

October 18, 2023

Undertaking #005

MPI to provide estimated the estimated increase for operators currently using 1 time band, with the offer of only the four (4) time band rate?

RESPONSE:

The number of policies using Timeband 1, the estimated percentage increase, and the aggregate dollar increase in DSR discounted premium is provided in Figure 1 below.

Figure 1 Percentage and Dollar Increase from Timeband 1 by VFH Group

Insurance Use	Number of Vehicles (Timeband 1)	Percentage Increase	Total Dollar Increase	Average Dollar Increase
Accessible VFH	2	15.2%	\$ 1,001	\$ 501
Limo VFH	8	33.3%	\$ 4,812	\$ 602
Passenger VFH	60	14.3%	\$ 34,478	\$ 575
Taxi VFH	4	104.1%	\$ 13,525	\$ 3,381
Overall	74	19.6%	\$ 53,816	\$ 727

These estimates are based on re-rating the population of Timeband 1 vehicles at Timeband 4 rates using the vehicle population as of November 1, 2022. This estimation is based on the rates proposed in the June submission of the 2024 GRA for the 2024/25 rating year. VFH rates based on the October update are not available at this stage due to the labour interruption.

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This calculation differs from the estimated increase provided in response to TC 1-19, where the average increase was calculated by comparing the average premium of all vehicles using timeband 1 through 3 against the average premium for timeband 4.

Customers insuring as VFH1 comprise 3.1% of all VFH operators (total number of VFH operators as of November 1, 2022 was 2,385). The trend of low uptake among VFH1, VFH2 and VFH3 has been consistent since the inception of the time band model. Through consultation efforts, customers across all groups have indicated that the timeband model does not meet their operational business needs. MPI will continue to review alternative models outside of VFH insurance uses and blanket policy including the part time taxi model, based on stakeholder need.