

# BENCHMARKING

Month, Day, 2023

2024 General Rate Application

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MANITOBA  
PUBLIC INSURANCE

# Agenda

1

## Canadian Vehicle Premium Comparison

- Compares vehicle insurance rates across Canada for most passenger vehicles and select driver profiles
- Presents rate of average premium growth across Canada

2

## Customer Experience

- Customer feedback on MPI services
- Use of Forrester CX Index™ score as overall measure of customer quality and loyalty
- Phone and online surveys to rate customer satisfaction

3

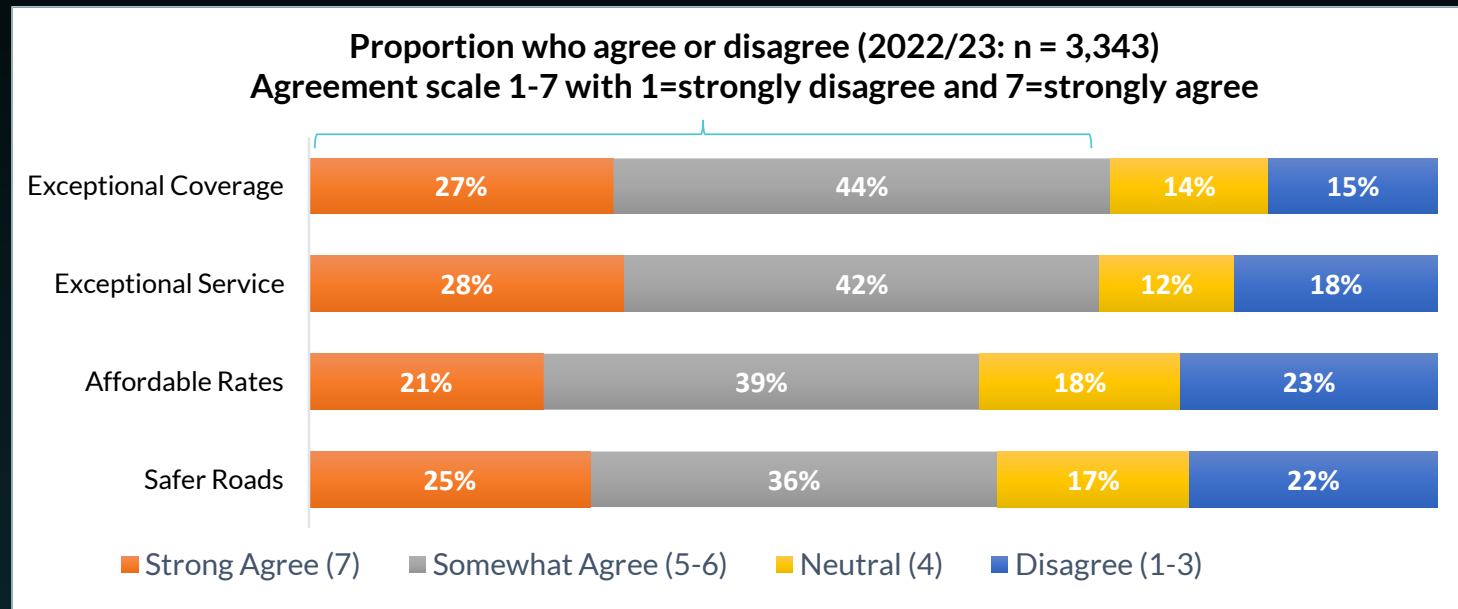
## Operational Insights

- Crown Benchmarking
  - Compare to SGI and ICBC
- AON Benchmarking
  - New for 2024 GRA
  - Compare to industry peers



