

December 4, 2017

NOTICE OF DECISION

- In Order No. 130/17 dated December 4, 2017, the Manitoba Public Utilities Board (PUB) approved a 2.6% over-all general rate increase for Basic compulsory motor vehicle premiums to be effective March 1, 2018.
- The Board further orders a 1.8% rate increase to the demerit scale for driver premiums under the Driver Safety Rating (DSR) system.

A 2.6% over-all general rate increase does not mean that rates for all motorists within each major class will experience a rate adjustment. Adjustments to specific classifications of vehicles will be determined based on MPI's rate design. Rates paid by individual policyholders within each class will be determined based on their driving record, the registered vehicle (make and model and year), the purpose for which the vehicle is driven and the territory in which the policyholder resides. Policyholders' premiums will also be impacted by actual claims experience.

Major vehicles classes include:

- Private passenger
- Commercial
- Public (taxi)
- Motorcycle
- Trailers
- Off-road vehicles
- **Total over-all** **2.6% change**

The Board is concerned that MPI chose not to fully comply with a significant proportion of the directives in Order 162/16. As a result, the Board orders MPI to file a status of compliance report on or before April 1, 2018, and fully participate in several technical conferences.

The Board has established an appropriate range for MPI's Rate Stabilization Reserve (RSR). The RSR is intended to protect ratepayers from rate shock due to unforecasted events. The lower threshold is set at \$180 million while the upper threshold is set at \$325 million.

The Board continues to hold the view, as it has expressed in the past, that the Corporation's non-compulsory Extension line of business should be regulated, given the Corporation's market

position as a *de facto* monopoly provider of non-compulsory auto insurance in Manitoba. Since 2008, Extension has never held less than 95% of the market on competitive lines of business.

The Board has therefore recommended to the Government that the Board's jurisdiction be extended to give to the Board the same powers over the Extension line of business as it has over Basic.

The PUB is an entity, at-arm's-length from Government, which is primarily responsible for serving the public by setting just and reasonable rates.

A copy of the Order, which contains additional information, may be reviewed on the Board's website www.pubmanitoba.ca, or be obtained through the Board's Office.