

**Order No. 11/18**

**MANITOBA PUBLIC INSURANCE CORPORATION (MPI OR THE CORPORATION):  
APPLICATION FOR INTERIM 2018/19 VEHICLES FOR HIRE PREMIUM RATES**

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**January 15, 2018**

**BEFORE:** Irene A. Hamilton, Acting Chair  
Robert Vandewater, B.A., FCSI, CPA (Hon), CA (Hon), KStJ., C.D., Member  
Carol Hainsworth, Member

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## 1. EXECUTIVE SUMMARY

The Public Utilities Board of Manitoba (Board) hereby approves the Application of Manitoba Public Insurance (MPI or the Corporation) for interim 2018/19 vehicles for hire premium rates.

This Order grants to MPI approval of its rates on an interim basis only, recognizing the urgency of the need for rates to be in place when *The Local Vehicles for Hire Act*, S.M. 2017, c. 36 comes in to force on February 28, 2018. MPI shall seek final approval of vehicles for hire rates for service through its usual General Rate Application (GRA) process. In the 2019 GRA, parties granted standing will have a full opportunity to test the evidence on the rates, and MPI shall refund or collect any variance between the Board's interim and final determination of rates for service on a customer-by-customer basis.

The Board finds that Transportation Network Companies (TNCs) are a new business model in North America, and accordingly, there is a lack of experience upon which insurance rating models and rates can be developed. The Board has taken this into account in approving the rates applied for by the Corporation. The Board has, however, issued a number of directives to MPI, with the expectation that by the 2019 GRA MPI will be in a position to provide further information and experience in order for MPI to refine its rating model and rates.

## 2. PROCEDURAL HISTORY

On December 4, 2017, the Corporation filed a motion with the Board seeking an *ex parte* hearing of the Application. The Corporation had indicated to the Board in its motion that with the coming into force of *The Local Vehicles for Hire Act* on February 28, 2018, in order to provide compulsory insurance for vehicles for hire (VFH) by March 1, 2018, it would require an order on rates for VFH from the Board no later than January 15, 2018. This would enable MPI the opportunity to implement necessary system

changes and to work with the Government of Manitoba to enact the required regulatory amendments by March 1, 2018.

By Order 132/17, the Board declined to allow the Application to proceed *ex parte*, but ordered that the Application proceed as a written hearing on an expedited basis given the urgency of the matter.

In accordance with Order 132/17, applications for Intervener status in the Application were required to be filed with the Board on or before December 20, 2017. The Board received one application for intervener status, from Consumers' Association of Canada (Manitoba) Inc. (CAC). By Order 140/17, the Board granted intervener status to CAC.

In accordance with the procedure established by the Board in Order 140/17, one round of Information Requests was issued to MPI on behalf of each of the Board and CAC. Given the expedited nature of the hearing, CAC did not request to file written evidence with the Board, but was provided the opportunity to file closing submissions, setting out its position on the Application.

The Board also received written presentations from Uber Canada, Inc. (Uber) and from two operators from the taxicab industry. Neither Uber nor the members of the taxicab industry applied for intervener status in accordance with the Board's procedure. Although their written presentations were reviewed by the Board, they were not evidence before the Board in this Application.

### 3. THE APPLICATION

In the Application, the Corporation sought interim approval of the following rates for service effective March 1, 2018:

- The premiums charged with respect to compulsory VFH rates for service, effective March 1, 2018.
- Interim VFH rates for service were requested for both the 2017/18 and 2018/19 insurance year, based on rates approved in Board Orders 162/16 and 130/17.
- Changes to eligibility for vehicle premium discounts for VFH.
- Waiving of service fees for change of insurance for VFH.
- A mechanism for refunding/collecting any variance between interim and final approved VFH rates for service, as determined through the 2019 GRA.

The Corporation proposed no changes to miscellaneous permits and certificates, driver license premiums, or fleet rebates and surcharges.