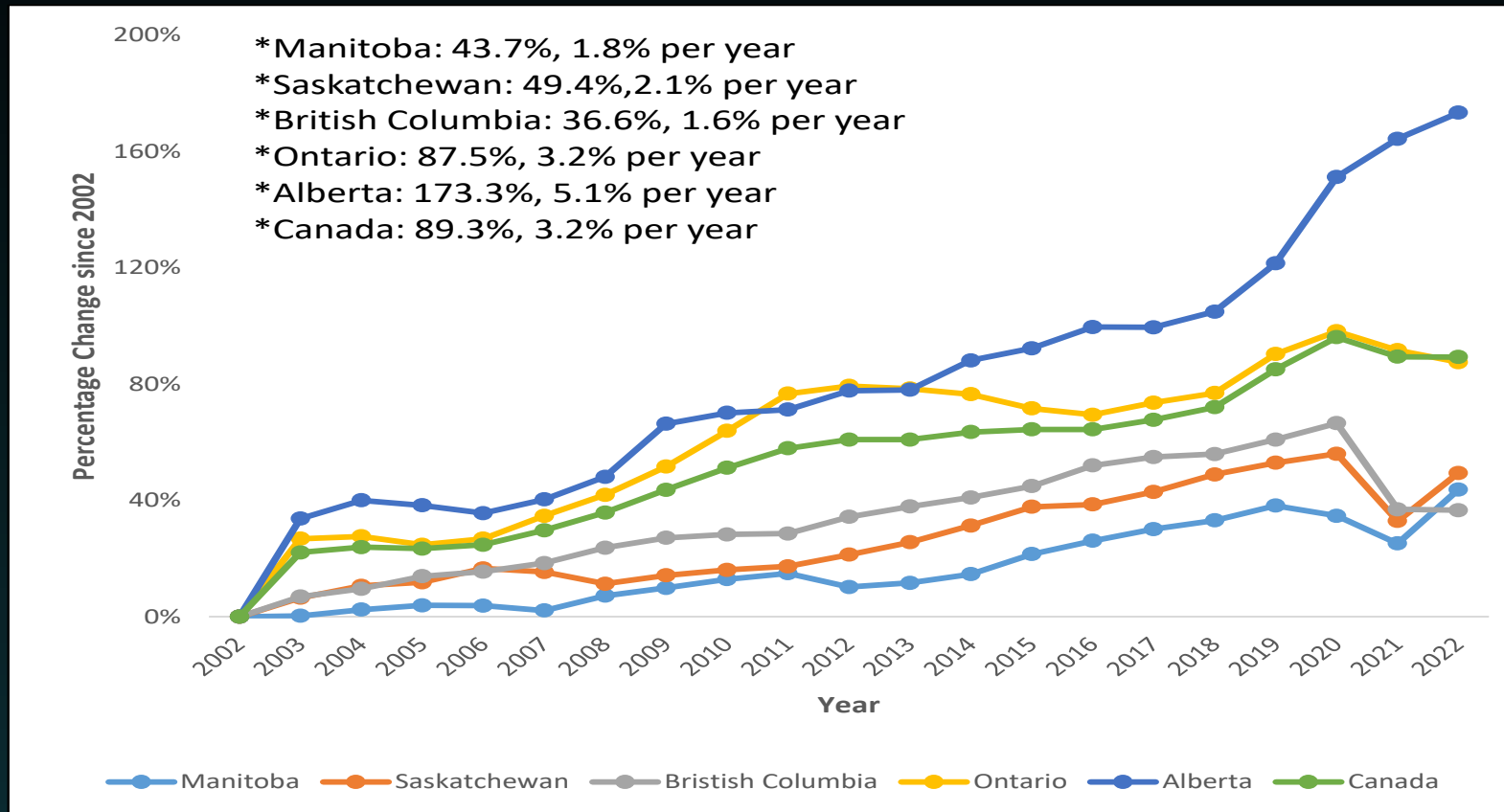
# Customer Experience – MPI Seen to Offer Value

Manitoban’s continue to support and feel that MPI is delivering on its mission.



