory of CMAC/MSOS-1-36.

14 MR. DON PALMER: I have it.

15 MR. BYRON WILLIAMS: Mr. Palmer, thank
16 you for that. I'll -- I'll draw your attention to pages
17 2 and 3 of -- of this response and in particular the
18 table under 'B', and I'll suggest to you that this table
19 shows the -- in terms of claims incurred -- shows the
20 initial forecast and then the actual results in terms of
21 claims incurred as well as a percentage variance for the
22 years 1997/'98 through 2006/'07.

23 Would that be fair, sir?

24 MR. DON PALMER: That's correct.

25 MR. BYRON WILLIAMS: Tab 19.

1 And I were going to look for the smallest
2 variance, both in absolute dollar terms and in percentage
3 terms. I'd suggest to you that I might look back to the
4 2000/2001 year where you have a variance of a -- a bit
5 less than \$3 million, which in percentage terms was
6 positive 0.2 percent.

7 would that be right, Mr. Palmer?

8 MR. DON PALMER: In a quick perusal of
9 this that looks like the smallest numbers, yes.

10 MR. BYRON WILLIAMS: And I -- I
11 appreciate that it is a quick perusal, but you're pretty
12 quick, so hopefully you can -- can let me know if I've
13 made any error in suggesting this.

14 Would I also be correct in suggesting to
15 you that the second smallest variance, both in absolute
16 terms and in percentage terms, is way back in 1998/199 --
17 1999 where the variance was just a -- would that be about
18 right, sir?

19 MR. DON PALMER: Again, quick perusal
20 that looks like the second smallest, yes.

21 MR. BYRON WILLIAMS: And if I'm looking
22 for the biggest in terms -- in absolute figures, in terms
23 of variance, I'd suggest to you that I might be looking
24 in the 2004/'05 year where the variance between the
25 initial forecasting and the actual was about \$48 million.

1 Would that be right, subject to check?

2 MR. DON PALMER: Yes, and I can't read
3 the present variance because it'd been holepunched out.

4 MR. BYRON WILLIAMS: Yeah, that might
5 have been my mistake, I -- it's probably about minus nine
6 point five (9.5). I was just speaking in terms of
7 absolute dollars.

8 I -- I'd suggest to you probably the
9 absolute -- the biggest absolute variance in terms of any
10 year was probably 2001/'02, Mr. Palmer, subject to check,
11 which -- which is eleven point seven? (11.7)

12 MR. DON PALMER: Yes, I would agree with
13 that.

14 MR. BYRON WILLIAMS: Again, on the
15 subject of forecasting, I'd like to draw your attention
16 to an -- and I don't believe these are in any book of
17 documents unless the one -- it's the one Mr. Oakes has
18 recently provided, but it's -- I draw your attention to
19 two interrogatories, CMMG-1-29.1 and also PUB/MPI-2-16.
20 So that's CMMG-29.1, and I don't believe it's in a book
21 of authority, and PUB-2-16.

22 MS. CANDACE EVERARD: Mr. Williams, if I
23 can just be of some assistance. The PUB/MPI-2-16 is part
24 of Tab 24 in the Board's book of documents.

25 MR. BYRON WILLIAMS: Ms. Everard, you're

1 -- that's much appreciated.

2 MS. CANDACE EVERARD: And CMMG-28.1 is
3 Tab 8 in Mr. Oakes' book of documents.

4 MR. BYRON WILLIAMS: It's CMMG-1-29.1,
5 Mr. Palmer. 29.1

6 MS. CANDACE EVERARD: Then I misinformed
7 you, it's not in CMMG's book. That's 28.1, my apologies.

8

9 CONTINUED BY MR. BYRON WILLIAMS:

10 MR. BYRON WILLIAMS: Now, that we've
11 managed, hopefully, to totally confuse Mr. Palmer --

12 MR. DON PALMER: It's not that hard to
13 do.

14 MR. BYRON WILLIAMS: Mr. -- and -- and I
15 don't know if it's Mr. Palmer I'm directing these
16 questions to, but you did have the most baffled look on
17 your face of the -- the MPI panel.

18 CMMG-2 -- 1-29.1 asked MPI to prepare a
19 table showing the projected capital expenditures at the
20 time of the filing of the Rate Application, compared to
21 the actual capital expenditures since 2001/'02.

22 Is that right, sir?

23 MR. OTTMAR KRAMER: Yes, that's correct.

24 MR. BYRON WILLIAMS: And just for
25 comparison purposes, I want to focus on the 2002/'03 year

1 and look out to the 2006/'07 year. If I look at the
2 2002/'03 year, the -- the projected capital expenditures
3 were a bit over 15 million and the -- the actuals were
4 about 5.8 million for a difference of a -- of 9.6 or 9.7
5 million.

6 Would that be right, sir?

7 MR. OTTMAR KRAMER: Yes, that's correct.

8 MR. BYRON WILLIAMS: And without going
9 through the -- the table in burdensome detail, you'll
10 agree with me that in the following years from 2003/'04
11 through to 2006/'07, in each of those years the projected
12 amount, at the time of the filing of the Rate Application
13 was higher than the actual capital expenditure?

14 Is that right, sir?

15 MR. OTTMAR KRAMER: Yes, that's a correct
16 summary.

17 MR. BYRON WILLIAMS: The -- the lowest
18 variance being about half a million dollars in '05/'06;
19 is that right, sir?

20 MR. OTTMAR KRAMER: Yes.

21 MR. BYRON WILLIAMS: Apart from the
22 '02/'03 year, two (2) of the larger variances being in
23 excess of \$6 million in '06/'07 as well as '03/'04.

24 Would that be right, sir?

25 MR. OTTMAR KRAMER: Yes, that's correct.

1 MR. BYRON WILLIAMS: If you can turn to
2 PUB-2-16:

3 "And the purpose of this Information
4 Request was to understand the net
5 impact on the revenue requirement of
6 the (approved) [in brackets] projected
7 capital expenditures versus actual
8 capital expenditures for the last five
9 (5) years."

10 Is that right, sir?

11 MR. OTTMAR KRAMER: Could you repeat
12 that?

13 MR. BYRON WILLIAMS: Yeah, and I'll try
14 and -- what this question was trying to get at was the
15 net impact on the revenue requirement of comparing
16 approved capital expenditures versus actual capital
17 expenditures.

18 Is that right, sir?

19 MR. OTTMAR KRAMER: Yes.

20 MR. BYRON WILLIAMS: And if -- if we look
21 at this table on the back, titled "Amortization on
22 Capital Expenditures," the difference -- you'll agree
23 with me that in all five (5) years in question, the --
24 the projected revenues, the pro -- projected revenue
25 impact exceeded the actual revenue impact.

1 Is that right, sir?

2 MR. OTTMAR KRAMER: The projected
3 amortization exceeded the actual amortization --

4 MR. BYRON WILLIAMS: Yes, thank you for
5 that precision. And when we get up to the '04/'05 year
6 through '06/'07, in all three (3) -- three (3) of those
7 years, the projected amortization was more than \$3
8 million annually more than the actual amortization.

9 Is that right, sir?

10 MR. OTTMAR KRAMER: Based on a cumulative
11 impact of the capital expenditures, yes.

12 MR. BYRON WILLIAMS: Thank you for that,
13 and thank you for that clarification.

14

15 (BRIEF PAUSE)

16

17 MR. BYRON WILLIAMS: One (1) very quick
18 question on pay-as-you-drive, probably to you, Ms.
19 McLaren -- and I -- I want to leave those questions for
20 Dr. Miller when he arrives. I see some head-shaking that
21 he may not be appearing, which might have changed my --
22 degree of my questions, but don't worry.

23 There has been -- there's been a lot of
24 material filed by Manitoba Public Insurance.

25 You'll agree with me on that, in terms of

1 pay-as-you-drive?

2 MS. MARILYN MCLAREN: Yes.

3 MR. BYRON WILLIAMS: And you've indicated
4 that you're planning to have some discussions with Dr.
5 Miller, as well as with some officials from the
6 University of Winnipeg.

7 Is that correct?

8 MS. MARILYN MCLAREN: Yes, that's right.

9 MR. BYRON WILLIAMS: And I'm presuming
10 that you'll also, in the course of having discussions on
11 pay-as-you-drive, also want to speak with other interes -
12 - Intervenors such as the CAC/MSOS.

13 Would that be fair?

14 MS. MARILYN MCLAREN: Yes, definitely.

15 MR. BYRON WILLIAMS: Okay, that was easy.
16 And I apologize, we probably would have asked a few more
17 questions on pay-as-you-drive if I had known that Dr.
18 Miller wasn't going to be here.

19

20 (BRIEF PAUSE)

21

22 MR. BYRON WILLIAMS: I want to turn to
23 the -- to a -- to a discussion of the Personal Injury
24 Protection Plan, or PIPP, P-I-P-P. And I'll be making
25 reference to some CAC/MSOS exhibits; CAC/MSOS Exhibit

1 Number 9, 10, 11 and 12.

2

3

(BRIEF PAUSE)

4

5 MR. BYRON WILLIAMS: Just for those -- if
6 -- if some people are still shuffling through papers,
7 that's CAC/MSOS Number 9, is a table, the comparison of
8 PIPP incurred actual with PIPP original projected.
9 CAC/MSOS-10 is an excerpt from past Board orders. And
10 CAC/MSOS-11 and 12 are -- Interrogatory Responses from
11 the BCUC Hearing into -- into -- rate regulation hearing.
12 Hopefully the MPI panel has that.

13 I'll draw your attention first of all to
14 CAC/MSOS Exhibit Number 9 which the -- my understanding
15 is the Corporation has checked the calculations with
16 regard to this -- this exhibit. It's the exhibit titled
17 "Comparison of PIPP Incurred Actual with PIPP Original
18 Projected."

19

20

(BRIEF PAUSE)

21

22 MR. DON PALMER: I don't believe we have
23 checked these, but we can proceed, subject to check.

24

25 MR. BYRON WILLIAMS: Thank you for that,
Mr. Palmer. And just the -- the -- you'll agree the

1 source for this information comes from the response of
2 PUB/MPI-1-14?