#### 3.1. Principles for the Rating Model

The Corporation stated that where possible, pricing of its policies in the Application was based on known experience, and that pricing of future policies will incorporate claims experience to ensure that customers are paying appropriate premiums. VFH policies will be tracked in a separate pool to ensure there is no impact on other Basic customers.

MPI advised that it evaluated several rating models within the context of the compulsory nature of the Basic insurance program. It reviewed rating models and pricing in Ontario, Alberta and Quebec, and performed an initial scan of rating models used in the United States. According to MPI, no industry standard has yet developed on insurance rating models across jurisdictions for TNCs. In addition, coverage and pricing varies by insurance company within and across jurisdictions.

The Corporation determined that the rating models it reviewed, and which are used in other Canadian jurisdictions, were not suitable to MPI given the compulsory nature of the Basic insurance program.

MPI indicated that it selected a rating model that best satisfied the following criteria:

1. Is the rating model fair and equitable?
2. Is the rating model actuarially-based?
3. Is the rating model flexible enough to accommodate different regulatory frameworks throughout the province as a result of *The Local Vehicles for Hire Act*?

MPI deemed passenger vehicles and light trucks as eligible for the new VFH uses in Manitoba.

The Corporation also advised that, to streamline the registration process and system, it would discontinue the registration classes used for existing Taxis, Limousines and Liveries. In the current scheme, the "X-Plate" registration class is comprised of four classes and issued license plates beginning with X: Taxicabs, City Liveries, Limousine Liveries, and Country Liveries. The Corporation advised that the X-Plate registration classes would be expired and no longer issued after April 30, 2018. All VFH vehicles would be issued standard plates.

### 3.2. VFH Rating Model

In the Application, MPI proposed four categories for the VFH Rating Model:

1. Taxicab VFH
2. Limousine VFH
3. Accessible VFH
4. Passenger VFH

The premiums for each category of VFH were established separately. The insurance premiums would be based on four defined time bands, also referred to as "Levels". Each of the four categories of VFH would have the same four time bands available to them, with customers being able to self-select any combination of the four time bands. Customers would have anywhere from Level 1 coverage to Level 4 coverage, depending on the number of time bands purchased.

Premiums would be based on the number of time bands selected. Upon purchasing four time bands, VFH drivers would have the ability to operate during on selected days and times, up to 24 hours a day, seven days a week. The time bands are as follows:

<b>Time Bands</b>	<b>Time of Insured Commercial Operation</b>
<b>A</b>	Monday through Friday 10:00 am to 3:00 pm and Sunday through Thursday from 7:00 pm to 11:00 pm
<b>B</b>	Nightly 11:00 pm to 7:00 am
<b>C</b>	Monday through Friday 7:00 am to 10:00 am and 3:00 pm to 7:00 pm
<b>D</b>	Friday 6:00 pm through Sunday 11:00 pm

When a VFH is operated outside of its insured VFH time band, it would be insured for non-commercial operation. If a VFH fare originated during an insured time band, but the ride extended beyond the time band and was completed during a non-commercial operation time, the insurance coverage for VFH operation would extend to cover the duration of that fare.

The Corporation also proposed that there be no charge when changing the insurance on a passenger vehicle or light truck to a VFH, although it may re-evaluate this approach in future GRAs.

### **3.3. Basic Coverage**

All VFH would have the following Basic insurance coverage, consistent with Basic's all-purpose Passenger Vehicle Coverage:

- \$200,000.00 Third Party Liability
- \$50,000.00 Minimum Insured Value
- \$500.00 deductible

Therefore, Taxicabs, Limousines and Livery Vehicles would have their Basic deductible reduced by \$100.00, from their current deductible level of \$600.00.



### 3.4. Rate Setting Framework

The Corporation set different rates for the four categories of VFH: Passenger VFH, Taxicab VFH, Limousine VFH, and Accessible VFH.

