Public Utilities Board

Régie des services publics

January 7, 2025

NOTICE OF DECISION

In Order No. 2/25 dated January 7, 2025, the Manitoba Public Utilities Board (PUB) rejected MPI's Application for a rate increase of 3.0%, and ordered an overall 5.7% rate increase to universal compulsory automobile insurance premiums for the 2025/26 insurance year, effective April 1, 2025.

- On July 5, 2024 MPI filed a general rate application (GRA) seeking an overall rate increase of 3% for universal compulsory automobile Insurance premiums (Basic rates). As part of the application MPI calculated that it required 6.15% based on actuarially accepted practice (AAP) to break even. AAP is the acknowledged standard for rate-setting. On October 15, 2024 MPI updated its calculations and the AAP rate increased to 6.77%. The PUB rejected MPI's rate request and instead ordered an increase of 5.7% for Basic rates. One of the duties of the PUB is to balance the interest of ratepayers with the financial health of the corporation. The PUB notes that MPI has never previously requested an overall Basic rate less than the AAP rate to break even. The PUB supports affordable rates and notes that it has ordered decreases in rates exceeding 15% over the past five years, and $439.1 million in rebates in 2021 and 2022. The PUB is concerned that approving a rate lower than AAP in 2025/26 will result in much higher rates in future years.

- The Board's order for an increase of 5.7% does not mean that rates for all motorists within each major vehicle class will increase by that amount. Rates paid by individual ratepayers are determined by their driving record and actual claims experience, the kind of vehicle (make, model and year) registered, the purpose for which the vehicle is driven, and the territory in which the ratepayer resides.

- MPI increased the rate for Extension coverage for the 2024/25 insurance year by 10.32%. This increase was directed by the Board of Directors of MPI, and not ordered by the PUB as it lacks authority over Extension insurance. The PUB has recommended the Government of Manitoba make legislative changes to grant the PUB authority to oversee the rates set by MPI's Extension line of business. MPI enjoys a "de facto" monopoly for Extension coverage. MPI has testified that MPI customers purchase 96% of all Extension coverage from MPI. The coverage selection is made through MPI's Autopac Online System used by MPI's service centers and brokers. As MPI has unfettered discretion to set Extension

premiums, MPI may affect Basic rates and the public insurance system in Manitoba is now partially unregulated.

- The PUB ordered MPI to closely monitor the progress of Project Nova in terms of scope, progress and cost. In PUB Order 4/23, the PUB expressed concern about the progress and cost of Project Nova. In this application MPI has stated the total cost will not exceed $253.5 million plus contingency for a total of $290.1 million. The PUB notes that Project Nova will be implemented through four releases. Release 1 was implemented in early 2023 but not completed and remediation efforts are underway. Release 2 was delayed from August 20023 to June 2024 and part of the scope was shifted to Release 3. Release 3, the largest and most complex is currently underway. It is intended to allow online interaction between Basic ratepayers and MPI. Release 4 has not started.

- Information received by the Board raises concerns about the way MPI handles traumatic brain injuries. The information alleged, among other things, that MPI does not use current scientific knowledge, proven medical best practices, and best practicable technology, and uses inappropriate and discredited sport medicine guidelines to address traumatic brain injuries. The information presented was neither sworn evidence nor subject to cross-examination. As a result the Board is unable to make a finding. The Board recommends the Government of Manitoba appoint an independent external expert to prepare a report that sets out current scientific knowledge and proven medical best practices and best practicable technology to diagnose, assess and manage brain injuries, and compare them to the current practices and procedures of MPI.

The PUB is an entity, at-arm's-length from Government, which is primarily responsible for serving the public by setting just and reasonable rates.

A copy of the Order, which contains additional information, may be reviewed on the Board's website Province of Manitoba | v1 - Manitoba Public Insurance - 2025 Board Orders (pubmanitoba.ca), or be obtained through the Board's Office.

The Public Utilities Board
400 - 330 Portage Avenue
Winnipeg MB R3C 0C4
Telephone: (204) 945-2638
Facsimile: (204) 945-2643
Toll Free: 1-866-854-3698
Email: publicutilities@gov.mb.ca