



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
2025/2026 GENERAL RATE APPLICATION
HEARING

Before Board Panel:

- Irene Hamilton, KC - Panel Chairperson
- Rober Gabor, KC - Board Chair
- Susan Nemec (by TEAMS)- Board Member
- George Bass, KC - Board Member
- Patrick Ireland - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Ave.
Winnipeg Manitoba
October 29, 2024
Pages 1441 to 1747
Day 7

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1 --- Upon commencing at 8:59 a.m.

2

3 PANEL CHAIRPERSON: Good morning,
4 everyone. We'll continue this morning with the cross
5 of this Panel by PUB counsel. Ms. Moore...?

6 MS. KARA MOORE: Thank you, Madam
7 Chair.

8

9 CONTINUED CUSTOMER AND PRODUCT PANEL:

10 SIMMI MANN, previously Affirmed
11 ROBERT SMITHSON, previously Affirmed
12 CURTIS PRYSTUPA, previously Affirmed
13 SCOTT PATTON, previously Affirmed
14 MARIA COMPOS, previously Sworn

15

16 CONTINUED CROSS-EXAMINATION BY MS. KARA MOORE:

17 MS. KARA MOORE: Good morning again to
18 the Panel. I don't intend to take up too much more of
19 your time this morning, so we'll just jump right into
20 it. Ms. Schubert, if you could please pull up MPI
21 Exhibit 35, the attachment again.

22 This is Leger's final report we were
23 looking at yesterday. You did a very great summary of
24 it in your presentation, but just for context I'd like
25 to go back over some of the findings. So, if we

1 could, please, go page 16 of the report.

2 The Leger study showed that most people
3 surveyed believed that the current DSR system was
4 fair, correct?

5 MR. CURTIS PRYSTUPA: Yes, that is
6 correct.

7 MS. KARA MOORE: Thank you. And if we
8 could go to page 22 of the report.

9 Most people surveyed by Leger did not
10 believe that the current DSR system was a serious
11 problem, only 11 percent, correct?

12 MR. CURTIS PRYSTUPA: Correct.

13 MS. KARA MOORE: And 43 percent of
14 people surveyed responded that it was somewhat of a
15 problem?

16 MR. CURTIS PRYSTUPA: Yes.

17 MS. KARA MOORE: So, if we add those
18 numbers up, 54 percent of people did believe that it
19 was a problem, but not many believed that it was
20 considered serious?

21 MR. CURTIS PRYSTUPA: Yes. Yeah.

22 MS. KARA MOORE: Thank you. If we
23 could go to page 26 of the report.

24 Among the three (3) alternative DSR
25 models presented respondents favoured the primary

1 driver model, correct?

2 MR. CURTIS PRYSTUPA: When there was
3 the three (3) presented, yes.

4 MS. KARA MOORE: Yes. And so, we'll
5 go actually now -- thank you for that -- to page 35 of
6 the report.

7 When the registered owner model was
8 added to the list of options respondents showed a
9 higher preference for the current model at 45 percent?

10 MR. CURTIS PRYSTUPA: Yes.

11 MS. KARA MOORE: And then primary
12 driver was the next preferred model at 27 percent?

13 MR. CURTIS PRYSTUPA: That's correct.

14 MS. KARA MOORE: Thank you. Do you
15 know -- and I'm genuinely just curious -- whether the
16 four (4) different Basic insurance models were
17 explained to respondents over the phone surveys or if
18 this was just on the online survey?

19 MR. CURTIS PRYSTUPA: Yeah, so these -
20 - these particular questions, asking about model
21 preference --

22 MS. KARA MOORE: Yeah.

23 MR. CURTIS PRYSTUPA: -- when it's,
24 you know, just the -- the three (3) potential
25 alternate models or all of them, including the current

1 model, these were only asked to online recipients, not
2 phone recipients, basically for logistical reasons, to
3 be able to give a better description online that
4 people could take the time to read.

5 MS. KARA MOORE: Sure. That makes
6 sense. Thank you. If we could go to page 19 of the
7 report.

8 The most important factors for vehicle
9 insurance identified by respondents were in order:
10 affordability, rewarding safe driving, and
11 discouraging high risk driving, and ease of business
12 with MPI?

13 MR. CURTIS PRYSTUPA: That's correct.

14 MS. KARA MOORE: Thank you. Do you
15 believe that the primary driver model would do a
16 better job of rewarding safe driving and discouraging
17 high risk driving as opposed to the registered owner
18 model?

19 MR. CURTIS PRYSTUPA: One moment,
20 please.

21 MS. KARA MOORE: Thank you.

22

23 (BRIEF PAUSE)

24

25 MR. CURTIS PRYSTUPA: Thank you. Can

1 I have you repeat the question, please?

2 MS. KARA MOORE: Absolutely. The
3 question was: Do you believe that the primary driver
4 model would do a better job of rewarding safe driving
5 and discouraging high-risk driving as opposed to the
6 registered owner model?

7 MR. CURTIS PRYSTUPA: Thank you. I
8 think that there are -- it's -- it's difficult to
9 answer that -- that question, you know, in a pure
10 objective sense. I think that there's the possibility
11 that the primary driver could be better at rewarding a
12 good driving history and discouraging high-risk
13 driving.

14 I will say that, back to some of our
15 discussion yesterday, subjectively, we expect that to
16 be only slightly better than today, and, you know, the
17 other models -- being the listed driver and combined
18 driver -- would probably do in general a better job at
19 measuring risk and, therefore, rewarding safe driving
20 and discouraging high-risk driving.

21 MS. KARA MOORE: Thank you. Has MPI
22 been able to assess how switching from the registered
23 owner model to any of the alternative models would
24 affect the affordability of insurance?

25 MR. CURTIS PRYSTUPA: At this -- at

1 this point, no. Because we don't know the drivers on
2 a per -- per-vehicle policy, we don't have the
3 information to be able to do any type of, you know,
4 pricing analysis that would -- that would provide us
5 that information.

6 MS. KARA MOORE: Thank you. If we
7 could now look at BIM, Appendix 2, please, Ms.
8 Schubert.

9 So, this was an appendix filed with --
10 along with the Application in the 'Basic Insurance
11 Model' section, and this is -- is what appears to be
12 an overview of the time lines for implementation of an
13 alternative DSR.

14 Is that an accurate description of
15 this?

16 MR. CURTIS PRYSTUPA: Yeah.

17 MS. KARA MOORE: So, if we look at the
18 fifth line from the top, 'Government Approval/
19 Legislative Changes for Data Collection', this appears
20 to be the next step in MPI's process.

21 Is that fair?

22 MR. CURTIS PRYSTUPA: That's fair.

23 MS. KARA MOORE: And this step is set
24 to begin in the fourth quarter of 2024?

25 MR. CURTIS PRYSTUPA: Correct.

1 MS. KARA MOORE: And, given that we
2 are currently in the fourth quarter of 2024, I'm just
3 wondering whether MPI can advise of anything that's
4 taken place on this step so far.

5 MS. MARIA CAMPOS: Maria Campos, MPI.
6 I can advise that, as I stated yesterday for the
7 record, that we've shared the Leger Report recently
8 with the government and that conversations are
9 ongoing.

10 And we expect those to pick up in the
11 coming weeks on our next steps to seek approval for
12 the appropriate legislative and/or regulatory changes
13 in order to enable the data collection.

14 MS. KARA MOORE: Thank you. MPI
15 forecasts that government approval and required
16 legislative changes will be complete in the first
17 quarter of 2026?

18 MR. CURTIS PRYSTUPA: That's correct,
19 yes.

20 MS. KARA MOORE: And MPI anticipates
21 beginning to collect data on drivers in the second
22 quarter of 2026?

23 MR. CURTIS PRYSTUPA: That's correct.

24 MS. KARA MOORE: And it anticipates
25 starting actuarial analysis of this data in the fourth

1 quarter of 2026, correct?

2 MR. CURTIS PRYSTUPA: Yes, that is
3 correct.

4 MS. KARA MOORE: Thank you. And
5 finally, MPI anticipates submitting its Application
6 for a new Basic insurance model in the 2028 GRA?

7 MR. CURTIS PRYSTUPA: There's a couple
8 of phases that I'd like to call out distinctly.

9 MS. KARA MOORE: Sure.

10 MR. CURTIS PRYSTUPA: Just give me one
11 (1) moment. I just want to get the -- pull it up on
12 my screen so I can zoom in on it a bit.

13 MS. KARA MOORE: Certainly.

14

15 (BRIEF PAUSE)

16

17 MR. CURTIS PRYSTUPA: Thank you. So
18 just to -- just to answer your -- your first question,
19 MPI plans to submit the analysis and recommendation
20 for the future model in the 2028 GRA for examination
21 and approval by the -- and hope -- hopeful approval by
22 the Board in -- in Q2 through to Q3 in 2027. That's
23 the time line that it would be submitted.

24 There is a -- a subsequent phase where
25 MPI, as part of the implementation phase, intends to

1 submit the pricing for the -- the approved future
2 model in the 2029 GRA for examination and approval,
3 and that is in Q -- end of Q2 2028.

4 MS. KARA MOORE: Yes. Thank you.
5 Thank you for that clarification.

6 Just with respect to the timelines that
7 -- that I just referenced, instead of -- just as a
8 reminder, we discussed government approval being
9 complete in the first quarter of 2026, MPI beginning
10 to collect data on drivers in the second quarter of
11 2026, starting actuarial analysis of that data in the
12 fourth quarter of 2026, and submitting its Application
13 for a new Basic insurance model in the 2028 GRA.

14 And again, I appreciate your
15 clarification on that last point. These timelines
16 appear to be about one (1) year behind the timelines
17 that were provided by MPI in last year's GRA. And I
18 can bring you to a reference for that if required.

19 But I'm just wondering what the reason
20 for that delay is.

21 MR. CURTIS PRYSTUPA: Just one moment,
22 please.

23 MS. KARA MOORE: Sure. Would you like
24 a reference?

25 MR. CURTIS PRYSTUPA: That would be

1 helpful, yes.

2 MS. KARA MOORE: Sure. So, Ms.
3 Schubert, if you could bring up the transcript from
4 October 11, 2023. This is page 409. And if we could
5 start at line 11. Just scroll down.

6 And so, Ms. McCandless was asking the
7 Panel about the timelines for each of these items, and
8 they all appear to be about a year earlier than what
9 the information provided in this appendix is.

10 So, I'm just wondering why those
11 timelines changed.

12 MR. CURTIS PRYSTUPA: Sure. Thank you
13 for the clarification. Just one moment.

14 MS. KARA MOORE: Sure.

15

16 (BRIEF PAUSE)

17

18 MR. CURTIS PRYSTUPA: Thank you. For
19 reference, I'll -- I'll give a high-level answer to
20 the question. But I'd like to call out in the 2025
21 General Rate Application within the Basic insurance
22 model chapter BIM-5 project plan updates, it describes
23 the project plan updates in -- in better detail, but,
24 essentially, there's two (2) main reasons for the
25 overall twelve (12) month increase to this project

1 being completed.

2 The first was, you know, we had
3 originally anticipated doing an online survey
4 previously to refresh customer sentiment. And we
5 described this year how we had decided to go deeper
6 and -- into a public consultation that we've filed --
7 filed here for examination. So, that's one (1) factor
8 that -- that caused the change in dates.

9 The other factor is that, due to
10 changes in the schedule for Project -- Project NOVA,
11 the date that we were able to begin data collection is
12 different than -- than last year, so there is an
13 overall twelve (12) month increase in the -- in the
14 project duration.

15 I'd also like to -- like to mention
16 that there was efforts to compress the schedule in
17 some -- some aspects to reduce the overall duration of
18 that to twelve (12) months when it looked like it
19 could have been about eighteen (18) months.

20 MS. KARA MOORE: Thank you very much.
21 And I just have one (1) last line of questioning.
22 Just a few questions with respect to the presentation
23 that the Panel gave yesterday.

24 So, Ms. Schubert, if you could please
25 pull up MPI Exhibit 50 I believe is the presentation.

1 Thank you. I'd like to start at slide 15.

2 So, in reference to the information
3 provided on this slide, I'm just wondering if MPI can
4 advise which specific studies it basis the risk rating
5 accuracy on that you're showing here.

6 MR. CURTIS PRYSTUPA: Just one moment.

7 MS. KARA MOORE: Certainly.

8

9 (BRIEF PAUSE)

10

11 MR. CURTIS PRYSTUPA: Thank you. The
12 -- actually, I'll ask you to repeat the -- repeat the
13 question if you don't mind.

14 MS. KARA MOORE: Certainly. So, of
15 course, referencing the information provided on this
16 slide and, in particular, the row called 'Risk rating
17 accuracy', my question was:

18 Which specific studies did MPI rely
19 upon or base the risk rating accuracy on?

20 MR. CURTIS PRYSTUPA: So, there aren't
21 any particular studies that I would reference in the
22 terms that we use here, with a slight increase, medium
23 increase, and larger increase, to describe primary
24 driver, listed driver, and combined driver
25 respectively.

1 This information is the -- the informed
2 opinion of -- of MPI based on jurisdictional research,
3 internal conversations, conversations with our
4 actuarial -- actuarial team.

5 We will say, you know, these are, you
6 know, descriptive subjective terms that we would hope
7 to have some actual numerical values or descriptors
8 that are possible through -- through the data
9 collection.

10 MS. KARA MOORE: Thank you. So, this
11 information is MPI's educated guess?

12 MR. CURTIS PRYSTUPA: That's -- that's
13 a fair statement.

14 MS. KARA MOORE: Thank you. Can you
15 confirm that there are -- my -- and I believe this is
16 the case -- there are no other provinces in Canada
17 that use a listed driver or a combined driver model
18 for rating?

19 MR. CURTIS PRYSTUPA: I can't speak to
20 the information in provinces where there's private
21 insurance. The exact information is very tough to get
22 on an insurer to insure basis.

23 But just to give more of an answer than
24 you were actually asking for, but Saskatchewan uses a
25 registered owner -- or is very similar to a registered

1 owner model like that we use today.

2 ICBC in British Columbia, they use
3 something very close to the combined driver model.

4 MS. KARA MOORE: Okay.

5 MR. CURTIS PRYSTUPA: So, that's --
6 that's what they implemented some -- some years back
7 based on direction from the government of British
8 Columbia.

9 MS. KARA MOORE: Thank you. This next
10 question is a bit of a mouthful, so bear with me.
11 I've tried to make it as easy to understand as
12 possible.

13 So, regarding the primary driving
14 model, does MPI agree that the amount of improvement
15 in the risk rating accuracy would depend on what
16 proportion of the registered owners are not the
17 primary driver of the vehicle?

18 MR. CURTIS PRYSTUPA: I think that's
19 one (1) factor, not the only factor, but certainly
20 that -- that would be one (1) factor that -- that
21 would -- that would impact that.

22 MS. KARA MOORE: Does MPI have any
23 data on what that percentage might be?

24 MR. CURTIS PRYSTUPA: One -- one
25 moment, please.

1 MS. KARA MOORE: Sure. And just for
2 clarify, the -- the percentage I'm asking for is the
3 proportion of registered owners that are not the
4 primary driver of the vehicle.

5 MR. CURTIS PRYSTUPA: That's helpful.
6 Thank you.

7

8 (BRIEF PAUSE)

9

10 MR. CURTIS PRYSTUPA: Thank you. If -
11 - if I could have you repeat the question just to make
12 sure I give you a fulsome answer.

13 MS. KARA MOORE: Sure. Yeah, I can
14 certainly do that. So, my question was whether MPI
15 had any data on the proportion of registered owners
16 that are not the primary driver of the vehicle.

17 MR. CURTIS PRYSTUPA: We don't have
18 any that are reliable enough to do the type of
19 analysis we would -- we would -- we think is necessary
20 to determine the best path forward for Manitobans and
21 the best -- the best future model to do that. That's
22 what we hope that data collection would enable for us.

23 MS. KARA MOORE: Certainly. So -- and
24 thank you. You just answered my question.

25 But obtaining that data will be part of

1 the data collection phase of Appendix 2 that we looked
2 at?

3 MR. CURTIS PRYSTUPA: Absolutely.

4 MS. KARA MOORE: Okay. Thank you so
5 much. Those are all my questions for this panel.

6 PANEL CHAIRPERSON: Thank you.

7 Mr. Klassen...?

8 MR. CHRIS KLASSEN: Thank you, Madam
9 Chair, and good morning to the Panel. Good morning to
10 MPI's witnesses.

11 I'd like to take five (5) seconds
12 before I begin for CAC (Manitoba) just to introduce to
13 the Board -- and we should have done this last week --
14 Ms. Victoria Cludis (phonetic) is a new lawyer with
15 our office who's supporting us here in the hearing
16 room.

17 And also Ms. Marine Friesen (phonetic)
18 is a law student at Robson Hall and a current intern
19 with our office, and she's participating as an
20 observer. So, for the Public Interest Law Centre,
21 we've got two (2) guests in the room.

22 PANEL CHAIRPERSON: Thank you, Mr.
23 Klassen.

24

25 CROSS-EXAMINATION BY MR. CHRIS KLASSEN:

1 MR. CHRIS KLASSEN: Now -- thank you.
2 Now for CAC (Manitoba), my questions for you. And as
3 usual, my questions will be directed to the panel. I
4 expect, Mr. Prystupa, that you'll be using your mic
5 more than your colleagues, but again, whoever's best
6 placed to respond is welcome to speak.

7 The panel will confirm, please, that
8 MPI's Application acknowledges that the Public
9 Utilities Board has the authority to direct MPI to
10 implement a primary driver rating model, correct?

11 MR. CURTIS PRYSTUPA: That is correct.

12 MR. CHRIS KLASSEN: And that
13 acknowledgement references a recent decision of the
14 Manitoba Court of Appeal, correct?

15 MR. CURTIS PRYSTUPA: Yes.

16 MR. CHRIS KLASSEN: And you'll confirm
17 that it's MPI's position -- again, as expressed in the
18 Application -- that implementing a primary driver
19 model or other alternative model before MPI completes
20 its data collection and analysis would be premature,
21 correct?

22 MR. CURTIS PRYSTUPA: Yes.

23 MR. CHRIS KLASSEN: And based on the
24 current project plan, you'll also confirm, sir, that
25 MPI has recently completed a "Public Consultation

1 Plan," correct?

2 MR. CURTIS PRYSTUPA: Yes. In 2024,
3 MPI engaged Leger to conduct a public consultation on
4 the Basic insurance model.

5 MR. CHRIS KLASSEN: And it follows
6 then, sir, that that activity took place again, like
7 the data collection, before MPI developed its Basic
8 insurance model recommendation, correct?

9 MR. CURTIS PRYSTUPA: Yes.

10 MR. CHRIS KLASSEN: In MPI's view,
11 would you accept that customer experience and customer
12 input is likely to be a factor informing MPI's
13 ultimate recommendation to the PUB on a new Basic
14 insurance model?

15 MR. CURTIS PRYSTUPA: One (1) moment,
16 please.

17

18 (BRIEF PAUSE)

19

20 MR. CURTIS PRYSTUPA: Thank you.
21 Could I have you re-read the question, if you don't
22 mind, Mr. Klassen?

23 MR. CHRIS KLASSEN: No trouble. I'll
24 ask you to confirm that MPI believes that customer
25 experience and consumer input is likely to be a factor

1 informing the development of its ultimate
2 recommendation to this Board on the new Basic
3 insurance model.

4 MR. CURTIS PRYSTUPA: I will -- I will
5 confirm that and add that, in our 2025 GRA chapter on
6 the Basic insurance model, we quoted from the 2024
7 General Rate Application where we stated that the
8 recommendation MPI will develop -- aim -- aims to
9 develop will aim to strike a balance between risk
10 rating accuracy, customer experience, managing rate
11 dislocation, customer preference, stakeholder
12 interests, and industry best practices.

13 And we -- we acknowledge that the
14 ultimate authority on what the future Basic insurance
15 model will be in this context is -- is the Public
16 Utilities Board.

17 MR. CHRIS KLASSEN: Thank you. And
18 so, to confirm the answer to my question, your answer
19 was, yes, MPI does believe that customer experience
20 and consumer input will be a factor in forming the
21 development of its recommendation?

22 MR. CURTIS PRYSTUPA: Yes.

23 MR. CHRIS KLASSEN: Thank you. Would
24 MPI also take the position that stakeholder input and
25 consumer opinion may also be relevant to this Board's

1 consideration of MPI's recommendation?

2 MR. CURTIS PRYSTUPA: One (1) moment,
3 please.

4

5 (BRIEF PAUSE)

6

7 MR. CURTIS PRYSTUPA: Can I ask you to
8 repeat, please, Mr. Klassen?

9 MR. CHRIS KLASSEN: My question to
10 you, sir, was whether the value of consumer engagement
11 for MPI will only be for MPI's purposes or whether MPI
12 views that that information might also be relevant to
13 this Board's consideration of its recommendation.

14 MR. CURTIS PRYSTUPA: Thank you. Yes,
15 we believe that the -- the material would be of
16 benefit to the -- to the Board as -- as well, and
17 that's -- that's part of the reason for doing the
18 engagement and for -- and for filing it as -- as part
19 of this process is to ensure that not only is it
20 public -- publicly available, but available to the
21 Board and -- and Interveners as part of this process
22 as well.

23 MR. CHRIS KLASSEN: And would you
24 accept, sir, that in its consumer engagement work,
25 there is a duty on MPI to ensure that it is accurately

1 collecting and presenting consumer views?

2 MR. CURTIS PRYSTUPA: Yes, I would
3 agree.

4 MR. CHRIS KLASSEN: Ms. Schubert, can
5 you take us to CAC/MPI-2-37, please. And we'll begin
6 with the request at 'A'.

7 And I'll ask the panel to confirm that
8 our question to MPI at 'A' asked whether MPI agreed
9 that Manitobans' views on the Basic insurance model
10 may be affected by their driving history, income
11 level, and who lives in their household, which in turn
12 may be informed by their family status, ethnicity, and
13 whether or not they are a newcoming to Canada or
14 Indigenous.

15 You'll confirm that was the question,
16 sir?

17 MR. CURTIS PRYSTUPA: Yes.

18 MR. CHRIS KLASSEN: And, Ms. Schubert,
19 if you could take us to the response, please.

20 And you'll confirm, sir, that MPI's
21 response is that MPI agrees that Manitobans' views on
22 the Basic insurance model may be affected by the many
23 factors -- by many factors, including those listed in
24 the question, correct?

25 MR. CURTIS PRYSTUPA: Yes.

1 MR. CHRIS KLASSEN: Thank you. Ms.
2 Schubert, we'll now go to CAC/MPI-1-88, Appendix 1.
3 Thank you.

4 And the panel will confirm that this is
5 the Qualitative Research Report prepared by Leger?

6 MR. CURTIS PRYSTUPA: Yes.

7 MR. CHRIS KLASSEN: Provided to MPI in
8 the summer 2024?

9 MR. CURTIS PRYSTUPA: That's correct.

10 MR. CHRIS KLASSEN: And if we can go
11 to page 5, please, Ms. Schubert.

12 You'll confirm that this page presents
13 the characteristics of community participants?

14 MR. CURTIS PRYSTUPA: Yes.

15 MR. CHRIS KLASSEN: And we can take
16 'community participants' to refer to the members of
17 the public who contributed their views to this
18 project?

19 MR. CURTIS PRYSTUPA: Yes, that's
20 correct.

21 MR. CHRIS KLASSEN: And then the -- in
22 the bottom left corner, sir, under 'Region', you'll
23 confirm that Leger did not identify which respondents,
24 if any, were from northern Manitoba?

25 MR. CURTIS PRYSTUPA: In -- in the

1 qualita -- specific to this qualitative part of the
2 research, that's correct.

3 MR. CHRIS KLASSEN: And we are looking
4 at the qualitative part of the research now, sir,
5 correct?

6 MR. CURTIS PRYSTUPA: Yes.

7 MR. CHRIS KLASSEN: Thank you. And,
8 Ms. Schubert, if you take us to page 6.

9 Mr. Prystupa, you'll confirm that
10 neither page 5 nor page 6 indicate that Leger asked
11 whether respondents were Indigenous Manitobans or
12 residents of First Nation reserves?

13 MR. CURTIS PRYSTUPA: One (1) moment,
14 please.

15

16 (BRIEF PAUSE)

17

18 MR. SCOTT PATTON: It's Scott Patton,
19 with MPI. Could you repeat the question, please?

20 MR. CHRIS KLASSEN: My question was
21 whether Leger's qualitative study asked participants
22 whether they were Indigenous or residents of First
23 Nation reserves.

24 MR. SCOTT PATTON: Thank you. The
25 answer is no.

1 MR. CHRIS KLASSEN: Thank you.

2 MR. SCOTT PATTON: At this point in
3 the research, that was not something that was
4 collected. I also want to point out that the
5 qualitative research is not meant to be representative
6 of the general public.

7 It was meant to provide us with a
8 community of people who we could educate through the
9 process, or that Leger could educate through the
10 process so that they could get -- dig deep into the
11 knowledge and understanding of these people, but it
12 was not meant to be representative of the general
13 public at this point.

14 MR. CHRIS KLASSEN: And the answer to
15 the question was 'no', sir, correct?

16 MR. SCOTT PATTON: No, yes.

17 MR. CHRIS KLASSEN: Thank you.

18 MR. SCOTT PATTON: Correct.

19 MR. CHRIS KLASSEN: Ms. Schubert, if
20 you could take us to page 10.

21 I'll ask the Panel to confirm that this
22 slide, and based on the title, is about widespread
23 knowledge that individuals could lessen their
24 household's insurance bill by having an individual
25 with a higher DRS register them, correct?

1 That's the subject addressed by this
2 slide before you?

3 MR. CURTIS PRYSTUPA: That -- that's
4 the title that's been written, yes.

5 MR. CHRIS KLASSEN: Thank you. And on
6 the left we see a list of adjectives used by
7 participants to describe this practice, correct?

8 MR. CURTIS PRYSTUPA: Yes.

9 MR. CHRIS KLASSEN: And on the right
10 toward the bottom, we see responses to the question of
11 whether respondents, "Think this practice is fair,"
12 correct?

13 MR. CURTIS PRYSTUPA: Yes.

14 MR. CHRIS KLASSEN: And you'll confirm
15 that the question in bold, which is above the graph
16 there -- and, Ms. Schubert, it might actually help if
17 you -- is it possible to zoom in on that bolded text
18 just so we can read -- I'll read it a little bit
19 better. Thank you very much. That's very helpful.

20 And you'll confirm, Mr. Prystupa, that
21 the question which you see on the screen in bold text,
22 asked respondents to provide an assessment of the
23 fairness of the circumstances posed in the question,
24 correct?

25 MR. CURTIS PRYSTUPA: That's correct.

1 MR. CHRIS KLASSEN: And you'll confirm
2 that this question provides only one (1) circumstance
3 and asked for an assessment of fairness of -- of the
4 circumstance described in the question, correct?

5 MR. CURTIS PRYSTUPA: One moment,
6 please.

7

8 (BRIEF PAUSE)

9

10 MR. CURTIS PRYSTUPA: Thank you. Yes
11 -- yes, it is about -- about the one (1) question
12 that's here.

13 MR. CHRIS KLASSEN: Thank you. So,
14 the question did not, for example, provide two (2) or
15 more options, and then ask respondents to identify
16 which one was more fair or most fair, correct?

17 MR. CURTIS PRYSTUPA: Not this
18 specific question that's -- that's highlighted on the
19 screen.

20 MR. CHRIS KLASSEN: Thank you. Ms.
21 Schubert, we'll go to page 11 next. And we might want
22 to zoom back out so we can see the text. Yeah, that's
23 great. Thank you.

24 And I'll draw your attention to the
25 italicized text in the bulleted list just down from

1 the top of the screen.

2 I'll ask you to confirm that these
3 bullets -- the -- the first two (2) bullets, at least,
4 can be characterized as respondents asking questions
5 related to the scale of the problem that they're
6 addressing, correct?

7 MR. CURTIS PRYSTUPA: Yes, that is
8 correct.

9 MR. CHRIS KLASSEN: And the first
10 bullet, you'll confirm that this respondent is asking
11 whether it's only "1 percent to 2 percent of all
12 vehicles affected by this," correct?

13 MR. CURTIS PRYSTUPA: That's correct.

14 MR. CHRIS KLASSEN: And the second
15 bullet, you'll confirm that this respondent appears to
16 be assuming that it's not a big problem and assuming
17 that if it was a big problem, MPI would have addressed
18 it already, correct?

19 Is that -- is that a fair reading of
20 the second bullet?

21 MR. CURTIS PRYSTUPA: That's a
22 reasonable assessment, yes.

23 MR. CHRIS KLASSEN: Thank you. We'll
24 go to slide 19, Ms. Schubert. And we'll draw our
25 attention to point 1 beginning on line 2.

1 At the end of line 2 I'll ask you to
2 confirm, Ms. Prystupa, there was acknowledgment that:

3 "Probably premiums for better
4 drivers in the DSR sense were
5 inflated, by how much, however, was
6 not clear."

7 Do you see that on the screen?

8 MR. CURTIS PRYSTUPA: Yes.

9 MR. CHRIS KLASSEN: Thank you. Ms.
10 Schubert, we'll now go to attachment 'A' to CAC/MPI
11 136, which is filed as MPI Exhibit 35. And we can
12 start right at the beginning. Thank you.

13 The Panel will confirm that this is the
14 report provided by Leger following the quantitative
15 phase of its research, correct?

16 MR. CURTIS PRYSTUPA: Yes.

17 MR. CHRIS KLASSEN: And this was just
18 completed very recently, correct?

19 MR. CURTIS PRYSTUPA: Yes.

20 MR. CHRIS KLASSEN: And on the top
21 left we see that it was filed with this Board on
22 October 17th?

23 MR. CURTIS PRYSTUPA: Yes.

24 MR. CHRIS KLASSEN: Thank you. Ms.
25 Schubert, we'll go to slide 16, please.

1 And as we did before, Mr. Prystupa,
2 you'll confirm based on the title that this slide
3 suggests that eight (8) in ten (10) Manitobans feel
4 the DSR system is fair, correct?

5 MR. CURTIS PRYSTUPA: Yes.

6 MR. CHRIS KLASSEN: With the majority
7 rating it reasonably fair in how it affects the
8 vehicle insurance price, correct?

9 MR. CURTIS PRYSTUPA: Correct.

10 MR. CHRIS KLASSEN: And on the first
11 line there where it says 'DSR System', you'll confirm
12 that the title does not use the phrase 'current DSR
13 system', correct?

14 MR. CURTIS PRYSTUPA: That's correct.

15 MR. CHRIS KLASSEN: Thank you. Ms.
16 Schubert, I wonder if you could zoom in again -- again
17 at the -- at the bold text on the bottom of the slide.
18 We're looking at the question that was asked.

19 See the question before you, Mr.
20 Prystupa?

21 MR. CURTIS PRYSTUPA: Yes.

22 MR. CHRIS KLASSEN:
23 "How fair or unfair do you feel the
24 Driver Safety Rating System is in
25 terms of how it affects the price

1 for vehicle insurance," correct?

2 MR. CURTIS PRYSTUPA: Yes.

3 MR. CHRIS KLASSEN: You'll confirm
4 that the phrase 'Basic insurance model' is not used in
5 the question?

6 MR. CURTIS PRYSTUPA: That's correct.

7 MR. CHRIS KLASSEN: 'Registered owner'
8 does not appear in the question?

9 MR. CURTIS PRYSTUPA: Correct.

10 MR. CHRIS KLASSEN: 'Primary driver'
11 does not appear in the question?

12 MR. CURTIS PRYSTUPA: Correct.

13 MR. CHRIS KLASSEN: And the phrase
14 'current Driver Safety Rating System' does not appear
15 in the question, correct?

16 MR. CURTIS PRYSTUPA: Correct.

17 MR. CHRIS KLASSEN: And you'll
18 confirm, in general, that the question asks how fair
19 or unfair the respondents feel the Driver Safety
20 Rating system is in terms of how it affects the price
21 for vehicle insurance?

22 MR. CURTIS PRYSTUPA: I'll -- I'll
23 reconfirm that, yes.

24 MR. CHRIS KLASSEN: And recognizing
25 what is and is not stated in the question, would you

1 agree, sir, that a reasonable respondent might read
2 this question and the words 'Driver Safety Rating
3 system' and provide an assessment of the fairness of
4 MPI rewarding safe driving through discounts on
5 vehicle premiums?

6 MR. STEVE SCARFONE: I don't -- I
7 don't know that it's fair, Mr. Klassen, for this
8 witness to provide evidence on how a respondent might
9 respond to that question.

10

11 CONTINUED BY MR. CHRIS KLASSEN:

12 MR. CHRIS KLASSEN: I recognize that
13 Mr. Prystupa was not a respondent. And I thank my
14 friend for that correct. Perhaps I'll take an
15 opportunity to rephrase the question.

16 Based on -- Mr. Prystupa, based on what
17 is and isn't present in this question, you'll confirm,
18 sir, that it's reasonable for MPI and other audiences
19 of -- of Leger's work to interpret this question and
20 the data it provides as assessing the Driver Safety
21 Rating system generally in that it's a process by
22 which MPI incentivizes good driving with the provision
23 of discounts, correct?

24

25

(BRIEF PAUSE)

1

2

BOARD CHAIR GABOR: Sorry, Ms.

3

Klassen. Can I just interrupt for a sec. Can you --

4

you tell me what page this is on the report?

5

MR. CHRIS KLASSEN: Sure. We're here

6

at MPI Exhibit 35 --

7

BOARD CHAIR GABOR: Okay.

8

MR. CHRIS KLASSEN: -- which is page

9

16.

10

BOARD CHAIR GABOR: Thank you.

11

12

(BRIEF PAUSE)

13

14

MR. CURTIS PRYSTUPA: Can I please ask

15

you to clarify your -- your question, Mr. Klassen?

16

17

CONTINUED BY MR. CHRIS KLASSEN:

18

MR. CHRIS KLASSEN: No trouble. The

19

question was simply where I'm asking MPI to confirm

20

that question 16 in Leger's quantitative study was an

21

assessment generally of the fairness of MPI's system

22

of incentivizing safe driving and not an assessment of

23

the fairness of any particular Basic insurance model.

24

25

(BRIEF PAUSE)

1 MR. CURTIS PRYSTUPA: We will confirm
2 that this question is generally asking respondents
3 about their -- their perception of fairness regarding
4 the current Driver Safety Rating system which could
5 include how -- how vehicle premiums are -- are
6 affected, and does not clarify if it's within the
7 current model or in any other potential.

8 MR. CHRIS KLASSEN: That's almost an
9 answer to my question, Mr. Prystupa. We're so close.
10 You confirmed earlier that this slide
11 does not use the word 'current Driver Safety Rating
12 model'.

13 MR. CURTIS PRYSTUPA: Correct.

14 MR. CHRIS KLASSEN: And I'm asking you
15 to confirm that respondents to this survey are
16 providing an assessment of the fairness generally of
17 MPI's process of providing incentives for safe driving
18 through discounts and not providing an assessment of
19 the fairness of any particular Basic insurance model.

20 MR. CURTIS PRYSTUPA: Yes.

21 MR. CHRIS KLASSEN: Thank you. And
22 we'll scroll up a little bit, Ms. Schubert, to the bar
23 graph that we're seeing here on the screen. Thank
24 you.

25 Mr. Prystupa, you'll confirm that this

1 graph suggests that, based on Leger's findings, 79
2 percent of respondents view the DSR system as fair,
3 correct?

4 MR. CURTIS PRYSTUPA: Correct.

5 MR. CHRIS KLASSEN: And again, that's
6 a -- an assessment that 79 percent of respondents view
7 as fair that MPI rewards safe driving with discounts?
8 Again, that was -- and -- and we can leave that if you
9 need, sir. That was just a --

10 MR. CURTIS PRYSTUPA: Yeah.

11 MR. CHRIS KLASSEN: -- rephrasing of
12 the earlier question.

13 What -- what I'm getting at here, sir,
14 is I'll ask you to keep this bar graph in your mind's
15 eye with the 79 percent, the 25 percent, and the 54
16 percent while Ms. Schubert takes us to slide 11 of
17 Exhibit MPI-50, which is your presentation.

