

# RATEMAKING

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2024 General Rate Application



MANITOBA  
PUBLIC INSURANCE

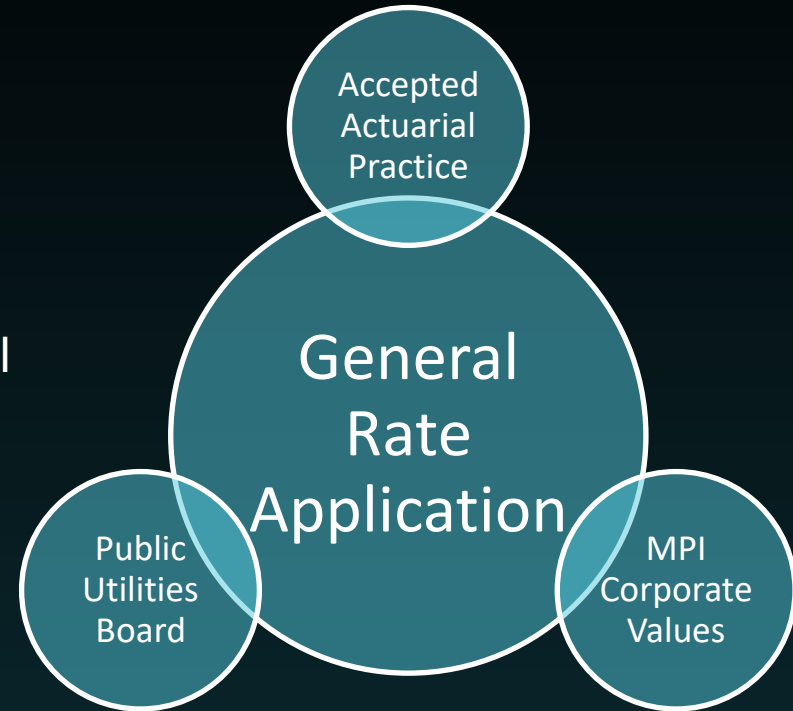
# Agenda

1. Introduction
2. Summary
3. Applied for Rate change
4. Reallocation of fleet rebates
5. Driver Safety Rating (DSR) Impacts
6. Accepted Actuarial Practice Rate Indication
7. GLM Implementation Update



# Introduction

- MPI's ratemaking framework is based on:
  - established MPI Corporate Values
  - Accepted Actuarial Practice (AAP)
  - directions from the Public Utilities Board (PUB)
- The application of this framework ensures that the overall rate indication is reasonable and appropriate.



# Summary

## Rate applied for:

- MPI is applying for an overall rate change of 0.0%
- Rate indication based on Accepted Actuarial Practice (AAP) -1.48%

## Improvement to fleet rebate allocation

- Rebates allocated based on actual vehicle mix across the Major Classes 1 -3

## DSR scale expansion and discounts

- Indicated DSR discounts determined using simulated/synthetic data
- MPI to move one forth of the way towards indicated discounts
- Introduce DSR +18 into the DSR scale

## Additional ratemaking changes

- Gross Naïve Yield – use of premium liabilities duration instead claims liabilities duration
- Enhancements to claims forecasting



# MPI Applying for 0% Overall Rate Change

Major Class	Projected Average Premium w/ no Rate Change	Applied for Average Premium	Applied for Rate Change
Private Passenger	1,219	1,214	-0.39%
Commercial	950	1,058	11.41%
Public	2,280	2,517	10.39%
Motorcycles	882	828	-6.19%
Trailers	67	74	11.31%
Off Road Vehicles	6	6	-2.83%
<b>Overall</b>	<b>912</b>	<b>912</b>	<b>0.00%</b>

- Rates are determined on a breakeven basis – no profit provision
- Indicated rates are determined based on Accepted Actuarial Practice (AAP)
- Overall rate indication determined on overall Basic book of business and then allocated to the six major classes
- Off-balance factor applied to indicated rate to ensure an overall rate change of 0.0%



# Reallocation of Fleet Rebates

Major Class	Fleet Policies	% of Total	Fleet Rebates 2024/25 Units		Per Unit Cost Allocation
1	33,227	50.75%	9,948,912	863,331	11.52
2	21,346	32.60%	6,391,473	49,070	130.25
3	10,896	16.64%	3,262,508	13,089	249.26
Total	65,469	100.00%	19,602,893	925,490	21.18

## PUB Order

- In the 2024 GRA, MPI must file an analysis and proposal for modifications to the fleet program to better reflect cost causation

## MPI Proposal

- Net rebates allocated based on the proportion of fleet policies in each major class
- A more equitable way of allocation of rebates



# Impact of Increase in Driver Safety Rating (DSR)

Major Class	Applied for Rate Change	Estimated Impact from DSR Changes	Offset to Vehicle Premium
Private Passenger	-0.39%	-5.37%	5.25%
Commercial	11.41%	-0.24%	11.68%
Public	10.39%	-0.90%	11.39%
Motorcycles	-6.19%	-7.26%	1.15%
Trailers	11.31%	0.00%	11.31%
Off Road Vehicles	-2.83%	0.00%	-2.83%
<b>Overall</b>	<b>0.00%</b>	<b>-4.95%</b>	<b>5.21%</b>