3 Is that right, sir?

4 MR. DON PALMER: That's the annotation on
5 the table, yes. Just.

6 MR. BYRON WILLIAMS: And --

7 MR. DON PALMER: Sorry, Mr. Williams, we
8 have checked the numbers and they're okay.

9 MR. BYRON WILLIAMS: Thank you, Mr.
10 Palmer, and -- and the -- that's the back -- back row
11 people again doing their -- their job.

12 Is that right, Mr. Palmer?

13 MR. DON PALMER: In a truly efficient
14 style, yes.

15 MR. BYRON WILLIAMS: As we look at this
16 table, I'll -- I'll draw your -- your attention to the --
17 the first two (2) years are -- on that table -- the --
18 the 202 and 20 -- 2002/'03 year as well as a 2003/'04
19 year, and it's correct to suggest to you that in -- in
20 both those years the actual results were higher than the
21 original projections?

22 Would that be right, sir?

23 MR. DON PALMER: That's correct.

24 MR. BYRON WILLIAMS: In '02/'03 the --
25 the variance was over \$30 million or plus 18.43 percent,

1 correct?

2 MR. DON PALMER: That's correct.

3 MR. BYRON WILLIAMS: In '03/'04 the
4 variance was 42 million or 42.5 million or about 22.76
5 percent, correct?

6 MR. DON PALMER: That's correct.

7 MR. BYRON WILLIAMS: As we move into the
8 next three (3) years, being '04/'05 through '06/'07,
9 you'll agree with me that the variance in those three (3)
10 years the actual results were lower than the original
11 projections?

12 Would that be right, sir?

13 MR. DON PALMER: That's correct.

14 MR. BYRON WILLIAMS: And the lowest
15 variance would be the figure of -- in '05/'06 of twenty
16 (20) points -- approximately 7 million, a bit less than
17 negative 10 percent in terms of variance.

18 Would that be right, sir?

19 MR. DON PALMER: That would be correct.

20 MR. BYRON WILLIAMS: And the largest
21 variance being in excess of 51 million in the '04/'05
22 year, for a 25 percent variance in terms of in -- the
23 actual compared to the projected.

24 Is that right, sir?

25 MR. DON PALMER: That's correct.

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: Now these are
4 looking at projections versus actual so we're -- we're
5 looking about what eighteen (18) months out in terms of
6 the projection versus the actuals.

7 Would that be fair, Mr. Palmer? Maybe I'm
8 testing your math skills too --

9 MR. DON PALMER: Sort of. That's okay, I
10 can handle a math test. In terms of -- of the
11 projections even the -- the actuals are in fact
12 projections, because they include reserves and -- and
13 actuarial provisions.

14 So even though they say actuals they are
15 actuals -- they are the amounts that would have been
16 recorded for our financial statements. But until all the
17 -- the claims are closed, which is probably something in
18 the area of fifty (50) or sixty (60) years, we won't
19 really know what those actuals were.

20 MR. BYRON WILLIAMS: That's fair enough.
21 I guess you'd agree with me and you've had some
22 discussion with Ms. Everard on this before, that there
23 will always be fluctuations in terms of your -- your
24 forecasts?

25 And we can say that that is likely to be

1 especially the case with PIPP un -- at least over the
2 short term?

3 MR. DON PALMER: On a year to year
4 basis I would agree with that.

5 THE CHAIRPERSON: Mr. Palmer, if I may,
6 your language there for a minute if I could call you on
7 something. You're saying for fifty (50) or sixty (60)
8 years we won't know whether they're actual, but in actual
9 fact they are the actual numbers that the auditor signed
10 off for that particular year and represent the best
11 estimate at that time. There are a million --

12 MR. DON PALMER: That --

13 THE CHAIRPERSON: -- different things
14 that could occur that could allow for a retrospective
15 view of it that would change, but that does not change
16 the fact that they are actual.

17 MR. DON PALMER: They -- they are the
18 best estimates that are -- have been checked by actuaries
19 -- external actuaries and auditors, yes.

20 THE CHAIRPERSON: Thank you.

21

22 CONTINUED BY MR. BYRON WILLIAMS:

23 MR. BYRON WILLIAMS: Mr. McLaren, -- and
24 I -- I'm going to move from -- away from some
25 forecasting, but still on the subject of PIPP. You had a

1 discussion with Ms. Everard on Thursday in terms of PIPP
2 -- and I'm going off my notes here not the actual
3 transcript, so you'll -- hopefully I'm paraphrasing you
4 right.

5 But you talked about the need for enhanced
6 tools for case management, and you also referenced
7 international standards in your discussion with Ms.
8 Everard on Thursday.

9 Do you re -- remember that discussion?

10 MS. MARILYN MCLAREN: Yes, I do.

11 MR. BYRON WILLIAMS: And I interpreted
12 that to be you -- that you were making reference to
13 international standards in order to assist the
14 Corporation in managing duration and return to work and -
15 - and -- in -- in terms of injury and illness.

16 Is -- is that right, Ms. McLaren?

17 MS. MARILYN MCLAREN: No. I think my
18 intention was a more narrow reference with respect to
19 international standards with respect to the
20 categorization of claims -- of injuries. And in one (1)
21 of your exhibits here it talks about the ICD-9 Codes --
22 that's specifically what I was referring to.

23 The ICD-9 Codes is an internationally
24 recognized standardized way to categorize illness and
25 injury. And it's important for us to move to such a

1 system of cat -- of categorizing the injuries under the
2 Personal Injury Protection Plan so that we can establish
3 benchmarks and have a -- a legitimate mechanism to do an
4 apples-to-apples comparison.

5 MR. BYRON WILLIAMS: Thank you. That --
6 that's most helpful, Ms. McLaren. And -- and just so I
7 understand, where -- where are you in that process?

8 MS. MARILYN MCLAREN: Where we're at in
9 the process is starting to make -- getting ourselves in
10 the position where we'll be ready to make decisions with
11 respect to the tools for the case managers. And that --
12 not -- I think when I talked about that, it's really
13 better support systems. Even it may very well be a -- a
14 software application that facilitates the work of the
15 case managers, but also provides -- requires the
16 inputting of information that helps management reporting
17 and management understanding.

18 The -- any such system that we would look
19 at has to have the ability to incorporate and work with
20 the ICD-9 Codes. That's a requirement.

21 MR. BYRON WILLIAMS: And just so I
22 understand from the perspective of case managers today,
23 they're presumably employing the ICD-9 Codes, or are they
24 not?

25 MS. MARILYN MCLAREN: I'm honestly not

1 sure of the extent to which that may be happening today
2 from an operational perspective. But if they are, it's a
3 manual process where they would be working with the
4 tables and the codes and using that information, as best
5 they can, to help the management of the claim.

6 It's not something that is
7 institutionalized within the management of the PIPP
8 program in any way, shape, or form.

9 MR. BYRON WILLIAMS: And, Ms. McLaren,
10 just following up on that point, when it does become
11 institutionalized within -- within the -- the management
12 of PIPP claims, cou -- could you elaborate a little bit
13 on the -- the foreseen effect.

14 What -- what will be the benefits that
15 will accrue to the Corporation and injured accident
16 victims, as well as ratepayers -- just at a high level,
17 just so I can follow you?

18 MS. MARILYN MCLAREN: If we hold out the
19 hope or -- or maybe more appropriately, the expectation
20 that will inform our understanding as to the likely
21 evolution of certain kinds of injuries and may, in fact,
22 improve our ability to work with the claimants to have
23 better outcomes.

24 We simply don't have the volume, the
25 population, the numbers of people here in Manitoba with

1 PIPP claims to ever to do that with our own data.

2 MR. BYRON WILLIAMS: So as I understand
3 it, if I'm being imprecise, you'll -- you'll correct --
4 correct me, but you'll employ these codes and this will
5 give you guidance into -- based upon a wider data -- data
6 stream in terms of norms, in terms duration, for example,
7 with regard to -- to certain types of injuries?

8 MS. MARILYN MCLAREN: That's right.
9 Duration may be an example, it may not. But -- but
10 that's exactly the kind of thing that we would be looking
11 for.

12 MR. BYRON WILLIAMS: And, ideally, this
13 would assist the Corporation and case managers in
14 focussing their efforts in terms of if the duration is
15 longer than normal, than perhaps that's a file that
16 deserves more attention in terms of assisting the -- the
17 claimant in question; looking at what kind of treatment
18 they're receiving, et cetera, so it will be tool to enj -
19 - enable the case manager to -- to better focus their --
20 their efforts.

21 MS. MARILYN MCLAREN: Possibly. It may
22 also serve as tool to foster communication between the
23 claimant and the case manager. It may also help to
24 establish expectations on -- on both sides of that
25 equation, and simply give us more information to work

1 with.

2 MR. BYRON WILLIAMS: Now, you -- you've
3 mentioned some of the material that I had handed out as
4 exhibits, and I thank you for at least referring --
5 reviewing it.

6 Are you familiar with the term "Official
7 Disability Guidelines"?

8 MS. MARILYN MCLAREN: Not personally, no.

9 MR. BYRON WILLIAMS: Okay. Did you have
10 a chance to review, I believe it's CAC/MSOS Exhibit -- I
11 believe it's number 11 -- which is an excerpt from the
12 BCOAP Interrogatory to ICBC, being 1-11.1.

13 Did you have an opportunity to review that
14 Interrogatory Response at all?

15 MS. MARILYN MCLAREN: Yes, I did.

16 MR. BYRON WILLIAMS: And I just want to --
17 -- and again, Ms. McLaren, if I'm going into an area that
18 you're uncomfortable with, you'll let me know. But I
19 just want to refer you to the -- the end of -- of this
20 document towards page 8 and 9. If you could turn there,
21 please.

22 MS. MARILYN MCLAREN: I have that.

23 MR. BYRON WILLIAMS: Now, and again, my
24 understanding is that ICBC is -- is -- or is in the
25 process of adopting these official disability guidelines.

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Would that be your understanding, as well?

MS. MARILYN MCLAREN: Yes, at a very high level. I have not detailed conversations at all with them.

MR. BYRON WILLIAMS: And again, and recognising this and we're both probably in ground that's a little bit unfamiliar to us, but if you'll go down to -- on page 8, a supplemental outline, ODG Background, you'll see the second bullet suggests that one (1) of the -- the features offered is disability duration norms from actual experience data.

Do you see that, Ms. McLaren?

MS. MARILYN MCLAREN: Yes.