18 And you'll recall our discussion of a
19 moment ago, sir, in which you confirmed that the
20 question posed and presented by Leger on slide 16 was
21 an assessment of the DSR system generally and not an
22 assessment of any particular DSR model?

23 MR. CURTIS PRYSTUPA: Yes.

24 MR. CHRIS KLASSEN: And I'll direct
25 you -- your attention to the phrase 'current DSR

1 system' at the top of the slide here. And I'll ask
2 you to confirm, sir, that your use of the word
3 'current' in your presentation yesterday was not
4 intended to imply that the data presented here
5 pertained to customers' views of the current
6 registered owner model, correct?

7

8

(BRIEF PAUSE)

9

10 MR. STEVE SCARFONE: Mr. Klassen, that
11 question, to the extent that it relied on some
12 evidence that the witness provided yesterday, perhaps
13 just to help the witness, you could clarify what
14 you're suggesting he said yesterday, and then put the
15 question to him.

16 MR. CHRIS KLASSEN: I certainly can.

17 MR. STEVE SCARFONE: Thank you.

18 MR. CHRIS KLASSEN: I thank My Friend
19 for the suggestion. And we'll back up one (1) step
20 further.

21

22 CONTINUED BY MR. CHRIS KLASSEN:

23 MR. CHRIS KLASSEN: Mr. Prystupa, you
24 recall that we just spent a few moments on slide 16 of
25 the Leger report on its quantitative survey, correct?

1 MR. CURTIS PRYSTUPA: Yes.

2 MR. CHRIS KLASSEN: And you recall
3 that bar graph that we were just looking at, sir,
4 correct?

5 MR. CURTIS PRYSTUPA: Yes.

6 MR. CHRIS KLASSEN: And you'll confirm
7 that the bar graph on the left on this slide 11 of
8 MPI's Exhibit 50 is an extract from that slide 16 of
9 the Leger report we were just viewing, correct?

10 MR. CURTIS PRYSTUPA: Yes.

11 MR. CHRIS KLASSEN: I'll ask you also
12 to confirm, sir, that you presented information based
13 on slide 11 to this Board during your presentation
14 yesterday, correct?

15 MR. CURTIS PRYSTUPA: Yes.

16 MR. CHRIS KLASSEN: And you'll confirm
17 that in the course of your presentation, sir, you read
18 out loud the words at the top of the screen:

19 "Eight (8) in ten (10) Manitobans
20 believe the current DSR System is
21 fair in determining insurance
22 prices."

23 Correct?

24 MR. CURTIS PRYSTUPA: Yes.

25 MR. CHRIS KLASSEN: Thank you. So,

1 now to my question for today, sir. I'll ask you to
2 confirm that your use of the word 'current' on this
3 slide yesterday was not intended to imply that the
4 data presented on the left pertained to customers'
5 views of the current registered owner model, correct?

6 MR. SCOTT PATTON: It's Scott Patton,
7 with MPI. This question is numbered 16; it follows
8 number 15. Question number 15 in the survey actually
9 introduced the DSR system as part of the current
10 rating and how their rates are -- are calculated.

11 It reads:

12 "In Manitoba, vehicle insurance
13 prices are calculated based on where
14 you live, the specific vehicle being
15 insured, how the vehicle is used,
16 such as the for pleasure or all-
17 purpose, and the Driver Safety
18 Rating.

19 The Driver Safety Rating system is
20 used to encourage and reward safe
21 driving. The DSR scale ranges from
22 minus 20 to plus 18. Driving safety
23 moves you up the scale, which saves
24 you money. High-risk driving,
25 including traffic convictions, at

1 fault claims, distracted or impaired
2 driving, will move you down the
3 scale which costs you money.

4 How familiar are you with the Driver
5 Safety Rating system?"

6 That was the introduction in 15. And
7 then question 16 happens, referencing the DSR system,
8 which was introduced as part of the rating factors in
9 question 15.

10 So, the respondent at this point is in
11 the mindset of, this is how it's currently done, this
12 is now the current system. Whether or not the word
13 'current' was used there is irrelevant given how this
14 was set up in the survey itself.

15 MR. CHRIS KLASSEN: Thank you, Ms.
16 Patton. Two (2) follow-up questions for you. One;
17 you'll confirm that the text you just read aloud isn't
18 presented in Leger's report, correct?

19 MR. SCOTT PATTON: Not in this report,
20 no. It would be an appendix as the actual question.

21 MR. CHRIS KLASSEN: And again, as an
22 appendix, is it on the record of this proceeding?

23 MR. SCOTT PATTON: One moment.

24

25 (BRIEF PAUSE)

1

2 MR. SCOTT PATTON: That's correct. We
3 have not filed that, but we could.

4 MR. CHRIS KLASSEN: Thanks, Mr.
5 Patton. I wonder if MPI could commit to providing the
6 survey questions used by Leger in the appendix you
7 just referenced on the record of this proceeding as an
8 undertaking.

9 MR. STEVE SCARFONE: Just one moment,
10 Mr. Klassen. I don't believe there would be a problem
11 with that request, but let me just confirm.

12

13 (BRIEF PAUSE)

14

15 MR. STEVE SCARFONE: No, that's fine,
16 Mr. Klassen, we'll make that undertaking, particularly
17 given the context in which your questions were being
18 answered just now.

19

20 --- UNDERTAKING NO. 28: MPI to provide the survey
21 questions used by Leger in the
22 appendix

23

24 MR. CHRIS KLASSEN: Thank you,
25 Counsel.

1

2 CONTINUED BY MR. CHRIS KLASSEN:

3 MR. CHRIS KLASSEN: And one (1) other
4 follow-up question for Mr. Patton. And, sir, we'll
5 have to take your word for it because it's not on the
6 record or before us.

7 But you'll confirm that in the blurb of
8 text you just read out from question 15 of Leger's
9 survey you did not read the words 'registered owner',
10 correct?

11 MR. SCOTT PATTON: That is correct.

12 MR. CHRIS KLASSEN: Thank you. And
13 so, we go back to Mr. Prystupa in slide 11.

14 And my question to you is to confirm
15 that the data presented from Leger on the left is an
16 assessment of the fairness of the DSR System
17 generally, and not an -- not an assessment of the
18 fairness of the registered owner model, correct, sir?

19 And if we need to, sir, I can -- I can
20 take you back to where you confirmed the same question
21 with respect to the Leger slide.

22 MR. CURTIS PRYSTUPA: No, that's --
23 that's not necessary. Essentially, the question is
24 asking very -- very specifically:

25 "How fair or unfair you feel the

1 Driver Safety Rating is in terms of
2 how it affects the price for vehicle
3 insurance."

4 That's the question as it's -- as it's
5 asked. You know, any -- any interpretation beyond
6 that -- and remember we're -- this is a question
7 specifically asking about the -- their perceptions of
8 -- around fairness of the system overall as they -- as
9 they perceive it.

10 MR. CHRIS KLASSEN: And one (1) final
11 question here, sir, before we move on.

12 You'll confirm that it would not be
13 accurate to read this slide as suggesting that 79
14 percent of Manitobans believe the registered owner
15 system is fair, correct?

16

17 (BRIEF PAUSE)

18

19 MR. STEVE SCARFONE: Mr. Klassen, I
20 think the difficulty the Panel's having is that last
21 question that you asked appears to be the same
22 question that the witness already answered.

23 MR. CHRIS KLASSEN: And I'm happy to
24 move on.

25 MR. STEVE SCARFONE: Thank you.

1 MR. CHRIS KLASSEN: Ms. Schubert, can
2 you take us to slide 22, please. And again, sorry,
3 we're going to go back to the Leger report, and then
4 to slide 22, so the MPI Exhibit 35. Thanks. Perfect.
5 And just up so we can see the whole title. Thank you
6 very much.

7

8 CONTINUED BY MR. CHRIS KLASSEN:

9 MR. CHRIS KLASSEN: The Panel will
10 confirm that here on slide 22 the data presents
11 respondents' assessment of whether vehicle discounts
12 being offered on the basis of registered owner versus
13 primary driver is a serious problem, somewhat of a
14 problem, or not really a problem, correct?

15

16 (BRIEF PAUSE)

17

18 MR. CURTIS PRYSTUPA: Can I ask you to
19 repeat, please.

20 MR. CHRIS KLASSEN: Sure. And I
21 should have broken it down for you, and I apologize
22 for that.

23 We see here at -- at the top of the
24 screen text explain that,

25 "Despite illustrating scenarios

1 where some drivers or families
2 manipulate DSR benefits to influence
3 insurance premiums, Manitobans
4 largely don't have significant
5 concerns with the current situation.
6 About four (4) in ten (10) -- in ten
7 (10) see these manipulations as
8 somewhat of a problem, but almost an
9 equal number don't see them as a
10 problem."

11 You see that text on the screen, sir?

12 MR. CURTIS PRYSTUPA: Yes.

13 MR. CHRIS KLASSEN: And so again, this
14 question was asking whether vehicle discounts being
15 offered on the basis of registered owner versus
16 primary driver and the implications described on the
17 screen are a serious problem, somewhat of a problem,
18 or not really a problem, correct?

19 MR. CURTIS PRYSTUPA: I -- I can't
20 confirm the inferences that you're drawing between the
21 question being asked and the statements you're making.

22 MR. CHRIS KLASSEN: Okay. So, we'll
23 direct our attention to the question at the bottom of
24 the screen, and you'll see there are two (2)
25 questions, 23A and 23B, correct?

1 MR. CURTIS PRYSTUPA: Correct.

2 MR. CHRIS KLASSEN: And you'll confirm
3 that 23A describes a driver with a low DSR primarily
4 driving a vehicle registered by someone with a higher
5 DSR, correct?

6 MR. CURTIS PRYSTUPA: There is nothing
7 in this question that references primarily driving.

8 MR. CHRIS KLASSEN: I'll ask you to
9 confirm the question.

10 "Currently, some drivers in Manitoba
11 with a lower DSR have someone with a
12 better DSR insure the vehicle they
13 drive."

14 Correct?

15 MR. CURTIS PRYSTUPA: That is what the
16 question says, yeah.

17 MR. CHRIS KLASSEN: Thank you. And
18 they do that in order to get a better discount on
19 their insurance premiums.

20 That's the premise proposed by the
21 question, correct?

22 MR. CURTIS PRYSTUPA: Yes.

23 MR. CHRIS KLASSEN: And if we go to
24 the end of the question, respondents are asked:

25 "If they feel this is ... a serious

1 problem, somewhat of a problem, or
2 not really a problem."

3 Correct? That was the question?

4 MR. CURTIS PRYSTUPA: Yes.

5 MR. CHRIS KLASSEN: And on the bar
6 graph on the left, we'll see that that is providing us
7 the responses of scenario 1, being question 23A?

8 MR. CURTIS PRYSTUPA: Correct.

9 MR. CHRIS KLASSEN: And you'll see
10 that that graph is labelled 'Drivers with low DSR save
11 money', correct?

12 MR. CURTIS PRYSTUPA: That is the
13 label, yes.

14 MR. CHRIS KLASSEN: And if we go back
15 to question 2 -- sorry, 23B, question 'B', you'll
16 confirm that that question reads:

17 "Some families can save money by
18 having a driver with a good DSR
19 insure the vehicles that are used by
20 other drivers with less experience
21 and/or with a lower DSR."

22 Correct?

23 MR. CURTIS PRYSTUPA: Yes.

24 MR. CHRIS KLASSEN: And scenario 2,
25 the graph is labelled 'Families save money', correct?

1 MR. CURTIS PRYSTUPA: That is the
2 label, yes.

3 MR. CHRIS KLASSEN: And you'll agree
4 that both of those labels refer to the parties who may
5 save money through the circumstances described in the
6 questions, correct?

7 MR. CURTIS PRYSTUPA: Yes.

8 MR. CHRIS KLASSEN: And neither of
9 those labels indicate whether or not these scenarios
10 may impose additional costs on MPI's other customers,
11 correct?

12 MR. CURTIS PRYSTUPA: Correct, in the
13 -- in this -- in this particular set of questions.

14 MR. CHRIS KLASSEN: And if we go back
15 to the questions -- and we'll look at the part of the
16 sentence that I didn't read out previously -- you'll
17 confirm that both questions indicate that, and I
18 quote:

19 "Some insurance premiums are lower
20 as a result of this scenario, and
21 other premiums are higher."

22 Correct?

23 MR. CURTIS PRYSTUPA: Correct, and I'd
24 like to -- like to correct my previous response
25 because it does indicate that some insurance premiums

1 are lower as a result of this scenario and other --
2 other premiums are -- are higher. So that -- that
3 kind of corrects what I was -- what I incorrectly
4 answered in my previous response.

5 MR. CHRIS KLASSEN: And you'll confirm
6 that neither of these questions provides information
7 about how many customers' premiums are lower or higher
8 as a result of the scenarios described?

9 MR. CURTIS PRYSTUPA: That is correct.

10 MR. CHRIS KLASSEN: And also, doesn't
11 indicate by how much, correct?

12 MR. CURTIS PRYSTUPA: That is correct.

13 MR. CHRIS KLASSEN: Ms. Schubert,
14 could you take us to CAC/MPI-1-88, and we'll go to the
15 response to 'A'.

16 Mr. Prystupa, I'll ask you to confirm
17 that this response prepared by MPI in the first
18 sentence explains that Leger's qualitative research
19 took place over three (3) separate weeks, correct?

20 MR. CURTIS PRYSTUPA: Yes.

21 MR. CHRIS KLASSEN: And if we go to
22 the bottom two (2) lines of page 2 for this response,
23 you'll confirm that we see there that, during the
24 first two (2) weeks, nothing was shared with
25 participants to inform or educate them, correct?

1 MR. CURTIS PRYSTUPA: That's correct.

2 MR. CHRIS KLASSEN: And the last
3 sentence, which begins on this page and ends on the
4 next, you'll see that it says:

5 "At the beginning of the third week,
6 Leger encouraged participants to
7 review the DSR public website and
8 the DSR brochure."

9 Correct?

10 MR. CURTIS PRYSTUPA: Yes.

11 MR. CHRIS KLASSEN: And you'll
12 confirm, sir, that neither of those sources -- the DSR
13 public website or the DSR brochure identify the
14 differences between current vehicle premium discounts
15 and actuarially indicated vehicle premium discounts,
16 correct?

17 MR. CURTIS PRYSTUPA: That's correct.

18 MR. CHRIS KLASSEN: And you'll also
19 confirm that those sources do not indicate how many
20 drivers or vehicles are affected at each level of the
21 DSR scale?

22 MR. CURTIS PRYSTUPA: That is correct.

23 MR. CHRIS KLASSEN: And you'll
24 confirm, at the very bottom of the response to 'A', we
25 see text that reads:

1 "Leger did not inform participants
2 of the monetary value of cross-
3 subsidization between DSR levels or
4 the extent of dislocation between
5 actual and indicated discounts."

6 Correct?

7 MR. CURTIS PRYSTUPA: Yes.

8 MR. CHRIS KLASSEN: And if we scroll
9 down to the response to 'E', you'll see here, sir,
10 that the response explains that four (4) sources of
11 information were provided to respondents to the
12 quantitative survey, correct?

13 MR. CURTIS PRYSTUPA: Including the
14 table, yes. I was -- I was doing the table, yes.

15 MR. CHRIS KLASSEN: Including the
16 table. Yeah. And so, we have the determining the
17 rates page on the website, the DSR public website, and
18 the brochure for the three (3) publicly available
19 sources?

20 MR. CURTIS PRYSTUPA: Yes, as well --
21 as well as the -- the table that's --

22 MR. CHRIS KLASSEN: And the fourth was
23 the table. And it's attached to the appendix -- to
24 the response as an appendix, correct?

25 MR. CURTIS PRYSTUPA: Correct.

1 MR. CHRIS KLASSEN: And you'll confirm
2 that none of these sources indicate how many drivers
3 or vehicles are -- oh, sorry, misplaced my notes.
4 We'll move on. We'll go to the last sentence with the
5 response to 'E'.

6 And you'll confirm that that reads
7 that:

8 "Participants are not informed of
9 the monetary value of cross-
10 subsidization between DSR levels or
11 the extent of dislocation between
12 actual and indicated DSR discounts."

13 Correct?

14 MR. CURTIS PRYSTUPA: That is correct.

15 MR. CHRIS KLASSEN: Ms. Schubert,
16 could you take us to CAC/MPI 187.

17 Mr. Prystupa, while this is being
18 brought up on screen, you'll confirm that it's in MPI
19 Application that it has removed customer and
20 stakeholder engagement activities from the later
21 stages of its project plan, correct?

22 MR. CURTIS PRYSTUPA: Yes, that is
23 correct.

24 MR. CHRIS KLASSEN: And if we go to
25 the third paragraph in the response to this IR, we see

1 MPI explain that:

2 "It is difficult to precisely
3 identify when customer and/or
4 stakeholder engagement will occur."

5 Correct?

6 MR. CURTIS PRYSTUPA: In the scope of
7 the project plan, yes.

8 MR. CHRIS KLASSEN: Right. Yes.
9 Thank you. And you'll confirm also that the response
10 before you explains that, "Subsequent consumer
11 engagement is dependent on MPI," again we're at the
12 bottom two (2) lines, "discovering that engagement is
13 needed," correct?

14

15 (BRIEF PAUSE)

16

17 MR. ROBERT SMITHSON: Rob Smithson,
18 MPI. So, we believe consultation is needed. So,
19 we're not determining if it's needed; it's when is the
20 appropriate time and what levels is appropriate for
21 that stage of the Project to deliver the best
22 information for MPI and the Board to make their
23 decision.

24 MR. CHRIS KLASSEN: Thank you, Mr.
25 Smithson. And if we can take from MPI response here

1 in combination with your response of a moment ago, the
2 answers to those questions, it's suggested here, will
3 be determined by MPI as the Project proceeds, correct?

4 MR. ROBERT SMITHSON: Correct.

5 MR. CHRIS KLASSEN: Thank you. The
6 Panel will confirm that's in MPI's evidence that the
7 BIM consultation phase of the Project conducted by
8 Leger with just -- which was just completed is a new
9 addition to the Project plan as presented in this GRA
10 as opposed to last GRA, correct?

11 MR. CURTIS PRYSTUPA: One moment,
12 please.

13 MR. CHRIS KLASSEN: And we can take
14 you to a reference if that's helpful, sir.

15 MR. CURTIS PRYSTUPA: That won't be
16 necessary. Just one moment, please.

17

18 (BRIEF PAUSE)

19

20 MR. CHRIS KLASSEN: Ms. Schubert,
21 perhaps it would be helpful in the meantime if you
22 took us to page 10 of 15 of the BIM chapter in the
23 current GRA.

24

25 (BRIEF PAUSE)

1

2 MR. CURTIS PRYSTUPA: Thank you, Mr.
3 Klassen. Just -- the -- the addition of the BIM
4 public consultation into the 2025 Project plan is more
5 of a replacement of the customer engagement planned
6 activity that was part of the Project plan in the 2024
7 GRA rather than a brand-new insertion.

8 MR. CHRIS KLASSEN: Thank you. You'll
9 confirm that the evidence of MPI on the screen before
10 you is that it describes the BIM public -- public
11 consultation as a new item that's been added to the
12 schedule?

13 MR. CURTIS PRYSTUPA: Yes.

14 MR. CHRIS KLASSEN: Ms. Schubert, if
15 you could bring up on the screen appendix 2 to the BIM
16 chapter, which is the Project plan.

17 And, Mr. Prystupa, you'll confirm that
18 we see this new item, the BIM public consultation, as
19 line 3, correct?

20 MR. CURTIS PRYSTUPA: Yes.

21 MR. CHRIS KLASSEN: And we see on the
22 Gant chart that it ran through second, third, and into
23 fourth quarters of 2024 --

24 MR. CURTIS PRYSTUPA: Yes.

25 MR. CHRIS KLASSEN: -- which is

1 consistent with your evidence given earlier, that it
2 just wrapped up, correct?

3 MR. CURTIS PRYSTUPA: Yes.

4 MR. CHRIS KLASSEN: And we'll leave
5 this on the screen, Ms. -- Ms. Schubert.

6 But I will read -- I'm back in -- on
7 page 10, Mr. Prystupa. And I'll just be reading from
8 MPI's Application and asking you to confirm the
9 references on -- on the Gant chart. So, I'm not sure
10 if you'll have that before. Also, Ms. Schubert could
11 take us back and forth if needed.

12 But I'll ask you to confirm, sir, that
13 it's MPI's Application -- evidence in its Application
14 that as a result of the BIM consultation being added
15 in the timeframe we just confirmed, all items between
16 BIM public consultation and NOVA Release 3 have been
17 moved back by twelve (12) months, correct?

18 MR. CURTIS PRYSTUPA: Yes, that's
19 correct.

20 MR. CHRIS KLASSEN: And that means
21 that on the Project plan before you items 4, 5, 6, 7,
22 and 8 have all been delayed by four (4) fiscal
23 quarters, correct?

24 MR. CURTIS PRYSTUPA: Yes.

25 MR. CHRIS KLASSEN: And that's due to

1 the addition of the BIM public consultation which we
2 saw before at line 3, correct?

3 MR. CURTIS PRYSTUPA: That's -- that's
4 one (1) factor contributing to the -- the change in
5 schedule.

6 MR. CHRIS KLASSEN: I'll keep reading
7 from the application.

8 "The duration of these items has
9 also been increased by six (6)
10 months to account for the NOVA
11 Release 3 launch date being changed
12 to the beginning of second quarter
13 2026."

14 You'll confirm that's MPI's evidence?

15 MR. CURTIS PRYSTUPA: Yes.

16 MR. CHRIS KLASSEN: And so, with that
17 in mind, you'll confirm that on the screen, item 4,
18 government approval and legislative change for data
19 collection was previously estimated at between three
20 (3) and four (4) fiscal quarters and is now between
21 five (5) and six (6), correct?

22 MR. CURTIS PRYSTUPA: One moment while
23 I just confirm that with my records. Yes, that's
24 correct.

25 MR. CHRIS KLASSEN: And item 5, broker

1 consultation for data collection was previously three
2 (3) fiscal quarters and is now five (5)?

3 MR. CURTIS PRYSTUPA: Yes.

4 MR. CHRIS KLASSEN: Same for item 6,
5 developed communications plan for data collection?

6 MR. CURTIS PRYSTUPA: Yes.

7 MR. CHRIS KLASSEN: And same for item
8 7, finalized business rules for data collection?

9 MR. CURTIS PRYSTUPA: Yes.

10 MR. CHRIS KLASSEN: And you'll confirm
11 also, sir, and we can go to last year's Project plan
12 if you need, that item 8, execute communications plan
13 for data collection was last year estimated at four
14 (4) fiscal quarters and is now at five (5), correct?

15 MR. CURTIS PRYSTUPA: I'm just going
16 to have a look. Just give me one moment, please.
17 Yes, that's correct.

18 MR. CHRIS KLASSEN: And you'll
19 confirm, sir -- and this -- recognizing that this goes
20 a little bit outside of your area, but you'll confirm,
21 sir, that the -- the change in schedule to the NOVA
22 Project was made for reasons independent of the Basic
23 Insurance Model Evolution Project, correct?

24 MR. CURTIS PRYSTUPA: Yes.

25 MR. CHRIS KLASSEN: Thank you. Madam

1 Chair, for CAC, those are our questions. Thank you.

2 PANEL CHAIRPERSON: Thank you. Ms.

3 Meek...?

4 MS. CHARLOTTE MEEK: Thank you, Madam

5 Chair.

6

7 CROSS-EXAMINATION BY MS. CHARLOTTE MEEK:

8 MS. CHARLOTTE MEEK: Good morning to

9 the Panel. My name is Charlotte Meek. I represent

10 the Coalition of Manitoba Motorcycle Groups.

11 Similarly to my other colleagues, I'll ask my

12 questions generally today.

13 To start off with today, I just want to

14 travel back to a previous GRA, being the 2018 GRA.

15 So, if we could pull up Board Order 130-17, please,

16 Kristen, going to page 31 of that Order.

17 And we can see here on the short

18 paragraph above the chart there that in this

19 Application the Corporation was filing an Application

20 making proposed changes to the driver premiums on the

21 demerit side of the DSR scale.

22 Do you see that there?

23 MR. ROBERT SMITHSON: Rob Smithson,

24 MPI. Yes.

25 MS. CHARLOTTE MEEK: Thank you. And

1 if we go to the bottom of this page starting with this
2 paragraph kind of leading on to the next page, I'll
3 give you a minute to just -- just read over this
4 paragraph here, and then I'm going to give you a
5 summary of it.

6

7

(BRIEF PAUSE)

8

9 MS. CHARLOTTE MEEK: And so, in this
10 paragraph, MPI is describing the phenomenon of
11 individuals having someone else register their vehicle
12 that they might be regularly driving, correct?

13 MR. ROBERT SMITHSON: Correct.

14 MS. CHARLOTTE MEEK: And therefore,
15 vehicles insured might be getting preferential
16 discounts. They might be potentially driven by
17 higher-risk drivers, not reflecting the principle
18 driver of the vehicle.

19 Is that correct?

20 MR. ROBERT SMITHSON: One moment.

21

22

(BRIEF PAUSE)

23

24 MR. ROBERT SMITHSON: Correct.

25 MS. CHARLOTTE MEEK: Thank you. And

1 the next paragraph on the screen, starting with,
2 "However," -- I'll just read this out. It says:

3 "However, MPI stressed that the
4 proposed increase in driver premiums
5 and its allocation to drivers on the
6 demerit side of the DSR scale are
7 directionally supported by
8 statistical information. As a
9 result, the proposed premiums have
10 been determined on a policy rather
11 than actuarial basis, but are guided
12 by the statistical information
13 available."

14 Do you see that there?

15 MR. ROBERT SMITHSON: Yes.

16 MS. CHARLOTTE MEEK: Okay. And so, in
17 this Order, the Order is explaining MPI's Application,
18 that the Corporation's proposed increases to driver
19 surcharges are not actuarially indicated.

20 Is that correct?

21 MR. ROBERT SMITHSON: One moment.

22

23 (BRIEF PAUSE)

24

25 MR. ROBERT SMITHSON: I can confirm

1 it's what it says on the page, but that's about the
2 limit of it.

3 MS. CHARLOTTE MEEK: Right. So that -
4 - that's what it says on the page here, and that's --

5 MR. ROBERT SMITHSON: Yes.

6 MS. CHARLOTTE MEEK: -- was MPI's
7 Application at the time is that it wasn't based on an
8 actuarial indication, but it was rather based on
9 statistical information that MPI had that gave it
10 information that directionally supported this
11 proposal.

12 Is that correct?

13 MR. ROBERT SMITHSON: Correct.

14 MS. CHARLOTTE MEEK: Okay. And that
15 the premiums have been determined on a policy basis
16 rather than an actuarial basis.

17 Is that correct?

18 MR. ROBERT SMITHSON: I believe that's
19 what it says, yes.

20 MS. CHARLOTTE MEEK: Thank you. And
21 on that policy basis, MPI was seeking in that
22 Application that the Board should approve the
23 increases being sought by MPI for the demerit side of
24 the DSR scale.

25 Is that correct?

1 MR. ROBERT SMITHSON: Yes.

2 MS. CHARLOTTE MEEK: Okay. And if we
3 can go to page 34 of this Order, so go to the third
4 paragraph starting with, "In the next GRA." The Board
5 is indicating here that:

6 "MPI should be prepared to provide
7 driver premiums that are more
8 statistically consistent with the
9 estimated average claims cost per
10 driver for each level on the demerit
11 side of the DSR scale, and within
12 three (3) years propose vehicle
13 premium discounts that are
14 actuarially indicated on the
15 principle driver performance
16 evaluation rather than simply being
17 based on registered driver rating."

18 You see that there?

19 MR. ROBERT SMITHSON: Yes.

20 MS. CHARLOTTE MEEK: And the Board
21 indicates it wants to see driver premiums that are
22 based on the primary driver of the vehicle rather than
23 the registered owner.

24 Is that correct?

25

1 (BRIEF PAUSE)

2

3 MR. ROBERT SMITHSON: I see it
4 mentions principle driver performance, not primary,
5 but --

6 MS. CHARLOTTE MEEK: Sure. So, the
7 Board is asking to see it on the principle driver
8 performance.

9 Is that correct?

10 MR. CURTIS PRYSTUPA: Correct.

11 MS. CHARLOTTE MEEK: Okay. And the
12 last paragraph on this page, the Board ultimately
13 approves MPI's request to make changes to the DSR
14 scale based on the information it provided despite not
15 having actuarially indicated numbers.

16 Is that correct?

17

18 (BRIEF PAUSE)

19

20 MR. ROBERT SMITHSON: Correct.

21 MS. CHARLOTTE MEEK: And you can see
22 in the rest of this paragraph that the Board orders
23 MPI to participate in a technical conference to
24 determine other tools and methodologies to better
25 determine DSR rates and discounts based on the

1 principle driver rather than simply the registered
2 driver.

3 Is that correct?

4 MR. ROBERT SMITHSON: Correct.

5 MS. CHARLOTTE MEEK: Thank you. And,
6 Madam Chair, if you'd just give me a moment here, some
7 of my questions have been canvassed, so I'm just
8 skipping over a little bit here.

9

10 (BRIEF PAUSE)

11

12 MS. CHARLOTTE MEEK: And I can take
13 you to a reference, if it's necessary, but based on
14 MPI's current Application, the schedule for the
15 current Application, I understand that government
16 approval for legislative changes for data collection
17 are scheduled to occur in Q4 of 204, so sometime in
18 the next couple of months.

19 Is that correct?

20 MS. MARIA CAMPOS: Maria Campos.
21 That's correct. We'll be seeking government approval.

22 MS. CHARLOTTE MEEK: Okay. And how
23 will this schedule be impacted where government
24 approval is not obtained?

25

1 (BRIEF PAUSE)

2

3 MS. MARIA CAMPOS: Difficult to
4 speculate on the -- the approval we receive and the
5 timing of that approval, but it is MPI's plan to put
6 forward a request for the required legislative and/or
7 regulatory changes in order to collect the data.

8 MS. CHARLOTTE MEEK: Okay. Thank you.
9 And I understand MPI's current position is that the
10 Corporation can't endorse a specific model at this
11 time until it obtains the data to do the pricing
12 analysis.

13 Is that correct?

14 MS. MARIA CAMPOS: That's correct.

15 MS. CHARLOTTE MEEK: Meaning that it
16 couldn't make a recommendation to government regarding
17 a particular model until it has that data analysis and
18 pricing examination.

19 Is that correct?

20 MS. MARIA CAMPOS: Meaning MPI could
21 not put forward recommendations to the Board that
22 would provide the information we believe required to
23 be able to make an informed decision.

24 That would include obviously -- and
25 it's been referenced -- rate dislocation, how many

1 registered owners right now would have a change in
2 model for primary driver model -- so the effects of
3 that and the impacts.

4 We would want to be able to assess that
5 and provide all the relevant information to the Public
6 Utilities Board to inform their decision.

7 MS. CHARLOTTE MEEK: So, thank you.
8 And so, you're referring to the recommendation to the
9 Public Utilities Board.

10 Does MPI also make a recommendation to
11 government in discussions with government?

12 MS. MARIA CAMPOS: Government doesn't
13 currently -- based on the legislative regime,
14 government does not decide as to whether this change
15 will be made or not. So, the Basic insurance model is
16 under the purview of the Public Utilities Board.

17 The interaction with government will
18 be, and will continue to be, the required regulatory
19 changes to ensure that we collect accurate data from
20 owners, registered owners right now, so we can again
21 compile that information and be able to present it to
22 the Board.

23 MS. CHARLOTTE MEEK: Thank you. And
24 so, you're aware that, in the last GRA, the Public
25 Utilities Board made a recommendation to government

1 that it make legislative changes to allow it to
2 collect data?

3 MS. MARIA CAMPOS: Yes, I am aware of
4 that.

5 MS. CHARLOTTE MEEK: And will MPI be
6 also making a recommendation to government supporting
7 the Public Utilities Board recommendation to make the
8 legislative changes to allow it to collect the data
9 necessary?

10 MS. MARIA CAMPOS: Yes. MPI will be
11 putting forward a request for government for the
12 regulatory changes in order to collect the data.

13 MS. CHARLOTTE MEEK: Thank you. And
14 I'd like to refer back to a slide that was referred by
15 Ms. Moore yesterday. So, this was from the 2023 GRA,
16 Exhibit 69, slide 22.

17 And so, Ms. Moore had asked some
18 questions to the panel on this document yesterday.
19 Are you -- you recall that line of questioning?

20 MR. CURTIS PRYSTUPA: Yes.

21 MS. CHARLOTTE MEEK: And it was
22 confirmed that the registered owner model had the
23 lowest risk rating accuracy. Is that correct?

24 MR. CURTIS PRYSTUPA: In -- in
25 comparison with the four (4) models displayed, yes.

1 MS. CHARLOTTE MEEK: Right. And the
2 primary driver model had 'some risk rating accuracy'.
3 Is that correct?

4 MR. CURTIS PRYSTUPA: Yes.

5 MS. CHARLOTTE MEEK: So more than that
6 of the registered owner model, correct?

7 MR. CURTIS PRYSTUPA: Yes.

8 MS. CHARLOTTE MEEK: Okay.

9 MR. CURTIS PRYSTUPA: Or it's -- it's
10 expected to be.

11 MS. CHARLOTTE MEEK: Right. And your
12 evidence, Mr. Prystupa, I think was that you don't
13 have the data to calculate the actual numbers, and
14 this was MPI's subjective opinion, correct?

15 MR. CURTIS PRYSTUPA: Absolutely.

16 MS. CHARLOTTE MEEK: Okay. And so,
17 while MPI can't calculate the specific numbers without
18 the data, you'd agree that it's fair to say that with
19 the information it has, MPI can form an opinion that
20 directionally there would be an improvement on rating
21 risk.

22 Is that correct?

23 MR. CURTIS PRYSTUPA: Some -- some
24 improvement, yes.

25 MS. CHARLOTTE MEEK: Thank you. And I

1 apologize. I'm jumping around a little bit just to --
2 to clean up little bits that I wanted to touch on from
3 My Friends who have already questioned.

4 In this year's Application, the
5 Corporation has completed a public consultation report
6 with Leger. Is that correct?

7 MR. CURTIS PRYSTUPA: Yes.

8 MS. CHARLOTTE MEEK: Okay. And it
9 also completed a public consultation report regarding
10 the possible insurance models in 2019.

11 Is that correct?

12 MR. CURTIS PRYSTUPA: Yes.

13 MS. CHARLOTTE MEEK: And when the last
14 study was completed in 2019, do you recall that there
15 were some questions or criticisms raised by
16 Interveners and the Board regarding the information
17 that had been provided to participants?

18 Is that correct?

19 MR. CURTIS PRYSTUPA: One moment,
20 please.

21

22 (BRIEF PAUSE)

23

24 MR. SCOTT PATTON: It's Scott Patton,
25 with MPI. That is correct. There was some criticism,

1 yes.

2 MS. CHARLOTTE MEEK: Okay. And we can
3 go to a reference, if necessary, but one (1) criticism
4 or question posed was a concern that participants were
5 not informed that MPI's evidence in these proceedings
6 is that the current system creates a scenario where
7 good drivers subsidize poor drivers?

8 MR. SCOTT PATTON: Yes, I recall that.

9 MS. CHARLOTTE MEEK: Thank you. And
10 during some questions with My Friend, Ms. Moore,
11 today, she asked the Panel whether MPI had any
12 information regarding how many registered owners were
13 not the primary drivers of vehicles.

14 Do you recall that question?

15 MR. CURTIS PRYSTUPA: Yes.

16 MS. CHARLOTTE MEEK: And you had
17 indicated that MPI didn't have any reliable data on
18 that information.

19 Is that correct?

20 MR. CURTIS PRYSTUPA: Correct.

21 MS. CHARLOTTE MEEK: Okay. If we
22 could just go to CMMG/MPI 1-3, please.

23 And so, the preamble of the question
24 here reads that:

25 "In the 2022 GRA, MPI reported that

1 for collisions losses where a driver
2 can be identified, 31 percent of
3 reported losses are attributable to
4 claims where the driver is not the
5 registered owner."

6 Do you see that there?

7 MR. CURTIS PRYSTUPA: Yes, I see that.

8 MS. CHARLOTTE MEEK: Thank you. And
9 if we go to answer A. The question has asked for MPI
10 to update that figure for this year's GRA. And you
11 can see in the answer MPI corrected my number here
12 and, in fact, the number was 33 percent in the 2022
13 GRA.

