

July 2, 2019

Via E-Mail



The Manitoba Public Utilities Board
Attention: Darren Christle
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Dear Sir:

RE: Proposed Intervention of CMMG

This is further to the written submission of Mr. Oakes on behalf of the Coalition of Manitoba Motorcycle Group Inc. (CMMG), by letter dated June 28, 2019.

Firstly, Manitoba Public Insurance (MPI) is not opposed to the proposed intervention of CMMG and looks forward to addressing questions concerning the rate requirement and the premiums sought for motorcyclists.

Concerning the other issues raised by counsel for CMMG, MPI responds as follows:

Issue 18 – Reserves Regulation

MPI agrees with CMMG that the jurisdiction of the Board need first be clarified before any deliberation of this issue can occur. Moreover, no steps can be taken to challenge the validity of the Reserves Regulation until notice is served in accordance with section 7(3) of *The Constitutional Question Act*.

Accordingly, in the absence of said notice, MPI says it would be premature to include Issue 18 on the Issues List (beyond the content that deals with the proposed Capital Management Plan):

18. Proposed Capital Management Plan, the proposed Basic capital build or release provisions, and the proposed mechanisms for capital transfers from other lines of business, including but not limited to the results of the Capital Management Plan Technical Conference directed in Order 159/18;

In the event that notice is provided to the attorneys general of Manitoba and Canada pursuant to *The Constitutional Questions Act*:

a. Is the Reserves Regulation invalid;

If the Reserves Regulation is not determined to be invalid:

b. Must the Board ensure that approved rates for service comply with it;

If compliance is not required:

c. Does it remain a relevant factor to be considered when setting rates for service;

If compliance is required:

d. Does the Proposed Capital Management Plan comply with the Reserves Regulation;

If the Reserves Regulation is determined to be invalid:

e. Target capital analysis and the target Basic total equity threshold levels.

The balance of the issue and agreed to wording would be triggered should notice be served.



MPI does not agree that the Reserves Regulation was a unilateral step taken by the corporation in this regard. Legislative draughtsmen for the Manitoba Government would have prepared the regulation, schedules and Order-in-Council, for review and approval by Cabinet (signed by the Minister responsible, Premier and Clerk of the Executive Council).

Issue 20 – Road Safety

MPI does not deny the importance of road safety and loss prevention to Manitobans, and particularly to motorcyclists given that a significant portion of motorcycle claims costs relate to personal injury (unlike other vehicle types).

Having said that, MPI maintains that road safety was an issue fully canvassed at the two day Road Safety Technical Conference held April 4 & 5, 2019. Perhaps more importantly, having that issue canvassed at the hearing not only undermines the purpose of the technical conference, but is not an economical use of time and resources.

MPI does recognize that it would be disingenuous to suggest it be entirely deferred to a future general rate application (or technical conference), having not opposed the intervention of Bike Winnipeg. And bearing in mind the comments of CMMG at the Overview Workshop (June 24, 2019), i.e. that questions invariably arise from the technical conference, MPI is suggesting as a compromise that any such questions be put to MPI during the two rounds of Information Requests, such that no questions will remain by the time the hearing commences in October. That is, the report of Mr. Keith, the application itself, and the Answers to Information Requests will constitute a full record of the evidence needed to address the issue of road safety in the 2020 GRA.

In deference to the technical conference process, and to ensure a wise use of ratepayer money, MPI says this compromise, if agreeable to the Board, could form part of the procedural order.

Other Comments

Concerning any novel suggestions that might be advanced by CMMG with a view to reducing the premiums charged to motorcyclists, MPI welcomes discussion of any alternative workable solutions that are fair and just for all Manitobans. MPI does point out that one corporate priority identified in the 2020 GRA is the Motorcycle Product Review, with an overall goal of reducing motorcycle rates and encouraging safe riding (see Part III – Basic Autopac Coverage).

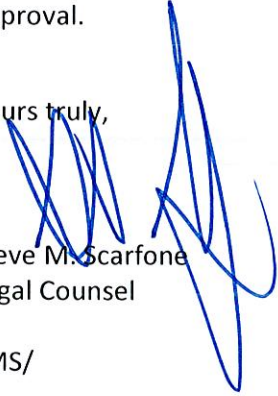
MPI indicated at the Pre-Hearing Conference that its theme for the 2020 GRA is stability, which includes maintaining fiscal strength. As set out in the Overview section, there has been no real change in the financial position of Basic from this time last year. While Basic shows a net income of \$79 million, this is largely due to nearly \$100 million generated from the sales of equities to implement the ALM Study.

The net income cited by Mr. Oakes (\$159 million) represents all of MPI, including Extension and SRE, not just Basic. Moreover, the Capital Management Plan, in conjunction with the Reserves Regulation, will see ratepayers enjoy the benefit of extension profits when moneys from that reserve are transferred into the rate stabilization reserve.



MPI asks that the financial statements of CMMG be provided as soon as possible given their importance in determining a position on costs. There appears to be a greater focus this year on ensuring intervenors file their financial documents earlier in the process to allow for a proper analysis to be done before final approval.

Yours truly,


Steve M. Scarfone
Legal Counsel

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