

Service Delivery Model

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Agenda

1. **Customer experience measurement and focus at MPI has changed**
2. **Repairing vehicles moving to industry standard compensation and processes**
3. **Drivers licensing service issues and opportunities**
4. **Online services of the future**

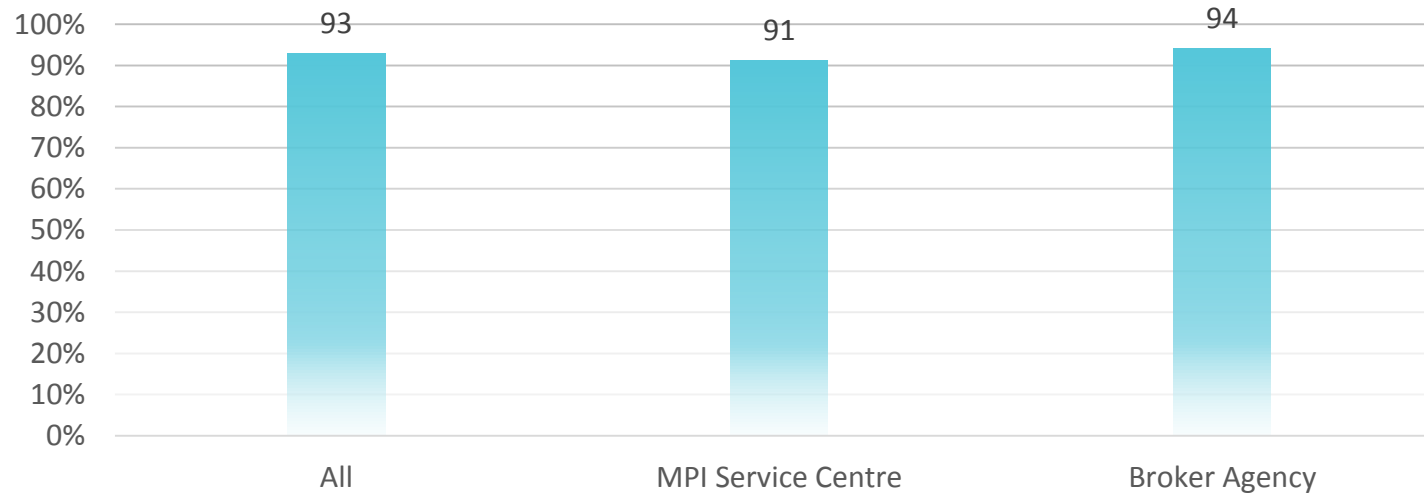
MPI has new customer experience metrics

- We are now asking customers
 - Satisfaction for a vehicle claimant = 83% (not 97%)
 - Satisfaction for a total loss = 60-70%
 - Net promoter score is roughly 40 for vehicle claimants, 20 for licensing customers, and 15 for injury claimants
 - Suggestions for improvement are useful for lean improvements or quick fixes



Non-Claims transactions have high satisfaction...

Insurance and Licensing Customers: Overall Satisfaction with Service Received
Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)



- **Similar satisfaction with MPI or Broker**
- **No difference urban or rural**

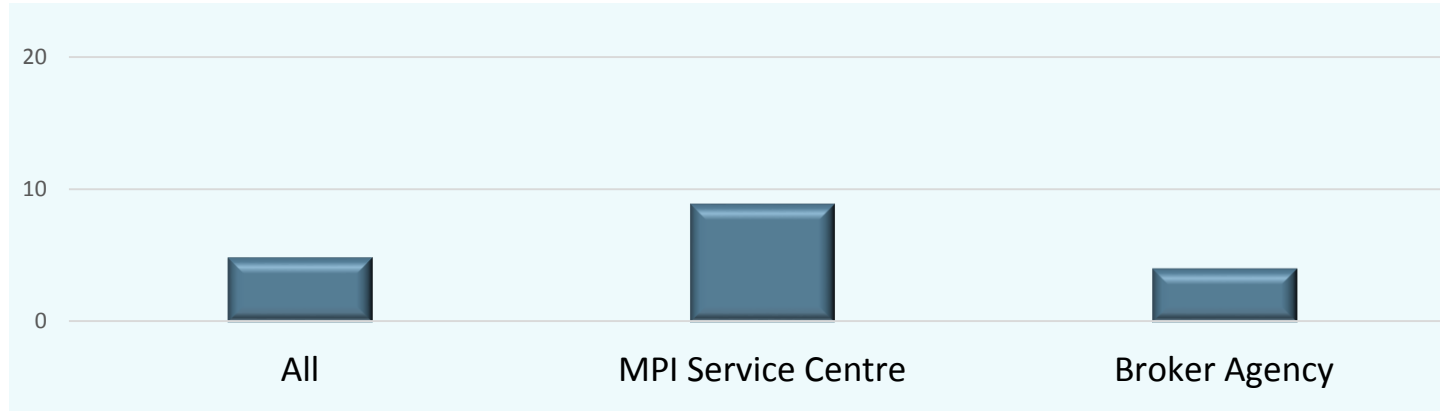
Notes:

- The standard Forrester Research scales and groupings (i.e., 1 to 7, or 0 to 10 for Net Promoter questions) are used. Those who are deemed to be *satisfied* provided a 6 or 7 response (out of 7).

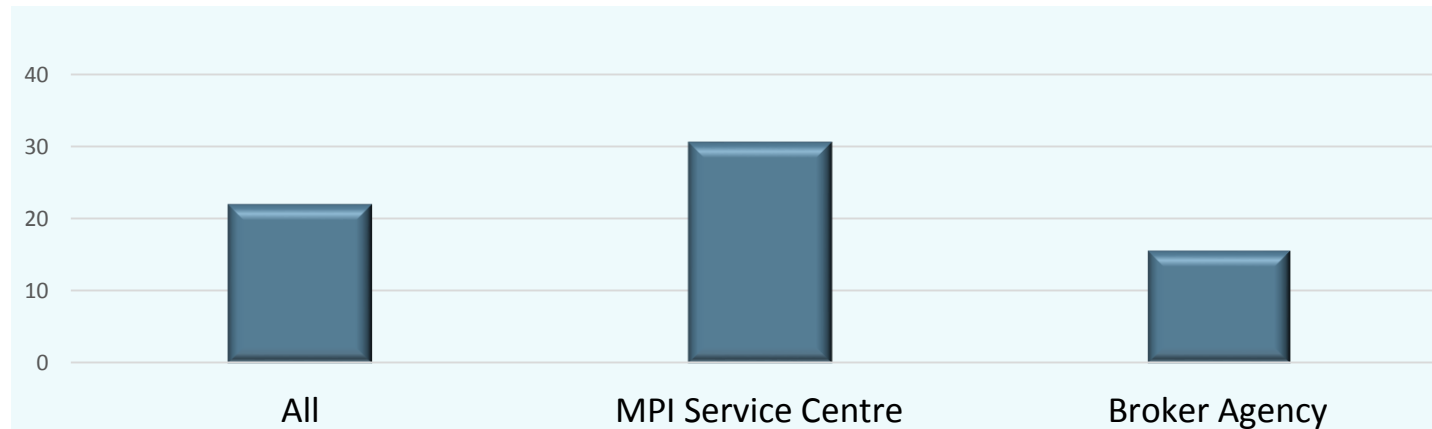


... but the NPS shows areas of improvement

Net Promoter Scores for Insurance Services Provided by MPI
Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)



Net Promoter Scores for Driver's Licensing Services Provided by MPI
Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)