14 You see that there?

15 MR. CURTIS PRYSTUPA: Yes.

16 MS. CHARLOTTE MEEK: Okay. And MPI
17 indicated that the percentage had not materially
18 changed for the 2023 year, being 34 percent.

19 Is that correct?

20 MR. CURTIS PRYSTUPA: Yes.

21 MS. CHARLOTTE MEEK: And the weighted
22 average for three (3) years is 33 percent, correct?

23 MR. CURTIS PRYSTUPA: Yes.

24 MS. CHARLOTTE MEEK: Thank you. And
25 I'd like to now jump to MPI Exhibit number 35 in this

1 year's Application, and that's the Leger study. If we
2 could go to page 38 -- or slide 38, please, Kristen.
3 Thank you.

4 So, I'm just going to start by reading
5 the question on the bottom of the screen, which reads:

6 "If there was no change to your
7 vehicle insurance premium discount,
8 should MPI change to a new approach
9 for insuring vehicles in Manitoba
10 that would be more accurate in terms
11 of capturing the risk of drivers, or
12 should they stick with the current
13 system of the registered owner
14 model?"

15 Do you see that there?

16 MR. SCOTT PATTON: It's Scott Patton,
17 with MPI. Yes, we see that.

18 MS. CHARLOTTE MEEK: Thank you. And
19 here we can see that 51 percent of the respondents
20 indicated that they think we should stick with the
21 current registered owner model.

22 Is that correct?

23 MR. SCOTT PATTON: Yes, that is
24 correct.

25 MS. CHARLOTTE MEEK: Okay. And in

1 response to this, we can see that 33 percent still
2 supported switching to a new model.

3 Is that correct?

4 MR. SCOTT PATTON: Yes.

5 MS. CHARLOTTE MEEK: Okay. And if
6 we'd go to page 40, please -- or slide 40. Thank you,
7 Kristen.

8 And the question here was:

9 "If a new vehicle insurance model
10 reduced the premiums associated with
11 better driving history by 1 to 6
12 percent, an increased premiums
13 associated with a lesser or poorer
14 driving history by an equivalent 1
15 to 6 percent, would you support a
16 change to a new model?"

17 Is that correct?

18 MR. SCOTT PATTON: Yes, that's a
19 correct reading of the word.

20 MS. CHARLOTTE MEEK: Thank you. And
21 we can see here there's a big change in respondents'
22 positions, being that 63 percent now support a new
23 model. Is that correct?

24 MR. SCOTT PATTON: Yes, that is
25 correct.

1 MS. CHARLOTTE MEEK: And then if we
2 can go to slide 42, please.

3 And the question here was:

4 "If the new model reduced premiums
5 associated with better driving by
6 more than 6 percent and increased
7 premiums associated with a lesser or
8 poorer driving history by an
9 equivalent of more than 6 percent,
10 would you support changing to a new
11 model?"

12 Do you see that there?

13 MR. SCOTT PATTON: Yes.

14 MS. CHARLOTTE MEEK: And there's not a
15 significant change. Still 60 percent are supportive
16 of changing to a new model.

17 Is that correct?

18 MR. SCOTT PATTON: Yes.

19 MS. CHARLOTTE MEEK: Thank you.

20 MR. SCOTT PATTON: Clarification there
21 though. The difference between those questions is
22 very important. The affordability established
23 previous in these results -- affordability is very
24 much on the minds of Manitobans.

25 When we come to these questions, given

1 a no-change scenario, or a zero-sum scenario, there
2 was no desire to make a change. Why make a change if
3 I'm not going to save money, if it's not going to make
4 it more affordable? So, that's why we see this number
5 jump up into that 6 and 10 support.

6 I expect and interpret this as most
7 people were thinking about saving the money
8 themselves, not about paying more, although it was
9 prepared -- it was presented to them that some people
10 would save, some people would -- would pay more, now
11 do you support a change.

12 So, given that context, I believe that
13 people were assuming that they would be on the saving
14 side when they made their decision here.

15 MS. CHARLOTTE MEEK: Thank you. And -
16 - and that's your interpretation or assumption as to
17 how people interpreted this question?

18 MR. SCOTT PATTON: That is my
19 interpretation, yes.

20 MS. CHARLOTTE MEEK: Thank you. And
21 yesterday Ms. Moore asked -- asked some questions
22 about the motorcycle product review.

23 Do we recall that line of questioning
24 yesterday?

25 MR. ROBERT SMITHSON: Yes.

1 MS. CHARLOTTE MEEK: Okay. And this
2 has been deferred until after the implementation of
3 Project NOVA.

4 Is that correct?

5 MR. ROBERT SMITHSON: MPI has actually
6 begun (INDISCERNIBLE) internally, collecting data, and
7 beginning the analysis. There will be outreach to
8 CMMG and other stakeholders in -- in the near future.

9 MS. CHARLOTTE MEEK: Thank you. And
10 you interpreted my next question there, or guessed my
11 next question.

12 So, MPI does anticipate speaking to
13 stakeholders regarding their proposed changes or --
14 or, you know, options for moving forward there?

15 MR. ROBERT SMITHSON: Certainly, we
16 do.

17 MS. CHARLOTTE MEEK: Thank you. Those
18 are my questions. Thank you, Madam Chair.

19 PANEL CHAIRPERSON: Thank you, Ms.
20 Meek. It is almost 10:30. So, we'll break for the
21 morning right now and come back, please, at quarter to
22 11:00.

23

24 --- Upon recessing at 10:27 a.m.

25 --- Upon resuming at 10:44 a.m.

1

2 PANEL CHAIRPERSON: Ms. Nelko...?

3 MS. SHARNA NELKO: Good morning.

4 Thank you, Madam Chair.

5

6 CROSS-EXAMINATION BY MS. SHARNA NELKO:

7 MS. SHARNA NELKO: Good morning,
8 members of the panel. My name's Sharna Nelko, and I'm
9 counsel to the Taxi Coalition.

10 I expect that most of my questions this
11 morning will be directed towards Ms. Mann, but if
12 anyone else feels it appropriate to answer, please
13 feel free to do so.

14 So, from your evidence yesterday, Ms.
15 Mann, I understand that MPI is working, and intends to
16 continue working, with Vehicle-for-Hire stakeholders
17 independently on an insurance model development
18 outside of a revised Vehicle-for-Hire framework.

19 Is that correct?

20 MS. SIMMI MANN: Yes, it is.

21 MS. SHARNA NELKO: And I'm hoping to
22 confirm with you what you mean by 'outside of a
23 revised Vehicle-for-Hire framework'.

24 MS. SIMMI MANN: So that means
25 essentially here we've stated that the time band model

1 will remain accessible to all VFH owners and
2 operators, but we will independently work with
3 stakeholders around future model development based on
4 stakeholder need.

5 MS. SHARNA NELKO: Thank you. And is
6 it correct that all Vehicle-for-Hire groups would in
7 theory be eligible for a blanket policy?

8 MS. SIMMI MANN: Yes.

9 MS. SHARNA NELKO: Okay. So, while
10 eligible, am I understanding correctly that, due to
11 inherent differences in business models among Vehicle-
12 for-Hire stakeholders, not all blanket policies can or
13 will be developed in the same way?

14 MS. SIMMI MANN: That is correct.

15 MS. SHARNA NELKO: Okay. And
16 specifically for taxis, I understand that one (1) of
17 the distinct differences is the element of street
18 haling. Is that correct?

19 MS. SIMMI MANN: That is one (1)
20 factor, yes.

21 MS. SHARNA NELKO: Okay. And that
22 generally refers to providing transportation services
23 to passengers that are not pre-arranged, correct?

24 MS. SIMMI MANN: Correct.

25 MS. SHARNA NELKO: So, this lack of

1 pre-arrangement would add in an additional element
2 than what was presented in last year's GRA because,
3 under a TNC blanket policy, all rides are pre-arranged
4 through an application, correct?

5 MS. SIMMI MANN: This is correct.

6 MS. SHARNA NELKO: Beyond the element
7 of street haling, are there any other inherent
8 differences in the taxi business model that MPI can
9 point to at this time?

10 MS. SIMMI MANN: I believe that's
11 still under examination. Right now, as we're
12 developing the coverage periods, we're trying to
13 understand all the ways in which rides can be arranged
14 for compensation outside of the application. And this
15 is due to the fact that having no cross-subsidization
16 between customers is a primary goal.

17 MS. SHARNA NELKO: So, picking up on
18 that point, I understand that MPI's currently
19 confirming what certain aspects of the taxi blanket
20 policy could look like, correct?

21 MS. SIMMI MANN: Correct.

22 MS. SHARNA NELKO: So that would
23 include looking at the rating variable, determining
24 coverage periods, dispatching software, and policy
25 structure generally, correct?

1 MS. SIMMI MANN: Yes.

2 MS. SHARNA NELKO: And as it relates
3 to these aspects being considered, the rating variable
4 used for the TNC blanket policy presented in last
5 year's GRA was a per-kilometre rate, correct?

6 MS. SIMMI MANN: Correct.

7 MS. SHARNA NELKO: And appreciating
8 that MPI is still in its early stages of examining the
9 feasibility of a taxi blanket policy, is it MPI's
10 intention to use a per-kilometre rate for a taxi
11 blanket policy?

12 MS. SIMMI MANN: I would say yes. I
13 know we've had the discussions for a number of years
14 around, you know, what are the other rating variables
15 that we can use.

16 So, this year, when taxi gave more, I
17 would say, very direct direction to work on a taxi
18 blanket policy as opposed to, you know, say a part-
19 time model, we kind of flipped the question to say,
20 Why not kilometres?

21 And so, we encouraged them to reach out
22 to their dispatchers as we kind of believed that this
23 may be due to the technological platform, you know,
24 the dispatching. And we asked, you know, considering
25 ride -- like kilometres to be the rating variable, is

1 it possible under your current platforms to record and
2 track kilometres based on, you know, defined VFH
3 operation?

4 And they both indicated, after
5 contacting their dispatchers, that this was possible
6 and that, in some shape or form and some parameter,
7 mileage was being tracked.

8 But -- so I think, given all of this,
9 we think it's feasible to begin the examination with
10 kilometres, but if that presents a problem down the
11 way as we collect, you know, all the requirements of
12 the product and we can do the full scope, then we can
13 take that into consideration.

14 MS. SHARNA NELKO: Sure. Thank you.
15 And I think it's likely implied from your answer, but
16 am I understanding correctly that MPI doesn't
17 currently collect the kilometre data from taxis?

18 MS. SIMMI MANN: We don't.

19 MS. SHARNA NELKO: Okay. And does MPI
20 at this time have an idea of how many years of
21 kilometre data would be required in order to derive a
22 per-kilometre rate?

23 MS. SIMMI MANN: At this time, we
24 don't as we're just building the foundational aspects
25 of the policy -- so the rating variable, the coverage

1 period, the policy structure.

2 And once we get those, we -- and we
3 actually nail specifically the coverage period, we can
4 move to look to the data collection with respect to
5 kilometres.

6 MS. SHARNA NELKO: Now, in the pre-
7 hearing conference at the commencement of this year's
8 GRA process, MPI's counsel raised the possibility of a
9 Vehicle-for-Hire technical conference for Vehicle-for-
10 Hire stakeholders.

11 Are you aware of that?

12 MS. SIMMI MANN: Yes.

13 MS. SHARNA NELKO: And throughout the
14 discovery process, the Taxi Coalition asked a number
15 of Information Requests regarding this potential
16 Vehicle-for-Hire technical conference.

17 Do you recall that?

18 MS. SIMMI MANN: Yes.

19 MS. SHARNA NELKO: And as part of this
20 theoretical Vehicle-for-Hire technical conference, I
21 understand that MPI would focus on communicating the
22 initial results of the Taxi Telematics initiative.

23 Is that correct?

24 MR. ROBERT SMITHSON: Rob Smithson,
25 MPI. Yes.

1 MS. SHARNA NELKO: And given the
2 availability of the Telematics data, MPI would propose
3 late July 2025 for a Vehicle-for-Hire technical
4 conference?

5 MR. ROBERT SMITHSON: This will depend
6 on the completion of the analysis from our partner.

7 MS. SHARNA NELKO: Is MPI -- assuming
8 the data is -- or the analysis is available, is that
9 MPI's goal to have a Vehicle-for-Hire technical
10 conference in July of 2025?

11 MR. ROBERT SMITHSON: It'd be a tough
12 target to meet. We're hoping, yes.

13 MS. SHARNA NELKO: Now, at this
14 Vehicle-for-Hire technical conference, appreciating
15 it's not yet set, would MPI also provide a status
16 update on insurance model development?

17 MS. SIMMI MANN: Yes. So, I think, as
18 we indicated, we would provide a status update, but it
19 would be contingent upon the progress that we had on
20 that development and assessment.

21 MS. SHARNA NELKO: Does MPI believe
22 that it'll be in a position to provide a status update
23 on insurance model development by the time that the
24 2026 GRA is filed?

25 MS. SIMMI MANN: I believe we can,

1 yes.

2 MS. SHARNA NELKO: Okay. And can you
3 -- yeah. Okay.

4 MS. SIMMI MANN: Sorry about that.

5 MS. SHARNA NELKO: So, appreciating
6 that the Vehicle-for-Hire technical conference being
7 held in July of 2025 can't confirm that -- that that's
8 going to take place, but it's a -- a goal that'll be
9 worked towards, am I correct in inferring from that
10 response that MPI does, in fact, intend to hold a
11 Vehicle-for-Hire technical conference at some point in
12 the near future?

13 MS. SIMMI MANN: Just one (1) moment,
14 please.

15

16 (BRIEF PAUSE)

17

18 MR. ROBERT SMITHSON: Sorry about
19 that. Can I ask you to restate the question?

20 MS. SHARNA NELKO: I'm not sure if I
21 can state it in the exact same way.

22 I -- I think I was asking MPI to
23 confirm whether it intends to hold a Vehicle-for-Hire
24 technical conference provided the data that allows it
25 to do so is available.

1 MR. ROBERT SMITHSON: Provided the
2 data from the Telematics Project is available, along
3 with the development of a blanket policy model, yes.
4 We would like to potentially hold a taxi technical
5 conference more specifically related to taxis.

6 MS. SHARNA NELKO: Okay. So, a taxi
7 technical conference as opposed to Vehicle-for-Hire
8 technical conference?

9 MR. ROBERT SMITHSON: Correct.

10 MS. SHARNA NELKO: And when does MPI
11 expect to know whether it will have the data available
12 in order to hold this taxi technical conference?

13 MR. ROBERT SMITHSON: One (1) moment.

14

15 (BRIEF PAUSE)

16

17 MR. ROBERT SMITHSON: We should know
18 by spring 2025 if the data for both the product and
19 Telematics will be available.

20 MS. SHARNA NELKO: And does MPI intend
21 to report on whether this data is available in the
22 spring of 2025?

23 MR. ROBERT SMITHSON: Yes.

24 MS. SHARNA NELKO: Okay. Thank you.
25 Those are all my questions for this panel.

1 PANEL CHAIRPERSON: Thank you, Ms.
2 Nelko.

3 Mr. Gabor...?

4 BOARD CHAIR GABOR: Thank you. I need
5 to put on the record that our son works for Leger.
6 When you had the meeting in June with Interveners and
7 with PUB staff, and I was informed that there had been
8 a study by Leger, I immediately contacted and met with
9 Andrew Enns, who's the vice-president of Leger, to ask
10 him if our son was involved in the study because if he
11 was, I would have had to withdraw from the Panel.

12 He assured me that he wasn't, and
13 Andrew Enns and I go back a long way and he knew my
14 position, and he said they specifically designed so it
15 that he would have no information, and they built a
16 wall around it.

17 The other thing I would say is I have
18 absolutely no idea what our son does for whatever
19 clients he has. My wife once asked him, So what
20 projects are you working on? And he looked at her and
21 she said, Oh, God, you're like your father. I know,
22 it's none of my business.

23 So, I just want to put on the record
24 that he does work for them, but I have had no idea
25 that -- I have no knowledge, inside knowledge, of the

1 Leger process or report.

2 MR. STEVE SCARFONE: And thank you for
3 those, that -- making us aware of that, Mr. Gabor.

4 BOARD CHAIR GABOR: Okay. Mr.
5 Prystupa, I think you're probably going to get most of
6 these questions.

7 The DSR system consists of two (2)
8 components, right? It consists of a rating model and
9 a rating scale.

10 Is that correct?

11 MR. CURTIS PRYSTUPA: Yes.

12 BOARD CHAIR GABOR: Okay. And those
13 are not -- I would put to you those are not the
14 simplest concepts to understand.

15 MR. CURTIS PRYSTUPA: Not at all, no.

16 BOARD CHAIR GABOR: Okay. They're
17 really quite complex concepts.

18 MR. CURTIS PRYSTUPA: I would agree,
19 yes.

20 BOARD CHAIR GABOR: Okay. And as I
21 understand it, we're going to see the questions -- the
22 script at some point later, but as I understand it,
23 people who were involved in the Leger project were
24 directed to certain information.

25 MR. CURTIS PRYSTUPA: Yes.

1 BOARD CHAIR GABOR: Okay. Kristen,
2 could you go to the -- you know, I apologize -- the --
3 sorry. It's the Leger study, Exhibit 35, CAC/MPI 1-
4 46, attachment 'A', page 16. Okay.

5 And I just noticed that it says here:

6 "Eight (8) in ten (10) Manitobans
7 feel the DSR system is fair."

8 And then the question 16 is:

9 "How fair or unfair do you feel the
10 Driver Safety Rating system is in
11 terms of how it affects the price
12 for vehicle insurance?"

13 Is this talking about the scale or the
14 model?

15 MR. CURTIS PRYSTUPA: One moment,
16 please.

17

18 (BRIEF PAUSE)

19

20 MR. SCOTT PATTON: It's Scott Patton,
21 with MPI. The complexities here are precisely the
22 reason that -- that Leger actually wanted to do
23 qualitative research before we came to the
24 quantitative piece.

25 They wanted to really understand in

1 that qualitative side how much Manitobans engaged and
2 at what level they engaged.

3 So, over the course of that three (3)
4 week qualitative phase, Leger was able to gain an
5 understanding of how to phrase these questions to try
6 and reduce some of the complexity and get at the core.

7 At the core, the -- the customer
8 doesn't necessarily separate DSR from a ratemaking
9 model. They don't necessarily understand or want to
10 engage with that level of complexity.

11 The question in the quantitative survey
12 previous to question 16 set up the -- the concept of
13 your -- what you pay right now is based on a number of
14 different factors, one (1) of them being the Driver
15 Safety Rating and the impact of the Driver Safety
16 Rating on -- on the price accounted for.

17 So, that sets up this question to be
18 able to answer, it's not based on the model overall or
19 the scale itself, it's -- it's based on the concept of
20 is using the Driver Safety Rating fair -- a fair
21 component of the ratemaking.

22 So, it -- it's a really complex thing
23 to -- to separate the two (2). And -- and this was
24 Leger's -- what they brought forward to try and reduce
25 that complexity.

1 BOARD CHAIR GABOR: Okay. Ms. Patton,
2 when I get my renewal for the insurance, I get a
3 document that has a nice little chart usually on the
4 right-hand side with the multiple colours and a scale.
5 And that is -- I -- I believe that's referred to the
6 DSR scale.

7 That's -- that's what most consumers
8 see in their -- in their renewals, correct?

9 MR. SCOTT PATTON: Correct, yes.

10 BOARD CHAIR GABOR: Is there anything
11 in the renewal that says here is a registered --
12 you're -- you -- we have a registered owner model, and
13 as a result of the registered owner model, this is how
14 it's set up, if it was a different model, it would be
15 set up differently?

16 MR. SCOTT PATTON: One moment. So,
17 no, there is not that -- that formal presentation of
18 those kinds of information to the general customer.

19 BOARD CHAIR GABOR: Okay. But I put
20 to you that, as a result of people seeing this year
21 after year, they think the DSR system is that scale
22 they get on their annual return -- on their annual
23 renewal.

24

25

(BRIEF PAUSE)

1

2 MR. ROBERT SMITHSON: I'm sorry, can I
3 get you to restate the question. Sorry.

4 BOARD CHAIR GABOR: I don't have it
5 written down. I think the question was, do -- do you
6 think that their knowledge is based on the rating
7 scale they get in the annual renewal, that chart? And
8 that's called a DSR Rating system. I think that's
9 what it is on the -- on the paper.

10 MR. ROBERT SMITHSON: On the paper
11 first there's a Driver Safety Rating scale --

12 BOARD CHAIR GABOR: Scale.

13 MR. ROBERT SMITHSON: -- on the right-
14 hand side --

15 BOARD CHAIR GABOR: Okay.

16 MR. ROBERT SMITHSON: -- where it
17 displays your level and your discount for the upcoming
18 year.

19 BOARD CHAIR GABOR: Okay.

20 MR. ROBERT SMITHSON: It does not
21 refer to the registered owner model --

22 BOARD CHAIR GABOR: Right.

23 MR. ROBERT SMITHSON: -- in which the
24 rating scale --

25 BOARD CHAIR GABOR: Right.

1 MR. ROBERT SMITHSON: -- is used.

2 BOARD CHAIR GABOR: So, they may think
3 that the Driver Safety -- the DSR system is the DSR
4 scale. That's -- that's the system, is that scale
5 that they see every year on their renewal?

6 MR. ROBERT SMITHSON: Yeah, the
7 registered owner model is tie -- is the Driver Rating
8 scale. Is that what you're --

9 BOARD CHAIR GABOR: No.

10 MR. ROBERT SMITHSON: -- connecting?

11 MR. STEVE SCARFONE: No. Mr. Gabor, I
12 think I understand.

13 BOARD CHAIR GABOR: Yeah.

14 MR. STEVE SCARFONE: I think that it's
15 a fair comment to say that the DSR system would be
16 synonymous with the DSR scale to the receiving --

17 BOARD CHAIR GABOR: Okay.

18 MR. STEVE SCARFONE: -- customer.

19 BOARD CHAIR GABOR: Thank you. Thank
20 you, Mr. Scarfone.

21 Could we go the same -- same exhibit to
22 page 42. Okay.

23 So, the heading says:

24 "Support remains at 60 percent even
25 with the assurance of a 6 percent or

1 more change in premiums upon
2 implementing a new model."

3 So, this is talking about the model,
4 not the scale.

5 Is that correct?

6 MR. CURTIS PRYSTUPA: Yes. This is --
7 this is a line of questioning that is after the
8 questions that describe the different -- different
9 types of models very specifically.

10 BOARD CHAIR GABOR: Right. But the
11 heading above the boxes says, "Change to new system,"
12 not to new model.

13 Is that -- is that just the wrong word,
14 or is...

15 MR. CURTIS PRYSTUPA: That's -- I
16 think that's just a heading from --

17 BOARD CHAIR GABOR: Right.

18 MR. CURTIS PRYSTUPA: -- from Leger.
19 I'm not seeing -- I'm just looking at the question at
20 the very bottom.

21 BOARD CHAIR GABOR: The question talks
22 about new model.

23 MR. CURTIS PRYSTUPA: Right.

24 BOARD CHAIR GABOR: Okay.

25 MR. CURTIS PRYSTUPA: Yeah. So, that

1 -- that's a heading from Leger.

2 BOARD CHAIR GABOR: Okay.

3 MR. CURTIS PRYSTUPA: I -- I don't
4 take an inference to that.

5 BOARD CHAIR GABOR: Okay. Kristen, if
6 we could go to the MPI presentation. Sorry. Yes,
7 page 10.

8 So, sorry, when it says:

9 "Almost all Manitobans, 91 percent,
10 are at least somewhat familiar with
11 the Driver Rating System,"

12 what are we including? Like, what is
13 that? Is that the scale because they see it every
14 year? Is it a combination of the scale and the model?
15 I'm trying to figure -- figure it out.

16 MR. CURTIS PRYSTUPA: Well, the -- the
17 question specifically is, "How familiar are you with
18 the -- the Driver Safety Rating system," so it's --
19 it's given in that -- in that context.

20 And remember this is -- this is
21 question 15. So --

22 BOARD CHAIR GABOR: Yeah.

23 MR. CURTIS PRYSTUPA: -- Scott had
24 previously given evidence to some of the context that
25 was given to participants that were answering this

1 question and how that was -- how that was described.

2 It's positioned as the Driver Safety
3 Rating system. And again, just to say there's nothing
4 that has been done to extract to -- to say that
5 there's two (2) separate systems, or two (2) separate
6 concepts, here in this particular line of -- line of
7 questioning.

8 This is engaging general customer
9 sentiment based on, you know, what they -- what
10 they've seen as well their own -- their own
11 perceptions.

12 BOARD CHAIR GABOR: Okay. If there's
13 not the breakdown, though, the public -- or, sorry,
14 not the public -- the -- the respondents could be very
15 familiar with the scale but not with the model.

16 Is that correct?

17 MR. SCOTT PATTON: Yeah. So, I -- I
18 think we're -- we're talking about semantics, to some
19 extent, when we talk system or model or scale.

20 You are very correct; customers should
21 be very much familiar with the annual renewal and the
22 scale on the side and the discount level that is
23 applied. It's that scale and the discount level that
24 we're talking about as a system.

25 In the survey itself -- and again,

1 we'll -- we'll talk about what -- what the actual
2 question set out there, but the -- the questionnaire
3 developed by Leger at the quantitative phase asked
4 them how familiar they were with -- sorry, I'll --
5 I'll refer to the actual question set here.

6 So, we asked them how involved they
7 were with making insurance decisions for their
8 household. Then we asked them how well they
9 understood vehicle insurance prices and how they're
10 calculated.

11 Then we gave them information that I
12 read previously that insurance is calculated based on
13 a number of different factors, and that's when we
14 introduced the actual wording, the Driver Rating
15 system -- the Driver Safety Rating system, and that's
16 the actual wording that was used at that question 15.

17 Then we go to question 16 which asks
18 them how fair they feel the Driver Rating system is in
19 how it affects the price.

20 BOARD CHAIR GABOR: Okay. Thank --
21 thank you, Mr. Patton.

22 If we could go to the MPI presentation,
23 page 12. I just note, and it may be -- I don't know
24 if it's Mr. Prystupa or Mr. Patton -- on the right-
25 hand side, you -- you did the most important factors

1 for the vehicle insurance affordability rewarding safe
2 driving. I won't read it all.

3 Half-way down, you have 'fairness',
4 correct?

5 MR. CURTIS PRYSTUPA: Yes.

6 BOARD CHAIR GABOR: It is fairness --
7 I take it it's fairness in a theoretical sense.

8 MR. CURTIS PRYSTUPA: Just one (1)
9 moment.

10

11 (BRIEF PAUSE)

12

13 MR. SCOTT PATTON: It's Scott Patton,
14 with MPI. So, this was actually question 19 in the
15 survey, and it was phrased as:

16 "When it comes to insuring a vehicle
17 in Manitoba, how important are the
18 following factors to you?"

19 And 'fairness' was presented as a
20 single word with a prompt, if asked, that fairness
21 means whatever it does to you.

22 BOARD CHAIR GABOR: Okay.

23 MR. SCOTT PATTON: So, it was very
24 much relative to the individual participant and how
25 they judged that work.

1 BOARD CHAIR GABOR: Okay. I look
2 forward to -- to reading the questions. You did not
3 do a comparison of fairness by model, though, in the -
4 - in the survey.

5 MR. SCOTT PATTON: I do not believe
6 so. Let me check that right now.

7

8 (BRIEF PAUSE)

9

10 MR. SCOTT PATTON: And we did not.

11 BOARD CHAIR GABOR: Okay. Thank you.

12 Kristen, could you go to Order 176/'19, page 65.

13 Okay. I -- I'll throw this to the panel because I
14 don't know who -- who's going to get it.

15 This -- this is the Order that dealt
16 with your last consultation exercise in 2019. I
17 suspect it was Leger. This is the table that was put
18 forward.

19 I notice on the right-hand side --
20 sorry, on the left-hand side they had registered
21 owner, primary driver. They had a list of models. On
22 the right-hand side then they had model description,
23 customer preference, perceived fairness.

24 Do you see that?

25 MR. CURTIS PRYSTUPA: Yes.

1 BOARD CHAIR GABOR: Okay. And at that
2 time, the perceived fairness for registered owner was
3 -- complete was 32 percent, somewhat was 50 percent,
4 correct?

5 MR. CURTIS PRYSTUPA: Yes.

6 BOARD CHAIR GABOR: For a total of 82
7 percent?

8 MR. CURTIS PRYSTUPA: Yes.

9 BOARD CHAIR GABOR: And for primary
10 driver, complete was 8 percent higher at 40 percent,
11 somewhat was 7 percent lower at 43 percent, and total
12 was 1 percent higher at 83 percent, correct?

13 MR. CURTIS PRYSTUPA: Yes.

14 BOARD CHAIR GABOR: Can you advise if
15 there was discussions to do as -- in -- as part of
16 Leger's service -- sorry, survey -- to look at the
17 issue of fairness in terms of the different models?

18 MR. SCOTT PATTON: No. That was not a
19 specific request. The -- the information that we
20 asked did not ask that specifically.

21 BOARD CHAIR GABOR: Okay. Thank you.
22 Sorry. I'm missing...

23

24 (BRIEF PAUSE)

25

1 BOARD CHAIR GABOR: Kristen, could you
2 pull up Order 134/'21, page 87.

3 And I just indicate for the record, I
4 don't know if it was this Order -- I think it was this
5 Order -- where we actually broke down rating scale and
6 rating model because it kept getting mixed together
7 later on. And as Mr. Prystupa indicated, it's a
8 complex area.

9 I just note, top paragraph:
10 "Under the current registered owner
11 model, MPI noted that some have
12 voiced a concern that 'people are
13 gaming the system', specifically
14 that people are intentionally
15 selecting an individual (typically
16 within a household) with the best
17 DSR rating to be the registered
18 owner of the vehicle, in order to
19 obtain the maximum premium
20 discounts."

21 That's correct? That what it states?

22 MR. CURTIS PRYSTUPA: Yes, that's what
23 it says --

24 BOARD CHAIR GABOR: Okay.

25 MR. CURTIS PRYSTUPA: -- on the

1 screen.

2 BOARD CHAIR GABOR: Was a statement
3 like this or sentiment part of the questions that
4 Leger asked in this survey?

5 MR. CURTIS PRYSTUPA: No.

6 BOARD CHAIR GABOR: Thank you.

7 MR. CURTIS PRYSTUPA: Can I clarify
8 that?

9 BOARD CHAIR GABOR: Certainly.

10 MR. CURTIS PRYSTUPA: No, we did not
11 ask people about gaming the system.

12 BOARD CHAIR GABOR: Okay.

13 MR. CURTIS PRYSTUPA: We did have the
14 question in there that some people -- we had it
15 phrased two (2) -- two (2) ways. I think it was 23A
16 and 23B, as was pointed out earlier, where we asked
17 two (2) ways of phrasing this.

18 One was people using it -- a lower DSR
19 to our -- our -- having someone with a higher DSR
20 insure the vehicle. The other one was families
21 insuring the -- the vehicle. So, it was explored, but
22 the wording was not presented as gaming the system.
23 So, it --

24 BOARD CHAIR GABOR: Same idea,
25 different wording --

1 MR. CURTIS PRYSTUPA: Yes.

2 BOARD CHAIR GABOR: -- but much less
3 inflammatory.

4 BOARD CHAIR GABOR: Yeah, right.

5 MR. CURTIS PRYSTUPA: Right.

6 BOARD CHAIR GABOR: Which -- again, I
7 look forward to seeing the actual wording that was --
8 that was used.

9 Finally, Kristen, Order 145/'23, page
10 183, first full paragraph:

11 "In Order 1/'21, the Board held
12 that, given the evidence of MPI's
13 chief actuary, that the primary
14 driver model would be more -- would
15 more accurately reflect risk. In
16 this GRA, the Corporation was..."

17 And then it was an indication of what
18 was to happen.

19 Is there any question that MPI's chief
20 actuary, Ms. Low, has said that the primary driver
21 model more accurately reflects risk.

22 MR. STEVE SCARFONE: I -- I believe,
23 Ms. Gabor, we -- we took an undertaking yesterday from
24 Ms. Moore that will respond to that question, about
25 how it will reflect risk.

1 BOARD CHAIR GABOR: Okay. If we're
2 looking at an undertaking, Ms. Scarfone, if you could
3 back and check the testimony of Mr. Johnston on
4 exactly the question --

5 MR. STEVE SCARFONE: Oh, I recall.

6 BOARD CHAIR GABOR: -- because I
7 believe that Mr. Johnston indicated on more than one
8 (1) occasion --

9 MR. STEVE SCARFONE: Yes, he did.

10 BOARD CHAIR GABOR: -- that point.

11 MR. STEVE SCARFONE: And -- and that,
12 in fact, was -- was going to be my response to that
13 undertaking yesterday. We've already indicated on the
14 record that exact point.

15 BOARD CHAIR GABOR: Thank you very
16 much, sir. Those are my questions.

17 PANEL CHAIRPERSON: Thank you. Ms.
18 Bass...? Mr. Ireland...?

19 BOARD MEMBER IRELAND: Just -- just
20 one (1) kind of quick question for Mr. Prystupa. The
21 preamble's longer than the question, so bear with me
22 here for a second.

23 In response to one (1) of Mr. Klassen's
24 questions -- and I apologize, I don't have the
25 reference for it, so I have to go by memory -- you

1 provided a list of different factors, or influences,
2 that would go into a new Basic insurance model, and
3 one (1) of those factors was industry best practices.

4 Is that correct? You're with me on
5 that?

6 MR. CURTIS PRYSTUPA: Yes.

7 BOARD MEMBER IRELAND: Okay. This
8 morning Ms. Moore asked a question with regards to the
9 five (5) models that were there and asked if they were
10 used -- in use anywhere else.

11 And you referenced BC and Saskatchewan
12 and that -- made an -- said something about the rest
13 of the industry being unavailable or difficult?

14 MR. CURTIS PRYSTUPA: Yeah. I think
15 it's -- I think if I were to have a -- have a chance
16 to -- to correct my wording, I would say maybe varied.
17 I think there's a lot of approaches to -- in the
18 automotive insurance industry and the way that they
19 consider driver risk in the application of -- of
20 vehicle premiums.

21 So, I think there are -- if you look at
22 other provinces, if you look at other countries,
23 there's many different approaches that -- that could
24 be used.

25 BOARD MEMBER IRELAND: Okay. That

1 gets to my question then finally.

2 For industry best practice then for the
3 new insurance model, are you prepared to go beyond BC
4 and Saskatchewan as a reference and look for a more
5 robust view of industry best practice by including
6 other provinces and the insurance companies in other
7 provinces to get a more -- like I said, a more
8 complete, more robust view of what that best practice
9 might be?

10 MR. CURTIS PRYSTUPA: Good question.
11 Just -- just one moment, please.

12

13 (BRIEF PAUSE)

14

15 MR. CURTIS PRYSTUPA: Thank you, Mr.
16 Ireland. In -- in general, I would say, you know,
17 yes, we would look to other jurisdictions other than
18 the -- the public sector.

19 And -- and part of that is, you know,
20 we say that the -- the registered owner model is used
21 in -- in Saskatchewan and the combined driver model is
22 listed in British Columbia, which is part of, you
23 know, the reasons that we, you know, include the
24 primary driver and listed driver models. These are
25 models that are used in -- in private or -- or other

1 jurisdictions other than our Crown peers.

2 So, yes, we would -- we would consider
3 those outside our Crown peers.

4 BOARD MEMBER IRELAND: Great. Thanks
5 very much.

6 PANEL CHAIRPERSON: Ms. Nemec...?

7 BOARD MEMBER NEMEC (by TEAMS): Thank
8 you. My questions follow Mr. Gabor -- first question
9 follows Mr. Gabor's comment a bit. And I just wanted
10 to tie in the purpose of the Leger report.

11 And was that report conducted mostly
12 for the five (5) year plan for the -- the BIM model?

13 MS. MARIA COMPOS: Maria Campos. So,
14 the Leger report -- the intention of the Leger report
15 was in order to refresh public sentiment. So, it was
16 the desire of MPI to produce that report in order to
17 be able to also present it to our shareholder and to
18 government to help inform and to help them, I will
19 say, come to the decision as we were proposing to
20 implement the regulatory changes so we could move to
21 the next critical step of data collection.

