

October 21, 2019

Undertaking #28

MPI will provide an explanation for the staggered retro-payment referenced at line 13 on Figure 1 of CAC-MPI-1-1.

RESPONSE:

The explanation was previously provided in response to CAC (MPI) 2-1(a). Please see the excerpt below:

- "a) *In 2008, MPI and the Insurance Brokers Association of Manitoba (IBAM) entered into an agreement (refer to PUB (MPI) 1-47 Attachment F, MCTRA Agreement) whereby Brokers were paid a commission of 18.5% on the sale of all MPI Extension products. In subsequent years, MPI was required to reduce the rates for a number of Extension products which resulted in a decrease in premium revenue and a reduction in the overall commissions paid to brokers. This led MPI and IBAM to enter into new discussions in the summer and fall of 2011 on ways to increase the level of compensation from the original agreement to ensure a similar level of compensation of Brokers as though the price reduction didn't happen. As a result of these discussions, MPI issued a retroactive payment to Brokers in April 2012 to compensate them for commissions on Autopac Extension products not realized in past years because of the rate decreases."*