

REPLY SUBMISSION

VEHICLES FOR HIRE
2018 INTERIM APPLICATION
JANUARY 10, 2018



**Manitoba
Public Insurance**

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1 INTRODUCTION

- 1 In this reply submission, MPI offers comment on the closing submission of the Manitoba Branch of the Consumers' Association of Canada (the CAC), as well as the public comments of Duffy's and Unicity Taxi, and the supplemental public comments of UBER.
- 2 MPI welcomes the comments on the 2018 Vehicles for Hire (VFH) interim application, and anticipates a thorough review in the 2019 General Rate Application (GRA). MPI's silence in this submission, on an any issue brought forth by parties to this proceeding, should not be understood to confer agreement on MPI's part.

2 THE CAC RECOMMENDS THAT THE PUB APPROVE MPI'S INTERIM APPLICATION

- 3 MPI is pleased that the CAC has recommended the PUB approve MPI's Vehicles for Hire Interim Application and is further pleased that the CAC, within the context of this interim application, is satisfied that the rating model proposed by MPI is fair and equitable, actuarially based and sufficiently flexible to accommodate different regulatory frameworks.
- 4 Finally, MPI appreciates that the CAC agrees that MPI's proposal provides for sufficient flexibility to refund or charge additional premiums, if necessary.

2.1 MPI is Committed to a Fulsome Exploration of VFH Rates During the 2019 GRA

- 5 Although MPI has provided its best information as part of the Interim Application, as part of the 2019 GRA, MPI will be prepared to present additional evidence (as available) on the financial impacts of the VFH rating model, and DSR vehicle premium discounts, as well as the associated claims forecasts and IT costs.

- 6 MPI is also prepared to report on any further stakeholder engagements that are not otherwise restricted by non-disclosure agreements, and any further developments in the Canadian industry standards for TNC insurance models.
- 7 However, MPI is only cautiously receptive to the CAC's suggestion to prepare an analysis of the interplay between the legislation, by-laws and the rating model. MPI expects that the proposed rating model will be suitable for the range of municipal regulatory frameworks that may be enacted, and expects to deal with conflicts if and as they develop. As such, drawing direct comparisons may prove difficult and not particularly useful as described, since regulatory models may differ between municipalities.

2.2 Municipalities Regulate the Vehicles for Hire Industry

- 8 *The Local Vehicles for Hire Act* is clear that municipalities regulate the vehicles for hire industry within municipal boundaries. As acknowledged by the CAC, municipal regulation of the industry includes safety and training standards as well as the quality of service provided by industry participants.
- 9 MPI has no authority in the realm of municipal by-laws, and therefore MPI proposes that much of the discussion proposed by the CAC under the umbrella of Road Safety should be directed to municipalities outside of the GRA process.
- 10 Further, MPI cautions against using a regulatory process meant to review and approve rates for service, to explore the 'nature, quality and adequacy of service' in downstream industries. MPI acknowledges that the nature, quality and adequacy of MPI's insurance products are appropriately considered in the approval of rates for services, but those same particulars for the vehicle for hire industry are not.
- 11 With respect to road safety concerns that are within MPI's mandate, we anticipate that access to DSR vehicle premium discounts and restricting cross subsidization between VFH and the Basic pool will incentivize better driving behaviour.

3 TAXI INDUSTRY CONCERNS ADDRESSED

- 12 The public comments submitted by Unicity and Duffy's Taxi address a number of issues. MPI is pleased to comment on those concerns that are relevant to the interim application.
- 13 MPI developed the time band model to apply equally, and provide flexibility to all types of VFH. Fair and equitable treatment of the various types of VFH was a primary selection criteria, and MPI believes that the model proposed provides incremental flexibility and benefit to taxicabs and other traditional VFH service providers.
- 14 The proposed rates for taxicabs are based on demonstrated loss experience, and anchored in the PUB approved rates. MPI believes there is insufficient information based on experience in other jurisdictions to suggest the experience for private vehicles for hire will be the same as taxicabs, which is why the proposed rates for private vehicles for hire are different. Over time, MPI's ratemaking approach will adjust the rates for all VFH based on actual experience.
- 15 As it relates to taxicab rates, these are actuarially driven, and based on demonstrated loss experience in Manitoba, so there is no basis to lower these rates through this Interim application, except to the extent that taxicab operators may elect to insure in less than all four time bands, in which case the rates charged would be reduced commensurate to risk. This said, it is hoped that permitting taxicab industry access to vehicle premium discounts for safe driving, will act as an incentive to improve loss experience – which will in turn bring down the premium requirements in the future. MPI has also offered to work collaboratively with the taxicab industry on safe driving and collision avoidance initiatives to improve the loss experience within this pool. Ultimately, these efforts, if successful will reduce the premium requirements for taxicabs in an actuarially-based and appropriate manner.

4 TNC CONCERNS ADDRESSED

- 16 The supplemental public comments by UBER speak to the ability of MPI to issue a blanket policy to a ridesharing company, on the direct action or by exemption of the Lieutenant Governor in Council. MPI is not aware of any intention by the Lieutenant Governor in Council to make fundamental changes to the Basic Insurance framework. MPI's proposal for VFH insurance is consistent with legislative requirements of Manitoba's public auto insurance model.

ALL OF WHICH IS RESPECTFULLY SUBMITTED