22 BOARD MEMBER NEMEC (by TEAMS): And do
23 you feel that that report has given you sufficient
24 information to point you in that direction?

25 MS. MARIA COMPOS: Yes. I think that

1 the -- the idea behind the report is to really just
2 gauge where -- as a public insurance company where
3 Manitobans are at, recognizing that, of course,
4 understanding of our system is complex.

5 And so, we need to -- as Mr. Gabor
6 noted, we need to make sure that we consider that.
7 But, yes, I believe that, along with our next steps of
8 asking government to make the proper regulatory
9 changes so that we can collect the data hopefully will
10 help inform and -- and be able to provide us with our
11 next steps that are required in order to continue to
12 complete the plan.

13 BOARD MEMBER NEMEC (by TEAMS): In the
14 information provided there was information that 45
15 percent would be -- of respondents would be happy with
16 maintaining the current model. I think the numbers
17 were 28 percent, 27 -- or 12 percent for the other
18 model. But when you accumulate that, it adds up to 55
19 percent, which does come out that another model would
20 -- could be preferable in the eyes of your respondent.

21 Is that correct? And I'm just adding
22 to a hundred percent.

23 MR. CURTIS PRYSTUPA: Yes, that's
24 true.

25 BOARD MEMBER NEMEC (by TEAMS): Okay.

1 And I think you had information previously that didn't
2 add up to a hundred percent, but I think that was on
3 one of your charts, page 15. And I'm not sure if that
4 information -- why that didn't add up or if it wasn't
5 asked in the same way previously.

6 That might have been 2019 study.

7 MR. CURTIS PRYSTUPA: I'm -- I'm not
8 sure how to answer without a -- without a reference on
9 the -- on the particular question you're referencing,
10 Ms. -- Ms. Nemeč.

11 BOARD MEMBER NEMEC (by TEAMS): Is
12 this page 19 of your report. Yeah, it is.

13 MR. CURTIS PRYSTUPA: Oh, 15. Okay.
14 Sorry, can you --

15 BOARD MEMBER NEMEC (by TEAMS): Yeah.

16 MR. CURTIS PRYSTUPA: Can I ask you to
17 repeat the question.

18 BOARD MEMBER NEMEC (by TEAMS): Yes.
19 Sorry, 2019. I -- the first question was on the 2024,
20 45 percent -- model preferences are 45 percent, but a
21 combination of a new model would be then 55 percent,
22 so the model preferences would be for a change?

23 MR. CURTIS PRYSTUPA: Yes.

24 BOARD MEMBER NEMEC (by TEAMS): Okay.
25 And in 2019, the same information was provided, but it

1 didn't add up to a hundred percent. We're just
2 curious as to why.

3 MR. CURTIS PRYSTUPA: There were
4 slightly different models. Or there was -- there was,
5 number 1, an additional model that was asked in -- in
6 2019 that -- that's not part of this -- this table.

7 I believe that one (1) of them was a
8 driver premium model where there was an application to
9 licence. And I think the other one was a household
10 model.

11 So, you know, the information here for
12 2019 represents the responses to customer preference
13 regarding registered owner, primary driver, and listed
14 driver. But you'll see combined driver is unknown
15 because there wasn't a concept that was referenced in
16 the same way in 2019. And there's also a couple of
17 other models that had very, very low customer
18 indication that -- that were not asked about in 2024
19 that explains the -- why the 2019 numbers don't add up
20 to a hundred.

21 BOARD MEMBER NEMEC (by TEAMS): Okay.
22 Thank you. And another question is, in some of the
23 survey questions, 6 percent was initially used as an
24 amount -- if your premiums were to change by 6
25 percent, would that have a different impact on you.

1 And I'm just wondering where that 6
2 percent -- if -- if that was something Leger had just
3 put in as thinking that might be a good target, or was
4 that something calculated by MPI?

5 MR. SCOTT PATTON: It's Scott Patton,
6 with MPI. That was something that Leger developed in
7 response to -- we knew that we were going to want to
8 and be able to understand the impact of pricing change
9 without actually knowing how the pricing would change.

10 So, when we put that question to Leger
11 to say, Hey, we'd like to know this, how do you think
12 we should do it? They came up with the, Hey, would it
13 be acceptable to say 1 to 6 percent? And we said,
14 Yeah, that's fine. So,
15 it was --

16 BOARD MEMBER NEMEC (by TEAMS): Okay.
17 Thank you.

18 MR. SCOTT PATTON: -- volunteered by
19 Leger.

20 BOARD MEMBER NEMEC (by TEAMS): Okay.
21 And just one (1) final question is: Talking about the
22 information that's been presented this morning on --
23 the information on collision losses and what
24 percentage of the collisions occurred with individuals
25 that were not the registered owner.

1 And I'm just wondering how much
2 information is available and whether the organization
3 has ever looked at that percentage and done any kind
4 of numbers saying if 'X' number of that -- you know,
5 if there's 'X' number of drivers in a -- in a
6 collision that were not the registered owner, and if
7 they were at the minus ten (-10) versus the plus ten
8 (+10), what could that impact be on a rate?

9 So just wondering if there's any kind
10 of sensitivity analysis or any kind of numbers that
11 have been calculated by any information that MPI
12 currently has?

13 MS. MARIA CAMPOS: Maria Campos, MPI.
14 What I can say is the claims data -- the claims
15 information represents I would say approximately less
16 than 50 percent -- 15 percent of our policyholders.
17 So less than 15 percent of our policyholders have a
18 claim, just to restate that.

19 And so that is not -- that would not be
20 a valuable number at this time frame for us to be able
21 to either pick apart or use in order to infer what
22 potentially the impact would be on the change in model
23 from registered owner to (INDISCERNIBLE).

24 I want to be clear that that --
25 although that information was presented, as far as

1 from the claims perspective, it is not a
2 representative I would say sample of our -- all of our
3 policyholders and all of our registered owners to
4 date.

5 BOARD MEMBER NEMEC (by TEAMS): Okay.

6 I'm trying to understand what that means. If --

7 MS. MARIA CAMPOS: Sorry.

8 BOARD MEMBER NEMEC (by TEAMS): Okay.

9 MS. MARIA CAMPOS: Yeah. So, I know
10 that there was claims data presented on folks that put
11 claims forward, policyholders, and whether they were
12 the driver at the time of the claim.

13 What I'm -- what I'm stating is that,
14 from a policyholder perspective, so of all the
15 Manitobans that have policies under the registered
16 owner model, only 15 -- I would say less than 15
17 percent of those are involved in claims.

18 So, we wouldn't want to extrapolate
19 that number in order to be able to infer what the
20 impact would be in a change in model from the
21 registered owner to the primary driver model.

22 We don't feel it's a fair
23 representation, and I would say that that -- just to
24 add maybe a little bit to that, this is where MPI --
25 we -- we understand that the importance of collecting

1 the data, making sure that we have the proper
2 regulatory authority to be able to compel
3 policyholders to provide us accurate and timely data,
4 making sure that we have proper regulatory authority
5 to ask policyholders to also provide us data on
6 drivers which would be third-party data.

7 That is where the critical next step is
8 for us in order to be able to provide all the relat --
9 relevant information and a recommendation to the Board
10 for their consideration.

11 BOARD MEMBER NEMEC (by TEAMS): Can
12 you confirm that -- did you say that 15 percent of
13 registered owners -- only 15 percent of registered
14 owners will file a claim in a year -- and I'm assuming
15 that would be reflective of 2023 -- and that 34
16 percent of those filing a claim were not the
17 registered owner for the 2023 accident year.

18 MR. STEVE SCARFONE: Ms. Nemec, the --
19 they're just having a discussion. We're not -- we're
20 not ignoring your question.

21 BOARD MEMBER NEMEC (by TEAMS): Thank
22 you.

23

24 (BRIEF PAUSE)

25

1 MS. MARIA CAMPOS: My apologies. So
2 based on the current data -- so it's -- it's -- as
3 I've suggested, it's less than 15 percent. So not
4 every policy owner has a claim or an accident, so,
5 subject to check, based on the current data that we
6 have, it's approximately -- the math works out to
7 approximately 5 percent have a claim.

8 BOARD MEMBER NEMEC (by TEAMS): Five
9 (5) percent have a claim, and -- okay. Then if it's 5
10 percent a claim, are 34 percent of those by a non-
11 registered owner?

12 MS. MARIA CAMPOS: That's correct.

13 BOARD MEMBER NEMEC (by TEAMS): Thank
14 you. So as far as cross-subsidization, that has never
15 been computed as to -- if there is cross-
16 subsidization, you think a registered owner model
17 versus a registered driver model, that amount of that
18 subsidization has never been calculated or estimated?

19 MS. MARIA CAMPOS: That's correct.

20 BOARD MEMBER NEMEC (by TEAMS): Thank
21 you for your answers. That's all I have.

22 PANEL CHAIRPERSON: Thank you. I have
23 one (1) question, and, Ms. Schubert, if you could
24 please pull up CAC/MPI-1-46, I think it's Appendix
25 'A', slide 16.

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(BRIEF PAUSE)

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PANEL CHAIRPERSON: There we go. On the far right side, there is -- there are two (2) columns, 'Current DSR'.

Mr. Patton, can you confirm that that is the current DSR rating based on questions asked of the respondents by Leger?

MR. SCOTT PATTON: Yes. It's a -- a self-declared DSR level based on a question asked, yes.

PANEL CHAIRPERSON: Okay. Thank you. And were there any questions posed that would have resulted in a more granular response from the respondents? Because I see here that it's plus four (+4) or more, which is 'I', and 'Other' which I assume is plus three (+3) or less.

MR. SCOTT PATTON: Yeah. I -- I believe that we -- that the question asked them what their actual rating was, and then they categorized it in here.

Sorry. My colleague is reminding me that we did not ask in that level of granularity. We asked it in minus three (-3) or lower -- sorry, it was

1 minus four (-4) or lower, minus three (-3) to plus
2 three (+3), and plus four (+4) or higher. So, it was
3 categorical.

4 PANEL CHAIRPERSON: Thank you.
5 Mr. Scarfone...?

6 MR. STEVE SCARFONE: Thank you, Madam
7 Chair.

8

9 RE-DIRECT EXAMINATION BY MR. STEVE SCARFONE:

10 MR. STEVE SCARFONE: Perhaps, given
11 the questions that were put to the panel by Mr. Nemec,
12 I can have -- just to help perhaps clarify --
13 sometimes I fail miserably there -- but CMMG-1-3 might
14 help clarify some of the questions that were put to
15 Ms. Campos.

16 So, the panel may recall that this
17 particular Information Request was put to the panel by
18 counsel for CMMG. And if we can scroll down to the
19 response at 'A'.

20 Ms. Campos, you'll recall the questions
21 that Ms. Nemec just asked you about this, of course.

22 Am I understanding you to mean, ma'am,
23 that 85 percent of MPI's customers are claims free?

24 MS. MARIA CAMPOS: Yes, that's
25 correct.

1 MR. STEVE SCARFONE: And so, this
2 particular response would be based on those customers
3 representing the other 15 percent. Is that right?

4 MS. MARIA CAMPOS: Correct.

5 MR. STEVE SCARFONE: And of those
6 customers, it appears as though some of them were
7 driving a car that they didn't register, correct?

8 MS. MARIA CAMPOS: That's correct.

9 MR. STEVE SCARFONE: And am I right in
10 assuming that a driver can open an insurance claim for
11 an accident?

12 MS. MARIA CAMPOS: Yes, that's
13 correct.

14 MR. STEVE SCARFONE: And am I right in
15 assuming that the registered owner of the vehicle can
16 open an insurance claim even if not driving?

17 MS. MARIA COMPOS: That's correct.

18 MR. STEVE SCARFONE: And would the
19 Corporation rely on the data that -- that appears here
20 in formulating its recommendation as it concerns
21 changes to a new model?

22 MS. MARIA COMPOS: No, we would not.
23 We would want to collect accurate and timely data
24 based on all folks under the -- that are currently
25 under the registered owner model in order to be able

1 to provide wholesome information to the Board for them
2 to make their ultimate decision.

3 MR. STEVE SCARFONE: And if that
4 authority is so received, that would include data
5 collection from the other 85 percent?

6 MS. MARIA COMPOS: That's correct.

7 MR. STEVE SCARFONE: And you also
8 said, Ms. Campos, that -- I think your words were the
9 customer sentiment in the Leger report represented a
10 refresh of earlier customer sentiment?

11 MS. MARIA COMPOS: Yes, that's
12 correct, a refresh of the 2019 survey.

13 MR. STEVE SCARFONE: And would the
14 Panel agree that the more recent customer sentiment in
15 the Leger report represents a more robust survey than
16 the earlier version?

17 MR. SCOTT PATTON: It's not more
18 robust; it's different slightly. I think both the
19 2019 and the 2024 were both very robust public
20 consultations.

21 MR. STEVE SCARFONE: Thank you for
22 that. Does the more recent customer sentiment that we
23 see in the Leger report represent an upgrade from what
24 was proposed last year at this time in terms of
25 reaching out to customers?

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(BRIEF PAUSE)

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MR. SCOTT PATTON: Compared to the
refresh which was originally visioned -- envisioned as
a short online survey with -- with customers only in
our e-panel, this is, yes, a more robust and updated
fulsome public consultation.

9

MR. STEVE SCARFONE: Thank you. Ms.
Schubert, could you pull up BIM appendix 2, please,
the Gant chart. Thank you for making that larger.

12

And then, so you'll see there at line 4
questions were put to the Panel about the step that
reads, "Government approval/legislative changes for
data collection," correct?

16

MS. MARIA COMPOS: That's correct.

17

MR. STEVE SCARFONE: And we also
heard, Ms. Campos, that the results of the Leger
survey and study will be provided to government?

20

MS. MARIA COMPOS: That's correct.

21

MR. STEVE SCARFONE: And was that at
the instance of MPI, or was that at the request of
government?

24

MS. MARIA COMPOS: MPI's intention was
to complete the survey. We -- we made government

25

1 aware that that survey was being undertaken and that
2 MPI would then provide the survey results to
3 government along with our ask for the regulatory
4 changes required to collect the data.

5 MR. STEVE SCARFONE: And am I right in
6 interpreting 4, that a government approval of the
7 requisite legislative changes is a fait accompli?

8 Is it a guarantee that --

9 MS. MARIA COMPOS: No, it is --

10 MR. STEVE SCARFONE: -- things will
11 occur?

12 MS. MARIA COMPOS: Apologies. No, it
13 is not a guarantee that government will approve the
14 regulator changes. However, MPI's position will be
15 that we will be requesting the regulatory changes to
16 complete the data component.

17 MR. STEVE SCARFONE: Okay. And in
18 your view, will the results of the Leger study help
19 inform the government in that regard?

20 MS. MARIA COMPOS: I think it adds
21 additional information for government on what public
22 sentiment is. Our hope is that it will, of course,
23 encourage -- continue to encourage the conversation
24 with government to be able to provide us the authority
25 for the regulatory changes so that we can then

1 continue, as I've stated -- and apologies for being
2 repetitive, but it is a critical component.

3 We require the data in order to be able
4 to provide a series of recommendations or a
5 recommendation to the Board to help in the decision-
6 making process.

7 MR. STEVE SCARFONE: Thank you for
8 that. And, Kristen, could you pull up a portion of
9 yesterday's transcript for me, please -- oh, thank you
10 -- at page 1,430.

11 Mr. Prystupa, you may recall this
12 question that was put to you by Counsel for the Public
13 Utilities Board yesterday.

14 MR. CURTIS PRYSTUPA: Yes, I recall.

15 MR. STEVE SCARFONE: And it concerns,
16 as it reads there, the registered owner model and the
17 designation of someone other than the registered
18 owner, correct?

19 MR. CURTIS PRYSTUPA: Yes.

20 MR. STEVE SCARFONE: And are you
21 aware, sir, of a scenario under which someone can sign
22 or perhaps designate a driver for the purposes of the
23 registered owner model? And what I mean by that is
24 obtaining the benefit of the discounts that that model
25 provides?

1 MR. CURTIS PRYSTUPA: Yes. So, when
2 we're talking about policies that are eligible for the
3 Driver Safety Rating, I believe what you're referring
4 to is the assigned driver, you know, concept that
5 exists today, which is where a registered owner --
6 typically, this is used for -- for medical reasons,
7 where a registered owner no longer has an active --
8 active licence, still has a vehicle registered to
9 them, but by default, as they don't have an active
10 driver's licence, the -- the DSR discount for that
11 policy would be rated at the zero -- zero stab.

12 They're able to -- there's -- there's a
13 framework that exists within the automobile insurance
14 plan regulation, section 33, that allows an individual
15 to name an individual other than themselves to be the
16 assigned driver. And then the Driver Safety Rating
17 discount is applied -- or the -- the discount that's
18 applied is based on the Driver Safety Rating of the
19 assigned driver rather than the registered owner.

20 But, again, just to emphasize, it's in,
21 you know, a few narrow -- narrow circumstances that
22 it's -- that it's intended for.

23 MR. STEVE SCARFONE: Thank you. And
24 when you say "a framework," what you mean in fact is a
25 provision under the automobile insurance plan

1 regulation?

2 MR. CURTIS PRYSTUPA: Yes.

3 MR. STEVE SCARFONE: And that
4 assignment of a driver, is that at the instance of
5 MPIC or the customer?

6 MR. CURTIS PRYSTUPA: The customer.
7 It's purely -- purely voluntary and -- and done based
8 on their insistence.

9 MR. STEVE SCARFONE: And lastly -- and
10 this will be canvassed more fully, I expect, in the
11 Undertakings Panel when the questions are provided to
12 everyone here. But I do want to read back to you, Mr.
13 Patton, a portion of what you read into the record at
14 question 15.

15 You'll recall Board Chair Gabor asking
16 you about system versus scale?

17 MR. SCOTT PATTON: Yes, I recall.

18 MR. STEVE SCARFONE: And so, in
19 question 15, parts of it read, "The Driver Safety
20 Rating System is used to encourage and reward safe
21 driving."

22 The next sentence, "The DSR scale
23 ranges from minus 20 to plus 19." And lastly,
24 "Driving safely moves you up the scale, which saves
25 you money."

1 Do you see those words?

2 MR. SCOTT PATTON: Yes.

3 MR. STEVE SCARFONE: And so, sir, was
4 Driver Safety Rating system assigned a definition
5 within the Leger documents?

6 MR. SCOTT PATTON: We -- we did
7 provide the brochure. Pardon me. We did provide the
8 brochure and links to the public information about
9 that to the respondents themselves if they were
10 participating in the online portion.

11 And Leger was aware of all of that
12 documentation, as well.

13 MR. STEVE SCARFONE: Okay. Thank you.
14 And so, missing from what I read into the record there
15 --

16 MR. SCOTT PATTON: M-hm.

17 MR. STEVE SCARFONE: -- is the Driver
18 Safety Rating model, sir.

19 Was it explained to customers that the
20 model is one in which the discounts for vehicle
21 premiums are based on where the registered --
22 registered owner falls on the DSR scale?

23 Would that explain to the customers in
24 -- in the -- in the documents?

25 MR. SCOTT PATTON: Again, there was --

1 for -- for the participants in the online portion,
2 there was a table that had all of that information by
3 the different models.

4 MR. STEVE SCARFONE: Including the
5 registered owner model?

6 MR. SCOTT PATTON: Yes.

7 MR. TODD ANDRES: Sorry, and I
8 apologize. Mr. Scarfone, you're reading from a
9 document that I don't think is on the main screen.

10 Can you just clarify which document it
11 is that you're referencing?

12 MR. STEVE SCARFONE: Yes. So -- sorry
13 about that. And when I said, Do you see before you,
14 only myself and Mr. Patton can see --

15 MR. TODD ANDRES: I thought that might
16 be the case. Thank you.

17 MR. STEVE SCARFONE: -- what's before
18 us.

19 So, this is the question 15 that Mr.
20 Patton read into the record, which gave rise to the
21 undertaking that will result in MPI providing those
22 questions that were part of the survey.

23 MR. TODD ANDRES: Thank you, Mr.
24 Scarfone.

25 MR. STEVE SCARFONE: Just one (1)

1 moment.

2

3

(BRIEF PAUSE)

4

5 MR. STEVE SCARFONE: Those are all my
6 questions on re-direct, Madam Chair.

7

8 Scarfone.

9

10 Ms. Moore, I understand that there's a
11 correction that needs to be made on the record?

12

13 MS. KARA MOORE: Yes. Thank you,
14 Madam Chair. Ms. Schubert I believe is going to pull
15 up the transcript from yesterday. This is the
16 transcript from October 28th, 2024, page 1257, and if
17 we could go to line 16.

18

19 At lines 16 and 23 of this page, there
20 is reference road driver instructors, and that should
21 read rural, R-U-R-A-L, driver instructors. So just to
22 clarify, the Undertaking Number 24:

23

24 "MPI to provide the number of rural
25 driver instructors and the ideal
number of rural driver instructors."

26

27 That's all. Thank you.
28 MR. STEVE SCARFONE: Thank you. And
29 while we're addressing some housekeeping matters, just

1 before we depart for lunch, I expect MPIC would like
2 to read into the record Exhibit -- MPI Exhibit 51,
3 which is a black-line version of the Crown Auto
4 Benchmark Report in the Benchmarking chapter.

5 MPI Exhibit Number 52 is the Traffic
6 Collision Statistics Report, Appendix 1 to CAC-1-100.

7 MPI Exhibit 53 is the Multi-Year
8 Strategic Plan that was redacted following this
9 Board's Order from yesterday.

10 And lastly, MPI Exhibit Number 54 is
11 CAC-127, Attachments 'A' and 'B', which are those
12 supporting documents to the Strategy Plan.

13

14 --- EXHIBIT NO. MPI-51: Black-line Version of
15 the Crown Auto Benchmark
16 Report in the
17 Benchmarking Chapter

18

19 --- EXHIBIT NO. MPI-52: Traffic Collision
20 Statistics Report,
21 Appendix 1 to CAC-1-100

22

23 --- EXHIBIT NO. MPI-53: Multi-Year Strategic
24 Plan, Redacted Following
25 PUB Order of October 28,

1 2024

2

3 --- EXHIBIT NO. MPI-54: CAC-127, Attachments A

4 and B

5

6 PANEL CHAIRPERSON: Thank you, Mr.

7 Scarfone.

8 It is just about ten to 12:00 right

9 now. Given the timeframe and where we are at in

10 relation to the agenda for the hearing, I would

11 propose that we come back at quarter to 1:00.

12 And could someone please confirm that

13 the EY witnesses will be available at that time?

14 MR. TODD ANDRES: I'm seeing a nod

15 from Ms. Schubert.

16 MS. AMY SHERRAND (BY TEAMS): Yes.

17 We're -- we're on the hearing right now, so we can

18 come back at that time. And I just wanted to flag for

19 the Panel members the two (2) witnesses have cleared

20 their schedule for today, but they've got client

21 obligations for the balance of the week. So, if we

22 can endeavour to finish their evidence today, that

23 would be greatly appreciated.

24 PANEL CHAIRPERSON: Yes. We will

25 certainly endeavour to do that, and we will start, as

1 I say, at quarter to 1:00 with them in order to try
2 and expedite this process. Thank you very much.

3 MS. AMY SHERRAND (BY TEAMS): I
4 appreciate that. Thank you.

5

6 --- Upon recessing at 11:53 a.m.

7 --- Upon resuming at 12:45 p.m.

8

9 PANEL CHAIRPERSON: Good afternoon. I
10 understand that we have representatives of EY on
11 TEAMS. Is that correct?

12 MS. AMY SHERRARD (by TEAMS): Yes.
13 Good afternoon. My name's Amy Sherrard. I'm in-house
14 counsel at EY, and we have Duncan Meadows here who's
15 come on the screen, as you can see. He's a partner at
16 EY. And we also have Nicolas Gemin who is a former
17 partner at EY who was also involved with respect to
18 this report.

19 Nicolas, if you're available, please
20 come on camera.

21 PANEL CHAIRPERSON: Perhaps while
22 we're waiting for him, I can ask you, Ms. Sherrard,
23 whether EY will have a presentation that they are
24 going to refer to in the course of this afternoon?

25 MS. AMY SHERRARD (by TEAMS): No. So,

1 we don't have any presentation. We understand from
2 counsel for the Board, Ms. Moore, that people had
3 questions about the report that we drafted, so the
4 witnesses have the report available, but we were going
5 to leave it to the parties to ask whatever questions
6 they had.

7 PANEL CHAIRPERSON: Thank you very
8 much. And, Mr. Guerra, is there anything that you
9 want to say in opening, or shall we move directly to
10 the cross-examination on the report?

11 MR. ANTHONY GUERRA: Thank you, Madam
12 Chair. No, because this is not MPI's witness, and so
13 we are not presenting any direct evidence with respect
14 to this witness.

15 PANEL CHAIRPERSON: Thank you.
16 Mr. Andres...?

17 MR. TODD ANDRES: Thank you, Madam
18 Chair. My name is Todd Andres, and I am --

19 DR. DARREN CHRISTLE: Excuse me.
20 Sorry. Would you like the witnesses sworn?

21 MR. TODD ANDRES: Preferably, yes.
22 Thank you.

23

24 (BRIEF PAUSE)

25

1 EY PANEL:

2 DUNCAN ALEX ANDER MEADOWS, Affirmed

3 NECOLAS GEMIN, Affirmed

4

5 CROSS-EXAMINATION BY MR. TODD ANDRES:

6 MR. TODD ANDRES: Good afternoon. As
7 mentioned, my name is Todd Andres. I am counsel for
8 the Public Utilities Board, and I will have a number
9 of questions for you this afternoon, although I don't
10 anticipate being overly long.

11 And again, my questions can be answered
12 by either Mr. Meadows or Mr. Gemin, so feel free. And
13 if you require clarification, please feel free to let
14 me know.

15 So, if you could just confirm that you
16 can see on the screen right now what is titled 'The
17 Organizational Review of Manitoba Public Insurance,
18 Final Report, Dated January 25th, 2024'.

19 MR. DUNCAN MEADOWS (by TEAMS): Yes,
20 we can.

21 MR. TODD ANDRES: Thank you. And the
22 two (2) of you, being Mr. Meadows and Mr. Gemin, you
23 are the authors of this report?

24 MR. DUNCAN MEADOWS (by TEAMS): Yes,
25 that is correct.

1 MR. NICOLAS GEMIN (by TEAMS): Yes.

2 MR. TODD ANDRES: Thank you. And,
3 sorry, just by way of clarification, since you are
4 both online, if you could state your name prior to
5 answering the questions, that would be helpful as
6 well, just for the purposes of the transcript.

7 MR. DUNCAN MEADOWS (by TEAMS): Great.
8 Understood. Thank you. That was Duncan Meadows.

9 MR. TODD ANDRES: Thank you. Now, if
10 we can move forward to page 11 in the report, Ms.
11 Schubert. Thank you.

12 And you'll see in the left-hand side of
13 the screen under the heading 'Context', there's a
14 narrative there talking about the circumstances of
15 EY's retainer.

16 Can you please just take a moment if
17 you need and confirm that this accurately outlines the
18 rationale for EY's retainer by MPI.

19 MR. DUNCAN MEADOWS (by TEAMS): Duncan
20 Meadows. Yes, it accurately does fit our retainer.

21 MR. TODD ANDRES: Thank you. And I
22 note that the third indented bullet references:

23 "an assessment of the senior
24 management complement, including
25 management roles (spans of control)

1 and how those roles contribute to
2 the overall strategic direction of
3 the organization."

4 Do you see that?

5 MR. DUNCAN MEADOWS (by TEAMS): Duncan
6 Meadows. Yes, I do.

7 MR. TODD ANDRES: Thank you. And, Ms.
8 Schubert, could you please move forward by one (1)
9 page to page 12 of the report.

10 And if I understand correctly, EY's
11 activities were conducted in sort of three (3) broad
12 areas, and those appear to be listed on this page.
13 Those are organization design, expenditure management,
14 and forecasting and reporting.

15 Is that correct?

16 MR. DUNCAN MEADOWS (by TEAMS): Duncan
17 Meadows. Yes, that's correct.

18 MR. TODD ANDRES: Thank you. And then
19 I note that, in the column on the right-hand side,
20 again under those three (3) headings, it puts a limit
21 on the scope and defines specifically things that fell
22 outside of the scope of organizational design,
23 expenditure management, and forecasting and reporting.

24 And so, in particular, under
25 'Organizational Design', the final sentence says:

1 "Furthermore, it is not a detailed
2 analysis of the current governance
3 and its effectiveness."

4 Correct?

5 MR. DUNCAN MEADOWS (by TEAMS): Duncan
6 Meadows. Correct.

7 MR. TODD ANDRES: And can you provide
8 insight as to why this was excluded from the report?

9 MR. DUNCAN MEADOWS (by TEAMS): Duncan
10 Meadows. So, we -- we aligned on the -- on the scope
11 of the report as per the -- the RFP that we received.
12 And within that RFP, we were asked to provide analysis
13 against these three (3) buckets of work I think that
14 you've just described here on the screen.

15 And governance -- so looking at things
16 like committee structures in terms of reference -- was
17 not part of the requested scope of our review, and so
18 on this slide here we just indicated that that was not
19 a direct -- or detailed analysis of -- of governance
20 not something we looked at 'cause it was not part of
21 the -- the scope we were asked to perform.

22 MR. TODD ANDRES: Thank you. So, it
23 was I guess the -- so the reason for its exclusion, if
24 I understand correctly, is that it was never on the
25 table. It's not that there was a request to exclude

1 that in particular.

2 MR. DUNCAN MEADOWS (by TEAMS): Duncan
3 Meadows. Yes, that is correct.

4 MR. TODD ANDRES: Thank you.

5 MR. DUNCAN MEADOWS (by TEAMS): So --
6 so just -- just (INDISCERNIBLE). In our report, we
7 looked at, as you can see, organizational design. The
8 (INDISCERNIBLE) different directorates. We didn't
9 look at the effectiveness of government -- governance
10 procedures again, such as committees or oversight
11 bodies in particular.

12 MR. TODD ANDRES: Got it. So just to
13 be clear then, we did see on the page before that we
14 looked at that E&Y was retained to assess management
15 roles and their contribution to the strategic
16 direction of the organization.

17 How did the decision to exclude the
18 sort of analysis of current governance and its
19 effectiveness affect the analysis of management roles
20 and their contribution to strategic direction?

21 MR. DUNCAN MEADOWS (by TEAMS): Duncan
22 Meadows. So -- so, we looked at -- as best we could
23 in the context of the strategy, which I think we get
24 onto potentially in due course, how -- how the
25 organizational design and the roles and ownership of -

1 - of activities contributed to -- to delivering or not
2 against the direction of the organization.

3 But it was never within the scope of
4 the -- of the request to look at governance. Now,
5 again, we -- we -- if it were to be in scope, we
6 certainly may have had findings, but it was something
7 we weren't retained to look at, and therefore, we
8 don't have detailed findings against governance, per
9 se.

10 I'm not sure how further we can answer
11 this question beyond saying we -- we -- it wasn't
12 looked at in detail, and therefore, we have no
13 specific views on governance and the extent to which
14 it's effective.

15 MR. TODD ANDRES: Sorry. And -- and
16 perhaps if I can maybe just clarify. Did -- did this
17 limitation at all affect E&Y's review of management
18 roles and its contribution -- their contribution to
19 the strategic direction of the organization?

20 Just wondering about the interplay of
21 the -- those two (2) things. So, did that limitation
22 affect at all your review of management roles and
23 their contribution?

24 MR. DUNCAN MEADOWS (by TEAMS): Duncan
25 Meadows. So, we have observations in terms of how

1 management acted in terms of -- we do have some
2 observations on this in general.

3 We -- we -- where we are -- had we been
4 asked to -- to review this, we may have had findings
5 that may have had an interplay with those roles. But
6 having not been asked to look at this, I -- I can't
7 speculate as to whether it would have or would not --
8 would not have had an effect.

9 We have, I think, hopefully, some
10 pretty clear views on -- on the roles and -- and
11 accountabilities of those roles. But -- but a
12 governance body review was -- was not part of the
13 scope, and -- and, therefore, the extent to which it
14 was interplay, I'm not sure I can -- I'm not sure I'm
15 answering the question correctly here, but I -- I
16 don't have a view to share because we didn't -- we
17 didn't look at this in detail.

18 MR. TODD ANDRES: Very good. Thank
19 you. A couple of questions for you about methodology.
20 Ms. Schubert, if we can turn down to the next page,
21 which is page 13. Thank you.

22 We note that the executives and senior
23 leadership were interviewed, correct?

24 MR. DUNCAN MEADOWS (by TEAMS): Duncan
25 Meadows. Correct.

1 MR. TODD ANDRES: Thank you. And were
2 other employees interviewed who were not part of the
3 executive or senior leadership team?

4 MR. DUNCAN MEADOWS (by TEAMS): Duncan
5 Meadows. Yes, I -- I believe we'd interviewed some
6 other directors, so senior roles in the organization
7 who -- who were not at the executive level as part of
8 the review.

9 But I believe in the appendix there's a
10 full list of everyone we interviewed.

11 MR. TODD ANDRES: Yes.

12 MR. DUNCAN MEADOWS (by TEAMS): And we
13 had a series of First and Second Round interviews.
14 So, it -- it was executive focused, but also some
15 directives where there was specific insights to be
16 gained we believed.

17 MR. TODD ANDRES: Thank you. So, it
18 is fair to say that there was some input from not
19 necessarily rank and file employees, but some who were
20 not necessarily a part of the senior leadership team,
21 correct?

22 MR. DUNCAN MEADOWS (by TEAMS): Duncan
23 Meadows. Correct.

24 MR. TODD ANDRES: Thank you, sir.
25 Now, on page 13, if we look at the last bullet, it

1 says:

2 "The first draft of the report was
3 submitted to MPI for review on
4 November 27 of '23. MPI had four
5 (4) days to review and provide
6 feedback, including fact
7 clarification. Once feedback was
8 received, the EY team incorporated
9 the feedback where appropriate into
10 the final report."

11 Do you see that?

12 MR. DUNCAN MEADOWS (by TEAMS): Duncan
13 Meadows. Yes, I do.

14 MR. TODD ANDRES: Thank you. Do you
15 have any recollection as to how long the draft report
16 might have been?

17 MR. DUNCAN MEADOWS (by TEAMS): Duncan
18 Meadows. It was -- it was of -- of similar length to
19 this report you have in front of you today. To -- to
20 build further -- I mean, I'll stop there. I'll let --
21 I'll let you ask the other questions. Apologies.

22 MR. TODD ANDRES: No, that's fine.
23 Feel free to carry on if you have further
24 clarification that's useful.

25 MR. DUNCAN MEADOWS (by TEAMS): Just -

1 - just to maybe make it easy. So, from my
2 recollection, we did share, as we agreed to do in
3 advance, our report to -- to help the executive check
4 or clarify there were no obvious errors or omissions
5 from their perspective.

6 And it wasn't meant to be an editorial
7 ownership of -- of the report, but to check it was
8 nothing we were obviously omitting. And from my
9 recollection, there were relatively few comments or
10 feedback on the report.

11 So, the report largely stayed -- stayed
12 the same pre and post the sharing with the MPI
13 leadership on that date.

14 MR. TODD ANDRES: Thank you. And so,
15 I guess that answered my question. So, the -- the
16 input for a report was sort of to deal with errata and
17 that type of thing, correct?

18 MR. DUNCAN MEADOWS (by TEAMS): Duncan
19 Meadows. Correct.

20 MR. TODD ANDRES: So, rather than
21 looking for substantive feedback, it was corrections
22 to deals, et cetera, correct?

23 MR. DUNCAN MEADOWS (by TEAMS): Duncan
24 Meadows. Correct.

25 MR. TODD ANDRES: Thank you. Ms.

1 Schubert, actually if we can go up a few pages to page
2 5.

3 And what we have in front of us on the
4 screen, Mr. Meadows, you'll agree is the executive
5 summary, correct?

6 MR. DUNCAN MEADOWS (by TEAMS): Duncan
7 Meadows. Correct.

8 MR. TODD ANDRES: And over the course
9 of this and the next three (3) pages we have the --
10 what appear to be sort of high-level recommendations
11 on the left-hand side, and then on the right-hand side
12 more specific recommendations, correct?