- MPI scoring higher on both insurance and licencing

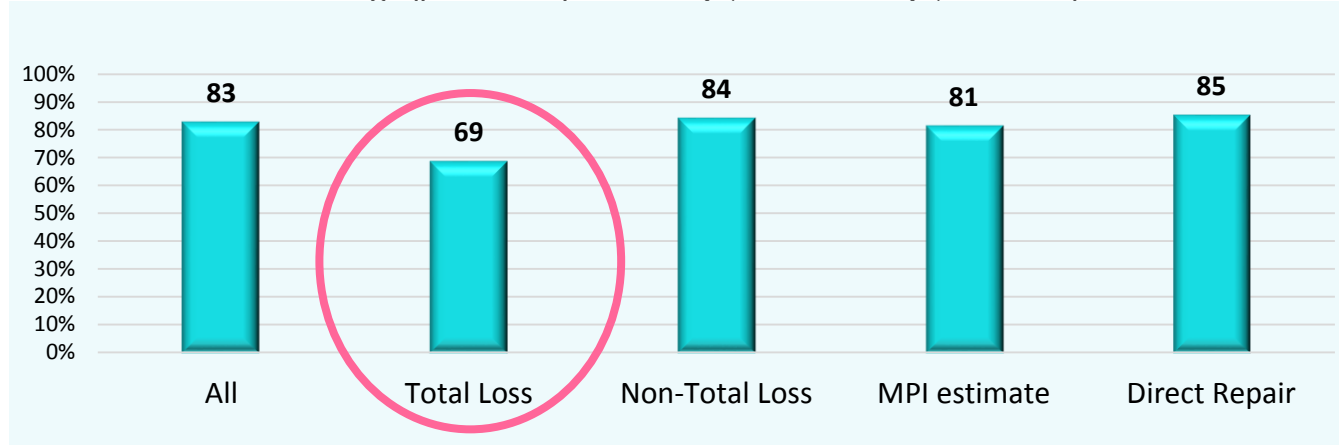
Note: The Net Promoter calculation differs from 'agreement' and 'satisfied' questions. Net Promoter Scores (NPS) are calculated by subtracting the detractors (0-6 ratings) from the promoters (9-10 ratings). The NPS is an index score.



Vehicle claims customers show opportunity

Physical Damage Claimants: Overall Satisfaction with Claim

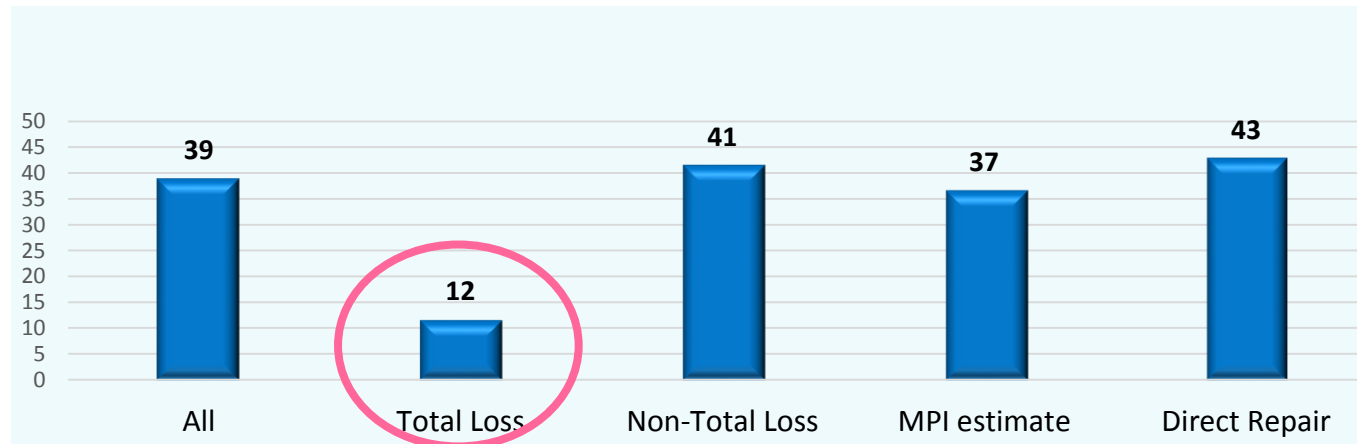
Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)



- Total loss needs improvement (just launched)

Physical Damage Claimants: Net Promoter Scores for Services Provided by MPI

Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)