MR. BYRON WILLIAMS: And just so I understand, is that something like what MPI is trying to achieve for itself in terms of that type of information?

MS. MARILYN MCLAREN: Yes. The approach to automobile injuries, the recovery from injuries, the work that we do within the Corporation, and also with the advice of our health care professionals, certainly is very much focussed on evidence-based medicine.

MR. BYRON WILLIAMS: And again, just going down two (2) more bullets, again there's a -- the fourth one (1) under a supplemental outline, designed to

1 enhance a timely and appropriate return to work.

2 Again, that's the kind of objective that
3 MPI might be looking at in terms of any international
4 standards it's looking at employing.

5 Would that be fair?

6 MS. MARILYN MCLAREN: Again, my reference
7 to the international standards was categorizing the
8 injuries. But with respect to enhancing our ability to
9 manage the PIPP claims; certainly, evidence-based
10 medicine, ways that we can work with claimants to enhance
11 their timely and appropriate return to their previous
12 activities, whatever they are, is certainly things that
13 we would support. Everybody wins.

14 MR. BYRON WILLIAMS: Okay, and just to --
15 and again, I won't belabour this, but moving on to page
16 9, I have two (2) more bullets I want to run by you.

17 One (1) is the second bullet on page 9,
18 "ODG allows bench marking against national norms", but
19 that's the -- the type of information that MPI would be
20 looking to -- to acquire to assist in case management.

21 Would that be fair?

22 MS. MARILYN MCLAREN: Yes, and I'm
23 hesitating just simply because of the fact that once you
24 establish a consistent way to identify and track the
25 kinds of injuries, clearly, this sort of benchmarking

1 would be very helpful.

2 I'm not sure of the extent to which is
3 completely appropriate for something like Manitoba Public
4 Insurance over the long term.

5 There are, you know, we -- it -- much of
6 this is very focussed on Workers' Comp environments. And
7 I think, just by the sheer size of the nation -- the US,
8 as opposed to Canada -- very different governance
9 framework, very different compensation schemes in play,
10 and the simple fact that we cover children, students,
11 seniors -- lots of people other than workers.

12 So, certainly there's -- this is exactly
13 the kind of thing that we plan to focus on and research
14 and adopt where appropriate.

15 MR. BYRON WILLIAMS: And again, just on
16 this last -- just on the same page, going down six (6)
17 bullets. Another -- again, recognizing this might not be
18 the right package or the right information, and it might
19 also need to be customized, but "Procedure Disability
20 Durations Within the Diagnosis," that would be another
21 type of information that MPI would be looking to
22 standardize, institutionalize -- would that be fair -- to
23 assist case management?

24 MS. MARILYN MCLAREN: I think so. It --
25 it's a little unclear from just this bullet, but I think

1 that's probably fair. It's also very consistent with
2 what we've been doing for several years with respect to
3 our treatment protocols with physiotherapists and, more
4 recently, with chiropractors.

5 MR. BYRON WILLIAMS: So in terms of --
6 and I'm not sure if we -- if it's appropriate to call
7 this the "International Standards Discussion," but where
8 -- where is MPI in -- in this process? You've talked
9 about more research, you've talked about the need, as I
10 understand it, to institutionalize.

11 Where are we, or where are you?

12 MS. MARILYN MCLAREN: As I discussed with
13 Ms. Everard, we'll probably be 2011'ish -- maybe a year
14 earlier, maybe a year later -- where we will have
15 completed the major pieces of the work that we believe is
16 essential to do with respect to PIPP.

17 MR. BYRON WILLIAMS: Now, this type of
18 research, on the subject of international standards, when
19 you use the -- the term "PIPP Infrastructure," is that
20 considered within this rubric, this --

21 MS. MARILYN MCLAREN: This kind of thing
22 would be part of it, definitely.

23

24

(BRIEF PAUSE)

25

1 MR. BYRON WILLIAMS: Have you had any
2 discussions with ICBC in terms of how the rollout of the
3 official disability guidelines have worked for that --
4 for that Corporation?

5 MS. MARILYN MCLAREN: No. That's -- I
6 said earlier, I have not had any substantive discussions
7 with them about this at all.

8 MR. BYRON WILLIAMS: Is that something
9 you might do in the course of the next year?

10 MS. MARILYN MCLAREN: Oh, definitely;
11 under the broader category of injury claims in general
12 that we frequently speak on.

13 MR. BYRON WILLIAMS: I want to -- and
14 thank you for that, Ms. McLaren, that's quite helpful --
15 I want to turn to the CAC book of documents, Tab 18,
16 which is an excerpt from the -- a transcript from the
17 2004 year.

18

19 (BRIEF PAUSE)

20

21 MR. BYRON WILLIAMS: That's CAC, Tab 18,
22 the excerpt from 2004. And Ms. McLaren, I -- or it
23 doesn't have to be you, Ms. McLaren; whoever is
24 answering this question from MPI. I -- I want to turn
25 your attention to page 704 -- the bottom of page 704 --

1 of that transcript, moving on to page 705 and 706. And
2 there may have been a request for proposal discussed last
3 year on this subject, but I just want to make sure I
4 understand.

5 You'll see, Ms. McLaren, at the bottom of
6 704, there's a gentleman by the name of Mr. Williams
7 asking Mr. Bedard about a heading, "External Consultants
8 Review, Bodily Injury Records Management."

9 Do you see that, Ms. McLaren?

10 MS. MARILYN MCLAREN: Yes, I do.

11 MR. BYRON WILLIAMS: And just moving onto
12 page 705, between lines 8 and 23 -- and I'm paraphrasing
13 here, so you'll correct me if I've misstated -- but you
14 see Mr. Bedard is now talking, on line 10 or so, about an
15 increase in growth in the amount of paper and the
16 management of the files.

17 And going on to lines 16 and 17, he's
18 indicating our filing capacity is to its maximum and it's
19 becoming more unruly year over year. And so, on lines 20
20 to 22, he's talking about doing a study in terms of how
21 best to manage all the PIPP data.

22 Do you see that discussion, Ms. McLaren?

23 MS. MARILYN MCLAREN: Yes, I do.

24 MR. BYRON WILLIAMS: And you'll correct
25 me if I misstated it in any way.

1 MS. MARILYN MCLAREN: No, I think that's
2 close. Thank you.

3 MR. BYRON WILLIAMS: And you had a bit of
4 this discussion with, I believe, Ms. Everard, on Thursday
5 as well. And, as I said, this may have been the subject
6 of a Request for Proposal, but I wonder if you could
7 advise me -- what's the status of -- of the managing-the-
8 unruly-paper project as I'll call it. You may want to
9 choose a different word.

10 MS. MARILYN MCLAREN: As best I remember,
11 that project did not happen, and it is no longer on the
12 to-do list in the form that we discussed it back in 2004.

13 If I can just maybe pick up on a couple of
14 words that Mr. Bedard had in that conversation with you;
15 really talking it -- in line 24 and 25, trying to find
16 out how best to manage all the PIPP data. If I can take
17 you back to the Hearings that took place in the fall of
18 '04 for the '05 GRA, we had just had the change at the
19 President level. I had yet to go into any sort of
20 planning session with the Board of Directors. And it was
21 coming out of that session, and why we -- we were talking
22 about in the '05 year at the '06 GRA, that we were
23 undertaking a significant PIPP project.

24 In my experience, files and files filled
25 with paper do not constitute -- constitute data. It's

1 just not valuable information to us. It just -- it helps
2 the case manager in a very cumbersome way. It's not
3 data.

4 So in terms of this project, in terms of,
5 you know, should we scan it, should we microfilm it, what
6 should we do with the paper -- we're not asking that
7 question anymore. We're -- we're make -- asking more
8 fundamental questions about what do we really need to
9 manage these claims appropriately, to position the
10 claimants as best as we possibly can, and position the
11 Corporation to continue to serve the claimants needs well
12 into the future.

13 So it's a more fundamental initiative. It
14 is substantive; will take until 2011 or so to complete.
15 So this small project, as it was described three (3)
16 years ago, isn't on the table anymore.

17 MR. BYRON WILLIAMS: So the -- the more
18 substantive project of which you speak is again part of
19 the PIPP infrastructure initiative, is that right?

20 MS. MARILYN MCLAREN: Yes, that's right.

21 MR. BYRON WILLIAMS: And we'll probably--

22 THE CHAIRPERSON: This being thirteen
23 (13) years after PIPP went in?

24 MS. MARILYN MCLAREN: That's right.

25

1 CONTINUED BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: Now, Ms. McLaren,
3 I'm going to come back to the infrastructure initiative
4 in a second. I just want to stay in our discussion back
5 in 2004 with Mr. Bedard for a second. And I'll draw your
6 attention to page 708 of that excerpt.

7 The bottom of that page you see, again,
8 that handsome gentleman by the name of Williams asking
9 questions at line 24 and 25 about an -- asking MPI
10 whether they'd hired any external disability management
11 specialists, such as Mercer's, to examine its
12 performance.

13 And Mr. Bedard's -- in terms of -- in
14 terms of cost management of long-term claims and
15 returning to individuals to work, and Mr. Bard --
16 Bedard's answer at that point in time was -- was no.

17 Is it -- did I basically summarize that
18 correctly, Ms. McLaren?

19 MS. MARILYN MCLAREN: I believe so. I'm
20 having a little bit of trouble following you. I don't
21 see the Mercer reference. But, generally, yes I would
22 accept that.

23 MR. BYRON WILLIAMS: Oh, well, Ms.
24 McLaren, just so you don't feel like I'm misleading you,
25 if you go to the bottom of page 70.

1 MS. MARILYN MCLAREN: I wasn't sug --
2 suggesting that you're misleading me.

3 MR. BYRON WILLIAMS: Bottom of 708, top
4 of 709, you'll see Mercer's right at the top of 709.

5 MS. MARILYN MCLAREN: Yep, got it.

6 MR. BYRON WILLIAMS: Okay. So,, at that
7 point in time, the -- the Corporation wasn't looking at
8 hiring a long-term or external disability management
9 specialist, such as Mercer's, to do what Mercer's did,
10 for example with Workers' Comp.

11 I'm wondering what's the status now? Has
12 the Corporation retained a firm like Mercer's, or any
13 other firm, to assist it in reviewing its performance in
14 terms of handling long-term -- long-term claims?