13 MR. DUNCAN MEADOWS (by TEAMS): Duncan
14 Meadows. Correct.

15 MR. TODD ANDRES: Thank you, sir. And
16 there are five (5) of these high-level
17 recommendations. And I counted twenty-one (21) of the
18 more specific recommendations.

19 Does that sound right?

20 MR. DUNCAN MEADOWS (by TEAMS): Duncan
21 Meadows. I believe that's correct.

22 MR. TODD ANDRES: Thank you. And did
23 EY's retainer extend to the implementation of any of
24 these recommendations?

25 MR. DUNCAN MEADOWS (by TEAMS): Duncan

1 Meadows. No, it did not. Our retainer ended at the
2 conclusion of submission of this report where we
3 provided our -- our review of current state and
4 recommendations but we were not retained to prioritize
5 or implement any -- any recommendations.

6 MR. TODD ANDRES: Thank you. And
7 you've helpfully likely managed to eliminated a fair
8 number of my next questions.

9 But just a matter of curiosity, do you
10 know if clarification was sought or any input was
11 sought from EY by MPI subsequent to the issuance of
12 the report?

13 MR. DUNCAN MEADOWS (by TEAMS): Duncan
14 Meadows. So -- so, we did hold a session with the
15 executive team to playback our findings and -- and
16 share our views on the findings with them for their
17 consideration and they could have a chance to ask us
18 questions about our findings and our recommendations.

19 That was held in a single meeting in --
20 in Winnipeg in December. I think that was the extent
21 to which we -- we provided any clarification beyond
22 what was written here on -- on page.

23 MR. TODD ANDRES: And so, I hope that
24 you enjoyed your time in Winnipeg in December. Now, I
25 will ask you to move forward to page 28 of this

1 report. On this page we're dealing with what's called
2 the FP&A processes and tools. And FP&A is financial
3 planning and analysis framework.

4 Do you see that, sir?

5 MR. NICOLAS GEMIN (by TEAMS):

6 Nicolas Gemin. Yes, I see.

7 MR. TODD ANDRES: Thank you, Mr.

8 Gemin. And I note there's one (1) comment that stood
9 out for me on this page; it's in the first bullet.

10 And it says:

11 "There is currently a disconnect
12 between the FP&A process which is
13 being run in silos and its
14 contributors who have limited
15 coordination amongst themselves."

16 And then it says:

17 "The inputs are not always
18 consolidated in a meaningful way due
19 to the lack of controls leading to
20 reruns to correct errors and
21 creating unnecessary workloads for
22 the teams."

23 Do you see that?

24 MR. NICOLAS GEMIN (by TEAMS): Nicolas

25 Gemin. Yes, I see that.

1 MR. TODD ANDRES: And so, there's a
2 comment there about things being run in silos. And I
3 guess this question is not just to you, Mr. Gemin, but
4 also to Mr. Meadows.

5 Was this siloed approach something that
6 applied only in the FP&A process, or is it something
7 that applied more broadly across the organization?

8 MR. NICOLAS GEMIN (by TEAMS): So,
9 Nicolas Gemin. I can start again, and you can further
10 add elements.

11 So, to the extent of my knowledge, we
12 have noted that specifically on the FP&A process, and
13 that's the recollection I had on the way MPI work
14 inside of.

15 MR. DUNCAN MEADOWS (by TEAMS): And
16 Duncan Meadows. Just building, at an organization
17 wide level, I believe it's in this report. We -- we
18 provide commentary on views from our interviews with
19 executive members and -- and directors.

20 And I think it's fair to summarize that
21 while there was clarity on accountabilities and plans,
22 or perceived clarity on accountabilities on plans from
23 -- from each individual around their own portfolio,
24 there was a lack of clarity or coordination with other
25 portfolios or accountability.

1 And those are -- there -- I think it's
2 fair to say that there was a -- yes, it would be fair
3 to summarize there was a siloed perception amongst the
4 executive members that we spoke to.

5 And -- and, yes, so that would be a
6 fair summary I'd say organization wide.

7 MR. TODD ANDRES: And so, I guess the
8 -- the more colloquial way of this is that from, I
9 guess, silo to silo there would be challenges of one
10 not knowing what the other -- not -- one not having
11 insight into what another might have been doing,
12 correct?

13 MR. DUNCAN MEADOWS (by TEAMS): Duncan
14 Meadows. Correct.

15 MR. TODD ANDRES: Thank you. Now, I
16 note on the right-hand side of the page there are a
17 number of -- it's interesting the way it's worded. It
18 says, "Progressive organizations' approach to approach
19 FP&A processes and tools in the following key ways."
20 And there are three (3) -- I guess it's descriptions
21 of what EY calls progressive organizations.

22 Could these be I guess characterized as
23 recommendations?

24 MR. NICOLAS GEMIN (by TEAMS): Nicolas
25 Gemin. Yes, indeed.

1 MR. TODD ANDRES: Thank you. Now,
2 when we look at these recommendations, there's a
3 recommendation that FP&A be centralized to allow for
4 improved coordination and communication, facilitation
5 of the integration of FP&A within the contributors'
6 activities and using FP&A as a key tool on decision
7 making.

8 Can you explain how this might look in
9 the context of MPI? I mean, does it mean -- what was
10 -- what was EY looking at it? Is it issues with
11 reporting structures?

12 Can -- can you sort of explain where
13 you were going with this?

14 MR. NICOLAS GEMIN (by TEAMS): Yes,
15 for sure. And I think that we're going to go to many
16 slides to really explain and -- unpack that because
17 it's a really important aspect.

18 So, first of all, FP&A is a process;
19 it's not a team. And because it's a process, it can
20 be handled by various, you know, contributors,
21 including the finance function and actuaries. And
22 it's one (1) of the aspects that we tackle further
23 into the report.

24 So, the objective of an FP&A function
25 at the function is to produce every kind of

1 information related to accounting past and future with
2 the forecasting, and also measure the performance
3 against the forecast.

4 So, this is the main activity of an
5 FP&A function. And because it's a complex matter when
6 it comes to insurance, many contributors come into
7 place. I mentioned finance. I mentioned actuaries.
8 And so, this is why it needs to be put somewhere where
9 a team can really handle all of the contribution and
10 make sure that it's consistent across the organization
11 to put together all of the financial information to be
12 reliable.

13 MR. TODD ANDRES: Thank you, Mr.
14 Gemin. Ms. Schubert, if we could move forward to page
15 31 of the report.

16 Now, if we -- if we look at the final
17 bullet on the left-hand side of this page, robust key
18 performance indicators, or KPIs, the foundation of
19 accountability either do not exist, are not actively
20 monitored, or are not acted upon, correct?

21 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
22 Meadows. Correct.

23 MR. TODD ANDRES: Thank you. And
24 there are some examples noted in this observation.
25 So, you reference earned premiums, loss ratios,

1 expense ratio.

2 I presume by those examples you're
3 talking about potential KPIs, correct?

4 MR. DUNCAN MEADOWS (by TEAMS): Duncan
5 Meadows.

6 MR. NICOLAS GEMIN (by TEAMS): Nicolas
7 Gemin. Oh, yes, it's correct.

8 MR. TODD ANDRES: Thank you. So,
9 those were examples of things that could have or could
10 be implemented by MPI as KPIs, correct?

11 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
12 Gemin. That's correct.

13 MR. TODD ANDRES: Okay. Thank you. I
14 -- if we could move forward to page 48 of the report.

15 There is a column on the right-hand
16 side of the page entitled "Insights," and it talks
17 about comparing MPI's general expense ratio to other
18 insurers, correct?

19 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
20 Gemin. Yes, this is correct.

21 MR. TODD ANDRES: Now, was EY able to
22 benchmark other aspects of MPI's performance aside
23 from the expense ratio?

24 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
25 Gemin. No. It has been asked specifically to

1 benchmark the overall cost compared to peers in
2 Canada. And so, this is what you see on the slide,
3 page 48.

4 MR. TODD ANDRES: Thank you. Ms.
5 Schubert, could you please move forward to page --
6 actually move back to page 38.

7 And we see here again on the right-hand
8 side of the screen, something that is, I believe,
9 referenced as a spider gram, or something of that
10 sort. But you look at the diagram that I'm
11 referencing.

12 You see that?

13 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
14 Gemin. Yes, I see that.

15 MR. TODD ANDRES: Thank you. And the
16 spider gram, if we can call it that, articulates MPI's
17 internal staff assessments of a number of functions
18 that are listed on either side of this graph, correct?

19 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
20 Gemin. Yes, this is correct.

21 MR. TODD ANDRES: Thank you. And at
22 the bottom is an explanation of the rating model, yes?

23 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
24 Gemin. Yes, this is correct.

25 MR. TODD ANDRES: Thank you. And so,

1 is it fair to say that each function does not
2 necessarily have to be a 10 in order for the
3 organization to operate effectively?

4 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
5 Gemin. Yes, this is totally correct. The objective
6 is not to be a 10 every time, but it's take a decision
7 whether we should put the emphasis on one or several
8 of the dimension that we see on the screen.

9 MR. TODD ANDRES: Thank you. Is it
10 also fair to say that an upgrading of each function
11 would require an investment of time and resources?

12 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
13 Gemin. It depends. I think that the dimension that
14 we see on the screen are multifaceted, and it can
15 sometimes just need to work differently. Sometimes it
16 needs to be more efficient. Sometimes it needs to
17 invest in a new tool. Sometimes it's need to clarify
18 the accountability, et cetera.

19 So, it's -- it's very broad in terms of
20 ways of moving from the current state to, let's say,
21 number 10.

22 MR. TODD ANDRES: And so, in your
23 estimation then given that we necessarily need to have
24 each at a 10, can you provide any insight as to where
25 ideally you would like these numbers to be at a

1 minimum for an organization that's operating in a
2 healthy and robust manner?

3 MR. NICOLAS GEMIN (BY TEAMS): I think
4 it's a fair question. But I would have the question
5 to MPI leadership because this is exactly the type of
6 question we have to the leadership, whether they want
7 to have FP&A process better in being able to process
8 multi scenarios or being on time, you know, provide
9 with comprehensive information, be comparable, et
10 cetera.

11 So, that's really another side that we
12 do just to first set the stage and provoke, you know,
13 conversation. And so, the objective at the end is to
14 be at the level the organization wants. That's really
15 the purpose of such graph. It's not to be
16 mathematical.

17 The objective is not to -- to be a 10,
18 as we described, but more to know where we are and to
19 set the objective for the finance function or
20 actuaries who are involved, too.

21 MR. TODD ANDRES: Thank you. Ms.
22 Schubert, if you can move forward to page 42.

23 Now on this page, there is some
24 discussion about using the five (5) year plan as a
25 cornerstone, allowing for proactive decision making

1 and performance evaluation, correct? That's the
2 second bullet.

3 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
4 Gemin. Yes, this is correct.

5 MR. TODD ANDRES: Thank you. And just
6 to clarify then, is -- is -- EY's recommendation, is
7 it for a static five (5) year plan or a rolling five
8 (5) year plan which is to be updated year to year or
9 some other cadence of planning?

10 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
11 Gemin. That's a fair question. And it's exactly the
12 type of question we asked to the leadership, and that
13 really helped the leadership.

14 And, you know, also with the various
15 stakeholders because the purpose of such exercise here
16 is so to respond to the stakeholders outside of MPI.
17 And so, the objective is to have the strategy and the
18 financial plan that respond to the objective that has
19 been set to the MPI leadership.

20 So, we don't have insights precisely on
21 this one because we observed on the market
22 organization that do static or dynamic strategy and
23 financial plan.

24 MR. TODD ANDRES: Right. So, there's
25 no recommendation necessarily. It's just the -- the

1 putting on the table the idea of the five (5) year
2 strategic plan?

3 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
4 Gemin. Yes, that's correct.

5 MR. TODD ANDRES: Thank you.

6 MR. NECOLAS GEMIN (BY TEAMS): And if
7 I can add -- Nicolas Gemin. I think one (1) of the
8 key message here is also to -- to create the link
9 between the strategy and operational objectives. This
10 is something that we emphasize later into the report,
11 making sure that everything we set at the strategy
12 level is (INDISCERNIBLE) to midterm detail annual plan
13 and operational objectives.

14 This is one (1) of the key message that
15 we try to convey here, and on other slides, too.

16 MR. TODD ANDRES: Thank you for that.
17 Ms. Schubert, if we can jump forward to page 48.

18 We saw this once before, but now I'll
19 dig in a little bit more. It's fair to say from this
20 slide, that MPI is in the middle of the pack in
21 comparison with other organizations as it relates to
22 its expense ratio?

23 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
24 Gemin. Yes, this is exactly the message here.

25 MR. TODD ANDRES: Thank you. And can

1 you tell us about the comparators that were used in
2 this study?

3 MR. NECOLAS GEMIN (BY TEAMS): Necolas
4 Gemin. Yes. So, it's private insurers in Canada.

5 MR. TODD ANDRES: And is there
6 anything that we should know or consider as it relates
7 to those comparative organizations or those comparator
8 organizations that may result in an anticipated
9 increase or reduction in their standing in the graph,
10 so vis-a-vis MPI's relative position?

11 MR. NECOLAS GEMIN (BY TEAMS): Necolas
12 Gemin. No, I cannot further comment on this one. I
13 think here it's really informative, and whether MPI is
14 really beyond or below a set of comparables, but
15 nothing more can be said from this slide.

16

17 (BRIEF PAUSE)

18

19 MR. TODD ANDRES: Okay, Ms. Gemin, Mr.
20 Meadows, thank you kindly for your assistance this
21 afternoon. Those are my questions, although my
22 friends may have some other questions for you.

23 PANEL CHAIRPERSON: Thank you. Ms.
24 Dilay...?

25 MS. KATRINE DILAY: Thank you, Madam

1 Chair.

2

3 CROSS-EXAMINATION BY MS. KATRINE DILAY:

4 MS. KATRINE DILAY: Good afternoon,
5 Mr. Gemin and Mr. -- and Mr. Meadows. My name is
6 Katrine Dilay. I'm one (1) of the lawyers for the
7 Manitoba branch of the Consumers' Association of
8 Canada. They are an Intervener in this proceeding. I
9 do have a number of questions for you this afternoon,
10 so thank you for being here.

11 I'd like to first start with confirming
12 -- by confirming a few elements of your report
13 relating to MPI. Ms. Schubert, if we could turn to
14 page 5 of the report.

15 So, you'll agree here that Ernst &
16 Young recommended that MPI clearly define its
17 corporate strategy with a multiyear strategic plan,
18 correct?

19 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
20 Meadows. Correct.

21 MS. KATRINE DILAY: And if we turn to
22 page 18 of your report and toward the top of the page,
23 the first sub-bullet found that the lack of a
24 corporate strategy leads to overall uncertainty and
25 misalignment, correct?

1 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
2 Meadows. Correct.

3 MS. KATRINE DILAY: And staying on
4 this page, if we look at the bottom of the second
5 paragraph, you see there that Ernst & Young identified
6 an opportunity to enhance MPI's effectiveness through
7 the development of a corporate strategy with a
8 multiyear view, correct?

9 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
10 Meadows. Correct.

11 MS. KATRINE DILAY: And finally, if we
12 go to page 24 of your report, and at the very bottom
13 left of this page, your report found that it did not
14 see strong evidence of mature processes around
15 strategic planning forecasting and performance
16 management, correct?

17 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
18 Meadows. Correct.

19 MS. KATRINE DILAY: And so, given your
20 findings and your recommendations relating to MPI's
21 strategy, I'm wondering if I can get agreement -- or
22 if we can get agreement on some high-level principles
23 relating to corporate strategies.

24 And so, at a high level, you'll agree
25 that a corporate strategy should include aspirations?

1 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
2 Meadows. Correct.

3 MS. KATRINE DILAY: And would you
4 agree that aspirations should be customer oriented in
5 the sense that the aspirations should be centered
6 around problems or threat to the ability to provide
7 services or products to the customers of the
8 corporation?

9 MS. AMY SHERRAND (BY TEAMS): Sorry,
10 counsel, I'm just going to jump in here. I'm -- I'm
11 happy to have the witnesses answer general questions,
12 but I'm just cognizant of the fact that they haven't
13 been asked, or retained, or done work to actually
14 develop a strategy for MPI.

15 So, if you want to ask general
16 questions about best practice or principles for
17 strategic planning, I'm okay with that. But when we
18 start to veer into MPI specifically, I'm not sure it's
19 a fair question for the witness. It wasn't part of
20 their scope of work.

21

22 CONTINUED BY MS. KATRINE DILAY:

23 MS. KATRINE DILAY: Yes. Thank you,
24 Ms. Sherrand. And I'll -- I will confirm the
25 questions I'm asking. Recognizing that Ernst & Young

1 made recommendations relating to strategy, I'm -- I'm
2 -- my questions are high level general principles
3 relating to strategies. And I will not be asking
4 specific questions on MPI's corporate strategy.

5 MR. DUNCAN MEADOWS (BY TEAMS): Sorry.
6 Duncan Meadows. I think to answer your question in
7 that case, in general terms, I think it'd be fair to
8 conclude that, yes, you'd expect to see customer
9 element to your strategy for sure.

10 MS. KATRINE DILAY: And again, at a
11 high level, you'll agree that in order to be
12 effective, a strategy should be focused?

13 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
14 Meadows. Correct.

15 MS. KATRINE DILAY: And could one way
16 of defining focus for a strategy be determining the
17 key strategic initiatives that are necessary to move
18 from the current state to the organizational vision?

19 MR. DUNCAN MEADOWS (by TEAMS): That's
20 -- that's correct, yes.

21 MS. KATRINE DILAY: And again, at a
22 high level, you'll agree that all organizations have
23 limited resources, correct?

24 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
25 Meadows. Correct.

1 MS. KATRINE DILAY: And as such, an
2 effective strategy, either explicitly or implicitly,
3 recognizes that choices are necessary, recognizing the
4 limited resources, correct?

5 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
6 Meadows. Correct.

7 MS. KATRINE DILAY: And you'll agree
8 that an effective strategy, either explicitly or
9 implicitly, recognizes that tradeoffs are necessary

10 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
11 Meadows. Correct.

12 MS. KATRINE DILAY: And that absolute
13 tradeoffs may be necessary, or in other words, that
14 going down one path precludes other paths?

15 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
16 Meadows. Correct.

17 MS. KATRINE DILAY: And that relative
18 tradeoffs may also be necessary or, in other words,
19 doing more of one activity means doing less of another
20 activity?

21 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
22 Meadows. That's -- that's -- I can broadly agree
23 with that statement, yes.

24 MS. KATRINE DILAY: And, sorry, Mr.
25 Meadows, can I just -- I just didn't hear you quite

1 properly.

2 Did you say that you could broadly
3 agree with that statement?

4 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
5 Meadows. Yes, that's correct. I said, broadly agree.
6 The nature of the tradeoffs in -- in question would
7 have to be up for debate in more specific terms. But
8 I broadly agree there are tradeoffs made in strategy
9 implicit or explicit, and so I do agree with the
10 statement

11 MS. KATRINE DILAY: And you'll agree
12 that in order to make choices and recognizing the
13 resulting tradeoffs, problems or threats should be
14 prioritized by a corporation?

15 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
16 Meadows. Agreed.

17 MS. KATRINE DILAY: And you'll agree
18 that this prioritization of problems or threats would
19 require subject matter experts within the Corporation
20 to assess which areas are most important?

21 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
22 Meadows. Agreed.

23 MS. KATRINE DILAY: And then choices
24 would be made.

25 MR. DUNCAN MEADOWS (BY TEAMS): Sorry,

1 just a little further. I mean, it'd normally be more
2 of the executive, the governance, the Board, the CEO,
3 and the executive to try and set that direction. So,
4 yes, there'll be such expertise within the leadership
5 team, you'd expect, to make those decisions of
6 tradeoff.

7 MS. KATRINE DILAY: Thank you. And
8 then a next step, or another step, in this strategy
9 development would be that choices have to be made by
10 the Corporation regarding which problems or threats to
11 focus on, correct?

12 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
13 Meadows. Correct.

14 MS. KATRINE DILAY: And by doing this,
15 the Corporation would effectively be narrowing the
16 list of problems or threats on which to focus?

17 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
18 Meadows. Correct.

19 MS. KATRINE DILAY: Again, this is
20 recognizing that all organizations are resource
21 limited?

22 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
23 Meadows. Correct.

24 MS. KATRINE DILAY: And at a high
25 level, you will agree that this could involve

1 difficult choices, correct?

2 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
3 Meadows. Correct, it could do.

4 MS. KATRINE DILAY: And this is
5 especially again recognizing the resulting in
6 unavoidable tradeoffs?

7 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
8 Meadows. Correct. There would always be tradeoffs in
9 these decisions.

10 MS. KATRINE DILAY: And you'll agree
11 that once a corporation has made choices to narrow the
12 list of problems or threats, a corporation should then
13 assess how it can influence the areas of -- of focus
14 through the levers that it controls?

15 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
16 Meadows. Correct.

17 MS. KATRINE DILAY: And you would
18 agree that this is essentially a problem-solving step
19 of trying to solve problems or respond to threats?

20 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
21 Meadows. Correct.

22 MS. KATRINE DILAY: And again, you
23 would agree that this could be a difficult step?

24 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
25 Meadows. Yes, I would agree with that statement.

1 MS. KATRINE DILAY: And would you also
2 agree that this is a step that would require
3 creativity from a corporation?

4 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
5 Meadows. To clarify, creativity in terms of
6 prioritization or in terms of problem solving, sorry,
7 just to be clear?

8 MS. KATRINE DILAY: In terms of
9 problem solving.

10 MR. DUNCAN MEADOWS (BY TEAMS):
11 Creativity could be part of the answer depending on
12 the problems you're trying to solve. There's normally
13 typically a range of potential options you might want
14 to pursue, and so exploring those options is typically
15 part of the process.

16 MS. KATRINE DILAY: And again, at a
17 high level, you would agree that in a competitive
18 business corporations could influence -- sorry, I'll
19 restart that. At a high level, you'd agree that in a
20 competitive business, a corporation could influence
21 its areas of focus through differentiation of the
22 product offering as compared to competitors?

23 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
24 Meadows. Yes. Product differentiation is one
25 strategy from an insurance point of view in terms of

1 how you can differentiate for sure.

2 MS. KATRINE DILAY: And it could also
3 influence its areas of focus through cost leadership?

4 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
5 Meadows. Yes, that's correct.

6 MS. KATRINE DILAY: And again, this is
7 -- I believe this is something you referred to in your
8 report.

9 But you'll confirm your understanding
10 that MPI itself does not operate in a competitive
11 environment in its provision of Basic insurance,
12 correct?

13 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
14 Meadows. Correct.

15 MS. KATRINE DILAY: And MPI is a
16 monopoly with captive customers for Basic insurance,
17 correct?

18 MR. DUNCAN MEADOWS (BY TEAMS):
19 Duncan Meadows. Correct.

20 MS. KATRINE DILAY: And so, is it your
21 understanding that one (1) of the purposes of
22 regulation and -- and the reason we're here today is
23 to act as a proxy for a competitive environment?

24 MS. AMY SHERRAND (BY TEAMS): I'm not
25 sure that that's a question that this witness can

1 answer. Maybe -- can you try rephrasing that.

2 MS. KATRINE DILAY: Ms. Sherrand, I
3 think that's fine. And I'll move on to my next
4 question.

5 MS. AMY SHERRAND (by TEAMS): Okay.
6 Thanks.

7

8 CONTINUED BY MS. KATRINE DILAY:

9 MS. KATRINE DILAY: So again, at -- at
10 the high-level principles of developing a strategy,
11 once a corporation has made choices on where to focus
12 and how it can influence these areas of focus, a
13 corporation must ask itself what capabilities do we
14 require to be successful around these choices.

15 Would you agree with that?

16 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
17 Meadows. That's correct, yes.

18 MS. KATRINE DILAY: And once the
19 choices are made on where to focus and how to
20 influence, a corporation would -- would also ask
21 itself what management systems do we need to deliver
22 on the required capabilities?

23 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
24 Meadows. Correct.

25 MS. KATRINE DILAY: And as part of

1 establishing a corporate strategy, a corporation would
2 ask itself what measures do we have to have in place
3 to determine if the strategy is working or if we need
4 to take corrective action?

5 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
6 Meadows. Correct.

7 MS. KATRINE DILAY: And this is
8 essentially ensuring that the corporation can measure
9 the success of the strategy as it is being
10 implemented, correct?

11 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
12 Meadows. Correct. And I think what's on screen is a
13 perfect illustration of -- of that concept.

14 MS. KATRINE DILAY: Perfect. Thank
15 you. And you'll agree that a corporation should have
16 mechanisms in place to make changes if the strategy is
17 not working as anticipated?

18 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
19 Meadows. Correct?

20 MS. KATRINE DILAY: You'll agree that
21 another element of an effective strategy should be to
22 ensure that the focused strategic initiatives of the
23 strategy work together in harmony such that the whole
24 is greater than the sum of its parts?

25 MR. DUNCAN MEADOWS (BY TEAMS): Duncan

1 Meadows. Yes, you would certainly want integration
2 and coordination between initiatives in ideal strategy
3 delivery; that's for sure.

4 MS. KATRINE DILAY: And in other
5 words, the various parts of a strategy should
6 reinforce one another. That would be another way of
7 saying it?

8 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
9 Meadows. I think broadly -- broadly, yes, that
10 there'd be some pieces of strategy that -- that don't
11 need coordination or -- or don't have to be mutually
12 reinforcing. But I would say a general -- high-level
13 general terms, I'd say, yes.

14 MS. KATRINE DILAY: And you'll agree
15 that once a corporation has established a multi-ear
16 strategy, it may then wish to develop an operational
17 plan?

18 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
19 Meadows. Yes, that would be common.

20 MS. KATRINE DILAY: And an operational
21 plan would be the process of turning a strategy into
22 an action plan?

23 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
24 Meadows. Yes, correct.

25 MS. KATRINE DILAY: Or in other words,

1 the operational plan would define the steps required
2 to achieve the long-term goals set out in the
3 strategy?

4 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
5 Meadows. Correct.

6 MS. KATRINE DILAY: And in order for
7 an operational plan to be effective, you would agree
8 that it would be ideal to have a focused long-term
9 strategy in place?

10 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
11 Meadows. Yes, correct.

12 MS. KATRINE DILAY: Thank you, Mr.
13 Meadows. Moving on to a slightly different topic, and
14 starting at page 6 of your report, if we could.

15 And if we look to the left-hand side of
16 the page at the top, you'll agree there that your
17 report recommended to MPI that it align actionable
18 priorities, resource allocation, and performance
19 measurement to a clear corporate strategy?

20 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
21 Meadows. Yes, correct.

22 MS. KATRINE DILAY: And if we look to
23 the -- the right-hand side, at the very top, this
24 includes aligning MPI's corporate strategy to its
25 financial planning and performance measurement to

1 reduce the risk of discrepancy between its objectives
2 and the expected results.

3 You see that?

4 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
5 Meadows. Correct, yes.

6 MS. KATRINE DILAY: And looking to
7 page 23 of your report, at the bottom right, you'll
8 confirm that your report found that currently there is
9 not a strong integration between the finance and
10 actuarial investment and risk divisions to
11 successfully deliver the financial planning and
12 analysis process?

13 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
14 Gemin. Yes, this is correct.

15 MS. KATRINE DILAY: And so, I'm not
16 sure if my questions will be for Mr. Gemin or Mr.
17 Meadows, but I'm wondering if again we can get some
18 agreement on high-level principles regarding budgeting
19 processes.

20 And so, I'll have a few questions that
21 will be specifically for MPI but that will relate
22 specifically to your report.

23 So, at a high level, you'll agree that
24 a focused strategy should be a key input in a budget
25 process?

1 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
2 Gemin. Yes, that's correct.

3 MS. KATRINE DILAY: And if we look to
4 page 42 of your report, on the left-hand side, the
5 first paragraph under, "MPI does not have strong links
6 between strategy and operational objectives," your
7 report found that performing a five (5) year forecast
8 at MPI without linking it to the strategy and using it
9 for monitoring purposes presents several drawbacks,
10 correct?

11 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
12 Gemin. This is correct.

13 MS. KATRINE DILAY: And your report
14 goes on to say in the next sentence that, "Without
15 aligning the forecast with the organization's
16 strategy, there is a risk of creating disconnect
17 between long-term goals and projected financial
18 outcomes," correct?

19 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
20 Gemin. This is correct.

21 MS. KATRINE DILAY: And then the very
22 last sentence on this page notes that, "Strategic
23 objectives and targets should shape the financial
24 forecast, reflecting the anticipated financial
25 outcomes required to support the strategy," correct?

1 MR. NECOLAS GEMIN (BY TEAMS): Necolas
2 Gemin. This is correct.

3 MS. KATRINE DILAY: And would you
4 agree that a multiyear financial forecast that is not
5 aligned with a multi-year strategy is less meaningful?

6 MR. NECOLAS GEMIN (BY TEAMS): Necolas
7 Gemin. Yes, that's correct.

8 MS. KATRINE DILAY: You'll agree that,
9 in general, a budgeting process would include a
10 financial plan that is longer than one (1) operating
11 cycle in length?

12 MR. NECOLAS GEMIN (BY TEAMS): Necolas
13 Gemin. Can you specify? What do you mean by
14 operating cycle?

15 MS. KATRINE DILAY: So typically, a
16 financial plan would be longer than one year, for
17 example.

18 MR. NECOLAS GEMIN (BY TEAMS): Necolas
19 Gemin. Yes, for sure, more than one year.

20 MS. KATRINE DILAY: Would a financial
21 plan in the three (3) to five (5) year range be
22 relatively common in your experience?

23 MR. NECOLAS GEMIN (BY TEAMS): Necolas
24 Gemin. Yes, that's correct, and it should be aligned
25 with strategy.

1 MS. KATRINE DILAY: And when we're
2 talking about these longer-term financial plans that
3 go broader or -- or beyond the one (1) year, could
4 these be directional in nature and subject to revision
5 in each subsequent budgeting cycle?

6 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
7 Gemin. Yes, that's totally correct.

8 MS. KATRINE DILAY: But it would also
9 be possible that beyond -- going beyond just being
10 directional, departmental management could also be
11 held responsible for a three (3) year cycle, for
12 example.

13 Would that be your experience?

14 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
15 Gemin. Here, this is where the complexity lies. It
16 really depends on the organization and how the
17 organization and the leadership put accountability on
18 the achievement of the results.

19 But typically, what we observe is that
20 there is a strong accountability and responsibility
21 for leaders to deliver at least the one (1) year
22 results. And then for the results beyond one (1)
23 year, it really depends on the organization.

24 MS. KATRINE DILAY: Thank you. That's
25 helpful. You'll agree that any budgeting process and

1 financial plan should ensure commitment to long-term
2 operating expense targets?

3 MR. NECOLAS GEMIN (BY TEAMS): Necolas
4 Gemin. It depends. That's really part of the way we
5 link the strategy with the financial plan and whether
6 there was a strong commitment to achieve any
7 administrative ratio target.

8 For example, if we take this one,
9 that's really helped to the way we -- we move from the
10 strategy to the financial plan budget and forecast.
11 So, it really depends on the organization and any
12 commitments on achieving such targets.

13 MS. KATRINE DILAY: Thank you. Will
14 you -- would you agree that a strategic portion of a
15 budgeting process should be top down?

16 MR. NECOLAS GEMIN (BY TEAMS): Necolas
17 Gemin. It depends. I think we can move on the
18 following slide called the W approach if you don't
19 mind. So here, that's the illustration between the
20 top down and the bottom approach.

21 What we observe traditionally, that
22 needs to be both because the commitment, and then the
23 accountability, comes with very granular information,
24 so we need to move from the bottom.

25 And then to make sure that we align

1 with the strategy and any financial plan, we need to
2 start from the top. And this is where we see the key
3 usage of KPI to really create the connection between
4 the eyelevel strategy targets and the operational
5 target that we set from the bottom.

6

7

(BRIEF PAUSE)

8

9

MS. KATRINE DILAY: Thank you, Mr.
10 Gemin. You -- you anticipated some of my questions,
11 but I'm just hoping to confirm some of them from my
12 own understanding.

13

So, would you agree that the top-down
14 approach could include stretch targets, such as
15 dollars or FTEs, and budget guidelines specified by an
16 executive committee or a Board of Directors?

17

MR. NECOLAS GEMIN (BY TEAMS): Nicolas
18 Gemin. It can, yes.

19

MS. KATRINE DILAY: And the top-down
20 approach -- and you've referred to this and it's on
21 the screen before us. But the top-down approach would
22 consider many items such as the corporation's
23 multiyear strategy, for example?

24

MR. NECOLAS GEMIN (BY TEAMS): Nicolas
25 Gemin. Yes, that's correct.

1 MS. KATRINE DILAY: And objectives and
2 key results would be another example?

3 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
4 Gemin. Yes, correct, too.

5 MS. KATRINE DILAY: The overall
6 financial outlook could be another example?

7 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
8 Gemin. Yes, it's an example amongst others.

9 MS. KATRINE DILAY: And could another
10 example be revenue requirements and rate pressures for
11 a number of years into the future?

12 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
13 Gemin. Yes, if it's part of the strategy for sure.

14 MS. KATRINE DILAY: And you'll agree
15 that another part of the budgeting process should be
16 bottom up, correct?

17 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
18 Gemin. Yes, it's bottom up for operational purpose
19 because we have a granular information available from
20 the bottom. And so that's because we also want to
21 have the commitment and accountability from the
22 executive of things that they know, and so that's why
23 we also have a bottom-up approach.

24 And the reconciliation between the two
25 is instrumental in having a proper budgeting activity.

1 MS. KATRINE DILAY: And so, would you
2 agree that the bottom-up approach is the tactical
3 portion of the budget that considers detailed
4 departmental operating plans, resource requirements,
5 risk tolerances and identifies cost pressures as
6 examples?

7 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
8 Gemin. I do agree with the last portion of your
9 sentence, but I'm not sure whether it's tactical or
10 it's on purpose.

11 MS. KATRINE DILAY: And if we turn to
12 your report at page 25. and if we look at the left-
13 hand side of this page in the second paragraph, the
14 very last sentence of that paragraph, you'll agree
15 here that the report discusses the importance of the
16 bottom-up process?

17 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
18 Gemin. Yes, that's correct.

19 MS. KATRINE DILAY: And specifically
20 states that, "A top-down approach runs the risk of
21 missing key factors that can affect the soundness of
22 the budget. And alternatively, it could miss
23 opportunities at the field level that could help it
24 meet its goal -- goals more effectively," correct?

25 MR. NECOLAS GEMIN (BY TEAMS): Nicolas

1 Gemin. Yes, that's correct.

2 MS. KATRINE DILAY: Would you agree
3 that another important part of a budgeting process be
4 the alignment of the top-down stretch targets and
5 bottom-up budgets?

6 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
7 Gemin. Yes, that's totally right.

8 MS. KATRINE DILAY: And in other
9 words, this would be the portion of the budget process
10 that reconciles and aligns the top down and the
11 bottom-up budget processes, correct?

12 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
13 Gemin. Yes, that's correct.

14 MS. KATRINE DILAY: And, for example,
15 this could be done through assessment of key strategic
16 priorities and risks and the reallocation of operating
17 expense targets for priority in higher risk areas and
18 away from lower priority or lower risk areas.

19 Would that be right?

20 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
21 Gemin. Yes, that could be a way to achieve that.

22 MS. KATRINE DILAY: And you will agree
23 at a high level that another important part of a
24 budgeting process would be the measurement of actual
25 performance against key performance indicators and

1 budget targets?

2 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
3 Gemin. Yes, that's a very strong instrument to use.

4 MS. KATRINE DILAY: And, in fact, if
5 we look at page 26 of your report, at the top of the
6 right-hand side of this page, your report found that
7 progressive organizations -- and the second bullet
8 there -- use key performance indicators extensively as
9 the foundational drivers of forecasts and performance
10 against forecasts, correct?

11 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
12 Gemin. Yes, that's totally correct.

13 MS. KATRINE DILAY: And if we look at
14 the left-hand side and the second sentence in the
15 first bullet, your report found that MPI does not set
16 and effectively use KPIs to guide performance against
17 plan, correct?