As a result of staggered renewals, the Corporation noted that many customers will still have rates from the 2017/18 policy year in effect at the time that the VFH insurance uses come into effect. The Corporation therefore prepared 2017/18 equivalent rates for each of the new insurance uses. The methodology utilized for those rates was identical to the methodology used to calculate the 2018/19 rates (as set out below), but using 2017/18 Board-approved rates.

### 3.5. Passenger VFH

The rate setting framework for the Passenger VFH would apply to two categories of Passenger VFH:

- Passenger VFH (passenger vehicle): a vehicle for hire, which is a passenger vehicle and not a taxicab, limousine, accessible vehicle for hire, or a vehicle owned or operated by or on behalf of a municipality to provide public transportation services; and
- Passenger VFH (truck with 4,499 kg GVW or less): a vehicle for hire that is a truck with a gross vehicle weight of 4,499 kg or less and a body style as described in Schedule AA of the *Automobile Insurance Certificates and Rates Regulation*, M.R. 23/2017 under *The Manitoba Public Insurance Act*.

This is a rating class that currently does not exist and has never previously existed in Manitoba. Therefore, the Corporation advised, it has no internal data to support its ratemaking. The Corporation also advised that the current Taxi/Livery passenger vehicle insurance use would not be a good representation of a loss exposure for this rating classification.

For the Passenger VFH category, the Corporation employed a jurisdictional scan of VFH rates in other jurisdictions, and found that in Alberta, Ontario and Quebec the average VFH rate is approximately 8% to 25% higher than the all-purpose rate. The Corporation then judgmentally set the Passenger VFH rate for Level 4 coverage (all four time bands) at 20% above the current Private Passenger All-Purpose rate for the corresponding vehicle type and rate group. The rates would then decline incrementally by 5 percentage points based on the level of coverage:

<b>Number of Time Bands</b>	<b>Rate</b>
1	All-Purpose rate + 5%
2	All-Purpose rate + 10%
3	All-Purpose rate + 15%
4	All-Purpose rate + 20%

### 3.6. Taxicab VFH

The Corporation defined this category of VFH as a VFH that is a passenger vehicle equipped with a taximeter. Taxicabs would be able to select time bands based on when they operate, and would be able to receive Driver Safety Rating (DSR) vehicle premium discounts if registered as an individual customer.

The Corporation indicated there would be an as yet undetermined reduction in loss exposure for Taxicabs as a result of competition from Passenger VFHs. The Corporation also indicated that the exposure for Taxicabs would be greater than the All-Purpose Passenger vehicle use for the same vehicle. The Corporation was able to incorporate several decades of taxi claims experience currently used to set the Taxi/Livery passenger vehicle rates in order to support its ratemaking.

The Corporation set the Taxicab VFH base rate at Level 4 equal to the Board-approved 2018 Taxi/Livery Passenger Vehicle Base Rate.

To determine the base rates for Levels 1-3, the Corporation performed a percentage weighting between the 2018 approved Taxi/Livery Passenger Vehicle Base Rate and the average All-Purpose Passenger vehicle base rate for the four most recent model years. MPI then compared the blended rates for Levels 1, 2 and 3 to the blended rate for Level 4 to determine the percentage reduction for the lower levels.

For example, the Territory 1 rates for Taxicab VFH at Levels 1-4 would be initially calculated as follows, before rounding:

# of Levels Purchased	Territory 1 Taxi Base Rate	Taxi Weight	Territory 1, All Purpose, Newest 4 Model Years, Average Base Rate	All Purpose Weight	Blended Rate
4	\$10,358	100%	\$1,882	0%	\$10,358
3	\$10,358	75%	\$1,882	25%	\$8,239
2	\$10,358	50%	\$1,882	50%	\$6,120
1	\$10,358	25%	\$1,882	75%	\$4,001

The Corporation advised that to recognize that Taxicab VFH use may have lower loss exposure than current Taxicab use, it judgmentally assumed that the availability of DSR vehicle premium discounts and the reduction in the Basic deductible would offset this reduced loss exposure.