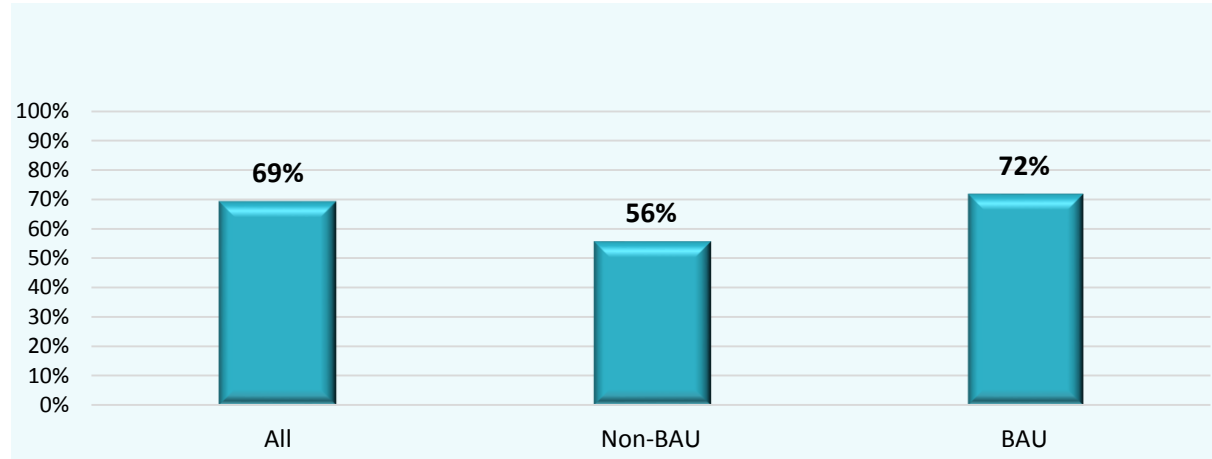


- Direct repair customers like the option of DR

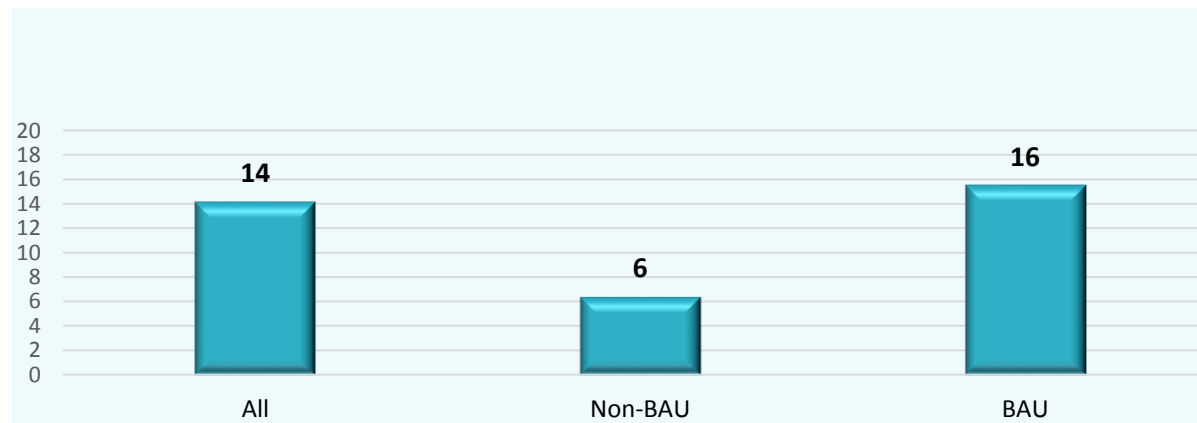


Injury claimants have lower satisfaction

Injury Claimants: Overall Satisfaction with Claim
Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)



Injury Claimants: Net Promoter Scores for Services Provided by MPI
Average (past four quarters: Q3, 2018/19 - Q2, 2019/20)



- **Non-BAU claims involve case managers and are complex**



Improvement areas provided by customers

- First Notice of Loss (FNOL): answer calls faster/less time on hold
- Estimating: provide a closer inspection
- Adjusting: return calls/emails faster
- Injury Case Management: return calls/be on my side
- PIPP benefits: allow my treatment claim
- Licensing: better training for staff and brokers

Roughly \$400m claims cost in repairing vehicles

MPI, the Automotive Trades Association (ATA) and the Manitoba Motor Dealers Association (MMDA) reached a new two-year term agreement for Light Vehicle Accredited (LVA) shops in Manitoba, which came into effect April 15, 2019.

