

Doug Houghton

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Public Utilities Board of Manitoba
400-330 portage Avenue
Winnipeg, MB R3C 0C4

RE: MANITOBA PUBLIC INSURANCE 2024-25 GENERAL RATE APPLICATION

INTRODUCTION

Good afternoon Board members, MPI staff, MPI legal counsel, interveners and presenters. Thank you for this opportunity to speak to Manitoba Public Insurance's (MPI) 2024-25 rate application.

BACKGROUND

I've been riding motorcycles for more than 55 years and have been a member of the Coalition of Manitoba Motorcycle Groups (CMMG) for about 27 years. I'm a former president of CMMG and currently on its Board of Directors as Treasurer. I've been a motorcyclist most of my life and motorcycling is how I spend much of my spare time with friends and family.

In my other life, prior to retirement, I was a municipal planner, 36 years with the province of Manitoba. I've also sat on the board of the local Regional Health Authority and served as a member of the Manitoba Municipal Board. I'm currently involved with other volunteer organizations.

Today I'm speaking on my own behalf as some of the views expressed are my own and not necessarily those of CMMG.

PRESENTATION

This year's presentation should be brief. I intend to focus on the DSR system and current MPI methodologies that permit premium avoidance by high risk drivers. I would also like to suggest alternatives, so as to incorporate fairness in premium methodology. I totally support CMMG with this year's intervention. We need to achieve an actuarially sound Driver Safety Rating (DSR) system and implement a fairer model, such as the Primary Driver Model, for purposes of determining premium rates for vehicles.

REGISTERED DRIVER MODEL

In my opinion, the current Registered Owner Model, which allocates premiums based on the record of the registered owner is open to abuse and does not reflect the real risk created by the actual drivers of insured vehicles.

I'll not get into statistics as much of that information has been presented at previous hearings. We've heard about the great number of accidents caused by drivers who are not registered owners. In some instances the registered owner may not even drive the insured vehicle or even have the appropriate driver's licence for the particular type of vehicle they own.

In both instances the registered owner may have a very high DSR premium discount, yet the vehicle could be driven on a regular basis by one or more drivers with a poor driving record. These persons would otherwise be paying much higher premiums if a Primary Driver Model were used with premiums based on driving record.

The current model encourages drivers with a negative DSR rate, due accidents or traffic violations, to transfer ownership of their vehicles to another person or family member with a good driving record, a high DSR rate and lower vehicle premiums.

When a driver, who is not the registered owner, is at fault in an accident, the current methodology provides for an increase in the cost of the driver's licence, but to my knowledge the registered owner's vehicle premiums are not affected. There is little or no incentive for the registered owner to discontinue allowing these drivers to use their vehicle, nor for the driver to improve their driving habits. The loss of premium income that would otherwise be paid is borne by higher premiums for all insured Manitobans.

If the Registered Driver Model is to remain in effect, perhaps there should be a greater onus placed on the registered owner. Since it is the registered owner who permits a high risk driver to use their vehicle on a regular basis, perhaps there should be a premium or surcharge placed on the registered owner's vehicle should it be involved in an accident caused by the high risk driver.

PRIMARY DRIVER MODEL

My understanding of the Primary Driver Model is that each insured vehicle is assigned to one primary driver. The primary driver, is the one whose driving record and risk profile is used to calculate premiums because they are the person who drives the car the most.

Although better than the Registered Owner Model, there may still be some pitfalls to this system. If only the Primary Driver is listed, there could be one or more Secondary Drivers with poor driving records who also drive the affected vehicle on a regular basis. It is imperative that the Primary Driver Model also include Secondary Drivers and that premiums are apportioned appropriately and based on the average DSR rating of all persons listed as primary and secondary drivers. This however, may be difficult to monitor and administer on a year to year basis as individual driving records change according to birthdates and not necessarily coinciding with the vehicle renewal date.

In many cases the registered owner is often the primary driver. If the primary driver's DSR rating becomes negative and secondary drivers are not listed, what is to prevent the driver/owner from changing the listed primary driver to another secondary or regular driver with a higher DSR premium discount?

This model also depends on the honesty of the primary driver to identify all secondary drivers. Some owners may take the chance of not listing other regular drivers who may have a lower DSR rating. Unless there is an accident and detailed investigation, there is no way to determine if there has been misrepresentation or falsification.

If the Primary Driver Model is implemented, there needs to be detailed parameters as to what constitutes Primary Drivers, Secondary Drivers and Occasional Drivers. Personally, I would not want to affect the current ability to loan your vehicle to a friend or other family member on an occasional basis to run an errand or when their own vehicle is in for repair etc.

It is my understanding that MPI does not have accurate data to reflect who is actually driving vehicles in Manitoba and that legislation does not provide it with the jurisdiction to collect that kind of data. I should note that MPI already requires this data when insuring other types of vehicles. When registering and insuring my quad I was required to list and provide copies of drivers' licences of other persons who would be driving this ATV. Is the legislation different for these vehicles?

It is my suggestion that MPI implement voluntary data collection on an interim basis, but for the long term, seek legislative changes to the DSR system to provide it with the jurisdiction to collect data from its customers. Legislation should also provide for the appropriate penalties for falsifying information.

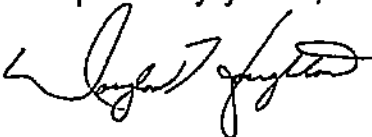
TRANSFER PENALTIES TO THE DRIVERS LICENCE

I much prefer the Primary Driver Model over the current Registered Owner Model; however, should the Registered Owner Model continue, there is a much simpler methodology to ensure that high risk drivers pay a fairer share of claims costs.

Drivers and riders cause accidents, vehicles don't, so perhaps the easiest and fairest solution is to apply all penalty costs to the driver's licence and not the vehicle. Then there is less financial incentive to transfer ownership. The data is already available and runs with the drivers licence.

That concludes my presentation. Thank you for giving me this opportunity to speak and for your attention to this matter.

Respectfully yours,



Douglas Houghton