### 3.7. Limousine Vehicles for Hire

The Corporation defined this category of VFH as a VFH that is a passenger vehicle having an extended wheel base or design as a luxury or specialized passenger vehicle that is not equipped with a taximeter and operated for hire by a limousine or private car service.

Limousine VFH would be able to select time bands based on when they operate and would be eligible for DSR vehicle premium discounts if registered as an individual customer. The Corporation advised that the current Limousine rates are flat-rated by Territory, based on their historical loss experience. Similar to Taxicabs, the Corporation assumed that there would be some loss of market share as a result of the introduction of Passenger VFH. The Corporation had several decades of Limousine claims experience that were used to set Limousine all-uses rates.

For Territory 1, the Corporation set the Limousine VFH base rate at Level 4 equal to the Board approved 2018 Limousine All Uses Base Rate. Similar to the Taxicab category, to determine the base rates for Limousine VFH for Levels 1 to 3, the Corporation performed a percentage weighting between the 2018 Approved Limousine All Uses Base Rate and the average All-Purpose Passenger Vehicle Base Rate for the four most recent model years. MPI then compared the blended rates for Levels 1, 2 and 3 to the blended rate for Level 4 to determine the percentage reduction for the lower levels.

For example, the rates for Limousine VFH at Levels 1-4 would be initially calculated as follows, before rounding:

<b># of Levels Purchased</b>	<b>Territory 1 Limo Base Rate</b>	<b>Limo Weight</b>	<b>Territory 1, All Purpose, Newest 4 Model Years, Average Base Rate</b>	<b>All Purpose Weight</b>	<b>Blended Base Rate</b>
4	\$3,203	100%	\$1,882	0%	\$3,203
3	\$3,203	75%	\$1,882	25%	\$2,873
2	\$3,203	50%	\$1,882	50%	\$2,543
1	\$3,203	25%	\$1,882	75%	\$2,212

For all other Territories, the Corporation noted that there are currently fewer than 30 Limousines in rural territories and it assumed that the overall loss exposure would not change. Accordingly, to determine rates, the Corporation judgmentally assumed that a 5% rate reduction from the Limousine VFH rate at Level 4 coverage was appropriate for each decrease in Limousine VFH Level. Based on this assumption, MPI set the Limousine VFH base rates at each level as a percentage of the current Limousine All Uses base rate, such that the average of the four Levels was equal to the current Limousine All Uses base rate:

<b># of Levels Purchased</b>	<b>Proposed Percentage of Limos Base Rate</b>
<b>4</b>	107%
<b>3</b>	102%
<b>2</b>	98%
<b>1</b>	93%
<b>Average</b>	100%

The Corporation also judgmentally assumed that the higher rates for Limousine VFH at Levels 3 and 4, combined with the loss prevention incentives of the DSR, would offset the loss in revenue from the availability of DSR vehicle premium discounts and a decrease in the basic deductible for limousines.

### **3.8. Accessible VFH**

The Corporation defined Accessible VFH as passenger vehicles equipped with a wheelchair ramp or lift operated for the transportation of persons who use a wheelchair or mobility aid and their escorts, but not vehicles owned or operated by or on behalf of a municipality to provide public transportation services.

Accessible VFH would now be able to select time bands based on when they operate and receive DSR vehicle premium discounts.

MPI advised that the current rates for Wheelchair Livery Bus are flat-rated by declared value, based on their historical loss experience. This insurance use is only applicable to accessible vehicles in Territory 1. The Corporation assumed there would only be very minor changes in loss exposure for Accessible VFH, because of the unique nature of the insurance use. It has several decades of Accessible vehicles claims experience that is used to set Wheelchair Livery Bus rates.