## PUB Order

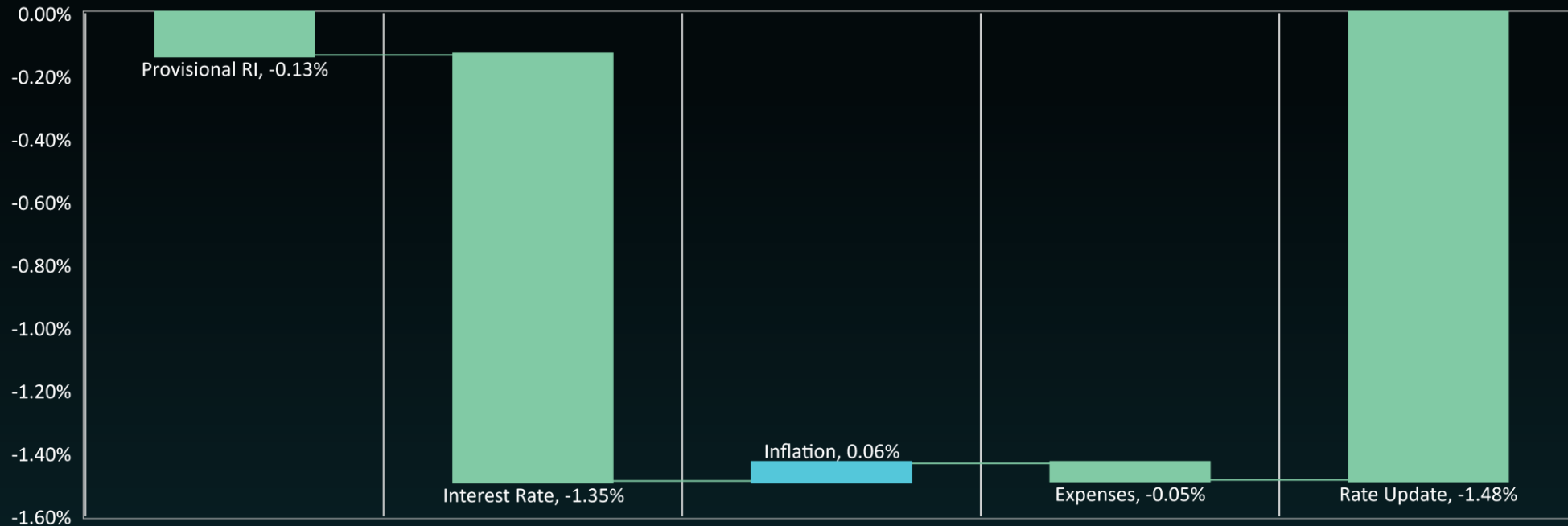
- Move DSR discounts one fourth of the way to actuarially indicated target, rounded down to the nearest whole number
- For the 2024 GRA, MPI introduced level +18 to the DSR scale

## DSR discounts determined using 20 DSR levels from simulated/synthetic data

- Revenue reduction by higher discounts     -4.95%
- Offset by increase in vehicle premium     +5.21%



