

IBAM (MPI) 2-5

Part and Chapter:	PUB (MPI) 1-114 Attachment A	Page No.:	18
PUB Approved Issue No:	8. Cost Containment		
Topic:	Customer Service		
Sub Topic:	Broker Commissions and Broker Agreement		

Preamble to IR:

MPI has stated that to “continue focus on the broker experience” is not an immediate priority and empowering front-line employees is a “big bet”.

Question:

Please:

- a) advise the reason that focusing on the broker experience is not an immediate priority for MPI;
- b) advise what is meant by “big bet”;
- c) advise the reason that empowering front-line employees is a “big bet”;
- d) advise if MPI has any forecasting or estimates regarding how many customers will call into MPI or to brokers to ask questions while performing online transactions;
- e) advise if MPI expects that there will be a reduction or increase on demand of non-transactional enquiries (i.e., questions that do not result in a transaction being effected by the person answering the questions) from customers on MPI service centres, MPI contact centres and brokers upon the launch of online services; and

- f) advise if MPI has considered any increased demand on service centres or contact centres with regard to enquiries prior to a customer completing an online transaction in regard to its forecasting for FTE requirements and cost of operations;
- g) advise if and how MPI will be advising individual online customers that there are third parties offering extension products and that those third party extension products may be better suited to an individual customer; and
- h) advise the revenue brought in, for each of Driver and Vehicle Licensing, Basic and Extension, through each of service centres, brokers, and contact centres for the past five years and forecast the revenue by each for the next five years.

Rationale for Question:

To understand the strategy involving brokers and employees and how that may affect broker services and, in turn, broker commissions.

RESPONSE:

Please note that the quotes in the IR preamble were made by KPMG to facilitate executive discussion, as referenced in *PUB (MPI) 1-114 – Attachment A*:

MPI has stated that to "continue focus on the broker experience" is not an immediate priority and empowering front-line employees is a "big bet".

- a) **advise the reason that focusing on the broker experience is not an immediate priority for MPI;**

Although KPMG had prioritized broker experience later in the roadmap, MPI has moved this earlier due to its importance on customer experience. MPI and IBAM are already collaborating to:

1. design systematic methods for gathering, documenting, and weighing broker experience feedback; and
2. gather broker insights on customer experience improvement opportunities to identify strategies that could benefit both customer and broker experiences.

b) **advise what is meant by “big bet”;**

This phrase is not fully defined by KPMG but would seem to suggest that big bet initiatives have potential to deliver large progress with large effort.

c) **advise the reason that empowering front-line employees is a “big bet”;**

This phrase is not defined by KPMG, but corresponding interpretation indicate that this initiative includes large value with large effort. It incorporates multiple projects and deliverables, including:

1. Baselineing needs and conducting feedback sessions
2. Development of standardized training plan
3. Rolling out e-learning modules
4. Scaling to all transaction types

d) **advise if MPI has any forecasting or estimates regarding how many customers will call into MPI or to brokers to ask questions while performing online transactions;**

MPI does not yet have this information as the work on the NOVA release pertaining to customer online transactions, including discovery, has not fully started.

e) **advise if MPI expects that there will be a reduction or increase on demand of non-transactional enquiries (i.e. questions that do not result in a transaction being affected by the person answering the questions) from**

customers on MPI service centres, MPI contact centres and brokers upon the launch of online services;

MPI does not yet have this information as the work on the NOVA release pertaining to customer online transactions, including discovery, has not fully started.

- f) **advise if MPI has considered any increased demand on service centres or contact centres with regard to enquiries prior to a customer completing an online transaction in regard to its forecasting for FTE requirements and cost of operations;**

MPI will develop this plan using input received from customers and employees during the release process for launching customer online transactions.

- g) **advise if and how MPI will be advising individual online customers that there are third parties offering extension products and that those third party extension products may be better suited to an individual customer; and**

MPI will develop this plan following industry best practice input during the release process for launching customer online transactions.

- h) **advise the revenue brought in, for each of Driver and Vehicle Licensing, Basic and Extension, through each of service centres, brokers, and contact centres for the past five years and forecast the revenue by each for the next five years.**

Based on limitations within its systems and the availability of granularity of data, MPI does not forecast revenue for Driver Vehicle Licensing, Basic and Extension, through the service centers/brokers/contact centers on normal basis. Rather, its 5 year forecasts occur at the line of business level. ~~Accordingly, gathering and producing this information will require significant time and IT resources (approximately 5-7 business days) and MPI will provide as soon as it is available. Please see Figure 1.~~

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Figure 1 Basic, Extension, and Driver Revenue for Past Five-Years

Line No.	Broker	Basic Premium	Extension Premium	Driver Premium
1	2017-2018	330,625,739	57,183,072	12,682,798
2	2018-2019	336,506,363	56,891,136	16,152,518
3	2019-2020	435,943,292	64,162,501	19,758,874
4	2020-2021	408,878,697	59,677,671	18,840,999
5	2021-2022	373,979,323	63,088,353	16,909,254
6	Total	1,885,933,414	301,002,733	84,344,443
7				
8	MPI Contact Centre	Basic Premium	Extension Premium	Driver Premium
9	2017-2018	6,626,900	1,085,205	(18,750)
10	2018-2019	7,428,585	1,210,547	(64,101)
11	2019-2020	9,008,732	1,303,717	(39,802)
12	2020-2021	11,063,250	1,561,078	525,023
13	2021-2022	7,424,074	1,301,182	(850)
14	Total	41,551,541	6,461,729	401,520
15				
16	MPI Service Centre	Basic Premium	Extension Premium	Driver Premium
17	2017-2018	11,437,136	(206,902)	3,579,698
18	2018-2019	6,925,473	(108,757)	4,285,594
19	2019-2020	4,323,697	98,984	5,330,311
20	2020-2021	10,881,970	1,109,348	4,919,572
21	2021-2022	6,537,399	713,693	4,246,267
22	Total	40,105,675	1,606,366	22,361,442

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