In proposing rates for Territory 1 for Accessible VFH, the Corporation assumed that the overall loss exposure would not change. It judgmentally assumed that a 5% rate reduction from the Accessible VFH at Level 4 coverage was appropriate for each decrease in Accessible VFH Level. Based on this assumption, the Corporation then set the Accessible VFH base rates at each Level as a percentage of the current Wheelchair Livery Bus base rate such that the average of the four time bands was equal to the current Wheelchair Livery Bus base rate:

<b># of Levels Purchased</b>	<b>Proposed Percentage of Wheelchair Livery Bus Base Rate</b>
<b>4</b>	107%
<b>3</b>	102%
<b>2</b>	98%
<b>1</b>	93%
<b>Average</b>	100%

The Corporation also judgmentally assumed that the higher rates for Accessible VFH at Levels 3 and 4, combined with the loss prevention incentives of DSR, would offset the loss in revenue from the availability of DSR vehicle premium discounts and the decrease in the deductible for Accessible VFH.

As rates are not currently available for Wheelchair Livery Bus for Territories 2, 3 and 4, in order to set rates for Accessible VFH in those territories, the Corporation applied the territory relativities for the Public Major Class as presented in the 2018 GRA.

### **3.9. Future GRAs**

With respect to setting rates in future GRAs, MPI proposed that it would use the currently approved Board ratemaking methodology to adjust the required rates for each of the VFH uses, and then perform a separate relativity calculation within each of the VFH to determine the relative rates by time band use.

### **3.10. Final Determination of 2017/18 and 2018/19 VFH Rates**

The Corporation proposed that the final determination of VFH rates take place as part of the 2019 GRA, in which MPI will bring an application for 2017/18 and 2018/19 rates for service as well as 2019/20 VFH rates for service. The Board's final determination on 2017/18 and 2018/19 rates would be contained in the 2019 GRA Order. Any variance between interim and final approval rates could be rebated or collected, pursuant to the Corporation's automated process to trigger a "re-rating" of an insurance policy without requiring a customer visit to a broker or service centre.

If the Board were to approve final VFH rates for 2017/18 and 2018/19 insurance years differing from those approved in this Order, MPI would identify all VFH customers and initiate a re-rating of the insurance policy.

## **4. CAC POSITION**

Considering the short time frame within which the Board must approve rates for VFH, CAC recommended that the Application be approved. In the interim, and until a final determination is made by the Board following the 2019 GRA, CAC was of the view that the Corporation's proposal was reasonable, bearing in mind that it provides for the ability to refund or charge additional premiums if necessary.

CAC advised that it was satisfied that the Application met the criteria of being fair and equitable, actuarially-based, and flexible enough to accommodate the different regulatory frameworks in Manitoba.

CAC was nevertheless of the view that there are a number of issues that should be reviewed in further detail in the 2019 GRA before final approval is granted to the insurance rating model for VFH. Those issues include:

- The interplay between *The Local Vehicles for Hire Act*, the regulations and the insurance rating model;
- Rates for Taxicab VFH compared to Passenger VFH;
- The financial impact of the VFH rating model on MPI;
- DSR premium discount impacts;
- Information technology costs associated with adapting certain of MPI's technology platforms to accommodate VFH transactions;
- Forecasting of claims incurred;
- Road safety and loss prevention, particularly related to safety and training standards and VFH operating in Manitoba;
- Monitoring of industry standards and best practices; and
- Stakeholder engagement.



In reply to CAC's submissions, MPI recognized that other rating models could be used and that relative rate by level and sub-category within the VFH pool will eventually be adjusted based on actual claims experience. As a result, the Corporation did not object to a number of the directions proposed by CAC. MPI did, however, express reservations about the appropriateness of an examination of the interplay between *The Local Vehicles for Hire Act*, the regulations and the insurance rating model in the context of a GRA.

## 5. BOARD FINDINGS

This interim Application presents a number of challenges given the recent introduction of TNCs in Canada, the lack of industry standards on VFH insurance rating models, the lack of VFH claims experience and the compulsory nature of Basic insurance.

It is to be noted, however, that the Application is for approval of VFH rates on an interim basis effective March 1, 2018, pending further consideration and final approval pursuant to the 2019 GRA. In the 2019 GRA there will be an opportunity for all interested parties to apply for standing, and there will be a more detailed examination of the principles and issues associated with VFH insurance to ensure just and reasonable rates.