18 MR. NECOLAS GEMIN (BY TEAMS): Yes.
19 So, they have KPIs, but they could probably broaden
20 the scope of the KPIs.

21 MS. KATRINE DILAY: Thank you. And if
22 we look -- go back to page 42 of your report. And if
23 we look at the left-hand side of the page, and the
24 second bullet but the last sentence of that bullet,
25 your report found there that not using the forecast

1 for monitoring purposes undermines the value of the
2 forecasting exercise itself, correct?

3 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
4 Gemin. Yes, that's correct.

5 MS. KATRINE DILAY: And would you
6 agree that the measurement portion of the budget, or
7 the forecasting process, measures actual performance
8 against key performance indicators that would be
9 aligned to strategy and budget targets?

10 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
11 Gemin. Yes, that's correct.

12 MS. KATRINE DILAY: And budget targets
13 would be those that are set in terms of dollars or
14 FTEs, for example?

15 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
16 Gemin. Yes, it's an example. It can be set also in
17 terms of percentage if it's more accurate, for
18 example, when it comes to volume, but, yes, it's good
19 examples.

20 MS. KATRINE DILAY: And this element
21 of monitoring would include reporting to senior
22 management at regular intervals?

23 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
24 Gemin. Yes. If we move on to page 79, I think it's a
25 good illustration on how we see the encapsulation from

1 bottom to top in terms of KPIs. But, yes, to respond
2 to your question, yes, that's exactly the intent of
3 the KPIs.

4 MS. KATRINE DILAY: Thank you. And
5 you'll agree that another budgeting principle would
6 involve taking corrective action and ongoing
7 reinforcement?

8 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
9 Gemin. Yes, totally.

10 MS. KATRINE DILAY: In other words,
11 senior management would take corrective action when
12 actual performance is out of acceptable target ranges
13 of KPIs or budget targets?

14 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
15 Gemin. Well, the decision making depends on the
16 leadership. But, yes, if it -- if it's beyond the
17 threshold, action need to be taken for sure.

18 MS. KATRINE DILAY: And again, at a
19 high level, there would be ongoing reinforcement by
20 senior management during execution of the plan and
21 into the next budgeting cycle, correct?

22 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
23 Gemin. Yes, correct.

24 MS. KATRINE DILAY: And if we look to
25 page 26 of your report, and specifically the second

1 bullet on the right-hand side, would it be fair to say
2 that when you refer to, "Progressive organizations,
3 analyze prior forecasts, and apply lessons learned to
4 improve accuracy of future forecasts," are you
5 referring there to taking that kind of corrective
6 action that we've been talking about?

7 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
8 Gemin. Yes. But, also, because it's a complex
9 exercise and it could be prone to error depending on
10 the assumption that has been taken, it's a good
11 opportunity to enhance the next cycle. So, it could
12 be, yes, that we have set new target, or it can be
13 just to enhance the exercise per se.

14 MS. KATRINE DILAY: Thank you. Could
15 we turn to page 29 of your report, please. And if we
16 look on the left-hand side of the page, in the second
17 bullet, you see there that your report found that
18 finance at MPI should aim to become the custodian of
19 financial and non-financial data used to support
20 decision-making and induce a shift from reporting to
21 value creation.

22 You see that?

23 MR. NECOLAS GEMIN (BY TEAMS): Nicolas
24 Gemin. Yes, I see that.

25 MS. KATRINE DILAY: So, would it be

1 fair to say that Ernst & Young's recommendations is
2 that the finance division at MPI should play a larger
3 role in terms of strategic decision making?

4 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
5 Gemin. No, this is not what we say here. Here what
6 we say, that finance will provide with the right
7 information so the decision-making can be taken with
8 fully informed information.

9 MS. KATRINE DILAY: Thank you for that
10 clarification. I just have three (3) last areas that
11 I want to touch upon, but they will be relatively
12 quick. If we could go to page 67 of your report.

13 And on this page, Ernst & Young
14 presents the results of individual assessments of MPI
15 executives in terms of their contribution to seventeen
16 (17) activities involved in managing a portfolio of
17 projects.

18 Is that a fair description of this
19 page?

20 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
21 Meadows. Correct.

22 MS. KATRINE DILAY: And sort of
23 paraphrasing, or summarizing, what you -- what you see
24 on this page, ideally, you would have expected that
25 there should be one (1) stakeholder listed -- listed

1 as an eight or above on this scale for each activity.

2 Is that correct?

3 MR. DUNCAN MEADOWS (BY TEAMS): Duncan

4 Meadows. Yes, that's correct. You'd expect -- or

5 you'd hope to see either one (1) or two (2) owners

6 clearly -- have a clear strong accountability of 8 --

7 8 or above on the right-hand side, so, yes.

8 MS. KATRINE DILAY: And is it fair to

9 say that you would expect this to ensure that there is

10 a clear owner or leader for each activity

11 MR. DUNCAN MEADOWS (BY TEAMS): Duncan

12 Meadows. Correct.

13 MS. KATRINE DILAY: And the risk of

14 not having a clear owner or leader for each activity

15 is that roles and responsibilities with respect to the

16 activities may not be well defined, leading to

17 difficulties in delivering on the activities.

18 Would that be fair?

19 MR. DUNCAN MEADOWS (BY TEAMS): Duncan

20 Meadows. Yes, that would be fair to say.

21 MS. KATRINE DILAY: And so, focusing

22 again on the slide before us, if we look on the right-

23 hand side of the figure, the last three (3) columns

24 are where we see the level -- levels 8 and higher,

25 correct?

1 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
2 Meadows. Correct.

3 MS. KATRINE DILAY: And we can see
4 there that there are only five (5) activities where
5 one (1) or more executives assessed themselves at an 8
6 or higher, correct?

7 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
8 Meadows. Correct.

9 MS. KATRINE DILAY: And then if we
10 look at the second bullet at the top of the page, the
11 second yellow bullet.

12 So, your conclusion here can be
13 summarized as the low number of activities where an
14 executive ranked themselves as 8 or higher signifies
15 the need to identify a clear owner and clarify the
16 roles and responsibilities within the activity,
17 correct?

18 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
19 Meadows. Correct. And maybe just even provide some
20 more flavor if it's welcome. In our report, I think
21 we said in one (1) of the subsequent slides that it
22 was -- it was -- the executives shared that there was
23 somewhat of a culture of committee decision making,
24 which I think is reflected on this slide, whereby
25 there's many folks involved to some degree, but

1 (INDISCERNIBLE). So, yes, that's -- that's a fair
2 summary.

3 MS. KATRINE DILAY: Thank you for that
4 additional information. Could we turn please to the
5 page 16 of this report.

6 And if we focus here on the key finding
7 at the bottom right of this page, the key finding,
8 there is being in a monopolistic position does not
9 reduce the need to replace aging technology, but does
10 limit MPI's ability to justify new investment costs
11 through the gain of market share or penetrating new
12 markets, correct?

13 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
14 Meadows. Correct.

15 MS. KATRINE DILAY: And at a high
16 level, you would agree that this is because as a
17 monopoly service provider for Basic insurance, MPI
18 does not compete against other providers?

19 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
20 Meadows. Correct.

21 MS. KATRINE DILAY: And so, customers
22 have no choice but to purchase Basic insurance,
23 correct?

24 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
25 Meadows. Correct.

1 MS. KATRINE DILAY: And so, in a
2 competitive environment firms may need to invest in
3 technology in order to attract new customers, but MPI
4 does not need to do this, correct, the attracting new
5 customers part of that -- of that question?

6 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
7 Meadows. I -- I wouldn't say that's a fair summary.
8 I think there's a whole variety of strategies to
9 attract customers which may or not be technology
10 driven. Technology may aid in customer acquisition
11 potentially, but it's one of many strategies.

12 Our -- our observation here, or our
13 finding here was, in the private sector, it's very
14 common to have business cases predicated on gaining
15 market share, as the finding suggests, where -- where
16 MPI -- it's not -- it's not a justification for
17 investment.

18 But -- but technology in and of itself
19 isn't necessarily a strategy to -- to win market
20 share.

21 MR. NICOLAS GEMIN (BY TEAMS): Nicolas
22 Gemin. If I -- if I can add on top of that. I think
23 one (1) of the key message here is that one (1) of the
24 key lever for organizations to make an investment
25 profitable is to grow. And that's one of the key

1 aspects of being in monopoly; it's very difficult to
2 grow.

3 So, it's -- it's more difficult to find
4 a business case for huge transformations.

5 MS. KATRINE DILAY: Thank you. Those
6 are helpful for our client's understanding. And I
7 just have a few final questions. If we could turn to
8 page 82 of your report, please, which is part of the
9 conclusion section, as we can see, at the top left.
10 And if we look at the third paragraph here entitled,
11 "the importance of the next six (6) months."

12 You see that?

13 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
14 Meadows. Yes.

15 MS. KATRINE DILAY: And recognizing
16 that your report is dated January 25th, 2024, was your
17 recommendation in terms of the importance of the next
18 six (6) months meant to align with MPI's Annual Rate
19 Application to the Public Utilities Board, which
20 typically takes place in June?

21 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
22 Meadows. I -- I think -- I think there are a number
23 of factors that came into that six (6) month time
24 period, if I can just expand.

25 So -- so, I think one (1) was, when we

1 did the report, there was definitely a feeling of ship
2 needing to be steadied. But I did also -- part of our
3 thinking was also, yes, it was in line with that
4 timing to be able to come back with hopefully an
5 increased credibility in -- in the plan proposed. So,
6 yes, that's a fair summary.

7 MS. KATRINE DILAY: And can you
8 clarify with a few examples, if possible, what you
9 would have expected to see in terms of progress
10 achieved in the six (6) months following the release
11 of your report?

12 MS. AMY SHERRAND (BY TEAMS): Sorry,
13 Counsel, I don't think that's a fair question for them
14 to ask there. They've been clear about what the scope
15 was, so I don't think it's appropriate for them to
16 answer on what they expect to have been done from
17 implementation. They haven't been asked to comment on
18 that in the report.

19

20 (BRIEF PAUSE)

21

22 MS. KATRINE DILAY: Thank you for that,
23 Counsel. And I think recognizing that the report does
24 specifically speak to the importance of the next six
25 (6) months and not speaking necessarily about specific

1 actions MPI could have taken, but at a high level --
2 if the witnesses are able to comment some high-level
3 actions that they would expect to see as a result of
4 this report, that would be helpful.

5 MS. AMY SHERRAND (BY TEAMS): Yeah.
6 So, I'm -- I'm happy to have -- Duncan or Nicolas, you
7 can answer within the context of what's fair and
8 reasonable within the report. So, I'll just -- with
9 those parameters, go ahead.

10 MR. DUNCAN MEADOWS (BY TEAMS):
11 Understood. Thank you. Duncan Meadows. So, in
12 generalities, obviously we provided a long list of
13 recommendations or insights that could be actioned,
14 generically things that -- that could be done so you
15 could look to prioritize the recommendations, what --
16 what you think are most important.

17 You look to do the -- the risk cost
18 benefits, sizing of those -- of those potential
19 recommendations. You could look to potentially form
20 work streams or owners to try to solve those work
21 streams.

22 It would typically form some level of
23 design. So, for different solutions, you may want to
24 do design, be that business design process,
25 technology, et cetera, and then -- and then implement

1 said design.

2 So, it could be any combination of
3 those -- of those activities typically in that kind of
4 order.

5

6 CONTINUED BY MS. KATRINE DILAY:

7 MS. KATRINE DILAY: Thank you, Mr.
8 Meadows. And recognizing -- I'm not sure if Mr. Gemin
9 wants to add to this given his -- his role in this
10 report.

11 MR. NICOLAS GEMIN (BY TEAMS): I think
12 it's a fair summary from -- from Duncan. I think the
13 -- the objective here is to set the strategy, and from
14 that strategy, to prioritize. That's a key aspect
15 that I would like to emphasize as part of the next six
16 (6) months.

17 And then it's really the role of the
18 leadership to define the priority over the next six
19 (6) months. But having a strategy would be probably
20 the first step to -- to take here.

21 MS. KATRINE DILAY: Thank you very
22 much, Mr. Gemin and Mr. Meadows. Those are all our
23 questions on behalf of the Consumers' Association.
24 Thank you.

25 PANEL CHAIRPERSON: Thank you. Mr.

1 Guerra, do you have any questions?

2 MR. ANTHONY GUERRA: No. Thank you.

3 PANEL CHAIRPERSON: Mr. Gabor...? Mr.
4 Bass...? Mr. Ireland...? Ms. Nemec...?

5 BOARD MEMBER NEMEC: Yes, I have just
6 one (1) question, and I think you might've addressed
7 it right at the very end where you talked about the
8 role of leadership to -- I guess to develop that
9 strategy and priority.

10 So, my question was, in the executive
11 summary there's three (3) pages, and there's quite a
12 few -- a number of recommendations there. I wondered
13 if they were highlighted as to -- was there certain
14 recommendations that were higher priorities?

15 Are there certain recommendations that
16 are dependent on others being completed before, or is
17 that something that is now in the hands of management
18 to develop that next strategic plan?

19 MR. DUNCAN MEADOWS (BY TEAMS): Duncan
20 Meadows. Thank you for the question. So, we didn't
21 provide prioritization, or dependency management, or
22 mapping between these recommendations. We call them
23 out as what we thought were our top priority
24 recommendations for the management team at MPI, but we
25 -- we won't retained to then prioritize plan or

1 dependency manage against any of these.

2 So, it was with MPI to then decide
3 which of these were the top priority and -- and how
4 they'll taken forward.

5 BOARD MEMBER NEMEC: Okay. Thank you
6 for that.

7

8 (PANEL STANDS DOWN)

9

10 PANEL CHAIRPERSON: Thank you. Thank
11 you very much, Mr. Meadows -- Meadows, and Mr. Gemin,
12 and Ms. Sherrand, for being here this afternoon. That
13 will conclude the EY witness portion of the hearing.

14 And we'll move now into the cross-
15 examination of the MPI Strategic Vision Panel that was
16 adjourned from Tuesday. So, Mr. Guerra, I don't know
17 whether there are other witnesses coming or not.

18 MR. ANTHONY GUERRA: Yes. If I may
19 just ask for five (5) minutes, please, so that the
20 members can come upstairs to the third floor.

21 PANEL CHAIRPERSON: Certainly. Thank
22 you.

23 MR. ANTHONY GUERRA: Fourth.

24

25 --- Upon recessing 1:58 p.m.

1 --- Upon resuming at 2:01 p.m.

2

3 PANEL CHAIRPERSON: Good afternoon.

4 We are reconvening with the MPI Strategic Vision

5 Panel. Ms. Jatana and Ms. Hildahl are here and have

6 been sworn previously.

7 Mr. Guerra, Mr. Scarfone filed the --

8 MPI's Multi-Year Strategic Plan Situation Analysis and

9 strategic -- sorry, third document this morning. Do

10 you have any further direct on any of those documents

11 before we commence with the cross-examination?

12 MR. ANTHONY GUERRA: No, we don't, but

13 thank you very much for endeavoring that.

14 PANEL CHAIRPERSON: Thank you.

15 Mr. Andres...?

16 MR. TODD ANDRES: Thank you, Madam

17 Chair.

18

19 CONTINUED STRATEGIC VISION PANEL:

20 SATVIR JATANA, Sworn

21 AMANDA HILDAHL, Affirmed

22

23 CONTINUED CROSS-EXAMINATION BY MR. TODD ANDRES:

24 MR. TODD ANDRES: We've already been

25 introduced. And so again, as always, my name is Todd

1 Andres. I'm PUB Counsel, and my questions will be
2 directed to either of you, no one in particular, So
3 feel free to answer as you ARE able. And I -- I don't
4 anticipate being overly long, but just bear with me
5 for the next twenty (20) minutes or so.

6 So just a couple points of
7 clarification. In Ms. Jatana's testimony on the 22nd
8 -- it was in the morning -- she clarified that the
9 Strategic Plan is not intended to be a one and done,
10 but rather a living and breathing strategy, correct?

11 MS. SATVIR JATANA: That is correct.

12 MR. TODD ANDRES: Thank you. And
13 that's consistent with the opening comments in the
14 document itself. And again, the strategy is described
15 as "a living, breathing roadmap that will evolve with
16 us as we move forward." I can take you there, but I
17 assume you remember those comments, correct?

18 MS. SATVIR JATANA: Yeah. Precisely
19 remember that. And -- and what I mean by that --
20 maybe I should elaborate -- it's like where we are in
21 the Strategic Plan right now. The board just approved
22 this last couple of Fridays ago for us to socialize.

23 And I do believe that as we socialize
24 this with our teams, with our stakeholders, with our
25 shareholder, we will receive some feedback, and we

1 want to have an opportunity to consider that feedback
2 and determine if there's any amendment, any changes
3 required at this stage of the strategy.

4 And then the plan would be to take it
5 back to the board if there are any changes and -- and
6 kind of close that loop and have a final approval from
7 the board.

8 Upon that, this strategy is in its
9 implementation. And I still believe, even at that
10 time, it should never be one and done. We should be
11 mindful of the environment we operate.

12 If there are any changes to our
13 environment or the needs of our customers or our team
14 and our stakeholders, we want to have an opportunity
15 to have a -- I'll say continual review of -- of what
16 our plan is and -- and break it down into annual, into
17 quarter to ensure that this is something that grows
18 with us and not -- you know, works for -- for our
19 objectives.

20 MR. TODD ANDRES: Right. Thank you
21 for that. And just if we can turn to the Strategic
22 Plan itself, Ms. Schubert, it's the Multi-Year
23 Strategic Plan. There we are. Now, I do note that on
24 the front page it says 'Final Deliverable', correct?

25 MS. SATVIR JATANA: Yes, for the --

1 for the -- this milestone.

2 MR. TODD ANDRES: Okay. And so, there
3 were some questions this morning for the EY panel
4 about whether it would be -- and -- and I think you've
5 answered the question, but I guess wondering about the
6 cadence of renewal.

7 So, you're just -- you've sort of said
8 you're going to socialize it, then maybe revisit it.
9 But -- but is this sort of the Strategic Plan that
10 plans out the five (5) year or will there be an annual
11 review?

12 MS. SATVIR JATANA: Yes. So, this is
13 high level Strategic Plan. The way we want to make
14 this a living and breathing work of MPI is that this
15 further will be broken into annual business plan,
16 which then cascades into our business objectives, into
17 each of the divisional objectives and priorities, into
18 the executives' performance, right down to the team
19 that is reporting that.

20 So, it kind of breaks it down from a
21 high-level plan into actionable things. And that's --
22 you know, the CY (phonetic) also talked about that
23 'W'.

24 And that is the approach you want to --
25 the plan gets built from bottom up; the strategy gets

1 set from top down. And to ensure that there is a buy-
2 in, there is a clarity, there's measurement in place
3 for us to measure and report our progress.

4 And if there's any changes, any
5 amendments required, then you're doing that on an
6 annual basis.

7 MR. TODD ANDRES: Okay. So, I think -
8 - so I think that that's -- so the answer is it's on
9 an annual basis ultimately

10 MS. SATVIR JATANA: At minimum.

11 MR. TODD ANDRES: Thank you. Okay.
12 And so, I note that the Strategic Vision Panel has
13 quite a number of the -- sort of the high-level
14 executives of MPI I see in the front row, obviously
15 yourself and the VP -- pardon me, director of
16 strategy. And in the back row, we have -- correct me
17 if I missed anyone.

18 MS. SATVIR JATANA: Half of my team
19 with me.

20 MR. TODD ANDRES: Half of your team --

21 MS. SATVIR JATANA: There are team
22 members that are not here --

23 MR. TODD ANDRES: Okay.

24 MS. SATVIR JATANA: -- but this is not
25 to reflect that these are the only leaders that are

1 responsible for the strategy. These are the leaders
2 that are supporting me today, but it takes the whole
3 team to deliver on a strategy.

4 MR. TODD ANDRES: And so, you're --
5 you're saying that this team is involved in delivering
6 on strategy. And in fact, it's the whole executive
7 team involved in delivering. Can you identify which
8 ones were involved and which -- which of these
9 executives were involved in the creation of the
10 strategy?

11 MS. SATVIR JATANA: All of them.

12 MR. TODD ANDRES: All of them. Thank
13 you. And will those individuals also be involved in
14 the modifications to the Strategic Plan moving
15 forward?

16 MS. SATVIR JATANA: And much more than
17 just the executive team. We have a senior leadership
18 team. There's been other leaders involved, but yes.

19 MR. TODD ANDRES: And so, will they
20 also be involved in -- I guess I'm trying to choose
21 the right word -- implementing the Strategic Plan?

22 MS. SATVIR JATANA: Yes. So, we have
23 a pillar owner, and -- and we purposely have chosen a
24 leader that will be working with cross-functional
25 teams. So, for example, our head of legal and risk is

1 responsible for one of the pillars.

2 That does not mean that that's all of
3 the work that happens in this pillar is within that
4 division. The work is actually happening in the
5 organization.

6 So, it is to increase ownership and
7 also exposure to our executive team. But there are
8 other executive members that are also supporting that
9 pillar although the pillar owner has been identified
10 as -- as one (1) executive.

11 MR. TODD ANDRES: Thank you.

12 Ms. Schubert, if you could pull up
13 slide 8 of the Strategic Plan. Thank you.

14 And I note that on the right-hand side
15 of the page, it talks about quite a number of
16 workshops being held, I think twelve (12) workshops,
17 forty (40) plus hours, and perhaps it's -- oh, right
18 at the top there, total of twelve (12) workshops and
19 forty (40) plus hours of discussion, correct?

20 MS. SATVIR JATANA: Yeah. So, this
21 talks about the first stage. So, what -- which is the
22 strategic direction that just outlines that. Beyond
23 this, there was many other workshops that were
24 completed in determining the how and who, but this --
25 this talks about that strategic narrative, how many

1 workshops and the process that we took to develop that
2 direction.

3 MR. TODD ANDRES: I see. So, this is
4 stage 2, the strategic direction. That was the twelve
5 (12) workshops and forty (40) plus hours?

6 MS. SATVIR JATANA: That is correct.

7 MR. TODD ANDRES: So there have been
8 several workshops held since then, and many, many more
9 hours of discussion, I take it, correct?

10 MS. SATVIR JATANA: I believe there
11 was a hundred and fifty-six (156) workshops.

12 MR. TODD ANDRES: Thank you.

13 MS. SATVIR JATANA: -- approximately.

14 MR. TODD ANDRES: And so, is that the
15 same type of approach that will be taken to monitor
16 the plan moving forward?

17 MS. SATVIR JATANA: Monitor would be -
18 - in my view is -- is a little different than
19 developing a plan. You know, the amendment might take
20 smaller number of workshops or a workshop. Monitoring
21 would fall onto a team that is central and will be
22 monitoring and measuring the progress of our strategy.

23 So, I don't want to kind of sit here
24 and say that we're going to duplicate this process
25 every time there's a minor change to initiative or --

1 or strategy, but this illustrates what has happened in
2 the (INDISCERNIBLE).

3 MR. TODD ANDRES: And will it be -- I
4 think you described pillar owners. Would the pillar
5 owners who are responsible for the monitoring of their
6 various, I guess, things happening within their
7 particular scope?

8 MS. SATVIR JATANA: They are -- they
9 are accountable to measuring, ensuring that that
10 pillar -- those programs are being implemented,
11 absolutely.

12 MR. TODD ANDRES: Thank you. Ms.
13 Schubert, if you could forward to slide 16 of the
14 Strategic Plan. Thank you.

15 Now I note under the middle column
16 under 'Operational Effectiveness', item number 4
17 references technology risk score. And that's
18 identified as one of the key measures under this
19 category, correct?

20 MS. SATVIR JATANA: That's correct.

21 MR. TODD ANDRES: Thank you. And, Ms.
22 Schbert, if I can have you move forward to slide 20.

23 And there's some discussion about the
24 technology risk score in this slide, correct?

25 MS. SATVIR JATANA: That is correct.

1 MR. TODD ANDRES: And the first bullet
2 under 'Goal Description' says:

3 "Risks are extracted from our
4 application portfolio management
5 system, which calculates a score for
6 each respective risk."

7 Correct?

8 MS. SATVIR JATANA: Yes.

9 MR. TODD ANDRES: And that -- perhaps
10 it's my ignorance. I don't know that that necessarily
11 defines what technology risk score is.

12 Are you able to sort of put some
13 parameters around what exactly is a technology risk
14 score?

15 MS. SATVIR JATANA: Just one moment,
16 please.

17

18 (BRIEF PAUSE)

19

20 MS. SATVIR JATANA: Perhaps I can give
21 a high level in -- you know, if opportunity rises, can
22 be put to the IT panel tomorrow, but it is multiple
23 factors that goes in determining that score from
24 technology meeting business needs.

25 Our outdated technology and -- and a

1 bunch of those factors kind of goes into that,
2 determining the overall score. It is an internal
3 score that -- that we give, and it's something that is
4 a new score to us that we want to find a way to track,
5 understand, and measure our progress against it.

6 MR. TODD ANDRES: Okay. Sorry. And I
7 think didn't quite hear the first part of the answer,
8 which is where I think you were giving the -- as -- as
9 close to a definition as we're getting. Sorry, can
10 you just repeat the first part of the answer?

11 MS. SATVIR JATANA: Again, you know, I
12 think it's probably best suited for the technology
13 team, but it is to understand our risk associated with
14 our technology. And some of those factors could be
15 our technology coming near end life or those that are
16 outdated or meeting business need.

17 I don't have the exact detail in front
18 of me, but it is an internal score that helps us
19 understand what is the technology risk and -- and to
20 also measure and report our progress against it.

21 MR. TODD ANDRES: Okay. Thank you for
22 that. And I think that's probably as -- as good as
23 we're going to get now and -- and does provide me what
24 I need for now. And -- and you've alluded to my next
25 question, which is: So, can you say who provides the

1 measures for this score?

2 MS. SATVIR JATANA: That would be our
3 chief information technology officer.

4 MR. TODD ANDRES: And is -- this
5 technology risk score, is it replacing another metric?

6

7 (BRIEF PAUSE)

8

9 MS. SATVIR JATANA: Just wanted to
10 confirm. We have not had this score. So, it is
11 adopting more of the I'll say modern way of -- of
12 understanding that, so it is new to MPI.

13 MR. TODD ANDRES: And -- and I guess
14 the -- my question -- so this one is new to MPI. Was
15 there a metric or a measure in place that preceded
16 this?

17 MS. SATVIR JATANA: We've had a number
18 of things I would say at one point in which that
19 process stopped in 2017, -18, whenever. We used to
20 understand what is our technology debt. That process
21 discontinued, and -- and that was one way of kind of
22 understanding our -- our technology risk.

23 So, there is a factor that goes into
24 that, but we have not -- I don't in my time recall a
25 technology risk score necessarily. We had a

1 technology debt roadmap in the past.

2 MR. TODD ANDRES: And were there
3 shortcomings with the technology debt roadmap?

4 MS. SATVIR JATANA: I'm sorry, I'm not
5 sure if I understood that question.

6 MR. TODD ANDRES: So, it sounds -- if
7 I'm -- if I'm not mistaken, it sounds like the metric
8 that was used previously was the technology debt
9 roadmap and that it's -- if I'm again understanding
10 you correctly, the new metric is the technology risk
11 score.

12 Were there shortcomings in the
13 technology debt roadmap that this replaced?

14 MS. SATVIR JATANA: I don't think I
15 would say there was a shortcoming. Technology debt
16 roadmap highlighted all those technologies that were
17 either at the end of life or nearing end of life. But
18 that might be very narrow way of -- of understanding
19 your security risk a risk related to IT, with -- with,
20 you know, very experienced CITO in place, and -- and
21 this is a modern way of -- of understanding that risk.

22 I think MPI needs to be open to, you
23 know possibly opening ourselves to new ways of
24 understanding our risk and reporting that risk.

25 MR. TODD ANDRES: Thank you for that.

1 Ms. Schubert, if you could move forward
2 to slide number 30, please -- sorry, 31. Thank you.

3 I note that Item 5.4 talks about the
4 need to identify and pace the implementation of
5 required technology to meet customer and stakeholder
6 expectations. Do you see that?

7 MS. SATVIR JATANA: I do.

8 MR. TODD ANDRES: Thank you. And just
9 generally speaking, technology, if I'm -- again,
10 you'll agree it plays a fairly significant role in the
11 Strategic Planning document, correct?

12 MS. SATVIR JATANA: I think technology
13 plays a significant role in MPI in general.

14 MR. TODD ANDRES: But also in the
15 Strategic Planning document, there's quite a number of
16 references to technology and IT in general, correct?

17 MS. SATVIR JATANA: Of course, because
18 of the importance of technology. and how we serve our
19 customer is also echoed in our -- multi-year strategy.

20 MR. TODD ANDRES: Thank you. And --
21 and so that -- I guess, given that this is a forward-
22 looking document, you'll agree that technology is a
23 significant factor in MPI's future, correct?

24 MS. SATVIR JATANA: I don't want to --
25 I don't know what's 'significant', but it's -- it's an

1 important element that has been highlighted, yes.

2 MR. TODD ANDRES: Thank you. And --
3 and at this point you'll agree that Project NOVA has
4 been a fairly dominant part of the technology --
5 technology discussion at MPI, correct?

6 MS. SATVIR JATANA: From a capacity,
7 from an investment, I would say yes.

8 MR. TODD ANDRES: And it's anticipated
9 that Project NOVA will continue to be a fairly
10 dominant part of that discussion, correct?

11 MS. SATVIR JATANA: We believe that to
12 be the case, that until Project NOVA is complete, that
13 we need to be conscious of how much we take on, what
14 other initiatives we take on

15 MR. TODD ANDRES: And -- and Project
16 NOVA is anticipated to, you know, last the life of
17 this Strategic Plan, correct?

18 MS. SATVIR JATANA: I wouldn't say
19 that, and I'm not sure if I'm in a position to say
20 that. This is a multi-year strategy five (5) plus, I
21 would say at this point, and I sure hope NOVA is not
22 five plus. But we will have a better timeline and
23 understanding once we've completed the discovery,
24 which is end of December.

25 MR. TODD ANDRES: Thank you for that.

1 And, sorry, Ms. Schubert, can I ask you
2 to move forward to slide 78, please?

3 And so, this one here is a graph on the
4 right =hand side of the screen that talks about pace
5 of delivery. And there's a blue line that illustrates
6 the level of IT modernization effort, correct?

7 MS. SATVIR JATANA: Yes.

8 MR. TODD ANDRES: Thank you. The 'Y'
9 axis is the degree of change, yes?

10 MS. SATVIR JATANA: Yes, but I just
11 want to remind us it's illustrative purposes. This is
12 not -- no scientific kind of measure in -- in
13 determining the scope.

14 MR. TODD ANDRES: Understood, but it
15 is an illustrative purpose to sort of try to put a
16 visual to some of the substance that's in the report,
17 yes?

18 MS. SATVIR JATANA: What this was for,
19 I'll say more internally to understand that as --while
20 the NOVA is I'll say being implemented, we want to be
21 cautious of how much we take on.

22 And as it was said by EY, I truly
23 believe the strategy is about deciding on what we can
24 and what we can't do. And I truly believe that
25 because NOVA is taking such a significant capacity, we

1 -- we don't want to overshoot. We don't want to
2 overpromise and underdeliver.

3 MR. TODD ANDRES: Thank you for that.
4 And -- and actually, it -- you've I think clarified my
5 point, but I'll just get you to respond that the --
6 the IT modernization effort does refer to Project NOVA
7 in terms of the blue line, yes?

8 MS. SATVIR JATANA: Mainly in this for
9 illustrative purposes, yes.

10 MR. TODD ANDRES: Thank you. And then
11 the degree of change on the lefthand side of the
12 screen, the -- the I guess 'Y' axes -- 'Y' axis as
13 we'll call it, it's measured one (1) to seven (7),
14 correct?

15 MS. SATVIR JATANA: Yes.

16 MR. TODD ANDRES: And can you tell us
17 what one (1) to seven (1) -- one (1) through seven (7)
18 signify?

19 MS. SATVIR JATANA: One moment,
20 please.

21

22 (BRIEF PAUSE)

23

24 MS. AMANDA HILDAHL: Hi. Hi. Amanda
25 Hildahl.

1 So, answering, this degree of change is
2 a model that we were using in one of our workshops to,
3 again for illustrative purposes, talk about what it
4 would feel like to implement the Corporate Strategic
5 Plan.

6 So, I can find the exact -- like the
7 name of the strategic model. I don't have it offhand,
8 but in terms of what explicitly -- like seven (7)
9 versus one (1) is, you know, in terms of the
10 definition.

11 But the -- that -- that model of degree
12 of change over time and -- and how an organization
13 experiences change was used just for again pace of
14 delivery discussions as we were discussing what --
15 what should the organization experience in years 1, 2,
16 and beyond of the corporate Strategic Plan.

17 MR. TODD ANDRES: Thank for that.
18 And, I mean, obviously one (1) being the low point,
19 seven (7) being the high point. We'll agree on that
20 loosely, but in terms of, you know, telling us what
21 exactly a one (1) versus a four (4) versus a seven
22 (7), you can't do that at this point, yes?

23 MS. AMANDA HILDAHL: Off the top of my
24 head, no. I can -- the gist of the -- from -- of one
25 (1) was to do things as status quo. So, you know, a

1 degree of changes of -- of really not a whole lot
2 different than our day-to-day.

3 I do recall that a seven (7) is
4 something that's impossible, that no other
5 jurisdiction has done before, or it's seemingly
6 impossible. You can't point to another organization.

7 And so, the degree of change
8 experienced by -- by the employees or the people who
9 are implementing can feel like, you know, there's --
10 there's not another jurisdiction that we can point to
11 say, you know, how did they do it before, whereas, you
12 know, degrees between the -- the impossible versus,
13 you know, our day-to-day range.

14 MR. TODD ANDRES: And degree of change
15 in IT modernization peaks or is forecast to peak --
16 again, 'forecast' being perhaps the wrong word -- but
17 is graphed here to peak in '26/'27, correct?

18 MS. AMANDA HILDAHL: Illustratively.

19 MR. TODD ANDRES: Right? Well, I
20 mean, yeah. That's -- that's what the graph shows,
21 that it's peaking in that '26/'27 year, correct?

22 MS. AMANDA HILDAHL: Correct.

23 MR. TODD ANDRES: Thank you. And it
24 does not necessarily drop all the way to a level 1,
25 correct?

1 MS. AMANDA HILDAHL: I think because
2 it's legacy IT modernization efforts in general, and
3 so we could expect that there would be ongoing efforts
4 to always, as -- as Satvir mentioned, to modernize our
5 IT systems as they become obsolete.

6 MR. TODD ANDRES: So, the -- the green
7 bars indicate other Strategic Planning efforts,
8 correct?

9 MS. AMANDA HILDAHL: Correct.

10 MR. TODD ANDRES: Does MPI anticipate
11 that any of these other Strategic Planning efforts
12 will require further changes or enhancements to IT
13 systems?

14 MS. SATVIR JATANA: Possibly.

15 MR. TODD ANDRES: And as the degree of
16 change in other Strategic Plan efforts is increasing
17 over five (5) years while the degree of change in IT
18 modernization increases -- pardon me, decreases --
19 starting after I guess it's year 2 does this mean that
20 Project NOVA will provide the necessary IT
21 capabilities to support the needs for strategic
22 efforts from year 3 onward?

23 MS. SATVIR JATANA: I'm sorry, I
24 missed the first part of your question.

25 MR. TODD ANDRES: All right. So -- so

1 we have the other Strategic Plan efforts increasing
2 over the life of this graph. So, the green is going
3 up left to right, and then we have the IT
4 modernization efforts going down from-it looks like
5 partway through year 2.

6 And that I take it references the
7 implementation of Project NOVA or the -- the release
8 of Project NOVA and the implementation of it, and it's
9 getting up and running.

10 So, I guess what I'm -- what I'm
11 getting at here is, does this graph indicate that
12 Project NOVA, once it's up and running, will provide
13 the necessary IT capabilities to support the needs for
14 strategic efforts, the ones marked by the green going
15 up there, from year 3 onward?

16 MS. SATVIR JATANA: Yeah. So, the
17 completion of NOVA will deliver that capability. It
18 would've replaced our -- our three (3) core systems.
19 Again, you know, this is a very illustrative slide
20 we're looking at.