- The deal term included the following compensation elements:
 - No Labour rate increase for the duration of the new agreement term (two years); rates from the current agreement would continue to apply
 - The \$81 Direct Repair (DR) Premium payable to all DR shops will be completely removed at the outset of the new term
 - Increase of North American Glass Standard (NAGS) discount from 10% to 20% in Southern Manitoba in both years of the term
 - Addition of new standard compensation items (e.g. addition of compensation for pre and post scanning, calibration, and payment for paint-related work such as blend) targeting better customer outcomes

Cross Jurisdictional Review

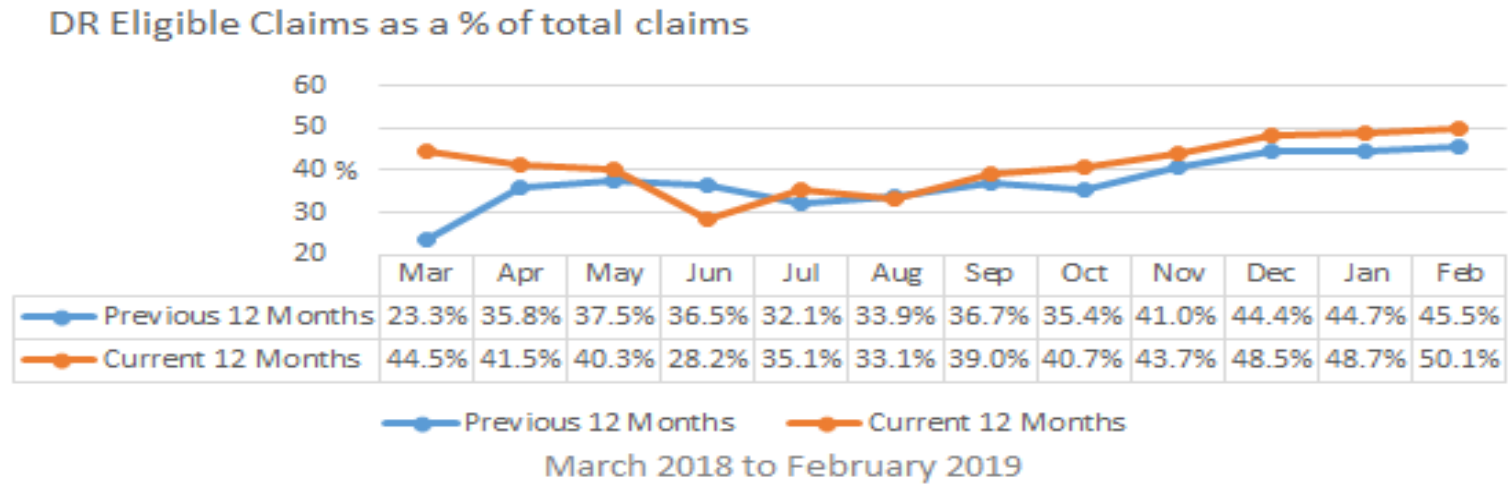
- In 2018, MPI engaged the chartered accountancy and business advisory firm MNP LLP, to conduct a cross-jurisdictional review comparing repair compensation paid by insurers from various jurisdictions in Canada.
- The MNP study found that MPI paid among the highest compensation rates in Canada and U.S.

Province	Body Rate
Saskatchewan	\$92.12
Alberta	\$74.72
Manitoba	\$74.53
British Columbia	\$72.90
Newfoundland & Labrador	\$65.67
Nova Scotia	\$60.34
Ontario	\$58.98