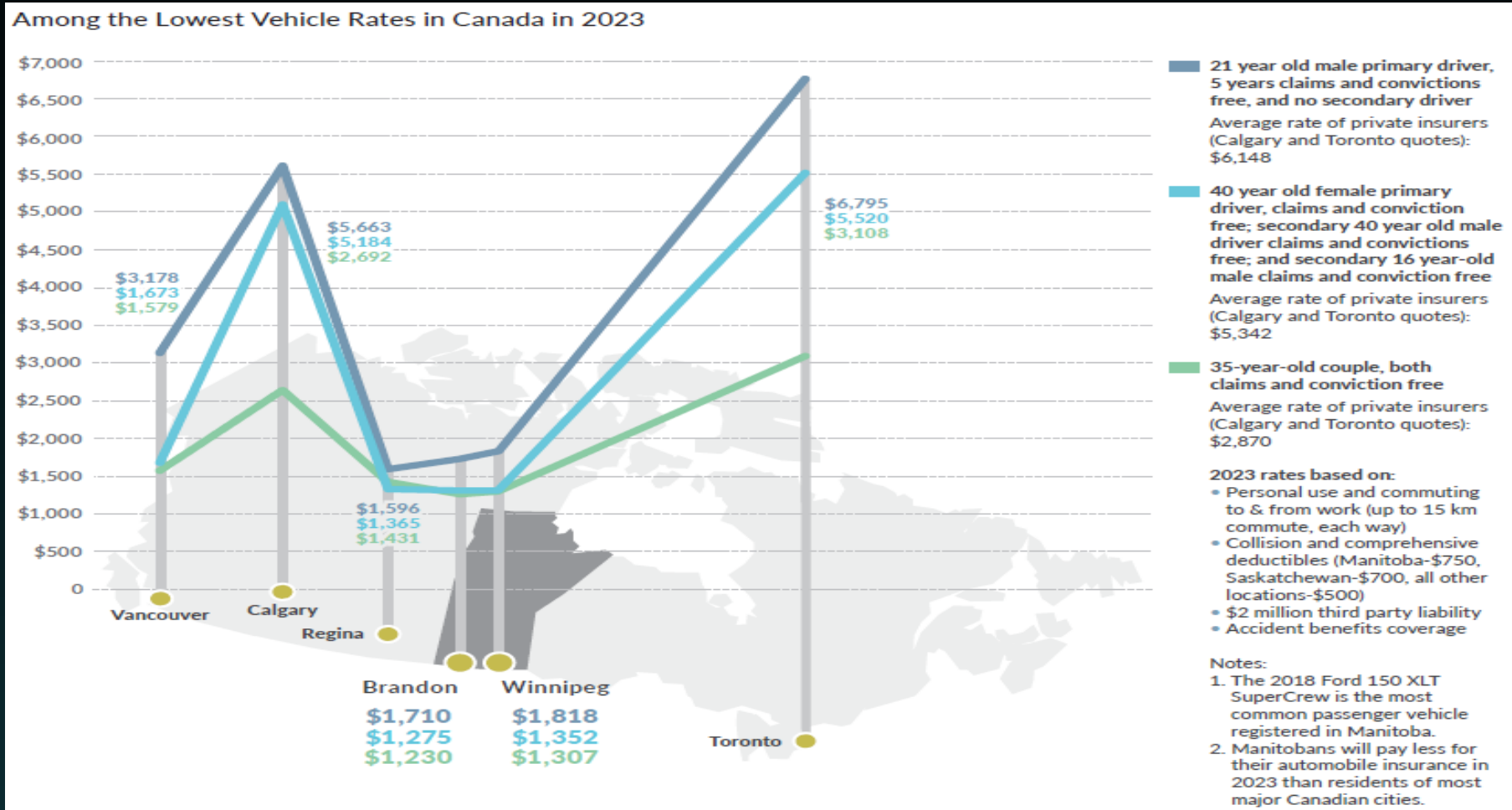
# Canadian Passenger Vehicle Premium Trending

Manitoba trends favorably relative to its Canadian counter parts; The average increase per year is 1.8%, less than half the Canadian average of 3.2%.



# Selected Driver Profile Rate Comparison

MPI remains competitive with SGI, and significantly more affordable in comparison to other jurisdictions



## Select Vehicle Rates Comparison

- EY has declined participation to undertake comparability reports, we will not be able to provide this data; Nor does MPI expect to continue the historical practice;
  - *Diminishing ability to obtain rate comparisons across the country; Aggregator Companies have shifted to online comparison tools which are restrictive and limit the availability of rates.*
- MPI invites a discussion with PUB regarding a path forward. One such option is for Regulators themselves to collaboratively make rates available within their jurisdictions.



# Operational Insights – Crown Peers

Manitoba’s trend in Total Gross Expenses per FTE continue to be lower than our Peer’s.

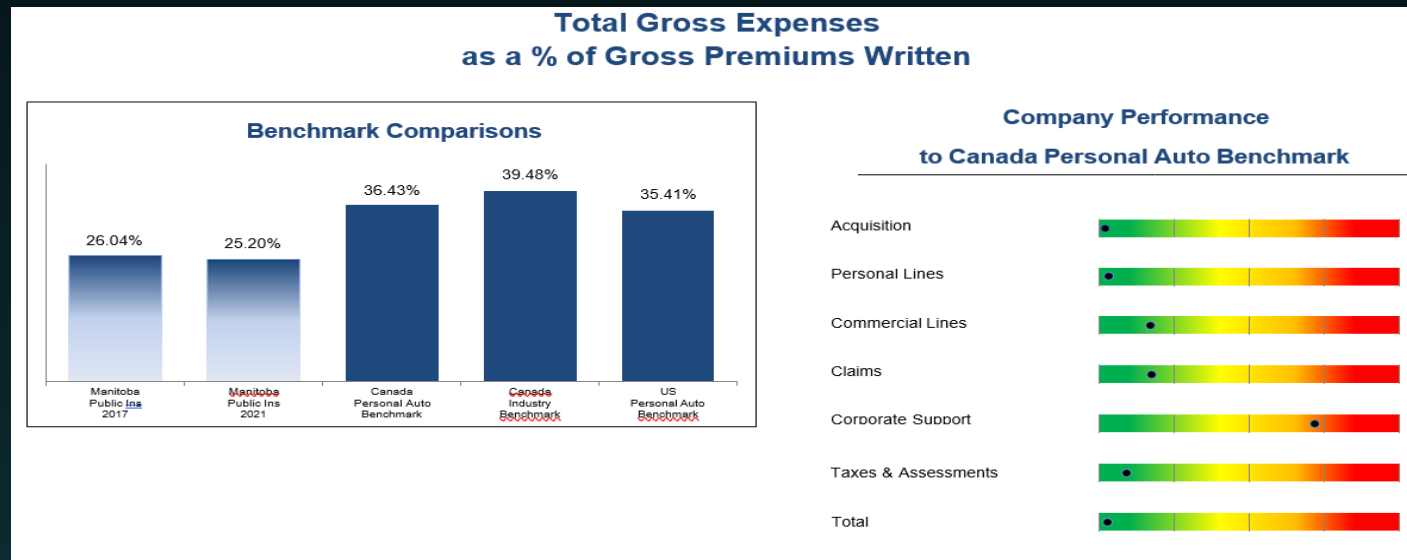
**Figure BMK- 8 2021-22 Comparative Benchmark Report**

