

September 18, 2020

The Public Utilities Board
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Dr. Darren Christle

Dear Dr. Christle,

Re: 2021 MPI GRA Round 2 IR Responses – Motion to Compel Responses

The Coalition of Manitoba Motorcycle Groups (“CMMG”) is seeking an order from the Public Utilities Board of Manitoba (“PUB”) to compel a response from The Manitoba Public Insurance Corporation (“MPI”) to information requests posed by CMMG.

Pursuant to Rule 15(1) of the *Rules of Practice and Procedure*, where an information request has been directed to a party and then served on a party in accordance with the Board’s directions, that party shall “provide a full and adequate response to each information request...”

CMMG (MPI) 2-5 (a) posed the following question to MPI:

“Please provide further explanation as to MPI’s rationale as to why it does not support the use of a special backing portfolio for motorcycle claims liabilities.”

MPI provided a response as follows:

“In its response to *CMMG (MPI) CI-1-3* MPI states:

“MPI... will consider making the change in the 2022 GRA, after a more thorough impact assessment is complete for all vehicles”.

As the yield curve is extremely flat at the moment, any benefit from implementing a unique portfolio for motorcycle claims liabilities at this time would be minimal.”

MPI's response in CMMG (MPI) CI 1-3 pertains to MPI's suggestion that the Corporation would be willing to consider applying "interest rates at points on the yield curve that correspond to the duration of the liabilities for discounting purposes" rather than the creation of a special backing portfolio for motorcycle claims liabilities. MPI's response fails to provide any rationale for the Corporation's opposition to the use of a special backing portfolio.

CMMG is seeking an order that MPI be required to provide a fulsome response that outlines MPI's opposition to a special backing portfolio for motorcycle claims liabilities.

As has been demonstrated in previous years, and again in the 2021 GRA, the motorcycle class is disproportionately impacted by declining long term interest rates. Acknowledging this, the Board last year directed that MPI "consider an investment or other strategies to ameliorate the effect of such changes, including the inclusion of equities of other growth assets in the reserves supporting long term liabilities...". CMMG's information request relates directly to this issue. A more fulsome response is required by the Corporation which outlines its rationale for the preclusion of a special backing portfolio, to allow Interveners and the Board to properly examine the Corporation's investment strategy, and more particularly its impact on the motorcycle class.

CMMG is ready to provide further written submissions on the subject or appear to orally speak to the matter if the Board requires.

Sincerely,

BD OAKES JARDINE KANESKI UNRUH LLP

PER:



CHARLOTTE MEEK

Counsel to CMMG

Cc: Manitoba Public Insurance
PUB Counsel
Interveners