

Manitoba Public Insurance Broker Commissions

Commission Structure

MPI pays commissions to brokers for performing various customer service and sales functions that the Corporation has identified as compensable. Broadly speaking these duties relate to the provision of driver testing and licensing, vehicle registration and insurance though there are a few small outliers such as winter tire loans and Snopass.

There are three types of commission:

Type	Rate	% of Overall Compensation (2019)	Description
Basic	3%	44%	Paid as a % of premium on mandatory Basic Autopac products and Driver's Licences.
Extension	19.75%	44%	Paid as a % of premium on Extension Autopac products that customers elect to purchase to enhance their coverage.
Flat Fee	\$4.72 - \$22.24	12%	Paid for services such as changes to customer information, policy cancellations or vehicle ownership transfers.

Commission rates for Basic and Extension have been stable for several years. We adjust flat fees annually for inflation.

Earning Commission

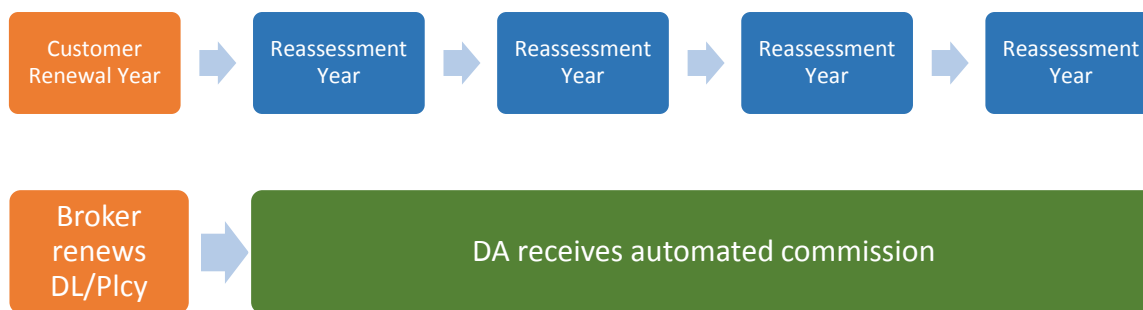
Basic and Extension

Basic and Extension commission payments both operate in tandem with MPI's Streamlined Renewal Process ["SRP"]. SRP places all customers on a 5-year cycle where in year one, their "Renewal Year", they must attend a service location (Broker or MPI Service Centre) to renew their policy/driver's license. For the following four "Reassessment" years MPI will automatically reassess their license and policies and bill them without their having to physically attend a location.

Commission is tied to this through the Designated Agent ["DA"] program. When a broker writes a new policy or issues a new license, they become DA and earn commission on those for as many years as remain on the customer's current 5-year cycle. When the customer hits year 1 again, whichever service location performs the renewal(s) will become the DA for up to four subsequent reassessment years. In other words brokers may earn up to five years of commission for one renewal transaction.

MPI Service Centres can also be DA on policies and licenses but they do not earn commission.

NB: The DA and commission is tied to the license or policy, not the customer. If a customer has three policies, there could be a different broker earning commission as DA on each one. The timing of the renewal year is tied to the customer.



Other notes:

Even if a customer pays for their reassessment in person at a non-DA location, the DA will receive their commission for the premium charged.

Occasionally, a customer may wish to modify their coverage, adding an extension product, but do not attend the DA location. In that case, the broker selling the product will earn commission for the balance of the SRP year on that product only. But upon the next reassessment, that commission will revert to the DA for the balance of the 5 year cycle.

If a customer purchases a new policy when they are in year 4 of their SRP cycle, the service location will be DA for the automated reassessment in year 5 and then the renewal year will trigger the reassignment of the DA to whoever transacts the renewal with customer.

Customers can request that MPI reassign the DA on a policy or driver's license. This is usually the result of some kind of dispute between the broker and customer so it is quite rare. Such a transfer does not disrupt the SRP cycle; ie. If the policy is in its final year it will reassign in year one as usual.

Flat Fees

Brokers earn flat fee commissions for a variety of services that are not tied to the customer's SRP cycle. The broker performing the transaction always earns the flat fee for the service, even if it is for a policy or license that they are not the DA for. If there is an impact to the premium of a policy, the DA will see the commission impact on the next reassessment if applicable. These are one-time-only fees and customers must attend a service outlet to obtain the service.

Flat fee amounts vary widely but generally the more complex the service provided, the higher the fee.

Commission Payment

MPI issues commission payments to brokers monthly on the 10th.

If a customer cancels a policy, MPI does not claw back commissions on unearned premium from a broker. Instead it applies penalty fees on the customer to recoup the loss. This does not apply to cancellations resulting from sales and transfers of ownership.