21 And I think it's also important to note
22 that our long-term strategy will have other IT systems
23 that will need upgrade or replacement, which, you
24 know, potentially you could say could pick up once
25 NOVA is complete, but that will be, you know, part of

1 our -- our future plans and strategies, which will
2 come to this Board and -- when it's appropriate.

3 MR. TODD ANDRES: And, sorry. So
4 just to put a fine point on it, is the answer then
5 that, yes, NOVA will be supporting -- the -- the plan
6 is to have NOVA supporting the other strategic
7 initiatives that are contemplated here.

8 MS. SATVIR JATANA: I don't know
9 offhand if I can kind of say 'other initiative'. Like
10 NOVA is a core technology that provides enablement for
11 Basic for driver's licensing, DVA, for SRE, and
12 there's certain objectives that are to be achieved
13 through those projects.

14 So, one would say, once NOVA is
15 completed, then those objectives would have been met.
16 But if there's any other enhancement or any
17 initiatives that require changes to those systems,
18 those have not been -- fully been flushed (sic) out in
19 this slide, if that's what we're looking at.

20 MR. TODD ANDRES: Yeah. And I guess
21 it's just the -- the strategic efforts, though, I take
22 it are something independent from NOVA, correct?

23 MS. SATVIR JATANA: Yes.

24 MR. TODD ANDRES: Those are the things
25 that MPI is dreaming about doing in the future or

1 planning about doing in the future, looking towards.
2 And so again, we have NOVA, I -- I guess, you know,
3 being implemented. It looks like the -- it reaches
4 steady state, if I can say that? April 1, 2019, is
5 the plan. Is that roughly correct?

6 MS. SATVIR JATANA: I -- I don't know
7 if it's roughly correct, but that's kind of what it's
8 illustrating just for illustrative purposes.

9 MR. TODD ANDRES: Okay. And -- well,
10 if -- if this is just for illustrative purposes, then
11 perhaps this is a question for the back row. But do
12 you -- again, is that roughly correct in terms of
13 achieving steady state, what the company is looking
14 for?

15 MS. SATVIR JATANA: I don't know if I
16 can answer that question as like, you know, we're
17 halfway through the discovery. So, we're -- we're
18 looking at the next release, which is release 3, and
19 it's large and complex, and -- but as we know, NOVA
20 has another release after that.

21 So, what we will intelligently be able
22 to speak to end of this discovery is how is next
23 release being implemented. And then obviously, when
24 we have completed the discovery of R-4, which is the
25 following, at that point we will speak to that

1 release.

2 MR. TODD ANDRES: I guess -- and what
3 I'm getting at is, if -- if NOVA is unable to fill --
4 fulfill the planned scope I guess by start of year 3,
5 moving into year 4, what would be the potential effect
6 on the progress of the other strategic efforts here?

7 MS. SATVIR JATANA: So as the strategy
8 outlines many initiatives, not all of those
9 initiatives are tied to technology, not tied to NOVA.
10 There is work that's I'll say outside of systems that
11 also needs to be done.

12 MR. TODD ANDRES: And you indicated
13 this is, you know, an illustrative purposes. Was it
14 based on a model?

15

16 (BRIEF PAUSE)

17

18 MS. SATVIR JATANA: No. The concern
19 with these kind of slides is, when you put something
20 on a paper, it can be taken as definitive. And I -- I
21 cannot stress enough that I heard from our teams
22 internally that capacity is an ongoing issue for us.

23 Seventy (70) to 90 percent of our
24 capacity is spent on delivering just day-to-day
25 operations. And as we developed -- and part of our --

1 our concern with the past strategy was that we
2 overpromised and we didn't have the capacity to
3 deliver. And then we went on and we asked for a bunch
4 of FTE that was not possible.

5 So, coming into this strategy, we want
6 it to be realistic. We want it to ensure that we
7 don't overpromise and under deliver and more
8 importantly, respond to our employees' number one
9 concern that we do not take on a strategy that we
10 cannot deliver.

11 So, it was very important to this
12 leadership team that we address that question upfront,
13 that we're mindful that there is a large and a complex
14 IT implementation that's underway. And we have made
15 that commitment to our team that we are not going to
16 take too much on while we are in midst of that.

17 That doesn't mean that we're stopped,
18 we're standing still. Where there's capacity, we will
19 take initiatives from our strategy and implement that.

20 So, this is -- this is to set the tone
21 in the organization. This is to provide that clarity,
22 and this is to be responsive to our teams as to what
23 they've been telling us, and -- and through also our
24 learned lessons over the last three (3), four (4)
25 years. So please don't take this slide anything other

1 than setting the tone in the organization.

2 MR. TODD ANDRES: And so -- but there
3 were obviously inputs to the slide. So, I'm wondering
4 --and my question was -- and I don't think I had an
5 answer to it -- what was the model and what were the
6 inputs?

7 MS. SATVIR JATANA: So, the model, as
8 -- as Amanda explained, it's -- on the left side it's
9 showing degree of change. And we know that NOVA,
10 especially when you're implementing three (3) system
11 and it touches your four (4) lines of business, it is
12 a complex.

13 So, as you're implementing, you know,
14 that there's going to be times that all of your twelve
15 hundred (1,200) employees in the operations and claims
16 units is going to be involved in implementing that.
17 That speaks to that gravity and that severity of that
18 change in the organization.

19 So, the team simply kind of, you know,
20 took what it could be, NOVA could be delivered over
21 the next few years. This was not -- this team did not
22 necessarily -- or we, you know, spoke to the NOVA
23 discovery as to does this seem like right that in two
24 and a half (2 1/2) year, we would be the peak of NOVA
25 delivery?

1 That type of rigor did not go through.
2 We did not go through for us to kind of -- whether
3 that accuracy is there. But it's fair and safe to say
4 that when we are in the peak of R-3, it is going to
5 impact all of our -- our claims and operations team
6 because those are the teams that use these systems to
7 serve our customers.

8 MR. TODD ANDRES: Thank you for that.
9 And -- and then you did reference at the start the
10 team involved in the inputs for this. Can you just
11 clarify which team that was?

12

13 (BRIEF PAUSE)

14

15 MS. SATVIR JATANA: So, in this --
16 this team included our strategy team, our change team,
17 executive senior leadership. There were some team
18 members that were part of those discussions.

19 MR. TODD ANDRES: Sorry, just to
20 clarify, did it involve anyone from the IT or the CITO
21 or any of those people?

22

23 (BRIEF PAUSE)

24

25 MS. SATVIR JATANA: Definitely. There

1 was team members that were from IT in this as well.
2 But again, this was no scientific or I'll say, you
3 know, much thought went into that. Hey, NOVA team,
4 did we get this right? Is NOVA really at the peak
5 between two (2) and three (3) years? No, this is
6 nothing more than illustrative purposes.

7 MR. TODD ANDRES: Ms. Schubert, if we
8 can move on to slide 54, please. Thank you.

9 Here there's a discussion about the
10 integration of corporate and IT strategies, correct?

11 MS. SATVIR JATANA: That's correct.

12 MR. TODD ANDRES: And if I understand
13 correctly, the IT strategy is an annual strategy,
14 correct?

15 MS. SATVIR JATANA: We -- based on our
16 stability strategy, we also have a one (1) year IT
17 strategy that the team will speak to tomorrow in the
18 panel.

19 MR. TODD ANDRES: Thank you for that.
20 Do you know, is the IT strategy -- is it set in
21 November?

22

23 (BRIEF PAUSE)

24

25 MS. SATVIR JATANA: Yeah. So, the IT

1 one (1) year strategy was set this spring, March,
2 February, March timeframe.

3 MR. TODD ANDRES: Okay. So, then it's
4 fair to say then that the next IT strategy will be
5 also set in the spring of 2025?

6 MS. SATVIR JATANA: So, our five (5)
7 year strategy will influence our of course IT annual
8 strategy. So, part of that would be -- again, I don't
9 want to say that there's a separate IT strategy for
10 MPI. MPI has one corporate strategy which will be
11 broken into annual strategy. And of course, there
12 would be IT initiatives that will be taken within --
13 within each year.

14 MR. TODD ANDRES: So, does that mean
15 that there won't be a distinctive IT strategy in the
16 coming year?

17

18 (BRIEF PAUSE)

19

20 MS. SATVIR JATANA: Yes. So, we have
21 a multi-year strategy that does influence our
22 corporate strategy. What we have for our IT is we
23 have a five (5) year IT roadmap that will influence
24 kind of what is the long-term I'll say functional plan
25 supported by the IT division.

1 MR. TODD ANDRES: Sorry. And -- and I
2 guess -- so you haven't -- the -- the five (5) year IT
3 road, you're -- the overarching strategy is the
4 corporate strategy. But again, will there be annual
5 strategy set by the -- by -- in respect of IT?

6 MS. SATVIR JATANA: Just like every
7 division, we'll have an annual kind of functional plan
8 or strategy.

9 MR. TODD ANDRES: Okay. And you've
10 already answered my next couple of questions. So, the
11 IT strategy is going to take into account and consider
12 in its development the five (5) year Strategic Plan.
13 And the five (5) year IT roadmap, my apologies, is
14 that something that was disclosed as a part of this
15 process?

16

17 (BRIEF PAUSE)

18

19 MS. SATVIR JATANA: So yes, that has
20 not been disclosed. Part of it is we were just -- we
21 just finished that, but our -- in pillar 5 be ready
22 for what's ahead. In there, there is a -- five point
23 three (5.3) speaks to that.

24 MS. AMANDA HILDAHL: I can clarify if
25 you like. So, yeah, the IT roadmap was in development

1 while we were developing our Multi-Year Strategic
2 Plan. Really busy year. And we took -- we -- we
3 folded in the implementation of the IT roadmap in our
4 Strategic Plan by calling out under pillar 5.

5 So, we have these strategic programs
6 that are listed under each of these strategic pillars.
7 So, if we're using like five point three (5.3), that's
8 pillar 5, program 3 that, to actively manage technical
9 and cybersecurity risk to safeguard core system and
10 platform health, references the IT roadmap delivery.

11 MR. TODD ANDRES: Thank you. And
12 would MPI be willing to provide the five (5) year IT
13 roadmap?

14 MR. ANTHONY GUERRA: No, it's not
15 ready.

16 MR. TODD ANDRES: Sorry, it's not --
17 did you say it's not ready?

18 MR. ANTHONY GUERRA: Correct.

19

20 CONTINUED BY MR. TODD ANDRES:

21 MR. TODD ANDRES: Sorry, did I -- did
22 I misunderstand the answer? I think I -- what I heard
23 was that the five (5) IT roadmap was -- maybe I
24 misunderstood. I thought it was completed and then
25 taken into account IN the development of pillar 5. Is

1 that not what I heard?

2

3

(BRIEF PAUSE)

4

5

MS. SATVIR JATANA: So maybe I can
6 walk you through what we have right now. What we have
7 right now is a five (5) view of technologies that are
8 needing upgrade or replacement. The next steps of
9 that would be to understand investment to require and
10 prioritizing in what order are we replacing that as,
11 you know, not every technology has the same weight and
12 importance.

13

So, some of that work needs to happen
14 in the following. So, if we were to share with you,
15 it would be a very early draft just indicating which
16 technology needs replacement over the next five (5)
17 years.

18

MR. TODD ANDRES: Okay. So, I guess
19 my question is: Is there any part of it that can be
20 filed?

21

22

(BRIEF PAUSE)

23

24

MR. ANTHONY GUERRA: So -- so,
25 counsel, here's the concern. We -- we have a one (1)

1 page document that provides a high-level overview of
2 applications that may be considered to be replaceable
3 within that five (5) year period. It is a high-level
4 draft.

5 It may contain information that would
6 expose MPI to cybersecurity threats and so certainly
7 needs to be thoroughly reviewed by our -- our CITO and
8 his cybersecurity team. So, while we're agreeable to
9 producing that, there may be a claim of
10 confidentiality over all or portions of the
11 information on that document.

12 MR. TODD ANDRES: Understood. And --
13 and I think the -- the Board has been pretty
14 consistent. We're not interested in anything that's
15 going to cause a cybersecurity concern or anything of
16 that sort. Just to clarify, though, the one (1) page
17 document that you're referencing, is that -- what is -
18 - is that the same thing as the five (5) year IT
19 roadmap?

20 MR. ANTHONY GUERRA: No.

21 MR. TODD ANDRES: Okay. So that --
22 but that's the part that's I guess completed.

23 MR. ANTHONY GUERRA: That is what's
24 currently available.

25 MR. TODD ANDRES: Okay. Okay.

1 BOARD CHAIR GABOR: Sorry, can I
2 interrupt for a sec? When do you anticipate the five
3 (5) year roadmap will we completed?

4 MS. SATVIR JATANA: It panel will
5 speak to this, but there is a timeframe next year,
6 next spring. yeah.

7 MR. TODD ANDRES: Thank you. Thank
8 you, Mr. Gabor.

9

10 CONTINUED BY MR. TODD ANDRES:

11 MR. TODD ANDRES: So, I'll move on
12 now. If we can move on, Ms. Schubert, to slide 16.
13 Thank you.

14 The very first of the multi-year
15 strategy key measures is under a dimension called
16 'Affordability'. So, number one is the average
17 insurance premium as a percentage of median income.
18 Do you see that?

19 MS. SATVIR JATANA: I do.

20 MR. TODD ANDRES: Thank you. And does
21 this key measure apply to -- to Basic?

22 MS. SATVIR JATANA: Yes.

23 MR. TODD ANDRES: Does it also apply
24 to Extension?

25 MS. SATVIR JATANA: Although this is -

1 - this is not specifically talking about Extension;
2 however, you could apply same approach to other lines
3 of business.

4 MR. TODD ANDRES: Okay. So, this is -
5 - just generally speaking, this is specifically to
6 Basic.

7 MS. SATVIR JATANA: That would be
8 correct.

9 MR. TODD ANDRES: Thank you. And
10 you'll -- you'll agree, though, that this presents the
11 introduction of a new variable in terms of setting
12 just and reasonable rates, correct?

13 MR. ANTHONY GUERRA: In terms of being
14 able to comment on the legalities of that, Ms. Jatana
15 is not in a position to do so.

16 However, I think what we've heard
17 throughout the course of this hearing is that MPI is
18 desirous of having a conversation with the Board about
19 minimum filing requirements. And as we heard from the
20 Ratemaking panel last week, there are concerns with
21 our ability to continue reporting on the -- the
22 premium comparison.

23 MR. TODD ANDRES: Sorry. And -- and
24 that's fine. My question wasn't actually for a legal
25 interpretation.

1

2 CONTINUED BY MR. TODD ANDRES:

3 MR. TODD ANDRES: but just in terms of
4 -- you know, as a general proposition, MPI will file a
5 report -- pardon me, file an Application and it will
6 indicate what AAP is going to be, correct?

7 MS. SATVIR JATANA: Yes, as per the
8 minimum filing requirement.

9 MR. TODD ANDRES: Right. And are you
10 aware if this particular key measure has been
11 incorporated as a consideration in previous filings,
12 this key measure being average insurance premium as a
13 percentage of median income?

14

15 (BRIEF PAUSE)

16

17 MS. SATVIR JATANA: I'm not aware.

18 MR. TODD ANDRES: Thank you. Those
19 are my questions.

20 PANEL CHAIRPERSON: Thank you. It's
21 10 to 3:00. We'll take the afternoon break now. Come
22 back at five after 3:00. And I would hope that we can
23 complete this panel this afternoon because we've got
24 IT starting tomorrow morning. Thank you.

25

1 --- Upon recessing at 2:50 p.m.

2 --- Upon resuming at 3:05 p.m.

3

4 PANEL CHAIRPERSON: Mr. Andres, I
5 understand that you need to read an undertaking into
6 the record. Could you do that now, please.

7 MR. TODD ANDRES: I do. Thank you,
8 Madam Chair. And, of course, this applies to a Panel
9 from last week, so my apologies for this being in the
10 middle of a different Panel.

11 But there have been discussions between
12 Counsel, as directed by the Board. And the
13 undertaking, I understand, will be subject to some
14 caveats from MPI, but it reads as follows:

15 "For each of the last five (5)
16 policy years, 2019 to 2023, please
17 provide a chart comparing the DSR
18 level with the actuarial discounts
19 in each year, as well as the dollar
20 difference and the number of clients
21 within each separate DSR level."

22 MR. ANTHONY GUERRA: Yes. Thank you.
23 And My Friend did mention the fact that MPI would be
24 including in its response a number of caveats because
25 it is quite concerned about the use of that

1 information and would caution against it.

2 So, we will answer the undertaking, but
3 we'll include information so that there's no surprise
4 about MPI's position on that.

5 PANEL CHAIRPERSON: Thank you. I
6 understand that CAC has suggested that Bike Winnipeg
7 proceed at this point given that there are -- it's a
8 more limited line of questioning.

9 So, Mr. Monnin, do you want to proceed,
10 please.

11 MR. CHRISTIAN MONNIN: Thank you, Madam
12 Chair, I assure you that I will heed my grandfather's
13 advice, if you want to be remembered for what you say,
14 say very little.

15 And in addition, after our brief cross-
16 examination, myself and Mr. Fever will be departing,
17 so out of no disrespect for this Board or for this
18 process, I apologize for any minor disruption that may
19 cause.

20

21 CROSS-EXAMINATION BY MR. CHRISTIAN MONNIN:

22 MR. CHRISTIAN MONNIN: I'd like to ask
23 some questions to the Panel. I'd start off at a very
24 high level with regards to the strategic plan. We
25 don't need to go to the pages, but for the benefit of

1 the record, it'd be page one 112 of one 114 and page
2 33 of one 114.

3 And that page 112 of 114, under number
4 8, 'Purposeful corporate responsibility', it provides
5 that MPI fulfills its social responsibilities by
6 dedicating efforts to road safety, investing in
7 community wellbeing and aligning with public
8 expectations.

9 And at page 33, under 'Action plan
10 roadmap' at 3.4, it provides:

11 "Define the social contract MPI
12 holds with Manitobans and build a
13 program that ensures fulfillment of
14 its corporate responsibilities."

15 And finally, the strategic plan
16 provides that MPI will develop an actionable network
17 of KPIs that connect with our strategic goals.

18 And so, based on -- on this, it's safe
19 to say that MPI views that dedicating its effort to
20 road safety is part of its social responsibilities?

21 MS. SATVIR JATANA: Social
22 responsibility is a wide umbrella. And, of course,
23 you can say road safety is part -- part of that, but
24 road safety is a mandate of MPI. And we do have
25 dedicated team members that support our efforts and

1 work related to door -- road safety.

2 MR. CHRISTIAN MONNIN: And it also
3 makes a reference to define social contract with
4 regards to road safety. So, how -- what's the
5 difference between social responsibilities and social
6 contract in -- in the eyes of the Corporation?

7 MR. ANTHONY GUERRA: Sorry, Counsel,
8 just -- just to confirm. The -- the actual program
9 itself -- oops, back there. The actual program itself
10 does not say the social contract with respect to road
11 safety.

12 MR. CHRISTIAN MONNIN: Pardon me. The
13 action plan roadmap defines social contract. MPI
14 holds Manitoba to (INDISCERNIBLE) from its corporate
15 responsibilities. Fair enough. But would corporate
16 responsibility be one -- would be its dedication to
17 road safety?

18 MR. ANTHONY GUERRA: Thank you,
19 Counsel.

20 MS. SATVIR JATANA: I'm sorry, can you
21 repeat that question.

22

23 CONTINUED BY MR. CHRISTIAN MONNIN:

24 MR. CHRISTIAN MONNIN: Certainly. At
25 3.4, it says, "Defined the social contract MPI holds

1 with Manitobans and build a program that ensures
2 fulfillment of its corporate responsibilities."

3 And would that include dedication to
4 the efforts of road safety?

5 MS. SATVIR JATANA: Road safety is
6 part of our mandate, so I -- I don't want to kind of
7 give that it's something new. Social responsibility,
8 while it's everyone's responsibility, most
9 organizations take that on. But we, as a public
10 entity, as a crown Corporation, it's understanding the
11 expectation of what it is for us and how do we deliver
12 on that.

13 MR. CHRISTIAN MONNIN: And will there
14 be KPI baselines and targets for fulfilling MPI social
15 responsibility -- efforts towards road safety?

16 MS. SATVIR JATANA: As -- as we get
17 further into this, we -- we will have a better
18 understanding whether there is one (1) particular KPI
19 that encompasses our overall responsibility, so under
20 social responsibility, or does it need to be broken
21 down.

22 There's a lot of things that I would
23 say falls within the social responsibility that MPI
24 does today, but perhaps there's a way to articulate
25 that and share that.

1 MR. CHRISTIAN MONNIN: And sitting
2 here today, do you have -- does the Corporation have
3 an idea of when those will be identified for road
4 safety?

5 MS. SATVIR JATANA: Sorry, did you say
6 for road safety?

7 MR. CHRISTIAN MONNIN: Well, regards
8 to its social responsibility towards its efforts of
9 road safety, will there be KPIs or targets identified?

10

11 (BRIEF PAUSE)

12

13 MS. SATVIR JATANA: So, that -- that
14 work has been, I'll say, scheduled in -- in the future
15 year, in '26/'27.

16 MR. CHRISTIAN MONNIN: Thank you. On
17 stakeholder engagement, the strategic plan provides an
18 MPI's committed to strengthening stakeholder
19 relationships.

20 That would include broad safety
21 stakeholders?

22 MS. SATVIR JATANA: Of course.

23 MR. CHRISTIAN MONNIN: And same
24 question with regards to -- to the prior line of
25 questioning.

1 Will there be KPI baselines and targets
2 established for fulfilling its goal of strengthening
3 stakeholder relationships?

4 MS. SATVIR JATANA: It's who we are as
5 a Crown corporation. We -- we operate in an
6 ecosystem. We understand the importance of engaging
7 with our stakeholders, our partners.

8 And while there's -- you know, I -- we
9 can't illustrate here in a KPI or a measurement. I
10 would say it's -- it's evident in our relationship and
11 the feedback we seek, the -- I'll say the -- our
12 commitment to engaging stakeholders is what we pride
13 ourselves.

14 So, I -- I don't believe that every
15 relationship can be measured in a KPI, but a
16 relationship is -- is two (2) way. And -- and we --
17 we understand the importance of Bike Winnipeg. I've
18 shown my personal commitment to engaging with
19 stakeholders.

20 And I believe that is -- I'll say that
21 tone is set in the organization. And our teams are
22 working with stakeholders on a daily basis. And I'm --
23 - I'm happy to -- you know, if you feel that my team
24 member is not meeting those needs, I'm happy to engage
25 in that discussion. But I do not believe that, you

1 know, we can really kill ourselves just with KPIs.

2 Yes, there's a time and a place for
3 KPIs, but you can't put a KPI on every action that MPI
4 does because I'll -- I'll tell you we'll probably need
5 another two thousand (2,000) people just to measure
6 the KPIs, if we start looking at -- at an action
7 level.

8 MR. CHRISTIAN MONNIN: Thank you.
9 Now, this next and last subject is a little bit more
10 esoteric. Under the purposeful corporate
11 responsibility of the strategic -- strategic plan
12 provides that MPI will fulfill its social
13 responsibility -- responsibilities, plural rather, and
14 identifies investing in community wellbeing.

15 Does investing in community wellbeing
16 include MPI meeting -- or assisting in meeting
17 provincial climate change objectives?

18 MS. SATVIR JATANA: I -- I don't think
19 we have thought through that far. But this speaks to
20 our general and I'll say our commitment, that we -- we
21 serve Manitobans, we're here for Manitobans, we employ
22 Manitobans, so we have a responsibility to this
23 province to ensure that it goes beyond of -- of, I'll
24 say, our mandate.

25 So, some of that work has to be

1 considered with -- with the work of MPI, with MPI's
2 mandate, with MPI's, I'll say, investment, as well.
3 You know, we -- we have to be cautious that we don't
4 take on more than we're able to deliver.

5 And that provides, I'll say instability
6 and rate and affordability of -- of the product that
7 we offer.

8 MR. CHRISTIAN MONNIN: Would the Panel
9 agree with the following, that safer roads and urban
10 centres could lead to greater active transportation?

11

12 (BRIEF PAUSE)

13

14 MS. SATVIR JATANA: Sorry, can you
15 repeat that question.

16 MR. CHRISTIAN MONNIN: Safer roads and
17 urban centres could lead to greater active transport
18 or active transportation, cyclists?

19 MS. SATVIR JATANA: I think, as
20 Manitoban and as a user of road, I -- I can agree with
21 that.

22 MR. CHRISTIAN MONNIN: And would this
23 Panel agree that more people using active
24 transportation should lead to less cars on the roads?

25 MS. SATVIR JATANA: I think, in

1 general, I think there would be a consensus around
2 that.

3 MR. CHRISTIAN MONNIN: And would there
4 equally be a consensus to less cars on the road --
5 less cars on the road rather would lead to less
6 emissions?

7 MS. SATVIR JATANA: I can agree with
8 that.

9 MR. CHRISTIAN MONNIN: Thank you. So
10 other than Administrating EV rebates, does MPI
11 anticipate reviewing its goals such as road safety in
12 a manner to support provincial goals to meet net zero
13 targets?

14 MS. SATVIR JATANA: I'm -- I'm sorry,
15 I'm having a little bit of difficulty hearing you, so
16 can you repeat that.

17 MR. CHRISTIAN MONNIN: Certainly. And
18 I apologize if I'm mumbling my words. Other than
19 administrating EV rebates, does MPI anticipate
20 reviewing its goals such as safer roads in a manner to
21 support provincial goals to meet net zero targets?

22 MS. SATVIR JATANA: That is not in the
23 current work.

24 MR. CHRISTIAN MONNIN: Thank you.
25 Those are my questions. Thank you, Madam Chair.

1 PANEL CHAIRPERSON: Thank you, Mr.
2 Monnin. Ms. Dilay...?

3 MS. KATRINE DILAY: Thank you, Madam
4 Chair.

5

6 CROSS-EXAMINATION BY MS. KATRINE DILAY:

7 MS. KATRINE DILAY: Good afternoon
8 again. My name is Katrine Dilay. I'm one (1) of the
9 lawyers for CAC (Manitoba). I do have a number of
10 questions for you on the public version of the
11 documents that were filed relating to the -- the
12 corporate strategic plan.

13 And then I will have a relatively short
14 line of questioning in a confidential portion, as
15 well.

16 So, at a high level, and we can go to a
17 reference if you'd like, but you'll agree that one of
18 the recommendations that -- that came from Ernst &
19 Young was for MPI to clearly define its corporate
20 strategy with a multiyear strategy.

21 Do you recall that recommendation?

22 MS. SATVIR JATANA: I do.

23 MS. KATRINE DILAY: And a related
24 recommendation from Ernst & Young was to translate
25 this strategy to clear goals with actual initiatives

1 aligned and supported by the entire leadership team.

2 You recall that?

3 MS. SATVIR JATANA: I do.

4 MS. KATRINE DILAY: And just in terms
5 of setting the context of the documents that I'll take
6 you to in a few moments, you'll confirm that MPI broke
7 down its strategic planning exercise into three
8 stages, correct?

9 MS. SATVIR JATANA: Correct.

10 MS. KATRINE DILAY: The first stage
11 being the situation analysis?

12 MS. SATVIR JATANA: Correct.

13 MS. KATRINE DILAY: And at a high
14 level, this stage provided important current state
15 context?

16 MS. SATVIR JATANA: That is correct.

17 MS. KATRINE DILAY: And we can go to a
18 reference if you'd like, but at a high level, it's
19 essentially a consolidation of existing operating
20 performance data and environmental factors into a
21 single document?

22 MS. SATVIR JATANA: I would say it's
23 much larger than that. It goes to, you know, research
24 survey feedback, employee feedback. It's our -- our
25 experts at the table that have important stakeholder

1 relationships that provided that insight.

2 In addition, you know, we -- we heard
3 from our stakeholders directly. I've been having many
4 conversations with our stakeholders to truly
5 understand their needs and wants. In addition, of
6 course, their -- EY insight was important. In
7 addition to, you know, former, I'll say past recent
8 criticism, and -- and also the orders. Like, there
9 was a bunch of information that went into
10 understanding our current state.

11 MS. KATRINE DILAY: Thank you. And
12 the second stage of the strategic plan was the
13 strategic direction, correct?

14 MS. SATVIR JATANA: That's correct.
15 And we'll go to it in a moment, but it was approved by
16 the MPI Board of Directors on May 29th, 2024, correct?

17 MS. SATVIR JATANA: Yes. The high-
18 level narrative was approved earlier, yeah.

19 MS. KATRINE DILAY: And the document
20 that -- that we'll see that was approved on May 29th
21 includes a strategic narrative developed by an aligned
22 executive team.

23 MS. SATVIR JATANA: It sounds about
24 right.

25 MS. KATRINE DILAY: And this third

1 stage was the functional strategy development and
2 consolidated corporate strategic plan?

3 MS. AMANDA HILDAHL: Sorry, can I add
4 to the last answer of that question, so about the
5 strategic direction being approved by the Board of
6 Directors on the end of May.

7 It was approved. And it was discussed
8 in meeting that this -- it was -- these were draft
9 elements that could change over the course of the
10 development of the -- the consolidated strategic plan.

11 So, conceptually, the Board approved
12 our draft strategic direction, generally speaking, so
13 that we could go and -- and build it out in that third
14 stage.

15 MS. KATRINE DILAY: Understood. Thank
16 you. And the third stage was the functional strategy
17 development and consolidated corporate strategic plan?

18 MS. SATVIR JATANA: That is correct.

19 MS. KATRINE DILAY: And this multiyear
20 corporate strategic plan received approval from the
21 MPI Board of Directors on October 18th, 2024, correct?

22 MS. SATVIR JATANA: That's correct.

23 MS. KATRINE DILAY: And so, you'll
24 agree that to date, MPI did not do a survey of its
25 customers specifically asking which areas should drive

1 MPI's multi-year strategy, correct?

2 MS. SATVIR JATANA: Actually, I would
3 say the opposite. We -- we had a customer research
4 done that highlighted customer -- I'm drawing the
5 blank on the exact. But there was a study done to
6 understand what was important to customers and where
7 they would rate us, so there was research done in the
8 recent times.

9 In addition to that, we have regular
10 feedback from our customers that interact with us that
11 provide insight as to how they're being served, what's
12 their expectation on some of the -- I'll say the main
13 transactions.

14 So, I -- I would say -- you know, and
15 coming out of that portfolio, I would say I've had a
16 much better insight in the last little while as to
17 what's really important to customers in terms of
18 affordability, in terms of innovation, in terms of --
19 of the delivery of our services.

20 So, I would say MPI is in a really good
21 place to understand the needs and wants of Manitoban.

22

23 (BRIEF PAUSE)

24

25 MS. KATRINE DILAY: Thank you. That

1 is helpful, Ms. Jatana. You'll agree that to date MPI
2 did not undertake focus groups with customers to
3 discuss in-depth elements of MPI's multiyear strategy,
4 correct?

5 MS. SATVIR JATANA: Although, as I
6 said, you know, this was just approved for
7 socialization, there's many opportunities and -- and
8 for us to cascade, and share this, and socialize, and
9 also involve customers.

10 So, although it hasn't been done thus
11 far, please don't think that that process would not be
12 important to us.

13 MS. KATRINE DILAY: Thank you. And --
14 and similarly -- oh, sorry.

15 MS. AMANDA HILDAHL: Yeah. Just to
16 add to that. Although perhaps, like, the direct
17 conversations with our customers weren't part of our
18 strategic plan approach, what was part of our approach
19 was involving stakeholders -- or sorry, subject matter
20 experts from across the organization.

21 And my -- my predecessor, who's the
22 director of customer experience, was at the table the
23 whole way through, and the customer experience and the
24 customer insights team are -- you know, they are
25 effectively like our customer inside the organization.

1 They know the sentiment of our customers, you know,
2 inside and out, and they provide that voice of the
3 customer directly internally to us.

4 MS. KATRINE DILAY: But those -- those
5 individuals, or -- or folks that you're referring to,
6 are internal to MPI, correct?

7 MS. SATVIR JATANA: They are, but they
8 interact with customers every day. And I would say,
9 you know, I -- I -- one (1) thing I've learned, and I
10 often say this internally, I've learned more about our
11 business in the last eight (8) months than perhaps in
12 the last nine (9) years.

13 But part of that is I've had an
14 opportunity to spend time with our -- our teams that
15 serve our customers who knows what our customers'
16 needs and frustration points are. But that's also has
17 been validated through our research and surveys from
18 the customers.

19 So, in -- in one way or another, I
20 would say, you know, we have a very good understanding
21 of what customers need, what they want, and what they
22 don't value.

23 MS. KATRINE DILAY: Thank you. And
24 you'll agree that MPI did not share a draft of the
25 strategic direction with groups who represent

1 consumers to seek comments before the multiyear
2 corporate strategic plan that we have before us was
3 approved by the MPI board, correct?

4 MS. SATVIR JATANA: And, as I said,
5 you know, this is -- this is not written in stone.
6 We're open to that feedback. This is not a secret.
7 This is not going to be done in the background.

8 We're -- we're happy to engage with
9 anyone and everyone who wants to give us feedback and
10 give us, yeah, their views, so happy to take those
11 considerations.

12 MS. KATRINE DILAY: And -- and I -- I
13 hear you, Ms. Jatana but, at this point, I am looking
14 for specific answers to my questions. And so, I'll
15 just repose my question.

16 You'll agree that MPI did not share a
17 draft of the strategic direction with consumer groups
18 prior to the multiyear corporate strategic plan that
19 we have before us being approved by the MPI Board,
20 correct?

21 MS. SATVIR JATANA: Yes. And, as I
22 said, the Board approved this two (2) Fridays ago.
23 And we will be -- the next plan is now to share and
24 seek that feedback.

25 MS. KATRINE DILAY: And, as you said,

1 you'll agree that MPI has characterized the multiyear
2 strategic plan as a living and breathing document?

3 MS. SATVIR JATANA: Absolutely.

4 MS. KATRINE DILAY: Meaning that it is
5 expected to change?

6 MS. SATVIR JATANA: It could change.

7 MS. KATRINE DILAY: To respond, for
8 example, to changing conditions?

9 MS. SATVIR JATANA: And customers'
10 needs and many other factors.

11 MS. KATRINE DILAY: And so, just to --
12 to reiterate my question again, it could change to
13 respond to changing conditions, correct?

14 MS. SATVIR JATANA: Yes.

15 MS. KATRINE DILAY: As well as to
16 respond to -- to feedback from within MPI?

17 MS. SATVIR JATANA: Yes.

18 MS. KATRINE DILAY: And to respond to
19 feedback external to MPI, correct?

20 MS. SATVIR JATANA: Of course.

21 MS. KATRINE DILAY: Could we please
22 turn, Ms. Schubert, to MPI Exhibit 40, which was this
23 Panel's presentation to the PUB. Thank you. And
24 could we go to page 3, please.

25 And so, on this page here you see MPI's

1 vision and mission, correct?

2 MS. SATVIR JATANA: That's correct.

3 MS. KATRINE DILAY: And on the left is
4 the previous mission and vision?

5 MS. SATVIR JATANA: Yes.

6 MS. KATRINE DILAY: And on the right
7 are the vision and mission after the strategic
8 exercise?

9 MS. SATVIR JATANA: That's correct.

10 MS. KATRINE DILAY: And so, at a high
11 level, you'll agree that the updated vision that we
12 see on the top line is similar to the previous one,
13 with the words 'trusted auto insurance and driver
14 services provider' remaining the same, correct?

15 MS. SATVIR JATANA: That's correct.

16 MS. KATRINE DILAY: But we do note the
17 addition of 'dedicated to road safety for all',
18 correct?

19 MS. SATVIR JATANA: Yeah. And we felt
20 it was important to highlight that, that it is an
21 important part of our mandate.

22 MS. KATRINE DILAY: And so that does
23 lead me to -- to my next question. Are you able to
24 clarify whether this addition to the vision signals a
25 shift in focus by MPI, or is it meant to recognize the

1 work that the Corporation already does on road safety?

2 MS. SATVIR JATANA: It is to recognize
3 and celebrate the work that we do and ensure that it's
4 -- it's also echoed by our team that take great pride
5 in -- in delivering on our road safety mandate.