Further, as provided in the Application, the Corporation proposes that any variance between rates set pursuant to this Interim Order and the final rates approved in the 2019 GRA will be accurately refunded to or collected from the affected ratepayers.

The Board also notes that CAC Manitoba, the sole intervener, recommends approval of the Application on an interim basis in anticipation that these matters will be more fully addressed before the applicable rates receive final approval pursuant to the 2019 GRA.

The jurisdictional scan performed by the Corporation demonstrates that a number of different rating models are possible. The Board accepts the Corporation's evidence that it is not aware of any rating models currently adopted by a comparable public insurer.

Taking the foregoing into account, the Board hereby approves the Application as filed, on an interim basis.

As further detailed below, however, the Board also directs the Corporation to take a number of steps to ensure the necessary procedures are in place for the appropriate collection of data for future rate applications and, in particular, to permit future adjustment to the rating model and set rates for all categories of VFH on an actuarially indicated basis.

Given the lack of internal and external data to support ratemaking at the present time, the Board finds that it is reasonable for the Corporation to make judgments with respect to the appropriate rates as among VFH categories, "Levels" of coverage and Territories. While it is clear to the Board that the currently available data is incomplete, the Board anticipates that more detailed information will be available for the 2019 GRA.

Accordingly, the Board directs the Corporation to develop and report on a plan for the collection of data specific to the VFH pool, to be filed with the Board in the 2019 GRA. The plan the Corporation is to develop will include collection of information as to:

- i) A new VFH insurance use pool so that experience suitable for ratemaking can be tracked separately from other Basic vehicle classes;
- ii) Tracking of ratemaking experience (e.g., exposures, premiums, and claim counts and amounts) within the VFH pool, separated by each sub-category within the VFH pool (e.g., use category, number of time bands, territory), as well as separated by each time band;
- iii) Forecasting of claims incurred for the VFH pool; and
- iv) A means of allocating to the appropriate time band those claims occurring during any overlap of time bands in which the customer has selected both of the overlapping time bands.

The Board accepts the reasons stated by the Corporation for the proposed changes to the availability of DSR vehicle premium discounts and the Basic deductible for Taxicabs, Limousines and Livery Vehicles, which are that greater competition due to the introduction of Passenger VFH will lower the loss exposure for vehicles in these categories. However, the financial impact of these changes and implications for the rest of Basic can only be estimated at this time, again due to lack of experience with the VFH business model. Accordingly, while the Board has approved these changes, it will require that in the 2019 GRA the Corporation file information on the financial impact of these changes to the Corporation and the effect on Basic ratepayers.

Further, while the Application as approved will permit the waiving of service fees for customers who make a change to their insurance policies for VFH, the Board cautions that the number and frequency of such changes is as yet unknown. Should the number and frequency of such changes be significant, this cost may ultimately have an impact on Basic ratepayers. The Board therefore directs that the Corporation gather data on the number and frequency of changes made to insurance policies for VFH and provide a report in that regard in the 2019 GRA.

The Board is concerned with respect to the financial impact of the provision of VFH insurance and, in particular, that such insurance not be subsidized by other Basic customers. The Corporation has advised that no service fees will be charged to facilitate transition to the new VFH insurance framework. It is clear, however, that additional costs will be incurred in order to properly administer and monitor the VFH pool.

Accordingly, the Board directs that in the 2019 GRA, the Corporation provide information as to the total cost resulting from the VFH rating model. The total cost information shall include, but will be not be limited to:

- i) The financial impact of changes on the Corporation's pro forma financial forecast;
- ii) Driver safety rating premium discounts;
- iii) Reduced deductible from \$600.00 to \$500.00 for taxicabs, limousines and accessible vehicles for hire;
- iv) One-time and ongoing information technology costs related to upgrading or modifying the AOL and CARS programs to accommodate VFH; and
- v) Broker commission and service fees relating to transactions associated with vehicle for hire registration and time band selection.