Source: Mitchell industry trends report 2018, MPI

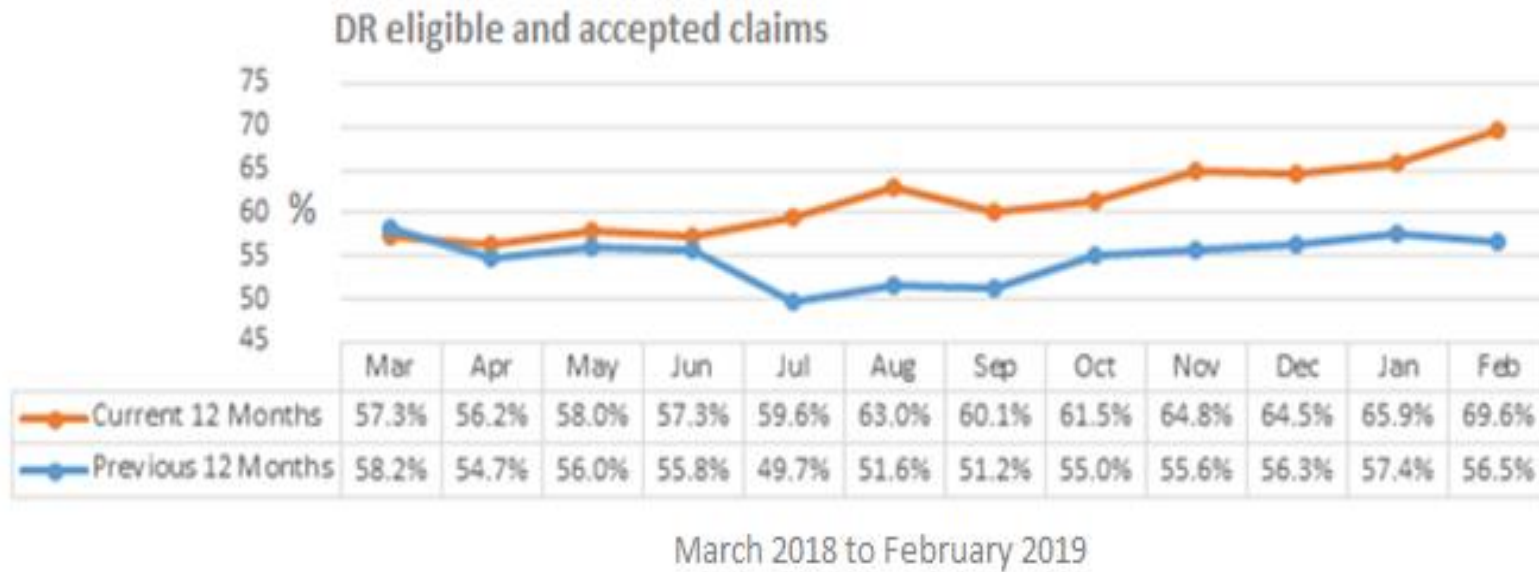
Direct Repair (DR) is a measured expansion

- Changes made to program to increase DR service coverage and level the playing field for shops
 - Lifted geographic restriction
 - DR under Volume restriction (minimum of 5 jobs/week) lifted



Customer uptake is growing

- MPI removed restrictions to locations and shop size which increased acceptance rates
- Customer research surveys to better understand why customers declined DR



Paintless Dent Repair (PDR): A Success Story


- PDR highlights from 2017 implementation to today;
 - 2018 total savings exceeded \$9 million
 - PDR claims increased from 17% of all hail claims in 2016 to approximately 70%
 - Reduction of total loss hail claims from over 35% in 2016 to approximately 22%



New total loss process was needed

- \$250m in total losses
- New software valuation tool
- Launched Sept 2019
- Independent
- Data driver – less subjective

Report Date 24/04/19 2015 Honda Accord LX 4D Sedan



Autosource

Market-Driven Valuation™


Manitoba Public Insurance Co is dedicated to delivering exceptional service to you in reference to your claim SAMPLE CONSUMER RPT from loss date 23/04/2019 on a 2015 Honda Accord LX 4D Sedan. Manitoba Public Insurance Co has selected Audatex, an independent vehicle valuation company, to prepare a comprehensive vehicle valuation for your vehicle. This valuation report was prepared specifically for your vehicle and represents a fair and accurate value driven by the retail used vehicle market.

In these pages, you will find:

- > [Vehicle Inspection](#)
- > [Market Overview](#)
- > [Valuation Detail](#)

Market Value

\$17,540



The Valuation Process

The breadth and depth of the Audatex used vehicle database makes Autosource the most comprehensive market-driven valuation process available. Audatex has been determining locally sensitive, fair, and accurate market values for vehicles since 1985, with more than 30 million vehicles valued. The Autosource Market Value includes vehicles for sale at dealerships and private party sellers, starting right in the local market.