15 MS. MARILYN MCLAREN: We worked with an
16 external consultant to help us establish the long-term
17 vision for PIPP. The -- the components of this major
18 PIPP infrastructure study that I'm telling you about were
19 really developed with discussions within the Corporation,
20 but also key PIPP stakeholders outside the Corporation
21 under the leadership and guidance of someone who has
22 significant experience in this area in terms of how best
23 to manage a program like this -- what kind of tools do
24 you need to manage this program, how do you position
25 yourself to be making optimal use of things like ICD-9

1 Codes and so on.

2 I -- I believe it was in last year's
3 proceedings that we shared with the participants the RFP
4 for that work.

5 MR. BYRON WILLIAMS: And so I have kind
6 of two (2) lines of inquiry flowing from that response.
7 Just to confirm, first of all, that you've not used
8 someone like Mercers, for example, to review specifically
9 how you're handling long term claims, as I understand,
10 but you have hired a facilitator to assist you
11 envisioning for PIPP into the future.

12 Is -- is that a correct summary of your
13 response?

14 MS. MARILYN MCLAREN: Yes. Because of
15 the work we did -- I have some notes here somewhere. In
16 the '06 GRA proceedings during 2005, we filed what was
17 known at the time as the Beren Report (phonetic) on PIPP
18 costs.

19 So, you know, we don't believe we have any
20 evidence that would suggest we have significant issues ar
21 -- around the cost or handling of long-term claims. So,
22 no, we haven't chosen to do that.

23 We haven't an overall global comfort level
24 with the cost of the PIPP Program in terms of how it
25 aligns with initial expectations and how it's aligning

1 with our current expectations.

2 So what we're talking about now is a -- is
3 a more discreet level of improving our ability to manage
4 the PIPP Program.

5 MR. BYRON WILLIAMS: The -- the external
6 consultant -- am I correct in suggesting to you that they
7 were retained some -- sometime over the past year?

8 Is that right?

9 MS. MARILYN MCLAREN: Yes.

10 MR. BYRON WILLIAMS: And who was that
11 consultant or that firm?

12 MS. MARILYN MCLAREN: The firm for that
13 piece of work was IBM.

14 MR. BYRON WILLIAMS: And have they
15 prepared a report for Manitoba Public Insurance with
16 regard to -- to PIPP visioning?

17 MS. MARILYN MCLAREN: Yeah, and -- well,
18 visioning is not -- again, and maybe it's semantics, but
19 for -- for clarity, visioning tends to, in part, sort of
20 a blue-sky conceptual understanding of where you want to
21 go over the long term.

22 This was much more tangible than that. It
23 was sort of establishing, not only the vision -- it was
24 not a visioning exercise -- we established the vision and
25 requirements that we would need within the Company to

1 achieve the vision.

2 So, yes, there was a report that came out
3 of that work, and we have continued to sort of proceed
4 with phases. So this is kind of getting an understand of
5 what do we need to do and that's what I talk about --
6 probably the last pieces of that may not be done until
7 2011 or so.

8 And you start -- we are starting to sort
9 of chip away at a course of action to take the
10 Corporation where we believe it needs to go with respect
11 to managing PIPP claims.

12 MR. BYRON WILLIAMS: So the IBM Report
13 would -- has that been filed with the Public Utilities
14 Board?

15 MS. MARILYN MCLAREN: No, it has not.

16 MR. BYRON WILLIAMS: And are there
17 reasons why you wouldn't wish to share that?

18 MS. MARILYN MCLAREN: I'm not sure. We -
19 - we have not asked our self the question, quite frankly.
20 It was a matter of -- and -- and I'm not going to say,
21 yes, we'll file it or, no, we won't, right here, if
22 that's the next question.

23 MR. BYRON WILLIAMS: Do you mind if I ask?

24 MS. MARILYN MCLAREN: It -- it's a work
25 in progress. This was our -- it was a plan to plan, and

1 we are now, you know, starting to do some work. But it -
2 - it was not anything that was a -- a tangible outcome
3 that affects claimants at this point.

4 MR. BYRON WILLIAMS: Well -- well, I'll -
5 - I'll ask you and you can reflect upon it whether you
6 would consider filing this document to assist, certainly
7 Intervenors, and I would hope, the Board.

8 MS. MARILYN MCLAREN: It will reflect on
9 that, definitely.

10 THE CHAIRPERSON: Mr. Williams, could you
11 provide your request to them a little bit more
12 specifically?

13

14 CONTINUED BY MR. BYRON WILLIAMS:

15 MR. BYRON WILLIAMS: In terms of the --
16 as I understand it, the report prepared by IBM, in terms
17 of outlining future directions and for -- for the PIPP
18 Program, I wonder if MPI would consider filing that
19 report?

20

21 --- UNDERTAKING NO 20: MPI to file for CAC/MSOS the
22 report prepared by IBM in
23 terms of outlining future
24 directions for the PIPP
25 Program

1 CONTINUED BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: Ms. McLaren, you
3 also spoke of components of your plan going in to the --
4 to the future. I've got -- I've got the word "component"
5 circled. I wonder if you can, at a high level, highlight
6 the -- the major components that we might expect to see
7 being considered by MPI over the next three (3) to four
8 (4) years?

9 MS. MARILYN MCLAREN: The first one
10 really centres around the tools and support that the case
11 managers have, and that will most likely be some sort of
12 software that supports case management.

13 And not only as a tool for the case
14 managers, as I said earlier, it will actually provide
15 greater management information and position management to
16 ensure that the plan continues to evolve in an -- in a
17 way that best meets the evolving needs of Manitobans.

18 Other components; I think one example that
19 I talked to Ms. Everard about is it may very well include
20 some sort of online communication with some treatment
21 providers. whereas, if there was a pre-authorized
22 number of treatments, that's all that would happen in
23 terms of ensuring smoother processing between claimants,
24 the corporation and the care providers.

25 It clearly involves adopting things like

1 the ICD-9 Codes, getting a clear understanding in how
2 best to influence outcomes through a variety -- some of
3 this sounds like I'm talking about a system, but it's
4 much more substantial than that.

5 It -- there is -- one of the sub-projects
6 involves enhancing training and support to case managers;
7 enhancing the documentation that's available to them to
8 do their work. And those are some of the components that
9 -- that immediately come to mind.

10 MR. BYRON WILLIAMS: Thank you. This has
11 -- this has been, hopefully, helpful. I see Ms. -- Ms.
12 Hunter is still with us, so that's always a good sign for
13 me.

14 I want to turn you to CAC/MSOS Exhibit
15 Number -- Number 10, which is an excerpt of past Board
16 Orders.

17 Do you have that, Ms. McLaren?

18 MS. MARILYN MCLAREN: Yes, I do.

19 MR. BYRON WILLIAMS: And, certainly, if -
20 - if you -- if you -- what I'm -- I'm hoping to do is
21 just run the status with MPI. We've had a bit of this
22 discussion anyways, but of, kind of, where they are in
23 terms of different recommendations from Board Orders, so
24 if in -- at any point in time you feel that I've
25 mischaracterized a past Board Order, you'll certainly let

1 me know.

2 I want to turn your attention to, first of
3 all, Board Order 148/04. And I think on -- and I'm
4 referring -- I think there's actually a typo here -- you
5 see 25 dot, and then MPI Developed Claim Benchmark. I
6 think that should be "5". But the -- it's an -- it's
7 from the Executive Summary of 148/04, page 3, I believe:

8 "MPI developed claim benchmarks for
9 duration, frequency and cost for
10 experience with -- for comparison with
11 its own experience."

12 Just where you are -- and I think you've
13 answered a fair bit of that already today -- but if -- if
14 perhaps you could elaborate on -- on kind of where you in
15 terms of that?

16 MS. MARILYN MCLAREN: Well, about a year
17 ago, as part of the 2007 GRA, we did file the -- the PIPP
18 Handling -- Claims Handling PIPP and Cost Benchmark
19 Framework at that point that we had established.

20 That's still -- we have no reason to
21 change the framework of what we intend to establish with
22 respect to benchmarks, and we continue to be committed to
23 it. Establishing those benchmarks is one of the other
24 components in the PIPP Infrastructure Study, and it will
25 probably be, you know, some small number of less than

1 five (5) years before we're actually operational and
2 beginning to collect data in that new format.

3 MR. BYRON WILLIAMS: And some of the
4 information would come from the -- am I right -- from the
5 ICD-9 information? Is that part of the -- the package
6 there?

7 MS. MARILYN MCLAREN: Absolutely.
8 Absolutely. Getting the consistent coding of injury
9 types is pretty much the -- the ground floor. That's the
10 base.

11 MR. BYRON WILLIAMS: Now in terms of
12 number 6 here, which is the Independent Study of PIPP
13 Experience for the last ten years, as I understand your
14 answer, you would say that you've had -- take some
15 comfort from the Baren's Report in terms of where PIPP is
16 compared to where you said it would be, but that you're
17 not planning to retain somewhat like Mercers to -- to
18 look at your claims handling procedure.

19 Would that be a fair characterisation of
20 where you are?

21 MS. MARILYN MCLAREN: Yeah, at this time
22 we see no need to do something like the Mercer expertise
23 that you've referenced. This Recommendation Number 6,
24 our response to that was the Baren Report.

25 We continue to have a comfort level with

1 the PIPP Program in terms of its costs at the highest
2 level, so we don't have -- there may be some things that
3 we will learn through some of the research that we're
4 doing with other organizations and the work that we're
5 doing as part of the PIPP infrastructure study; they may
6 cause us to want to get in some external advice about
7 managing long term claims.

8 I certainly don't preclude that
9 possibility, but we -- we see no burning need to do that
10 at this time, with the information that we have available
11 to us right now.

12 MR. BYRON WILLIAMS: Just a last -- and -
13 - and I think that these ques -- the response have
14 answered many of my questions flowing from those Board
15 orders.

16 Can I just -- and you don't need to turn -
17 - turn here, I'm quite confident, but in the response to
18 CAC/MSOS/MPI-2-8, MPI was asked to confirm that it
19 expects the benefits from other BPR initiatives, such as
20 driver safety rating, conversion of Autopac claim
21 centres, and a development and enhancement of PIPP will
22 not be realised during the proposed three (3) year plan
23 sought by MPI and MPI confirmed that position.