The Board finds that there is a significant difference in between rates for the Passenger VFH category and the Taxicab VFH category. The Corporation should be able to demonstrate that it will be able to collect the necessary data to ensure in future rate applications that the differences in the rates for the Passenger VFH and Taxicab VFH are actuarially-based. The Board accepts CAC's submission that the issue of rates as between the Passenger VFH and Taxicab VFH ought to be explored further in the 2019 GRA. The Board therefore directs that in the 2019 GRA, the issue of Passenger VFH as compared to Taxicab VFH be reviewed, along with the issue of whether, for insurance purposes, the Taxicab VFH category should be eliminated such that Taxicabs would fall within another VFH use category.

Approving the Application, the Board has approved the mechanism to be applied by the Corporation in order to re-rate individual insurance policies for VFH in the event that there is a variance between the rates hereby approved on an interim basis and the rates approved in the 2019 GRA. The Board is of the view that VFH insurance customers

must be informed at the time of purchase of the VFH policy of the possibility of an increase or reduction in premium following the Board's order after the 2019 GRA. The Board therefore directs the Corporation to inform vehicles for hire customers, in advance of placement of coverage, of the possibility of a refund or the collection of additional premiums due to a re-rating resulting from the final approval of rates for service for VFH through the 2019 GRA.

The Corporation filed evidence with the Board in this Application regarding rating models and rates for TNC insurance across jurisdictions. As TNCs are a new phenomenon, the Board finds that further information regarding best practices and standards of the TNC, as well as information from stakeholders, would be beneficial for further review in the 2019 GRA, in order to inform the determination of just and reasonable rates. The Board therefore directs the Corporation to monitor best practices and standards of the TNC industry and present the results of its monitoring in the 2019 GRA. In addition, the Board directs that in the 2019 GRA the Corporation file a report on engagement that it has conducted relating to VFH with any stakeholders such as the City of Winnipeg, other municipalities, TNCs, representatives of the taxicab industry, consumer groups and disability groups.

CAC Manitoba expressed a number of concerns with respect to road safety and loss prevention in respect of both drivers and clients of vehicles for hire. In particular, it expressed concerns with respect to safety and training standards for drivers. The Board accepts that the introduction of TNCs into Manitoba may create additional risks or considerations with respect to road safety. The Board points out that in Order 130/17, it directed that a Technical Conference take place early in 2019 to examine a number of road safety and loss prevention issues. The Board finds that the issues of:

- i) Safety for drivers and clients of VFH;
- ii) Safety and training standards for all VFH drivers; and
- iii) Safety issues relating to persons with disabilities and VFH

would all be appropriately included within the 2019 Technical Conference, and accordingly directs that these issues be included in the agenda for the 2019 Road Safety Technical Conference.

With respect to the 2019 GRA, the Board also points out that in Order 130/17, the Board indicated that the issue of road safety and loss prevention would not be examined in the same level of detail as it was in the 2018 GRA. The Board directs, however, that the road safety information filed in the normal course by the Corporation in the 2019 GRA include information regarding emerging road safety issues as a result of the introduction of TNCs in Manitoba.

Lastly, CAC raised the issue of the fairness of safety and training requirements for drivers of vehicles for hire as one of its concerns. The Board recommends that the Government of Manitoba conduct a review of minimum standards and licensing requirements for drivers in all VFH categories.

## **6. IT IS THEREFORE ORDERED THAT:**

6.1. The Rates for Service for vehicles for hire for the 2017/18 and 2018/19 insurance years, as set out in Appendix 1 and Appendix 2 to the Vehicles for Hire 2018 Interim Application filed by Manitoba Public Insurance on December 15, 2017, BE AND HEREBY ARE APPROVED on an interim basis, effective March 1, 2018.

6.2. The Corporation shall apply for final Rates for Service for vehicles for hire for the 2017/18 and 2018/19 insurance years in the 2019 General Rate Application.