Line No.	Performance Measurement	SGI Auto Fund	MPI Basic Compulsory	ICBC
1	<b>Headcount Analysis</b>			
2	1. FTEs per \$100 Million of Gross Premiums Written	110.0	124.1	93.5
3	2. Mgmt FTEs per \$100 Million of Gross Premiums Written	18.4	8.7	10.8
4	3. Staff FTEs per \$100 Million of Gross Premiums Written	91.6	115.4	82.7
5	<b>Span of Control Analysis</b>			
6	4. Ratio of Staff to Management	5.0	13.2	7.6
7	<b>Premium Metrics</b>			
8	5. Total Gross Expenses as a % of Gross Premiums Written	18.8%	14.3%	10.9%
9	6. Average Gross Premiums Written (000's)	1,007,336	1,080,879	3,200,415
10	7. Gross Premiums Written per FTE	908,860	805,519	1,069,685
11	8. Gross Premiums Written Growth	1.9%	-6.7%	-8.6%
12	9. Net Premiums Written as a % of Gross Premiums Written	97.7%	98.6%	99.9%
13	10. Total Net Expenses as a % of Net Premiums Written	19.3%	14.5%	10.9%
14	<b>Policy Metrics</b>			
15	11. Adjusted Policies In Force per FTE	862.3	906.9	1,368.4
16	12. Total Gross Expenses per Adjusted Policy In Force	198.6	126.9	84.9
17	<b>Traffic Safety Measurements</b>			
18	13. Total Traffic Safety Expenses (000's)	45,165	10,337	\$ 31,909
19	14. Total Traffic Safety Expenses as a % of Gross Premiums Written	4.5%	0.9%	1.0%
20	<b>Other Performance Measurements</b>			
21	15. Pure Loss Ratio	76.3%	63.8%	53.7%
22	16. Loss Adjustment Expense Ratio	18.0%	13.2%	8.4%
23	17. Total Gross Expenses per FTE	171,270	115,040	116,118



# Operational Insights – Canadian Auto Benchmark

- MPI is comparable with our Canadian peers for total operating costs as a percentage of gross premiums at 35.00% verse 36.43%;
- The AON report amplifies the benefits of the MPI business model relative to our peers, which largely allows MPI to enjoy cost avoidance related to acquisition, advertising, and claims management litigation expenses. This equates to a 9.8% favorable operating variance relative to our Canadian peers, or rather 8.42% for marketing and 1.38% related to avoided claims litigation. Adjusting for this, provides better line of sight of MPI relative to the peer benchmark group.





# Advancing Operational Insights

Benchmarking while informative, is challenged to draw actionable items as there are numerous constraints with respect to applicability and accuracy between peers. This effectively stems from a nonhomogeneous peer group, where in:

- Each peer is at a different stage of maturity related to technology and modernizing of their business;
- Each peer has different stakeholders, objectives, markets, regulations, and product offerings;
- Each peer views outsourcing and self sufficiency of technology enablers differently;
- Each peer has different economies of scale;
- Each peer's access to, and ability to, attract and retain talent varies considerably;
- Each peer's price offering has a direct impact and correlation with customer service scores; Price impacts customer expectations;

MPI does not currently have resources available to dedicate to researching and reconciling core operating differences of its peers; Nor is there an appetite by peers to assist MPI in this process – It is a one-sided value proposition in MPI's direction.

MPI invites a discussion with the PUB to undertake the Operational Benchmarking periodically, removing this issue from the annual application process.





# Questions