24 So, in -- in terms of the benefits that
25 we're expecting to see from this PIPP analysis, we're

1 really looking out beyond to 2010/2011.

2 Is that -- is that right, Ms. McLaren, or
3 should we expect some benefits sooner?

4

5 (BRIEF PAUSE)

6

7 MS. MARILYN MCLAREN: No, I think we
8 would continue to confirm our concurrence with the
9 statement that you had in your question.

10 MR. BYRON WILLIAMS: Mr. Chairman, I just
11 have the driver safety rating area to go through; I
12 expect about fifteen (15) minutes. With your permission,
13 if I could stand down for like one (1) minute I would
14 be...

15 THE CHAIRPERSON: Of course, Mr.
16 Williams. Mr. Williams, we could easily take an early
17 break and that would give you bit more time. There's no
18 point in rushing it.

19 MR. BYRON WILLIAMS: Okay. I just need a
20 couple minutes, but as -- as you wish, Mr. Chairman.

21 THE CHAIRPERSON: Okay, we will take the
22 break now and then we will be back at 2:30.

23

24 --- Upon recessing at 2:17 p.m.

25 --- Upon resuming at 2:34 p.m.

1 THE CHAIRPERSON: Mr. McCulloch, you have
2 some exhibits for us?

3 MR. KEVIN MCCULLOCH: I do Mr. Chairman.
4 The first one that I put forward is the response to
5 Undertaking Number 18, providing total theft claims
6 statistics, as at October 1st, 2007. And I believe that
7 should be entered as MPI Exhibit 17.

8

9 --- EXHIBIT NO. MPI-17: Response to Undertaking 18,
10 providing total theft claim
11 statistics as at October 1st,
12 2007

13

14 MR. KEVIN MCCULLOCH: And the next item
15 is a response to the second round PUB Information
16 Requests. I believe the Corporation's initial response
17 was that it would take some time to produce this
18 information, but we now have the information responding
19 to PUB/MPI-2-31(b), and I'd ask that that be filed as MPI
20 Exhibit 18.

21

22 --- EXHIBIT NO. MPI-18: Information responding to
23 PUB/MPI-2-31(b)

24

25 THE CHAIRPERSON: Thank you, sir.

1 MR. KEVIN MCCULLOCH: Thank you.

2 THE CHAIRPERSON: Mr. Williams...?

3

4 CONTINUED BY MR. BYRON WILLIAMS:

5 MR. BYRON WILLIAMS: Thank you, Mr.
6 Chairman and members of the Board. And I note that one
7 of these responses, MPI Exhibit Number 17 appears to be a
8 response to some questions of CAC/MSOS, so I thank MPI
9 for that.

10 And my intention is to finish driver
11 safety rating and then I'll re -- review this and see if
12 there's any further inquiries that CAC/MSOS may have on -
13 - with regards with this Undertaking.

14 In terms of driver safety rating, we won't
15 be long. There's three (3) references I wish to draw to
16 MPI's attention -- CA -- and I don't believe they're in
17 the book of documents, although Ms. Everard may correct
18 me; I'm getting tired at the end of the day -- CAC-1-15,
19 CAC-1-46 and CAC-2-21.

20 MS. CANDACE EVERARD: Mr. Williams, your
21 question 15 in the first round is in the Board's book of
22 documents at Tab 32.

23 MR. BYRON WILLIAMS: Thank you, Ms.
24 Everard for keeping a check on me.

25

1 (BRIEF PAUSE)

2

3 CONTINUED BY MR. BYRON WILLIAMS:

4 MR. BYRON WILLIAMS: The three (3) again
5 are 1-15, 1-46, 2-21.

6

7 (BRIEF PAUSE)

8

9 MR. BYRON WILLIAMS: Now, after making
10 reference to those three (3) references, I do want to
11 quote something MPI put on the record elsewhere, in terms
12 of the driver safety rating. My understanding is MPI's -
13 - in terms of its proposals in this area:

14 "...is not putting details of potential
15 changes on the public record until such
16 time as the Corporation is confident it
17 understands fully and can respond
18 appropriately to Manitobans' opinions
19 and feelings about rewarding good
20 drivers and surcharging high risk
21 drivers."

22 Is that correct?

23 MS. MARILYN MCLAREN: Well, it would
24 certainly be important to do that and remain -- we remain
25 committed to doing that. We also don't have -- intend to

1 put that kind of research and work and our intentions on
2 the public record, when we file the DSR App.

3 MR. BYRON WILLIAMS: That -- that's fine.
4 I -- I guess -- and I was quoting directly from a
5 statement of the Corporation. What I was interested in
6 is in terms of understanding fully and responded
7 appropriate to -- appropriately to Manitobans' opinions
8 and feelings about this area, we know that the
9 Corporation conducted a survey in terms of the PRA in
10 2006.

11 Is that right? That was a survey that was
12 conducted by the Corporation?

13 MR. DON PALMER: That's correct.

14 MR. BYRON WILLIAMS: What I'm interested
15 in learning is what, if any, other mechanisms is MPI
16 looking to employ in '07/'08 and '08/'09, in terms of
17 understanding fully Manitobans' opinions and feeling
18 about this area? So what other activities is it taking
19 to seek consumer input?

20 MS. MARILYN MCLAREN: There may be more
21 surveys. There will also likely be some manner of, as
22 yet to be determined structure around, but some manner of
23 public -- public consultation.

24 MR. BYRON WILLIAMS: So there is -- there
25 may be some surveys, there may be some public

1 consultation. Presumably you may also look at doing some
2 focus groups.

3 Would that be fair?

4 MS. MARILYN MCLAREN: Focus groups are a
5 good mechanism of helping us understand language that
6 resonates with Manitobans' concepts and so on, but -- but
7 they really are, you know, mini discussion groups; that
8 it's not in terms of really understanding how best to
9 proceed with program principles, quantitative data and --
10 and substantiative kinds of discussions and -- and
11 consultations would really be preferred over focus
12 groups.

13 MR. BYRON WILLIAMS: So the -- the two
14 (2) main avenues are then perhaps some additional surveys
15 and also some more foc -- some more detailed
16 consultations with Manitoba consumers.

17 Is that right?

18 MS. MARILYN MCLAREN: Yes.

19 MR. BYRON WILLIAMS: And are there any --
20 in terms of these detailed consultations -- are there any
21 scheduled or can you give me some idea of what the plan
22 is, or the timetable, in terms of that area.

23 MS. MARILYN MCLAREN: No.

24 MR. BYRON WILLIAMS: Turning to, thanks
25 to Ms. Everard, the PUB book of documents, this Tab 32

1 Interrogatory Response, CAC/MSOS-1-15, you'll see in --
2 in Part C to that answer CAC/MSOS where it had asked MPI
3 to:

4 "Provide the original and any revised
5 business plans including deliverables
6 for number;
7 1) the driver rating system."

8 And am I correct in suggesting that the in
9 -- in terms of the Corporations response it indicated
10 that deliverables are not available at this time?

11 Is that right?

12 MR. DON PALMER: That's correct.

13 MR. BYRON WILLIAMS: So you spoke to
14 deliverables. In terms of the driver safety rating
15 system is there some sort of original or revised business
16 plan setting out timetables or -- or is there some sort
17 of plan outlining what you're planning to do in -- in a -
18 - in achieving a revised driver safety rating plan?

19 MR. DON PALMER: We did put out a
20 framework document last year to the Public Utilities
21 Board. That's all we have to -- to share at this point
22 in time.

23 MR. BYRON WILLIAMS: Staying with
24 CAC/MSOS-1-15 and also referring to one forty-six (146)
25 and specifically the -- the last page of 1-15(b), sets

1 out the forecast expenditures for the driver safety
2 rating in 2007/'08.

3 Do you see that, Mr. Palmer?

4 MR. DON PALMER: Yes, I see it.

5 MR. BYRON WILLIAMS: And this suggests
6 that the -- the forecast expenditures for 2007/'08 are
7 gonna be a bit less than \$5 million, with the bulk being
8 spent in deferred or -- taking place in deferred
9 development and the other major line in -- in expenses.

10 Is that right, sir?

11 MR. DON PALMER: That was the budget set
12 for the '07/'08, probably at the end of 2006. But that
13 was the budgeted figure, yes.

14 MR. BYRON WILLIAMS: And that is, my
15 understanding is -- and referring you to CAC/MSOS-1-46
16 that figure of 4.938 million has been amended and it's
17 now 3.6 million.

18 Is that right, sir?

19 MR. DON PALMER: That was some
20 projections that we had done earlier that probably aren't
21 accurate at this point in time either.

22 MR. BYRON WILLIAMS: So the original
23 forecast was 4.9 million; that was subsequently revised
24 in Interrogatory -- Interrogatory 1-46 to 3.6 million,
25 and your evidence now is that -- that those numbers

1 should not be relied upon either.

2 Is that right?

3 MR. DON PALMER: That's correct.

4 MR. BYRON WILLIAMS: Could you provide
5 the -- the most recent budget figures for the driver
6 safety rating, please? For the '07/'08 year.

7 MR. DON PALMER: The budget -- recent
8 budget figures are those shown in -- for '07/'08, the
9 \$4.9 million. That's -- that's the corporate budget.

10 MR. BYRON WILLIAMS: Is that gonna be
11 realised in '07/'08, Mr. Palmer?

12 MR. DON PALMER: Likely not.

13 MR. BYRON WILLIAMS: And is it going to
14 be at or less than the 3.6 million?

15

16 (BRIEF PAUSE)

17

18 MR. DON PALMER: Right now, the best
19 estimate that we have is the three point six (3.6) for
20 '07/'08.

21 MR. BYRON WILLIAMS: And if I were to
22 compare that 3.6 million figure to the -- the original of
23 4.9 million, what would be the material changes in those
24 two (2) figures, Mr. Palmer?

25 MR. DON PALMER: Originally we -- we had

1 talked about implementation in '08; I think that was
2 mentioned in last year's document. Now we're looking at
3 an initial implementation probably in the mid '09 time --
4 timeframe.

5 MR. BYRON WILLIAMS: So there's not a
6 change in the overall budget for this program. What
7 you're suggesting to me is that some of the expenditures
8 have been deferred an additional year, is that right,
9 sir?