6.3. The Corporation shall refund or collect any variance between interim Rates for Service hereby approved and the Rates for Service finally approved through the 2019 General Rate Application (GRA).

6.4. Vehicles for hire in all categories of the vehicles for hire pool shall be eligible for Driver Safety Rating vehicle premium discounts if registered by individual customer.

6.5. The waiving of service fees for changes of insurance coverage for vehicles for hire BE AND HEREBY IS APPROVED.

6.6. The Corporation shall inform vehicles for hire customers, in advance of placement of coverage, of the possibility of a refund or the collection of additional premiums due to a re-rating resulting from the final approval of Rates for Service for vehicles for hire through the 2019 GRA.

6.7. The Corporation shall develop and report on a plan for the collection of data specific to the vehicles for hire pool and shall file the report in the 2019 GRA. The plan the Corporation is to develop will include collection of information as to:

6.7.1. A new vehicles for hire insurance use pool so that experience suitable for ratemaking can be tracked separately from other Basic vehicle classes;

6.7.2. Tracking of ratemaking experience (e.g., exposures, premiums, and claim counts and amounts) within the vehicles for hire pool, separated by each sub-category within the vehicles for hire pool (e.g., use category, number of time bands, territory), as well as separated by each time band;

6.7.3. Forecasting of claims incurred for the vehicles for hire pool; and

A means of allocating to the appropriate time band those claims occurring during any overlap of time bands in which the customer has selected both of the overlapping time bands.

6.7.4 The Corporation shall gather data on the number and frequency of changes made to insurance policies for vehicles for hire and provide a report in that regard in the 2019 GRA.

6.8. In the 2019 GRA, the Corporation shall provide information as to the total cost resulting from the vehicles for hire rating model. The total cost information shall include, but will be not be limited to:

- 6.8.1. The financial impact of changes on the Corporation's pro forma financial forecast;
- 6.8.2. Driver safety rating premium discounts;
- 6.8.3. Reduced deductible from \$600.00 to \$500.00 for taxicabs, limousines and accessible vehicles for hire;
- 6.8.4. One-time and ongoing information technology costs related to upgrading or modifying the AOL and CARS programs to accommodate vehicles for hire; and
- 6.8.5. Broker commission and service fees relating to transactions associated with vehicle for hire registration and time band selection.

6.9. In the 2019 GRA, the issue of Passenger VFH insurance rates as compared to the Taxicab VFH insurance rates be reviewed.

6.10 In the 2019 GRA, the Corporation shall examine the issue of whether, for insurance purposes, the Taxicab vehicles for hire category should be eliminated such that Taxicabs would fall within another vehicles for hire use category.

6.11. The Corporation shall monitor best practices and standards of the TNC industry and present the results of its monitoring in the 2019 GRA.

6.12. In the 2019 GRA, the Corporation shall file a report on engagement that it has conducted relating to vehicles for hire with any stakeholders such as the City of Winnipeg, other municipalities, TNCs, consumer groups, representatives of the taxicab industry and disability groups.



6.13. Included among the issues to be examined in the 2019 Road Safety Technical Conference directed in Order 130/17 shall be:

- 6.13.1. Safety for drivers and clients of VFH;
- 6.13.2. Safety and training standards for all VFH drivers; and
- 6.13.3. Safety issues relating to persons with disabilities and VFH.

6.14. The road safety information filed by the Corporation in the 2019 GRA include information regarding emerging road safety issues as a result of the introduction of TNCs in Manitoba.

## **7. IT IS THEREFORE RECOMMENDED THAT:**

7.1. The Government of Manitoba conduct a review of minimum standards and licensing requirements for all drivers of vehicles for hire.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at [www.pub.gov.mb.ca](http://www.pub.gov.mb.ca).

THE PUBLIC UTILITIES BOARD

"Irene Hamilton"  
Acting Chair

"Darren Christle"  
Secretary

Certified a true copy of Order No. 11/18  
issued by The Public Utilities Board



Secretary