# Accepted Actuarial Practice Rate Indication Update

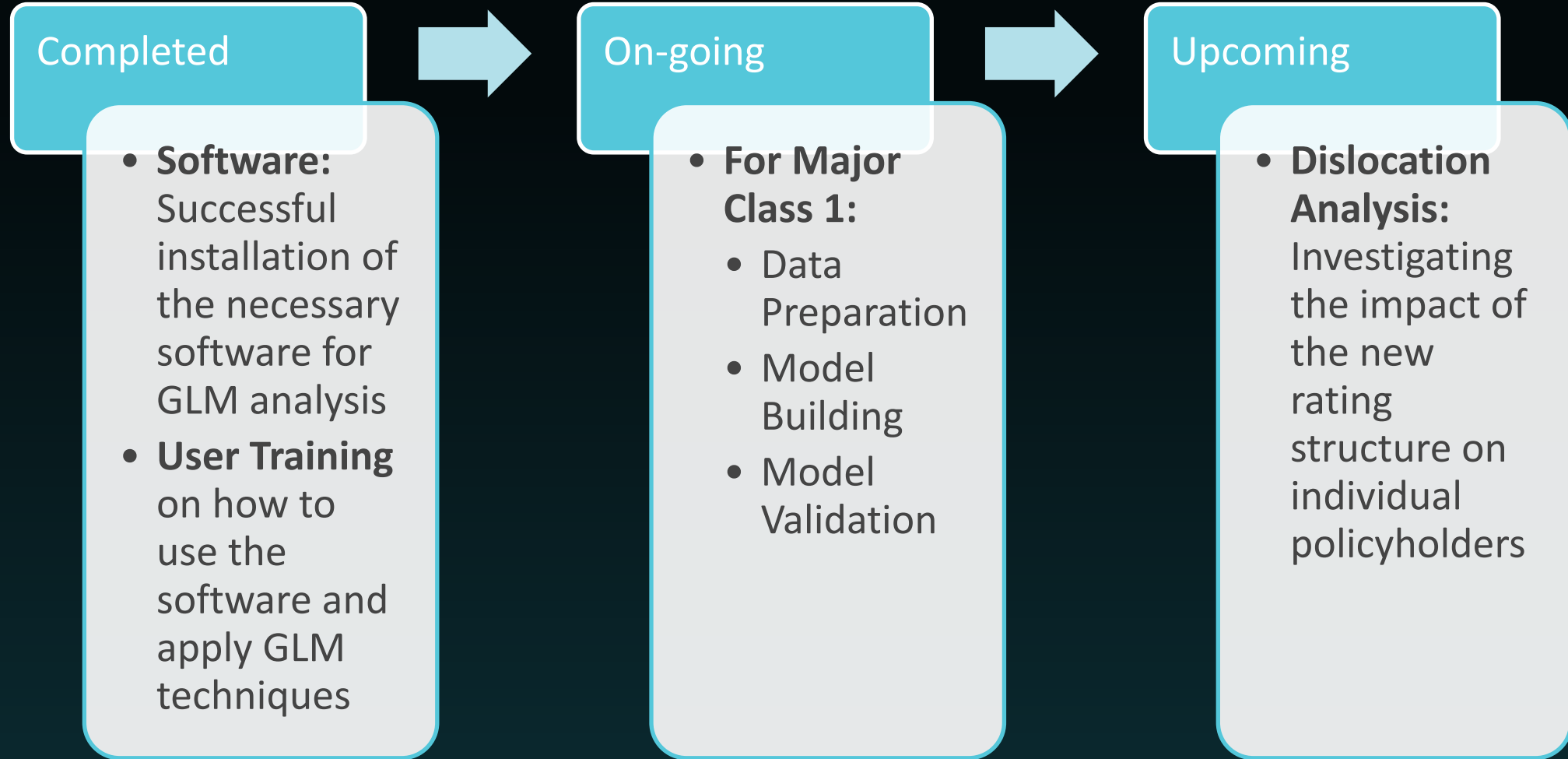


- Update to yield rate
  - 5.04% (net of investment expenses) from 4.22% (net of investment expenses)
- Update to projected inflation
- Update to expenses





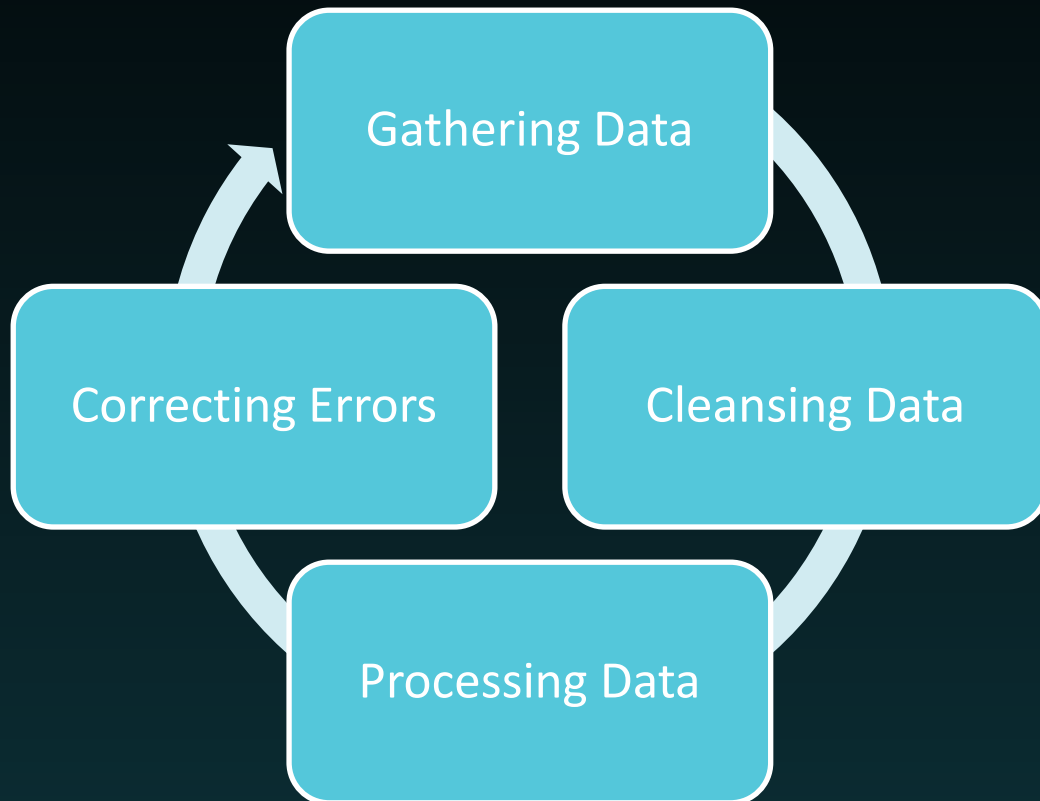
# GLM Implementation Update



# GLM Implementation Update

Building a GLM model is an iterative process

## Data Preparation



## Model Building