10 MR. DON PALMER: Yes.

11 MR. BYRON WILLIAMS: So if I look at
12 CAC/MSOS-1-15(b), the 2008/'09 projected, those numbers I
13 would expect to be higher than they -- than they're
14 currently set out on this table, is that right, sir?

15 MR. DON PALMER: With implementation in
16 '09, likely, yes.

17 MR. BYRON WILLIAMS: In terms of the
18 deferral of some of these expenditures, are these issues
19 of technological capacity, or is it time constraints
20 being faced by the Corporation or otherwise?

21 What -- what explanation do you offer,
22 sir?

23

24

(BRIEF PAUSE)

25

1 MR. DON PALMER: The implementation plan
2 hasn't been com -- completed as yet. So all of those
3 things are considerations, but we haven't -- we haven't
4 got the plan set in order to fully cost it out and -- and
5 -- for programming purposes.

6 MR. BYRON WILLIAMS: And -- and thank you
7 for that; that's quite helpful. And just to kind of
8 follow up on something Mr. Everard talked about, I think
9 last Thursday, "the legendary", as she referred to it,
10 three (3) -- the limitations of the old DVL computer
11 system.

12 Just to be precise, is that the key factor
13 leading to the deferral of plans or -- or are there just
14 -- or are there other factors that are in play?

15 MR. DON PALMER: No, the delay wasn't
16 caused because the driver -- the current driver system is
17 limited to three (3) digits, no.

18 MR. BYRON WILLIAMS: Just -- and again, I
19 don't have many questions in this -- this area. I guess
20 we'll await the application. But just reviewing the ICBC
21 filings from 2007; ICBC is putting on the public record
22 estimates of uninsured motorists totalling 2 percent of
23 the -- the population in British Columbia.

24 And I'm just wondering -- and there's in
25 Interrogatory Response I could refer you to if you -- if

1 you want some surety of that, but I'm just wondering
2 where -- what's MPI's guess in terms of uninsured
3 motorists in -- in Manitoba and what, if any, data does
4 it have on that subject?

5

6 (BRIEF PAUSE)

7

8 MS. MARILYN MCLAREN: I would expect that
9 we would be in the same ballpark. One of the significant
10 advantages of public insurance programs with registration
11 and insurance inextricably linked is that you
12 significantly decrease the likelihood of uninsured
13 drivers.

14 One of the things that's part of the
15 Autopac Program is uninsured motorist coverage, where, if
16 an unidentified or uninsured motorist does damage to your
17 vehicle, there is coverage there. Those claims are very,
18 very, very low. That's something we -- we tend to keep a
19 little bit of an eye on.

20 Occasionally the claims staff will bring
21 forward requests to make ex gratia payments where an
22 uninsured motorist has a loss. The vast majority of
23 uninsured situations that comes to our attention, which
24 still would be in the dozens, are people who have a
25 history of renewing promptly every year and then miss it

1 or forget for some reason at some year, And those people
2 would be very likely to receive consideration for an ex
3 gratia payment for their claim.

4 So -- but those are some of the indicators
5 that we use, and we don't have a formal process of
6 tracking and identifying such a thing. It's not always
7 that easy also to sort of track claims for which there is
8 no coverage that can't be presented to you. Some people
9 just may not come forward. But every indication we do
10 have is that, certainly, 2 percent, 4 percent, would
11 certainly be in the ballpark here in Manitoba.

12 THE CHAIRPERSON: Would you expect that
13 to go up if you want crackdown on youths stealing cars
14 with damages that incur and the fact that they have to
15 pay it back before they can get a license?

16 MS. MARILYN MCLAREN: No, I don't think
17 so. We are very accommodating when it comes seeking
18 reimbursement for people that, you know, have subrogation
19 -- where we have subrogation rights. It's very much an
20 affordability calculation -- what can people pay. We're
21 very, very concerned and very actively engaged in keeping
22 people connected to the system.

23 We don't -- we really try to avoid
24 anything that would force them out of the system, such as
25 that. So in terms of recovering the money, you know, it

1 may be over a much longer period of time. It could be as
2 little as ten dollars (\$10) a week. We really try to do
3 what's in the best interests of keeping those people
4 engaged for their benefit as well as for everyone else's
5 benefit.

6 THE CHAIRPERSON: Thank you.

7

8 CONTINUED BY MR. BYRON WILLIAMS:

9 MR. BYRON WILLIAMS: Thank you for that
10 answer, Ms. McLaren.

11 Just -- just to follow up. In terms of --
12 your answer in terms of uninsured motorists, the -- as I
13 understand it, there's two (2) ways that that may come
14 for attention. One (1) are long-time payers who just
15 have, through oversight, missed a -- a payment; the other
16 one is that, I guess, is a -- is a person -- I may
17 involved in an accident with an uninsured motorist and --
18 and I have insurance for that.

19 That's the second vehicle; is that right?

20 MS. MARILYN MCLAREN: Yes, that's right.

21 MR. BYRON WILLIAMS: And, in terms of
22 that, MPI, you have some statistics, I guess, in terms of
23 what that number -- that number is or -- or do you?

24 MS. MARILYN MCLAREN: We could make --

25 MR. BYRON WILLIAMS: I'm not actually

1 asking for an Undertaking.

2 MS. MARILYN MCLAREN: Yeah. No, we could
3 make some assumptions and attempt to derive it, but it --
4 it is so low and so inconsequential, it's not something
5 that we -- we track explicitly.

6 MR. BYRON WILLIAMS: Okay. Mr. Chairman,
7 I thank MPI, the Panel, for their patience, and we have
8 a, in terms of at least one (1) outstanding -- or one (1)
9 Undertaking I wish to review, that's subject to that,
10 those are the -- that closes the cross-examination of
11 CMAC/MSOS.

12 THE CHAIRPERSON: Thank you, Mr. Williams.
13 So, if you could let us know when you want to return to
14 that Undertaking.

15 MR. BYRON WILLIAMS: And I may not at
16 all, but...

17 THE CHAIRPERSON: Thank you. I
18 understand an arrangement is being made and that Mr.
19 Dawson is going to come up next. Before we switch to Mr.
20 Dawson, if I may, Ms. McLaren, a follow-up question
21 related to clarification.

22 It relates to the balance that is usually
23 sought by no-fault plans between the interests of the
24 benefit recipients and the premium payers.

25 Would it be fair to say that MPI is

1 interested not only in doing its best, as I paraphrase
2 you, for its PIPP claimants, but also, concurrently, not
3 extending benefits any longer than necessary; this, both
4 in the interests of the claimants themselves, i.e., a
5 return of them to work before they lose connection to the
6 workplace, and also in the interest of policyholders and
7 their premium levels?

8 MS. MARILYN MCLAREN: I think that's
9 fair, yeah.

10 THE CHAIRPERSON: Thank you. Okay, Mr.
11 Dawson.

12

13 CROSS-EXAMINATION BY MR. ROBERT DAWSON:

14 MR. ROBERT DAWSON: Thank you, Mr.
15 Chairman.

16 I don't want to cover over ground, but
17 we've already gone through in cross-examination by Board
18 Counsel and other Intervenors, so I'll start with what I
19 think can just be described as a brief summary of where I
20 believe the evidence currently stands, at least on one
21 (1) particular issue.

22 I understand, Ms. McLaren, that MPI
23 currently is studying the way in which it handles PIPP
24 claims, correct?

25 MS. MARILYN MCLAREN: That wouldn't be

1 quite the way I would describe it, but we're certainly
2 working to better position us to handle PIPP claims --
3 now -- in the near future, as well as the longer term for
4 each year.

5 MR. ROBERT DAWSON: I'll take that
6 correction. As part of the positioning that you were
7 just describing, some of the work that MPI has been doing
8 over the years involves, for example, developing
9 benchmarks for the duration, frequency, and cost of those
10 sorts of claims?

11 MS. MARILYN MCLAREN: Yes, we filed a
12 year ago a framework of benchmarks.

13 MR. ROBERT DAWSON: And as part of that
14 work, in addition, you're also comparing your own
15 experience with that of other no-fault jurisdictions.

16 Am I correct?

17 MS. MARILYN MCLAREN: We will be; we have
18 not yet begun that.

19 MR. ROBERT DAWSON: So that anticipates
20 my next summarising question. Obviously this benchmark
21 study to which I'm making reference is not yet complete?

22 MS. MARILYN MCLAREN: Correct.

23 MR. ROBERT DAWSON: And MPI has not filed
24 any part of that incomplete benchmark study?

25 MS. MARILYN MCLAREN: We filed the

1 framework itself a year ago.

2 MR. ROBERT DAWSON: That's the framework
3 by which the actual study will be conducted, but the
4 study itself hasn't been filed.

5 Am I correct?

6 MS. MARILYN MCLAREN: Well, the -- the
7 framework really describes the kinds of activities and
8 measures that we will be bench marking. We have not
9 started to collect and report on our data or the data
10 from other no-fault insurers to compare the results of
11 the measure. But the measures themselves have -- have
12 been described, as best we know them, a year ago.

13 MR. ROBERT DAWSON: Board Counsel has
14 already cross-examined on the subject and, indeed, Mr.
15 Williams was earlier cross-examining on the subject of
16 whether or not there's been compliance with a Board Order
17 from number 148/04 and he had you make reference to that.

18 I'll just give you the opportunity, even
19 though I think there is none; do you have anything to add
20 to your earlier comments in evidence that you've given in
21 response to questions posed by Board Counsel and the
22 Intervenors?

23 MS. MARILYN MCLAREN: No, I don't think
24 so.

25 MR. ROBERT DAWSON: Ms. McLaren, would

1 you agree that where this Board makes a recommendation in
2 its reasons for decision making -- so a recommendation --
3 for its Reasons for Decision that arise out of Hearings
4 such as this, that such a recommendation is merely
5 suggestive; by which I mean it's not of a basis by which
6 the applicant may be legally compelled to act.

7 Do you agree with that?

8 MS. MARILYN MCLAREN: I think there are
9 significant jurisdictional differences between
10 recommendations and Orders, yes.

11 MR. ROBERT DAWSON: I'd ask you, instead
12 of focussing upon what you're describing as
13 jurisdictional issues, to focus upon, shall we say, the
14 compulsive nature of the edict coming from the Board.