Vehicle Description

2015 Honda Accord LX 4D Sedan
72,001 Kilometers Actual
4cyl Gasoline 2.4
Continuously Variable Tr

Interior	Air Conditioning	Alarm System	Cruise Control
	Center Console	Bucket Seats	Heated Front Seats
	Intermittent Wipers	Illuminated Visor Mirror	Lighted Entry System
	Floor Mats	Overhead Console	Pwr Driver Lumbar Supp
	Power Door Locks	Power Windows	Power Drivers Seat
	Rear Bench Seat	Velour/Cloth Seats	Tachometer
	Trip Computer	Tire Pressure Monitor	Tilt & Telescopic Steer
Exterior	Rear Window Defroster	Chrome Grille	Keyless Entry System

Claim SAMPLE CONSUMER RPT
Request 43205462
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✓ **5% increase on customer satisfaction Q2 with new process**

Drivers license services under strain in 2019

- MELT was a major service issue for 2019
- Normal testing and call center volumes expected to return
- Reviewing our licensing rules as a result
- Need online to support

MPI service brokers with training and support

- MPI has 35 highly trained contact centre staff dedicated to broker calls
 - They also have 45 staff trained to provide customer numbers, document orders, and basic overrides
- Most common calls are for licensing coaching, insurance coaching, financial/payment explanations and overrides (approvals)
- MPI trains broker staff initially (eg intro to Autopac), then annual refresh training

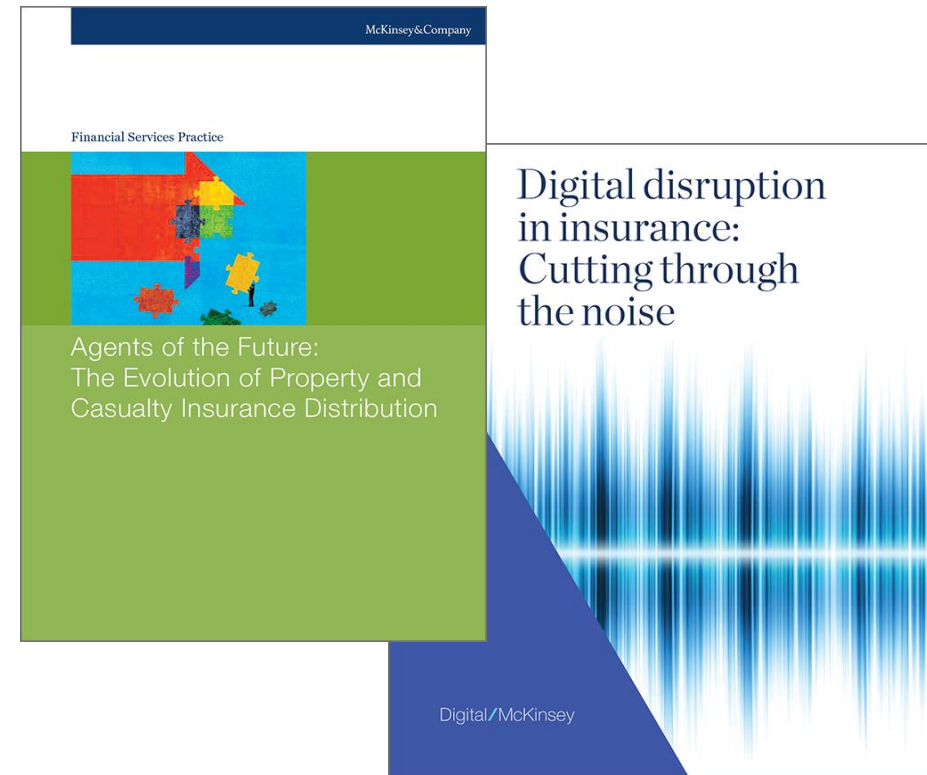
➤ Critical for MPI to keep broker level of competency high to provide great service and satisfy our customer base



