

CMMG (MPI)

CMMG (MPI) 3-1

With respect to CMMG (MPI) 1-22, what information does the Corporation have relative to the estimated claims cost attributed to distracted drivers over any period?

RESPONSE:

The Corporation does not currently have information that estimates claims costs attributed to distracted drivers.

CMMG (MPI) 3-2

With respect to CMMG (MPI) 1-24, please advise what percentage of the charges in executive remuneration in 2009 and 2012 were related to executive bonuses. Is there a different name used by the Corporation for "bonuses"?

RESPONSE:

In 2009 and 2012, none of the charges related to executive bonuses. The Corporation does not pay bonuses to any employee and there are no alternative names used by the Corporation for "bonuses".

CMMG (MPI) 3-3

With respect to CMMG (MPI) 1-30, please show a table with the administrative cost of a claim averaged for each of the past five (5) years.

RESPONSE:

We do not track the information requested. For productivity tracking we monitor total claims handled per claims handler. Below is a chart showing these statistics for Injury Claims Management and Physical Damage at a corporate level.

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Injury claims management | 265 | 298 | 317 | 380 | 416 |
| Physical damage | 1,346 | 1,405 | 1,453 | 1,607 | 1,679 |

CMMG (MPI) 3-4

Please state your source of information for the "Insurance Industry" statistics reproduced in your answer.

RESPONSE:

The source of information for the "Insurance Industry" statistics is from the Office of the Superintendent of Financial Institutions (OSFI) at the following link:

<http://ws1.osfi-bsif.gc.ca/WebApps/Temp/76c2af6a-b1a0-4f9a-908d-eca5e9754d6aFinancialData.aspx>

CMMG (MPI) 3-5

Please identify the one asset donated or disposed of at a loss in the last five (5) years and summarize the cost and loss associated with same.

RESPONSE:

| | <u>445 King St. Winnipeg</u> |
|---------------------------------|----------------------------------|
| Cash | 0 |
| Property and equipment | |
| - Building - cost | 702,000 |
| - Building - accum. depr. | (683,000) |
| - Land | <u>63,000</u> |
| | 82,000 |
| Gain (Loss) on sale of property | (82,000) |

CMMG (MPI) 3-6

Please calculate the average actual loss rate for motorcycles for the last three (3) years available (i.e. 2011, 2012, 2013).

RESPONSE:

Refer to CMMG (MPI) 1-1.

CMMG (MPI) 3-7

The actual losses shown in CMMG 1-1 seem considerably higher than the aggregate of the heads of damage set out in the attachments to CMMG 1-4. Please explain the difference.

RESPONSE:

The headings in CMMG (MPI) 1-1 should more appropriately be labeled as “Actual Ultimate Losses” and “Actual Ultimate Loss Ratio” since the figures reflect the development of actual losses as of February 28, 2014 to their ultimate values as presented in Volume II Ratemaking, section RM.4, Exhibit VI. The figures in CMMG (MPI) 1-4 reflect actual losses as of July 18, 2014.

Further, the figures in CMMG (MPI) 1-1 reflect restated losses based on the PIPP Cost Allocation per Board Order 97/05. These figures were used to determine the required rate for the motorcycle major class. The figures in CMMG (MPI) 1-4 were not restated.

CMMG (MPI) 3-8

With respect to CMMG 1-5, kindly advise what the Corporation would retrospectively require for a decrease in rate for motorcycle in 2012/2013 if MPI was required to provide motorcycle insurance on a break even or cost basis recognizing the loss rate was only 40% in this year.

RESPONSE:

The Corporation does not derive rates based on the one-year loss experience for any particular group of vehicles. Rates are derived by reviewing the long-term experience for a group of vehicles, as well as considering the credibility of the group. Per CMMG (MPI) 1-5, over the ten year period from 2004 to 2013, the average loss ratio for the motorcycle major class is 77.53%, which is in line with what is observed for the private passenger major class of 74.38%, per CMMG (MPI) 1-12.

CMMG (MPI) 3-9

When were the case reserves for motorcycle bodily injury claim last independently reviewed?

RESPONSE:

Vehicle Registration Class and or Type does not influence on our reserving guidelines. Motorcycle and private passenger vehicle bodily injury claim reserves are based solely on injury type and the associated functional recovery duration.

Claims with large loss exposure are independently reviewed by the Large Loss Reinsurers. Claims with a shorter duration are reserved in accordance with established reserving guidelines and procedures based on the MD Guidelines, which is a medical and evidence-based return to work reference that gives users an understanding of an individual's medical condition/injury and related functional recovery duration.

Independent reviews occurred as follows:

- Pricing & Economics review reserves monthly and compare them to historical averages
- Bodily Injury Claims Controllers completed a review of the non-catastrophic claims in January 2014
- Serious Loss Reinsurers periodically audit their claims, the last audit was completed in February 2014

CMMG (MPI) 3-10

Comparing the information provided by the Corporation in CMMG 1-5 for motorcycle loss ratios and CMMG 1-12 for private passenger, please advise what the required decrease for motorcycles would be required for the last three years to result in the same actual loss ratios as indicated in CMMG 1-12 for private passenger vehicles.

RESPONSE:

Please refer to CMMG (MPI) 3-8.