15 I'm suggesting to you, and asking you, if
16 the Corporation agrees that where a recommendation is
17 made by the Board, that it has no compulsive effect. It
18 is merely a suggestion that the applicant may or may not
19 choose to follow?

20 MS. MARILYN MCLAREN: Yes, I would agree
21 with that. That's a better articulation of what I was
22 trying to get at, yes.

23 MR. ROBERT DAWSON: And the counterpoint
24 to that is that where the Board makes an Order in its de
25 -- Reasons for Decision, am I correct to assume that the

1 Corporation would agree with me that an Order is binding
2 and does dictate the actions of the applicant, subject
3 only to, maybe that Orders having been set aside on an
4 application to the Courts for judicial review?

5 MS. MARILYN MCLAREN: Yes, I would agree.

6 MR. ROBERT DAWSON: Let me now turn to
7 the question of customer satisfaction surveys. And I'm
8 not sure whether this is a question still for you, Ms.
9 McLaren, or whether you would like to pass it to another
10 me -- one of your colleagues, but I'll begin.

11 Am I correct that in every MPI rate
12 application since 2004, at least, the applicant has
13 included customer service survey results in which it
14 canvasses MPI premium payers and claimants on their
15 satisfaction with the handling of, among other things,
16 personal injury claims?

17 MS. MARILYN MCLAREN: I'm not sure we've
18 filed that with every application. I think there have
19 been questions that we've responded to through the IR
20 process. We -- we -- we track and report on those
21 customer satisfaction measures in our quarterly and
22 annual reports.

23 MR. ROBERT DAWSON: So perhaps I should
24 rephrase that question to say, in some form, there has
25 been at least reference made to annual customer

1 satisfaction surveys at least since 2004.

2 MS. MARILYN MCLAREN: Yes. And again,
3 just perhaps cement, I'm not sure they're annual. I
4 think they're probably more frequent than that, but, yes,
5 there have certainly been ongoing reference to them.

6 MR. ROBERT DAWSON: And in every case, as
7 best you can recall, would you agree with me that MPI has
8 set a target of 65 to 75 percent satisfaction on those
9 survey results relating to the handling of personal
10 injury claims?

11 MS. MARILYN MCLAREN: Yes, I believe
12 that's right, subject to check.

13 MR. ROBERT DAWSON: Subject to check is
14 fine. It's -- it's my understanding that that's the
15 answer as well. And can we further conclude that -- or
16 agree that in every year since at least 2004 MPI's survey
17 results on the subject of how it handles personal injury
18 claims have, indeed, fallen within that satisfaction
19 target.

20 MS. MARILYN MCLAREN: Yes, that's true.

21 MR. ROBERT DAWSON: As it has in the
22 past, these customer survey satisfactions continue to be
23 conducted by what I'll call "established opinion poll"
24 companies that MPI hires. Is that correct?

25 MS. MARILYN MCLAREN: Yes.

1 MR. ROBERT DAWSON: And just for the sake
2 of clarification, these customer satisfaction surveys are
3 not commissioned or otherwise directly overseen by an
4 independent body such as, for example, the Crown
5 Corporation Counsel?

6 MS. MARILYN MCLAREN: That's correct.

7 MR. ROBERT DAWSON: Is MPI aware of any
8 willingness on the part of the Crown Corporation Counsel
9 to oversee or conduct those sorts of surveys on behalf of
10 MPI?

11 MS. MARILYN MCLAREN: No.

12 MR. ROBERT DAWSON: Is the reason that
13 MPI is not aware of any such willingness because it has
14 not put the subject to the Crown Corporation Counsel?

15 MS. MARILYN MCLAREN: No, that was not
16 the basis of my response. I'm going from memory here,
17 which may be flawed, but there -- I think in response to
18 a recommendation of a few years ago there was discussion
19 with Crown Corporation's Counsel that that point, I
20 believe, there was also, on the part of Crown
21 Corporation's Counsel, a review -- review of the
22 Corporation's methodology for which the Crown
23 Corporation's Counsel expressed no concern.

24 The -- in my experience, my understanding
25 is taking on that sort of work for any of the Crowns that

1 they are -- that are fall within their mandate is simply
2 not the role that they see for themselves.

3 MR. ROBERT DAWSON: And, indeed, for the
4 record, Mr. Chairman, I think the provision to which Ms.
5 McLaren is making reference arises in Board Order 148/04;
6 it's recommendation 8, page 91.

7 And I'll suggest to MPI that it has at
8 least attempted to comply with that particular
9 recommendation of the Board.

10 Would you agree with me?

11 MS. MARILYN MCLAREN: Yes, I would agree
12 that we have complied with that as well as many others.

13 MR. ROBERT DAWSON: Turning now to my
14 last but substantive area of cross-examination, let's
15 begin almost in a Byron Williams kind of way, by asking
16 if you would agree if one of the purposes of any
17 insurance scheme is to create an expectation supported by
18 law that where certain conditions are proven to arise, an
19 insured will receive compensation from his insurer in a
20 predetermined amount at a predetermined time.

21 Would you agree with me that that's one of
22 the purposes of any insurance scheme?

23 MS. MARILYN DAWSON: I'm not so sure
24 about the predetermined amount of the compensation, but
25 the rest of that, I'm with you.

1 MR. ROBERT DAWSON: Instead of the
2 adjective "predetermined" would you prefer "calculable
3 amount"?

4 MS. MARILYN MCLAREN: Yes, that would be
5 fair.

6 MR. ROBERT DAWSON: I'm prepared to
7 substitute that. That's fine.

8 Would the Corporation agree with me, Ms.
9 McLaren, that it has a statutory obligation to pay
10 benefits promptly to claimants who are, pursuant to MPI's
11 legislative framework, entitled to those benefits, and in
12 an amount equal to their entitlement?

13 MS. MARILYN MCLAREN: Yes.

14 MR. ROBERT DAWSON: And you'd further
15 agree that this statutory obligation certainly would
16 include claims by victims of personal injury arising out
17 of the operation of motor vehicles?

18 MS. MARILYN MCLAREN: Yes, definitely.

19 MR. ROBERT DAWSON: Would you accept that
20 part of the rationale for this obligation relates to the
21 fact that premiums for which MPI has made application for
22 this Board's very approval, are -- are calculated on the
23 assumption that at least a portion of those revenues will
24 directly pay for claimant benefits?

25 MS. MARILYN MCLAREN: Can you repeat the

1 question?

2 MR. ROBERT DAWSON: I can rephrase it.
3 In many ways I'm asking the same question, I think, that
4 the Chairman just asked, but with more words, because I'm
5 paid by the word, perhaps.

6 I'm suggesting to you that part of the
7 rationale for the statutory obligation that you've agreed
8 MPI has to pay out benefits is that the premiums that MPI
9 makes application for approval before this Board are, in
10 part, calculated on the assumption at least a part of
11 those premium monies will be used to pay for claimant
12 benefits.

13 I may be inarticulate, but I think I'm
14 trying to express the concept accurately.

15 MS. MARILYN MCLAREN: Okay. Let me try
16 to paraphrase: Are you suggesting that the statutory
17 obligation to pay benefits appropriately and promptly is,
18 in part, based on the fact that the revenue requirement -
19 - the premiums approved by this Board, are based on that,
20 on -- based on the calculation of the prem -- of the
21 benefits that would be paid?

22 MR. ROBERT DAWSON: I think rather than
23 asking each other questions, I'll simply broaden this and
24 simply say: What do you think the rationale is for the
25 statutory obligation imposed upon the Corporation to pay

1 benefits promptly to claimants who are entitled to those
2 benefits and in the amount equal to their entitlement?

3 MS. MARILYN MCLAREN: Well, I think
4 there's a few that were very likely on the minds of the
5 Legislature when they -- when they made part of the MPIC
6 Act.

7 I think it's a fundamental principle of
8 any insurance program, first of all, whether it's public
9 or private or otherwise. I think there is an obligation
10 to respond as promptly as possible when the policy is
11 called to respond. That -- that's a fundamental
12 principle; is insurance does you very little good if you
13 have to wait to receive the benefits to which you are
14 entitled under that policy.

15 But I think, primarily, in addition to
16 being an insurance principle, so to speak, when you have
17 a -- a public program -- a universal compulsory program -
18 - it's incumbent on everyone. I think part of the
19 initial founding principles of this Plan was that
20 Manitobans would not be disadvantaged by the fact that
21 there is one (1) universal provider of the compulsory
22 insurance program.

23 And it's simply a fundamental principle
24 from both sides that it's a public plan owned by the
25 people of Manitoba, but it's a key insurance principle as

1 well.

2 When this was established, there was no
3 regulatory oversight with respect to rate making. So I'm
4 not quite sure that was a part of the consideration.

5 MR. ROBERT DAWSON: At the very least,
6 though, would you agree with me that there's a --
7 certainly a connection, as far as this Board is
8 concerned, between the premiums that a Corporation seeks
9 in its application and the benefits that it will
10 ultimately pay out as expenses?

11 MS. MARILYN MCLAREN: Absolutely.

12 MR. ROBERT DAWSON: Now to the flip side.
13 You would agree, I'm sure, that the Corporation has a
14 statutory obligation also to pay such benefits only where
15 a claimant has proven his entitlement?

16 MS. MARILYN MCLAREN: Yes.

17 MR. ROBERT DAWSON: And you would also
18 agree that that statutory obligation also extends to
19 claims by victims of personal injury that arise out of
20 the operation of motor vehicle?

21 MS. MARILYN MCLAREN: Yes.

22 MR. ROBERT DAWSON: And, at the risk of
23 entering into yet another malaise, would you agree that
24 part of the rationale for this statutory obligation in
25 part relates to the cost controls that a responsible

1 insurer should exercise?

2 MS. MARILYN MCLAREN: Yes.

3 MR. ROBERT DAWSON: And if I can
4 paraphrase that just to make sure I understand it: Is it
5 correct to say that the more money that MPI spends in the
6 payment of claimant benefits, the higher its expenses and
7 the greater its likely need for increased premiums?

8 MS. MARILYN MCLAREN: Yes.

9 MR. ROBERT DAWSON: Would it be fair to
10 characterize these two (2) statutory obligations, then,
11 as creating something of a balancing requirement which
12 weighs, on the one (1) side, the legal benefit
13 entitlement of claimants against the reasonable cost
14 controls that can, at least in theory, benefit every
15 premium payer?