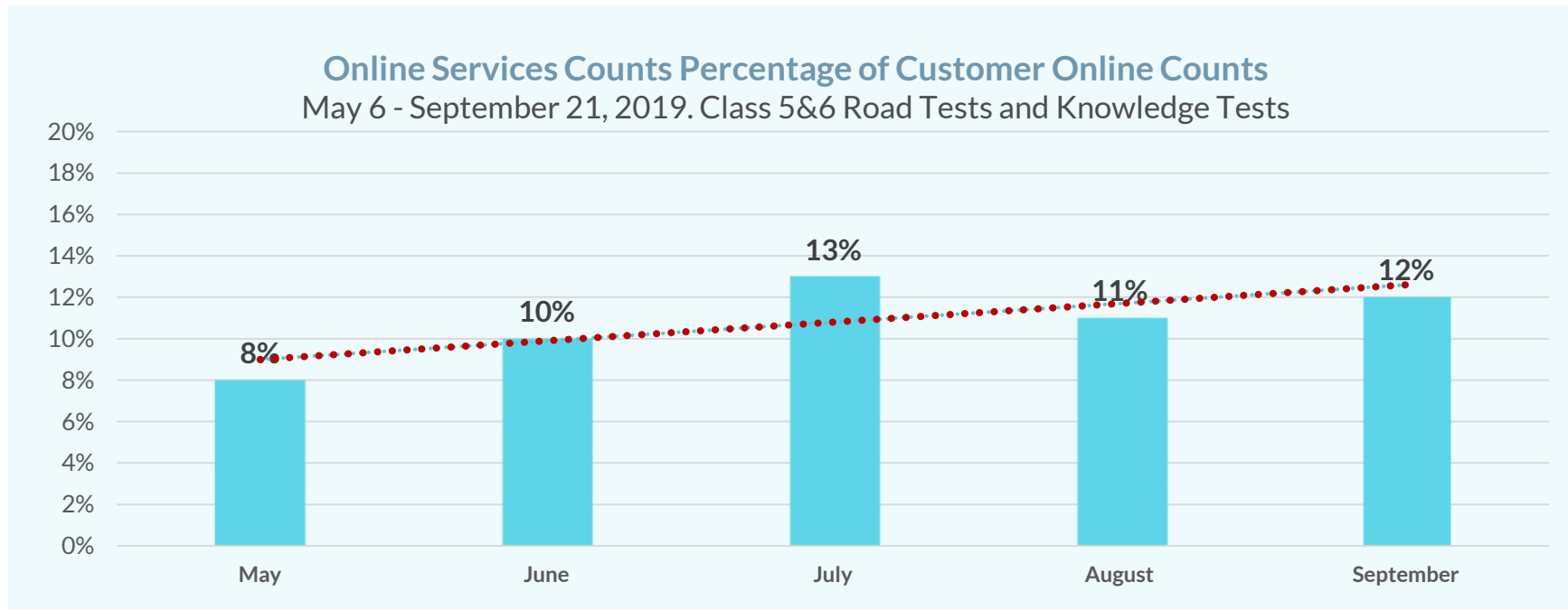
Online services of the future

“For brokers, the key concern is that direct-to-consumer channels are eroding their value proposition. The extent of the disruption facing brokers will depend on how they adapt. Augmented by digital tools and analytics, the broker of the future is expected to move towards providing more complex risk advice, while simpler risks become automated.”

A Changing Workforce: Implications of Technological Disruption for the Insurance Industry in Canada, 2018.



Class 5/6 online was good, Class 1 would have been better



- Needed online capability for all class testing
- Organic growth in demand without advertising



Current customer may not be offered choices

Additional Options and Extension Products Discussed:

Percentage who indicated the following options and products was discussed by the agent

Autopac Option & Extension Products	% indicated**
Deductible amount	48.1%
Third Party Liability	38.9%
Extension Loss of Use	27.8%
Off-Road Vehicle Coverage	13.0%
Excess Value Coverage	11.1%
Changing Insurance Use (e.g., pleasure, all-purpose, farm, ride share)	7.4%
New Vehicle Protection	7.4%
Leased Vehicle Protection	5.6%
Changing Coverage Area (insurance rate territory)	3.7%
Income Replacement Indemnity Extension	1.9%

* Asked only to those who indicated their agent discussed options and/or Extension products. Not all products are relevant for each customer (e.g., new vehicle protection, leased vehicle protection, excess value).

** As a customer may indicate that more than one option or product was discussed, the sum of percentages may add to more than 100%



Online services is possible for MPI

- MPI 'project Nova' will provide the capability for MPI website delivery of services
- Customer needs come first for MPI to stay relevant
- Risk is lower – customer risk in choosing self-service is lower in Manitoba with MPI
- Customer should get to choose the service channel that suits them
- Brokers are key to future servicing of customers

Conclusion

- MPI is adopting industry standards, software, or best practices in all areas of service delivery
- Adapting to this change can be difficult for MPI partners
- So far, we are seeing excellent results and low risk with this strategy

