

Driver Safety Rating

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2021 General Rate Application



MANITOBA
PUBLIC INSURANCE

Driver Safety Rating (DSR)

PUB Order

13.7 With respect to the Driver Safety (DSR) system, the Corporation shall:

- (a) File information in the 2021 GRA as to the timeline and major milestones for the determination of which rating model it intends to proceed with;
- (b) File a pricing examination in the 2021 GRA, including the financial impact on premium revenue and the cost of modifying the system, of the Registered Owner and Primary Driver rating models;
- (c) File information in the 2021 GRA as to whether it has collected data to recalibrate the amounts of driver premium to be charged under DSR system to be more statistically sound, based on experience; and
- (d) Conduct a review of best practices for rating models in other Canadian jurisdictions and file the results of the review in the 2021 GRA.

Parts a) and d) addressed in General Rate Application

Parts b) and c) addressed in Pricing Examination



Driver Safety Rating (DSR) cont'd

Pricing Examination - Overview

- Registered owner basis - i.e. based on the DSR level of the registered owner of the vehicle to which the loss cost is attributed
 - Discount percentages/surcharge dollars reflect the collective loss experience of drivers of vehicles registered to owners with the same DSR level
- Minimum bias procedure – standard actuarial technique to isolate the effect of DSR level on loss costs by adjusting for exposure correlations with other rating variables
 - Procedure applied separately to PIPP and Other than PIPP
- Data for merit eligible passenger vehicles and light trucks only (96% of merit eligible vehicles)
 - Other merit eligible vehicle types not used i.e. motorhomes and motorcycles – minimal effect on results



Driver Safety Rating (DSR) cont'd

Pricing Examination- Vehicle Discount Premium

DSR	Discount %		
	Indicated	Current	Variance
15	57.6%	33.0%	24.6%
14	47.5%	30.0%	17.5%
13	46.0%	29.0%	17.0%
12	44.2%	28.0%	16.2%
11	42.2%	27.0%	15.2%
10	39.8%	26.0%	13.8%
9	37.2%	25.0%	12.2%
8	34.4%	25.0%	9.4%
7	31.2%	25.0%	6.2%
6	27.8%	20.0%	7.8%
5	24.1%	15.0%	9.1%
4	20.1%	15.0%	5.1%
3	15.8%	10.0%	5.8%
2	11.2%	10.0%	1.2%
1	6.3%	5.0%	1.3%
0	0.0%	0.0%	0.0%

- Discount percentages reflect the collective loss experience of drivers of vehicles registered to owners with the same DSR level
- Does not reflect relative riskiness of drivers at different DSR levels
- For all DSR levels where a vehicle discount is applicable, the indicated discount is greater than the current discount



Driver Safety Rating (DSR) cont'd

Pricing Examination – Impact on Average Rates

DSR	Average Rate			
	Current	Indicated	Variance	% Variance
15	\$997	\$777	-\$221	-22.1%
14	\$1,081	\$999	-\$82	-7.6%
13	\$1,098	\$1,030	-\$69	-6.3%
12	\$1,123	\$1,072	-\$51	-4.5%
11	\$1,152	\$1,125	-\$27	-2.4%
10	\$1,167	\$1,169	\$2	0.2%
9	\$1,201	\$1,238	\$37	3.1%
8	\$1,204	\$1,298	\$94	7.8%
7	\$1,203	\$1,360	\$156	13.0%
6	\$1,292	\$1,437	\$145	11.2%
5	\$1,378	\$1,516	\$138	10.0%
4	\$1,386	\$1,605	\$220	15.8%
3	\$1,466	\$1,691	\$224	15.3%
2	\$1,466	\$1,782	\$316	21.6%
1	\$1,545	\$1,877	\$333	21.5%
0	\$1,571	\$1,936	\$365	23.2%
-1 to -20	\$1,607	\$1,980	\$373	23.2%

- Indicated discount percentages were applied to 2020/21 rates
- Impact on average rate by DSR level based on applying the higher indicated discounts offset by the 23.2% increase in the base rate required to achieve revenue neutrality
- Registered owners at DSR levels 11 to 15 will see lower average vehicle premiums; all others will see higher average vehicle premiums



Driver Safety Rating (DSR) cont'd

Pricing Examination – Impact on Surcharges

DSR	Surcharge	
	Indicated	Current
-1	\$167	\$200
-2	\$248	\$200
-3	\$331	\$300
-4	\$418	\$400
-5	\$508	\$450
-6	\$602	\$500
-7	\$698	\$650
-8	\$799	\$800
-9	\$903	\$900
-10	\$1,011	\$1,000
-11	\$1,123	\$1,200
-12	\$1,240	\$1,400
-13	\$1,361	\$1,600
-14	\$1,487	\$1,800
-15	\$1,617	\$2,000
-16	\$1,753	\$2,200
-17	\$1,895	\$2,400
-18	\$2,042	\$2,600
-19	\$2,195	\$2,800
-20	\$2,355	\$3,000

- Table shows the indicated vs. current surcharge dollars after applying the 23.2% increase in the base rate
- Indicated and current surcharge dollars are not directly comparable
 - Indicated – applied at the vehicle level (i.e. based on the average vehicle premium)
 - Current – applied at the driver level
- Indicated surcharge dollars represent the minimum surcharge dollars for drivers with the respective DSR levels