16 MS. MARILYN MCLAREN: There's certainly a
17 balance there, but I think it's a fairly -- in my
18 experience, in -- in the way we attempt to run this
19 Program -- this Corporation -- it's not a difficult
20 balance.

21 It is really fairly straightforward for
22 claimants to prove their loss, and the Corporation does
23 go to sometimes significant lengths to assist claimants
24 in helping them position themselves to prove their loss.

25 So I think the cost containment is

1 certainly a due diligence, reasonable approach to running
2 the business, but it is -- does not translate to a
3 specific, or in any way, onerous requirement on the part
4 of legitimate claimants.

5 MR. ROBERT DAWSON: Let's revisit some
6 evidence that Mr. Bedard had once given at this Board in
7 2004 as illustrations, perhaps, of the way in which this,
8 as I'm calling it, "a balancing act" might play out.

9 During the 2004 rate application I had
10 cross-examined Mr. Bedard about MPI's handling of
11 personal injury claims.

12 Do you remember that, in general?

13 MS. MARILYN MCLAREN: Yes, I do.

14 MR. ROBERT DAWSON: And do you also
15 remember in general that some of the ways in which he
16 said that MPI insurer's benefits will get to those to who
17 -- who are entitled to them, and in the amounts in which
18 they are entitled; included, for example, training of
19 adjusters at every level to elicit and collect claims
20 information.

21 Do you remember that?

22 MS. MARILYN MCLAREN: Yes.

23 MR. ROBERT DAWSON: And he also stated,
24 and I ask you if you would remember whether or not the
25 offering of educational programs to medical professionals

1 to help them produce useful reports that enable MPI to
2 assess injuries -- was that also one (1) of the attempts
3 that it makes?

4 MS. MARILYN MCLAREN: That is certainly
5 something that we do. I don't recall that specific
6 component of your conversation.

7 MR. ROBERT DAWSON: And do you have any
8 recollection of Mr. Bedard's testimony relating to the
9 system or use of reviews, internal reviews, and appeals
10 by which to reconsider adjuster decisions where a
11 claimant disagrees with the outcome?

12 MS. MARILYN MCLAREN: I don't remember
13 much specifics about that. I'm certainly familiar with
14 the review and appeal processes.

15 MR. ROBERT DAWSON: Would you agree with
16 me that one (1) could categorise reviews and appeals as
17 an -- a further attempt by the Corporation to ensure that
18 benefits get to those claimants who are entitled to
19 receive them, and in the amounts that they're entitled to
20 receive?

21 MS. MARILYN MCLAREN: Sure, that's fair.

22 MR. ROBERT DAWSON: I'm making reference
23 in the course of this cross-examination to questions and
24 evidence that was led in the -- part of the 2004 rate
25 application.

1 I wonder if it's fair to say that since
2 the 2004 rate application, personal injury claims
3 continue to be handled, at least in general, in much the
4 same way as they were then.

5 MS. MARILYN MCLAREN: Yes, that would be
6 fair.

7 MR. ROBERT DAWSON: As part of that,
8 would it also be fair to say that there still is no
9 independent advisor who, at the time that a claim is
10 initially filed, is part of the claims process and to
11 whom MPI can refer claimants for help in filing their
12 claim?

13 MS. MARILYN MCLAREN: That would be fair.

14 MR. ROBERT DAWSON: And of course, I -- I
15 understand that maybe this was the reason for part of
16 your pause, that of course there are now claimant
17 advisors that have popped up at the Automobile Injury
18 Compensation Appeal Commission level. But I'm asking you
19 to exclude those for the purpose of this discussion.

20 Is part of the reason at least, that MPI
21 has not instituted independent advisors, or agreed to pay
22 for independent advisors to claimants, its belief that
23 its own adjustors or its own employees can, themselves,
24 fulfill the role of guiding claimants?

25 MS. MARILYN MCLAREN: Our staff do that.

1 And further to that, if someone is denied coverage --
2 denied a benefit by decision of the Corporation, that
3 individual does have access to the review and appeal
4 processes as well.

5 MR. ROBERT DAWSON: I assume that where a
6 claimant would prefer otherwise to retain his own
7 independent adviser, MPI has no objection to that course.

8 MS. MARILYN MCLAREN: No, certainly not.

9 MR. ROBERT DAWSON: And, of course, the
10 cost of that engagement of an independent advisor would
11 fall to the claimant.

12 MS. MARILYN MCLAREN: Yes, that's true.

13 MR. ROBERT DAWSON: So just to be clear,
14 MPI does not pay for independent advisors to assist
15 claimants in either the stages of initially filing their
16 claim, or later as the claim unfolds and requires to be
17 proven.

18 MS. MARILYN MCLAREN: Agreed.

19 MR. ROBERT DAWSON: Would you agree with
20 me that it would be improper for an MPI adjuster or,
21 indeed, any employee of MPI, to actively discourage a
22 claimant's decision to retain his own independent advisor
23 during either the filing of a claim or the claims
24 process?

25 MS. MARILYN MCLAREN: Actively discourage

1 -- yes, I would agree that that would not be
2 appropriate. Ensuring that the claimant understands that
3 they would be responsible for those costs, I think, is
4 something appropriate for the -- for the case manager or
5 adjuster to make sure.

6 MR. ROBERT DAWSON: Fair enough. And
7 turning away from the past to the future just for the
8 record, can you confirm that MPI has no plans to provide
9 or otherwise fund independent advisors to claimants
10 during either the filing of claims or the file -- or the
11 claims process itself.

12 MS. MARILYN MCLAREN: I can confirm that.

13

14 (BRIEF PAUSE)

15

16 MR. ROBERT DAWSON: Where an adjuster
17 decides to deny a personal injury claim or, indeed, any
18 claim; but let's focus on personal injury claims, either
19 in whole or in part, you'd agree with me that the
20 consequence of that includes benefits do not flow to the
21 claimant in an amount and at the time that those benefits
22 would have flown if the claim had been allowed.

23 MS. MARILYN MCLAREN: I would agree with
24 that.

25 MR. ROBERT DAWSON: The ultimate effect

1 then is to cause the claimant - in this case I've been
2 describing him as a victim of personal injury - to incur
3 financial costs. For example, the cost of simply
4 sustaining him or herself while injured or disabled,
5 medical and related treatments, the use or acquisition of
6 equipment -- these are some of the consequences that
7 would flow from a claim not being denied where a personal
8 injury victim has to incur financial cost.

9 Would that be fair?

10 MS. MARILYN MCLAREN: Where the claim was
11 not denied, benefits would flow. But I'm assuming that
12 you're talking about a situation where the claim was
13 denied in full or in part.

14 I'm a little concerned that you talk about
15 such a scenario in the context of talking about a victim
16 of an automobile accident. So, I suppose there is -- we
17 could assume, on its face, that there is such a victim of
18 an automobile accident who didn't suffer the financial
19 loss they purported to suffer, therefore, there was no
20 benefit to be paid or perhaps there was an error on the
21 part of the adjuster.

22 You know, if -- if there's a victim who is
23 entitled to benefits, they will receive the benefits
24 unless there is an error. And I think through some of
25 the other conversation that we've had talking about the

1 case manager's decision, and then leading into internal
2 review and appeal, there are many opportunities to
3 revisit and fix errors long before someone would end up
4 at internal review or appeal.

5 So -- I will leave it at that for now.

6 MR. ROBERT DAWSON: Surely, Ms. McLaren,
7 you're not suggesting that by virtue of these various
8 levels of review of a file, that mistakes never percolate
9 to the level of an internal review, though?

10 MS. MARILYN MCLAREN: No, it's possible,
11 and I'm sure it's happened, but I would argue that most
12 errors are rectified before they get to that level.

13 MR. ROBERT DAWSON: Well indeed, we can
14 jump ahead because I was going to ask you to confirm that
15 the majority of internal review requests that come from a
16 claimant whose benefits have been denied in whole or in
17 part, the majority of those requests are in fact decided
18 in favour of the adjuster, is that not correct?

19 MS. MARILYN MCLAREN: In most cases the
20 case manager's decision was confirmed.

21 MR. ROBERT DAWSON: I'll accept that as a
22 more accurate way of expressing what I'm trying to, and
23 I'll go even beyond that and say, where an appeal is
24 taken to the Automobile Injury Appeal Commission, or
25 Compensation Appeal Commission, is it not the case that

1 the majority of those appeals result in a decision that
2 upholds the internal review?

3 MS. MARILYN MCLAREN: Yes, I believe
4 that's true.

5 MR. ROBERT DAWSON: But, and this goes
6 back to your earlier comment, you would agree with me
7 that there are at least some instances in which internal
8 reviews overturn the decision of a case manager?

9 MS. MARILYN MCLAREN: Overturn or vary,
10 yes.

11 MR. ROBERT DAWSON: And you'd also agree
12 with me there are at least some cases in which the
13 Automobile Injury Compensation Appeal Commission
14 overturns or varies the decision of an internal reviewer?

15 MS. MARILYN MCLAREN: Yes.

16 MR. ROBERT DAWSON: And where a decision
17 is either overturned or varied, whether on internal
18 review or at the Commission level, would you agree with
19 me that another way of expressing that outcome is to say
20 that a claim for benefits has been disallowed, contrary
21 to the claimant's statutory entitlement to those
22 benefits?

23 MS. MARILYN MCLAREN: As determined by
24 the next level of authority, yes.

25 MR. ROBERT DAWSON: Mr. Chairman, that

1 concludes my questions. Thanks to MPI Panel, and thanks
2 to the Board for your attention.

3 THE CHAIRPERSON: Thank you, Mr. Dawson.

4 I imagine that is it for today. Okay. We
5 will adjourn and we will back tomorrow with Mr. Oakes at
6 nine o'clock. Thank you.

7

8 (PANEL RETIRES)

9

10 THE CHAIRPERSON: Excuse me. We just
11 were reminded that tomorrow we start at 9:15, because of
12 another appointment. So it will be 9:15. Perhaps, Mr.
13 Gaudreau, you could let Mr. Oakes know.

14

15 --- Upon adjourning at 3:23 p.m.

16

17 Certified Correct,

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22 _____
23 Rolanda Lokey, Ms.

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