6 MS. KATRINE DILAY: Thank you for that
7 clarification. And just to confirm, you'll agree that
8 the updated vision we see on the right-hand side does
9 not include the specific words 'customer value',
10 correct?

11 MS. SATVIR JATANA: Sorry, can you
12 repeat that.

13 MS. KATRINE DILAY: Looking at the
14 right-hand side, the updated vision, you'll agree that
15 the updated vision does not include the specific words
16 'customer value', correct?

17 MS. SATVIR JATANA: Our aspiration or
18 our vision to be Manitoba's trusted auto insurer --
19 you can only have trust if you provide value and you
20 have a relationship. I would say it's much broader
21 than -- than value, so I would say it's implied in the
22 word 'trusted'.

23 MS. KATRINE DILAY: And Ms. Jatana, I
24 believe this question can be answered by a 'yes' or
25 'no' answer.

1 And so, you'll agree that the updated
2 vision we see on the right-hand side does not include
3 the specific words 'customer value', correct?

4 MR. ANTHONY GUERRA: She answered that
5 question. You may not like the answer she provided,
6 but she did answer your question.

7 MS. KATRINE DILAY: I'm not sure that I
8 heard a yes.

9 MR. ANTHONY GUERRA: Ms. Jatana did
10 answer that question. Again, counsel, I know you
11 don't -- you don't like the answer she provided, but
12 she did answer the question when she said that trust
13 includes customer value.

14

15 (BRIEF PAUSE)

16

17 CONTINUED BY MS. KATRINE DILAY:

18 MS. KATRINE DILAY: You'll agree that
19 when we refer to trust, that is essentially an
20 external perception of MPI?

21 MS. SATVIR JATANA: It's -- it's
22 something that can be measured.

23 MS. KATRINE DILAY: And would you
24 agree that trust refers to a perception of MPI, for
25 example, by its customers, by the PUB, and by

1 government?

2 MS. SATVIR JATANA: I mean, trust can
3 be any relationship, but we were talking about
4 customer. So, for the customer to trust us, obviously
5 we have to provide the right product, the right value,
6 the -- the right price. So, all of those would factor
7 into that perception or whether Manitobans trust us or
8 not.

9 MS. KATRINE DILAY: And just going
10 back to the screen before us. And if we look at the
11 mission, which is the bottom half of this page, the
12 updated mission on the right-hand side is,
13 "Exceptional coverage and services, affordable rates,
14 and safer roads through efficient public auto
15 insurance."

16 Can you see that?

17 MS. SATVIR JATANA: I do.

18 MS. KATRINE DILAY: And so again,
19 you'll agree that this is similar to the -- the
20 previous mission that we have on the left-hand side
21 with the addition of the word 'efficient'?

22 MS. SATVIR JATANA: That's correct.
23 And I -- as I said, you know, we don't need to
24 reimagine MPI. We need to strengthen this brand
25 that's been here for fifty-three (53) years.

1 And Manitobans value what public
2 insurance model is, and it's not something we want to
3 take away from them.

4 So, this is not -- this is not to
5 change who we are, but this is to ensure that we
6 continue to deliver on our mandate and the value we
7 provide to Manitobans

8 MS. KATRINE DILAY: And just
9 recognizing the word 'efficient' is -- is the
10 different word here, would 'efficient' relate to
11 ensuring operating expenses are in line with
12 benchmarks for the services MPI provides?

13 Would that be included in the word
14 'efficient'?

15 MS. SATVIR JATANA: Well, efficient
16 could be many things, including that, that we work
17 smart, we -- we work, we utilize tools and technology
18 to help that with efficiencies in -- in service. We
19 provide efficiencies in our process with employee
20 experience.

21 So, 'efficiency', you know, could mean
22 many things, including that.

23 MS. KATRINE DILAY: Thank you. So,
24 I'll turn -- I have a few questions specifically on
25 the three (3) documents that have been filed as part

1 of the strategic plan.

2 Ms. Schubert, if we could turn to the
3 situation analysis at MPI Exhibit 54.

4 And so, you see this document dated
5 dated -- dated April 2024 before you?

6 MS. SATVIR JATANA: I do.

7 MS. KATRINE DILAY: And so, turning to
8 page 2 of this document, and looking at the top left,
9 you can confirm that at MPI's view, a situational
10 analysis is an analysis of the current state of the --
11 the Corporation?

12 MS. SATVIR JATANA: That's correct.

13 MS. KATRINE DILAY: And it also
14 identifies internal strengths and weaknesses of the
15 company as well as external opportunities and threats?

16 MS. SATVIR JATANA: That's correct.

17 MS. KATRINE DILAY: And so, it is a
18 way of determining the present state of the
19 Corporation as an input into the strategic exercise,
20 correct?

21 MS. SATVIR JATANA: That would be
22 fair.

23 MS. KATRINE DILAY: And at a high
24 level, you will agree that claims costs are the
25 largest portion of MPI's expenses, correct?

1 MS. SATVIR JATANA: Yes.

2 MS. KATRINE DILAY: And again, at a
3 high level, you'll agree that MPI and its work takes
4 certain steps in order to contain its claims costs,
5 correct?

6 MS. SATVIR JATANA: Yes. I believe
7 Mr. Bowering had highlighted that earlier in the week.

8 MS. KATRINE DILAY: And just looking
9 for high level comments. One (1) example would be
10 investments in road safety and loss preventions to
11 reduce collisions and associated claims costs?

12 MS. SATVIR JATANA: Yeah. That's --
13 that's the impact of improving road safety, obviously
14 has less collision, less claims, yes, and less claims
15 cost.

16 MS. KATRINE DILAY: Another example
17 would be driver education, that MPI undertakes to
18 train Manitoba drivers to drive well and avoid
19 collisions?

20 MS. SATVIR JATANA: Yes.

21 MS. KATRINE DILAY: And another
22 example would be incentives through the Driver Safety
23 Rating Program to encourage safe driving and
24 ultimately to reduce collisions and associated claims
25 costs?

1 MS. SATVIR JATANA: Yes. The DSR does
2 help improve driver behavior, yes.

3 MS. KATRINE DILAY: If we could turn
4 to page 36 of this document.

5 And if we look to the left-hand side,
6 at the bottom under 'annual public vision study',
7 you'll agree that MPI reports there that the most
8 important thing to Manitobans is for MPI to keep
9 insurance affordable, on the left-hand side, the
10 bottom at the left?

11 You see that reference?

12 MS. SATVIR JATANA: Yes, I do.

13 MS. KATRINE DILAY: Then additionally,
14 the bullet right under that:

15 "Manitobans tend to assign less
16 importance to MPI's contribution to
17 road safety, innovative efforts, and
18 online availability,"

19 correct?

20 MS. SATVIR JATANA: I see that.

21 MS. KATRINE DILAY: And so, you'll
22 confirm these are things that MPI is hearing directly
23 from customers?

24 MS. SATVIR JATANA: That would be
25 correct.

1 MS. KATRINE DILAY: And at a high
2 level, it would be fair to say that what MPI customers
3 tell MPI informs its strategic direction and its plan,
4 correct?

5 MS. SATVIR JATANA: I would say
6 Manitobans say that -- don't do that. They just --
7 what this sentence -- they tend to assign less
8 importance in -- when you look at all of the things
9 that would've been highlighted, it was less important
10 than the affordable insurance.

11 MS. KATRINE DILAY: Sure. And I think
12 Ms. Jatan, I'm just looking -- I was shifting gears a
13 little bit. And so, at a high level, it would be fair
14 to say that what MPI customers tell MPI would inform
15 its strategic direction?

16 MS. SATVIR JATANA: Yes.

17 MS. KATRINE DILAY: Thank you. If we
18 could turn to the strategic direction document, which
19 is the same exhibit starting at page 67, please.

20 And so, you see this document dated May
21 29th, 2024. before you?

22 MS. SATVIR JATANA: I do.

23 MS. KATRINE DILAY: And if we could
24 turn to page 71 of the PDF document, please.

25 This is where MPI explains what is the

1 strategic narrative, correct?

2 MS. SATVIR JATANA: Correct.

3 MS. KATRINE DILAY: And so, just at a
4 high level, this page explains that this document, the
5 strategic narrative, is not the strategic plan, but
6 that this document will serve to gather input from
7 others in order to build the strategic plan.

8 Would that be a fair characterization?

9 MS. SATVIR JATANA: Yes.

10 MS. KATRINE DILAY: And turning to
11 page 88 of 102.

12 This is where MPI explains its scenario
13 analysis, correct?

14 MS. SATVIR JATANA: That's correct.

15 MS. KATRINE DILAY: And at a high
16 level, scenarios are the potential future states of
17 MPI and how it operates?

18 MS. AMANDA HILDAHL: So, this is a
19 strategic planning technique that we used. And
20 scenarios are a technique that can encourage the
21 exploration of potential futures, appreciating that
22 any one (1) given scenario is an exaggeration of a --
23 going into one (1) particular area, appreciating that
24 the -- the final scenario would never be any one (1)
25 particular, but a hybrid of the different scenarios

1 that are explored, so it's a strategic planning
2 technique.

3 MS. KATRINE DILAY: Thank you. That's
4 helpful. And then if we turn to the next page, which
5 is page 23 of the strategic narrative.

6 So, this is where we see those high-
7 level scenario descriptions, correct?

8 MS. SATVIR JATANA: Correct.

9 MS. KATRINE DILAY: And so, we won't
10 go into detail because, of course, the detail is on
11 the screen, but you'll confirm that there are four (4)
12 scenarios?

13 MS. SATVIR JATANA: That's correct.

14 MS. KATRINE DILAY: Number 1 being
15 serving the needs of Manitobans with accessible and
16 affordable products and services, correct?

17 MS. SATVIR JATANA: Correct.

18 MS. KATRINE DILAY: And number 2 being
19 predictable rates with operational effectiveness and
20 efficiency, correct?

21 MS. SATVIR JATANA: Correct.

22 MS. KATRINE DILAY: Three, delivering
23 value through social responsibility, correct?

24 MS. SATVIR JATANA: Correct.

25 MS. KATRINE DILAY: And 4, ready for

1 the wheels and customers of tomorrow with market
2 responsiveness, correct?

3 MS. SATVIR JATANA: Correct.

4 MS. KATRINE DILAY: And if we turn to
5 -- I believe it's the next page. The page after that.
6 Thank you.

7 And I will come back to the -- the
8 slide we just saw that is redacted. I'll have a few
9 questions on the confidential portion of -- of this
10 cross-examination.

11 So, on page 91 of 102 here, this is
12 where MPI lists its focus areas, correct?

13 MS. SATVIR JATANA: Correct.

14 MS. KATRINE DILAY: And just for
15 clarity, am I correct in understanding that there are
16 twelve (12) focus areas, the twelve (12) bullet points
17 that are listed on this page?

18 MS. SATVIR JATANA: That's -- you're
19 correct, under different buckets, yeah.

20 MS. KATRINE DILAY: Okay. So, the --
21 the focus areas are the numbers 1 to 12 listed?

22 MS. AMANDA HILDAHL: I'd have to
23 check. There are -- there are the key themes and
24 there are several focus areas. But the -- the
25 following sections go through the -- the bolded text

1 there, or the texts that are in the boxes, so
2 affordability accessibility, customer experience, et
3 cetera.

4 And the -- the twelve (12) statements
5 are statements about those focus areas.

6

7 (BRIEF PAUSE)

8

9 MS. KATRINE DILAY: And so, just to
10 confirm again my understanding, and so am I correct in
11 understanding that there are nine (9) focus areas,
12 which are the -- the boxes, the dark gray and light
13 gray, and then twelve (12) statements about those nine
14 (9) focus areas?

15 MS. SATVIR JATANA: Correct.

16 MS. KATRINE DILAY: And so, there are
17 five (5) customer focus areas from numbers -- or sorry
18 - on the left-hand side. I'm sorry. I should -- yes,
19 four (4) customer focus areas, correct?

20 MS. SATVIR JATANA: Correct.

21 MS. KATRINE DILAY: With five (5)
22 statements relating to those focus areas?

23 MS. SATVIR JATANA: Correct.

24 MS. KATRINE DILAY: And five (5)
25 operational focus areas?

1 MS. SATVIR JATANA: Correct.

2 MS. KATRINE DILAY: With seven (7)
3 statements about those focus areas, correct?

4 MS. AMANDA HILDAHL: Trust your
5 counting. Yes.

6 MS. KATRINE DILAY: And then as -- as
7 I believe you alluded to before, starting on slide 26,
8 which I believe is the next page, and then going until
9 slide 34, MPI goes through each focus area for both
10 customer and operational and lists its strategic
11 intentions, correct?

12 MS. SATVIR JATANA: Correct.

13 MS. KATRINE DILAY: And before us we
14 have one example of that, the affordability focus
15 area, correct?

16 MS. SATVIR JATANA: Correct.

17 MS. KATRINE DILAY: And as an --
18 looking at the first strategic intention on slide 26
19 as an example, we see there the elements of
20 affordability are well-defined to enable MPI to
21 understand and address the key drivers that impact
22 affordability.

23 You see that?

24 MS. SATVIR JATANA: Yes.

25 MS. KATRINE DILAY: And are you able

1 to define for us what MPI means when it refers to
2 strategic intentions?

3 MS. AMANDA HILDAHL: So, you know, if
4 we go back to the spirit of the strategic narrative,
5 like, deliverable and artifact rather, I call it an
6 artifact, it's to -- to capture the -- the strategic
7 direction of the organization and to capture the
8 spirit of -- of conversations that the executive and
9 the other members of the corporate strategy project
10 team had in describing our future state.

11 And so, they are -- the intention of
12 these bullets here is to capture what we would expect
13 or what we believe to be true about affordability as a
14 -- you know, as a focus area in our future state.

15 MS. KATRINE DILAY: And so, taking
16 from that answer, it's essentially a goal of what MPI
17 would be doing in its future state.

18 MS. AMANDA HILDAHL: I would call it a
19 reference point. I wouldn't call it a goal because
20 these were -- you know, these were their statements
21 early on in the strategic planning process that helped
22 just to describe for a larger participation group.

23 You know, as we described, our -- our
24 third stage invited over a hundred and fifty (150)
25 people from across the organization to participate in

1 that consolidated strategic planning phase. And so,
2 this -- these statements here are to help to explain
3 kind of the -- the mindset.

4 DR. DARREN CHRISTLE: Ms. Hildahl,
5 could you please move the microphone closer to
6 yourself. Thank you very much.

7 MS. AMANDA HILDAHL: How's that?

8 BOARD CHAIR GABOR: Ms. Hildahl, I was
9 going to say there's a slight problem in that you're
10 looking left but talking right.

11 MS. AMANDA HILDAHL: Right. Okay.

12 BOARD CHAIR GABOR: So, you may want
13 to move the -- over that way so that when you're
14 talking to Ms. Dilay, you're actually looking in the
15 same direction.

16 MS. AMANDA HILDAHL: Thank you. Did
17 that answer your question?

18

19 CONTINUED BY MS. KATRINE DILAY:

20 MS. KATRINE DILAY: I believe so. And
21 that's very helpful. And so, you can take this next
22 question subject to check if you'd like.

23 But you'll agree that over this slide
24 and the next few slides until slide 34, there's a
25 total of 46 strategic intentions?

1 MS. AMANDA HILDAHL: Subject to check,
2 Yes, Those would be, again, reference -- it's like
3 reference material that captures the spirit of the
4 strategic direction that would be built upon or
5 validated, checked, you know, kind of built on through
6 the next stage of the -- the process.

7 MS. KATRINE DILAY: And so, from these
8 strategic intentions, can we gather from this material
9 that MPI would be working on the forty-six (46)
10 strategic intentions as it delivers on its strategic
11 plan?

12 MS. AMANDA HILDAHL: No. It was to
13 inform the next stage.

14 MS. KATRINE DILAY: Thank you. And
15 so, we'll actually move to the multiyear corporate
16 strategic plan document now. So, if we can turn to
17 MPI Exhibit 53.

18 And so, if we go to page 12, you'll
19 agree that this page lists these strategic plan
20 objectives, correct, at a high level?

21 MS. AMANDA HILDAHL: Correct.

22 MS. KATRINE DILAY: And we see that
23 there are eight (8) objectives, correct?

24 MS. AMANDA HILDAHL: That's correct.

25 MS. KATRINE DILAY: And you'll recall

1 we saw a few minutes ago in the situation analysis
2 that the most important thing to Manitobans is for MPI
3 to keep insurance affordable.

4 Do you recall seeing that reference?

5 MS. AMANDA HILDAHL: Yes.

6 MS. KATRINE DILAY: And if we look at
7 the eight (8) objectives before us on this page, would
8 you agree that the objective that would be most in
9 line with keeping insurance affordable would be
10 objective 7, balance, accessibility, affordability,
11 and customer experience?

12

13 (BRIEF PAUSE)

14

15 MS. SATVIR JATANA: Although I would
16 say you can say one (1), two (2), seven (7), but each
17 one of this one -- these objectives I could see
18 indirectly does factor. If we don't have the right
19 skillset and teams, if we don't have the right
20 partnerships -- everything kind of works -- I think
21 you said it well: it's the sum of all parts, right?
22 So, I -- I would say how -- that's how we would answer
23 that.

24 MS. KATRINE DILAY: Thank you. And if
25 we could turn to slide 13, these are the key shifts

1 driven by the Multi-Year Strategic Plan, correct?

2 MS. AMANDA HILDAHL: Yes.

3 MS. KATRINE DILAY: And subject to
4 check, you'll agree that there are eight (8) key
5 shifts listed on the right there?

6 MS. AMANDA HILDAHL: Correct.

7 MS. KATRINE DILAY: And we can put
8 both on the screen if -- if necessary, but at a high
9 level, you'll agree that these key shifts are
10 different than the strategic plan objectives that we
11 saw on the last page, correct?

12 MS. AMANDA HILDAHL: So, the reason
13 that these are different is there's -- there's
14 different ways that you can describe where we're going
15 to as an organization. One is in the objectives that
16 we set, and in this slide we're -- we're using more of
17 like an illustrative language to describe how the --
18 like the -- how MPI looks in the future.

19 So, they're not -- they're not intended
20 to be compared at all between the -- the objective
21 slide and -- and these eight (8). Just because
22 there's eight, it doesn't mean that they're -- you
23 know, they're related.

24 MS. KATRINE DILAY: Right. So, they
25 are different. The objectives are different than the

1 key shifts?

2 MS. AMANDA HILDAHL: Yeah. The key
3 shifts is another way of describing where we're headed
4 as an organization, that -- that direction.

5 MS. KATRINE DILAY: And --

6 MS. SATVIR JATANA: Or another way of
7 saying aspiration. A good strategy should have both
8 aspiration and realistic kind of objectives and -- and
9 goals and initiatives.

10 MS. KATRINE DILAY: Thank you. And
11 turning to page 14, the next page of this document,
12 this is the one (1) page summary of the MPI Multi-Year
13 Strategic Plan, correct?

14 MS. AMANDA HILDAHL: Correct.

15 MS. KATRINE DILAY: And we see that
16 there are five (5) pillars, correct?

17 MS. AMANDA HILDAHL: Correct.

18 MS. KATRINE DILAY: And beneath each
19 pillar -- or within each pillar, rather -- there are
20 between three (3) and five (5) programs?

21 MS. AMANDA HILDAHL: Correct.

22 MS. KATRINE DILAY: And so again,
23 subject to check, you'll agree that there are twenty-
24 one (21) programs in total, correct?

25 MS. AMANDA HILDAHL: There should be,

1 yes. So, yes, there's twenty-one (21) programs, and
2 actually, under 4.2, if you look at other slides, we
3 reference 4.2 A, B, C, and D because we have four (4)
4 different lines of business. So actually, there's
5 twenty-five (25) strategic programs.

6 MS. KATRINE DILAY: Thank you for
7 that.

8 MS. AMANDA HILDAHL: Sure.

9 MS. KATRINE DILAY: And so,
10 recognizing the number of programs that are in this
11 document, I -- I do have a few questions that I'm
12 hoping to walk through relating to only two (2)
13 specific programs. And so, if we look at the pillar
14 number 3, 'Deliver on our promises', and specifically
15 the second point, defining the element -- sorry,
16 'Define the elements of affordability and associated
17 criteria to measure forecasting, product, operations,
18 and capital planning effectiveness against
19 affordability measures by line of business.' You see
20 that?

21 MS. AMANDA HILDAHL: Yes.

22 MS. KATRINE DILAY: And so that --
23 that would be the program 3.2, correct?

24 MS. AMANDA HILDAHL: That's correct.

25 MS. KATRINE DILAY: And going back to

1 MPI's customers' desire to have affordable rates,
2 would you agree that this program relates directly to
3 that?

4 MS. AMANDA HILDAHL: Absolutely.

5 MS. KATRINE DILAY: And then looking
6 at the program number 2 under the fifth pillar -- so
7 the fifth pillar being 'Be ready for what's ahead' and
8 the second program there being 'Develop a process for
9 designing products and services that better responds
10 to external changes in MPI's operating environment.'
11 You see that?

12 MS. AMANDA HILDAHL: Yes.

13 MS. KATRINE DILAY: And you would
14 agree that this bullet also relates to directly --
15 sorry, relates directly to keeping rates affordable
16 for Manitobans?

17

18 (BRIEF PAUSE)

19

20 MS. AMANDA HILDAHL: The Strategic
21 Program is geared to product evolution, not
22 necessarily affordability. The evolution of our
23 products -- you know, as an example, having an EV
24 rebate program.

25 So, you know, we -- we appreciate that

1 the industry is changing. vehicles are changing. and
2 we -- we need to be able to have a process for
3 designing and evolving our products and services, not
4 just the products that we have, but also the services
5 that we provide, to respond to external changing in
6 our -- changes in our operating environment --

7 MS. KATRINE DILAY: Thank you.

8 MS. AMANDA HILDAHL: -- to be more
9 responsive --

10 MS. KATRINE DILAY: Thank you for
11 that.

12 MS. AMANDA HILDAHL: -- be ready for
13 what's ahead.

14 MS. KATRINE DILAY: Sorry.

15 MS. AMANDA HILDAHL: Ready --

16 MS. KATRINE DILAY: Ready for what's
17 ahead? Thank you.

18 Thank you. And so, I'd like us to keep
19 program 3.2 and program 5.2 in mind, just as we walk
20 through a few more slides in this document. And
21 turning to page 16 of this document, this is where MPI
22 sets out the multi-year strategy key measures,
23 correct?

24 MS. AMANDA HILDAHL: Correct.

25 MS. KATRINE DILAY: And it confirms

1 here that there are nine (9) key measures set across
2 five (5) dimensions, correct?

3 MS. AMANDA HILDAHL: Correct.

4 MS. KATRINE DILAY: And at a high
5 level, this -- these are the measures that MPI
6 anticipates using to track the impact of the strategy?

7 MS. AMANDA HILDAHL: Yeah, and -- and
8 the word 'anticipate' is really important here because
9 there are some of these measures that we have never
10 used before.

11 Some of them, you know, we absolutely
12 have used and we're familiar with them, and we are
13 familiar with their effectiveness and their relevance.
14 But there are other measures that we haven't used in
15 the past.

16 And so, you know, allowing ourselves,
17 the opportunity to set baselines and -- and target
18 measures and assess the -- the relevance of these
19 measures to track the impact of our strategy will
20 allow us to reassess, as Satvir said, you know, living
21 and breathing, you know, in every way.

22 And this is another one of those areas
23 where we'll have the opportunity to revisit and assess
24 whether these measures are actually measuring the
25 impact of the strategy in the way that we anticipate.

1 MS. KATRINE DILAY: And you'll agree
2 that the five (5) dimensions referred to in the
3 sentence refer to the five (5) blue boxes on this
4 page?

5 MS. AMANDA HILDAHL: That's correct.

6 MS. KATRINE DILAY: And you'll confirm
7 that these five dimensions are not the same as the
8 objectives, the key shifts, or the pillars that we saw
9 on the previous slides we reviewed together, correct?

10 MS. AMANDA HILDAHL: That's right.

11 So, if you are to -- they're -- they're not -- these --
12 - yeah, these five (5) dimensions and the nine (9) key
13 measures do not have a one-to-one relationship with
14 any of these strategic objectives or the -- the
15 comments made in the key shifts. These key measures
16 track the impact of the strategy as a whole.

17 MS. KATRINE DILAY: Thank you. And
18 thinking back again to the desire of Manitobans to
19 keep rates affordable, would you agree that the
20 measure that would be most directly linked to that
21 desire would be the first under the dimensional
22 affordability? So average insurance premium as a
23 percentage of medium income?

24 MS. AMANDA HILDAHL: Both that one and
25 our customer experience index I think will -- and, you

1 know, to that -- to that end, if I look at it there,
2 our customer confidence in MPI delivering on its
3 mission, all of those indicators would be -- would
4 speak to -- to customer perspective -- perception of
5 affordability.

6 MS. KATRINE DILAY: Thank you. And
7 turning to page 33, please. So, this is where we see
8 the Action Plan roadmap, correct?

9 MS. AMANDA HILDAHL: This is an
10 initial perspective of our roadmap that may shift
11 through annual business planning and plan
12 implementation as it states at the top.

13 MS. KATRINE DILAY: Understood. Thank
14 you. And again, just focussing in on the two (2)
15 programs that we previously saw, so looking first at
16 3.2, which is about halfway down the stage -- the
17 page, sorry, you recall we looked at that program
18 earlier?

19 MS. AMANDA HILDAHL: Yeah.

20 MS. KATRINE DILAY: And so, looking at
21 this initial perspective roadmap in this document, the
22 years of heavier load for that program would be years
23 2 and 3, correct?

24 MS. AMANDA HILDAHL: Correct.

25 MS. KATRINE DILAY: And then looking

1 down to program 5.2, you recall we also focussed on
2 that program earlier?

3 MS. AMANDA HILDAHL: Correct.

4 MS. KATRINE DILAY: And here the year
5 focus would year 2, correct?

6 MS. AMANDA HILDAHL: That is -- this
7 is our initial perspective is that we have it
8 scheduled for year 2, and we will revisit that during
9 annual business planning.

10 MS. KATRINE DILAY: And if we look at
11 the -- this initial perspective roadmap, so to the
12 right-hand side, we have the years. So, at a high
13 level, you'd agree that years 2 and 3 would appear to
14 be the years with the heaviest load looking across all
15 the programs?

16 MS. AMANDA HILDAHL: So again -- and
17 this is an initial perspective. And if you're looking
18 from, you know, how many have that heavy load colour
19 band, that is -- this is our initial perspective of --
20 of how we might implement this plan.

21 You'll also note that we have kind of
22 left the year 5. That's pretty light. And that is to
23 signal that we know that there are natural shifts in
24 implementation. And so, if we were to have planned
25 for all five (5) years to have a really heavy load,

1 that wouldn't allow us the flexibility to move within
2 the -- the time horizon.

3 MS. SATVIR JATANA: And I think also
4 there are certain things that are not coming in the
5 first year. Like affordability is important today as
6 well as it will be in the future, but there's certain
7 dependency, for example, data.

8 So next year is to build that data I'll
9 say infrastructure to allow us the collection or
10 utilization of -- of data to report. So, some of --
11 there are dependencies that -- and -- and in addition,
12 of course, having only certain amount of capacity.

13 So, what we are firm is on what work
14 will be taken in '25/'26. Beyond that is I would say
15 consider more directional. That should be -- our next
16 year's business planning should inform what
17 initiatives will be baked into that year's plan and
18 budget.

19 MS. KATRINE DILAY: And so, would it
20 be fair to summarize this slide in our discussion as -
21 - as this initial perspective building in some
22 flexibility recognizing changing capacity and
23 technology as well?

24 MS. SATVIR JATANA: Absolutely.

25 MS. KATRINE DILAY: And if we look to

1 page 34, so the next page -- thank you -- so these are
2 Action Plan implementation considerations, correct?

3 MS. AMANDA HILDAHL: Correct.

4 MS. KATRINE DILAY: And I'm not sure
5 if you'll be able to -- to answer this, but at this
6 time, does MPI project a need for additional FTEs to
7 implement the Strategic Plan?

8 MS. SATVIR JATANA: No, we have not
9 baked that into our plan.

10 MS. KATRINE DILAY: Thank you. And
11 this slide here is for year 1 implementation, correct?

12 MS. AMANDA HILDAHL: This is specific
13 for year 1, and there are three (3) factors, like
14 essential factors, one being the -- maintaining a
15 focus on stabilization.

16 And then -- and so that is certainly an
17 essential factor for this year and -- and may
18 continue to be an essential factor for -- for future
19 years.

20 And years -- sorry, the -- the other
21 two (2) essential factors, being the resource
22 guardrails and delivery confidence as well as
23 respecting our existing implementation commitments, I
24 expect those to be -- those to continue to be
25 essential factors for implementation considerations,

1 not just in '25/'26, but in future years.

2 MS. KATRINE DILAY: Thank you. And at
3 this point in time, MPI does not have an equivalent
4 version of this slide for years 2 and 3 of the
5 Strategic Plan, correct?

6 MS. AMANDA HILDAHL: That's correct.

7 MS. KATRINE DILAY: And if we look to
8 page 30 -- 64, pardon me -- and looking to the left-
9 hand side of the page at the very bottom, and so here
10 MPI reports that, in a recent survey, 77 percent of
11 participants said affordability was the most important
12 topic for them, correct?

13 MS. AMANDA HILDAHL: That's correct.

14 Sorry.

15 MS. SATVIR JATANA: That's okay.

16 MS. KATRINE DILAY: And so, you would
17 agree that this is in line with what we saw in the
18 situation analysis from the annual public vision
19 survey, correct?

20 MS. AMANDA HILDAHL: That's correct.

21 And as Satvir mentioned, you know, we are absolutely
22 aware of how important affordability is. And the
23 benefit of the -- the third stage of our Corporate
24 Strategic Plan development was that we were able to
25 have all these different siloed conversations.

1 You know, I think earlier this
2 afternoon, we talked about how, you know, siloed
3 strategic planning really doesn't work because you
4 have, you know, a number of different areas of the
5 business that create plans that don't speak to each
6 other.

7 And so that consolidated Strategic Plan
8 or activity had those twenty-five (25) different
9 strategic program groups talk about what actions
10 needed to be taken to actually achieve the strategic
11 intent of those strategic programs.

12 And then we were able to combine all of
13 those. If you kind of like visually think of those
14 twenty-five (25) strategic programs as -- the French
15 word is 'acetate'. It's like the -- the clear --

16 MS. KATRINE DILAY: I only know the
17 French word as well, so

18 MS. AMANDA HILDAHL: Right?

19 MS. KATRINE DILAY: -- so don't --

20 MS. AMANDA HILDAHL: Okay. The -- the
21 clear plastic that goes on top of the overhead
22 projector. Acetate. Of course. So, thank you.

23 Twenty-five (25) of those acetates that
24 represent all of those different action plans in
25 siloes can then be combined to see where there's, you

1 know, hotspots in terms of where implementation is
2 going to collide.

3 And we were able to identify specific
4 dependencies for initiatives and -- and be able to map
5 out, okay, if we want to be able to do all of this
6 work, what has to come first? And data to be able to
7 substantiate those -- those measures that matter to
8 Manitobans about affordability is, you know, a
9 cornerstone.

10 It's the foundation piece that we need
11 to be able to get there. And so that's why we've
12 prioritized initiatives related to data acquisition
13 and utilization frameworks to be able to get there in
14 -- in year 2.

15 MS. KATRINE DILAY: Thank you. And
16 so, I'm just noting the time and perhaps I can provide
17 the Board with an update, but I -- I do have still I
18 would say approximately ten (10) minutes of public
19 questioning and then approximately ten (10) to fifteen
20 (15) minutes in the confidential portion.

21 PANEL CHAIRPERSON: That's fine.

22 MS. KATRINE DILAY: Thank you.

23 PANEL CHAIRPERSON: Please proceed.

24

25 CONTINUED BY MS. KATRINE DILAY:

1 MS. KATRINE DILAY: And so, turning to
2 page 65 of this document, which is the next page, so
3 this is the Basic line of business strategic
4 direction, correct?

5 MS. AMANDA HILDAHL: Correct.

6 MS. KATRINE DILAY: And looking at the
7 right-hand side of the page at the bottom, those are
8 some potential actions that have been identified by
9 MPI at this stage, correct?

10 MS. AMANDA HILDAHL: Potential
11 actions, correct.

12 MS. KATRINE DILAY: And if we look to
13 the before last bullet, so out of these potential
14 actions, would you agree that reduced frequency and
15 severity of claims would be the potential action most
16 directly related to keeping rates affordable?

17 MS. SATVIR JATANA: On this page, yes.

18 MS. KATRINE DILAY: Thank you. And
19 you'll agree that, at this stage, MPI has not provided
20 details on how -- the tools it expects to use or the
21 actions it expects to take to do this, correct?

22 MS. SATVIR JATANA: Mr. Bowering spoke
23 to that, but we do have very good practices in place
24 that manages I'll say claims management, but it has
25 not been -- it has not been a part of the

1 presentations this week.

2 And I guess I should also say, you
3 know, the frequency is -- obviously is not within the
4 control, but I was talking more about the severity of
5 claims here.

6 MS. KATRINE DILAY: And when you refer
7 to what Mr. Bowering was speaking about, I believe
8 last week in testimony, would you agree those were MPI
9 current practices as it relates to tracking data
10 relating to claims?

11 MS. SATVIR JATANA: Those are I would
12 say industry leading practices in the claims
13 management. And there's some that we're
14 strengthening. There's some that are -- are working
15 well for us, but, you know, those -- those are proven
16 type of strategy.

17 And then I also -- I'm aware that some
18 of -- actually, MPI is probably more on the leading-
19 edge side from -- compared to our peers.

20 MS. KATRINE DILAY: Thank you, Ms.
21 Jatana. And if we look to page 71, you'll agree this
22 is the Driver and Vehicle Administration strategic
23 direction?

24 MS. SATVIR JATANA: Correct.

25 MS. KATRINE DILAY: And looking again

1 on the right-hand side at the bottom, these are
2 possible opportunities for action, correct?

3 MS. SATVIR JATANA: Possible
4 opportunities that we could engage. Obviously, we
5 administer this on behalf of government, so these are
6 some of the initiatives we could engage government to
7 implement.

8 MS. KATRINE DILAY: And just focussing
9 on the -- the third bullet from the bottom, "Improve
10 quality and availability of driver education and
11 driver testing," you see that?

12 MS. SATVIR JATANA: I do see that, and
13 we have some initiatives we've recently implemented,
14 and more on -- on that, because we understand the
15 importance of driver education and testing.

16 MS. KATRINE DILAY: And we talked
17 about this earlier, but you'll agree that driver
18 education and testing can help in control -- in
19 containing claims costs by training drivers to drive
20 well and avoid collisions, correct?

21 MS. SATVIR JATANA: I would agree with
22 that.

23 MS. KATRINE DILAY: And I'll just take
24 you to two (2) last slides before we move to the
25 confidential portion. If we could turn to page 101,

1 please.

2 And so here you see this is program
3 3.2, correct, that we saw earlier?

4 MS. SATVIR JATANA: Correct.

5 MS. KATRINE DILAY: And focussing on
6 the right-hand side of this page, under 'Strategic
7 Context', we see related strategic narrative themes.
8 You see that?

9 MS. SATVIR JATANA: I do.

10 MS. KATRINE DILAY: And the two (2)
11 narrative themes on this page are:

12 "Acknowledging affordability plays a
13 key role in our mandate, define the
14 elements of affordability, and
15 evolve internal operations and
16 products to delivery -- to deliver
17 affordability while balancing long-
18 term sustainability."

19 Correct?

20 MS. SATVIR JATANA: Correct.

21 MS. KATRINE DILAY: And then the
22 second one is:

23 "Acquire the appropriate data to
24 price and forecast accurately and
25 confidently"?

1 MS. SATVIR JATANA: Yes.

2 MS. KATRINE DILAY: And so, you'll
3 agree that here MPI does not mention influencing or
4 containing external cost pressures on rates or
5 affordability, correct?

6

7 (BRIEF PAUSE)

8

9 MS. SATVIR JATANA: Of course, this
10 does not highlight all the programs or initiatives
11 under this. This is capturing the context and high-
12 level narrative here.

13 MS. KATRINE DILAY: Thank you. And at
14 a high level, MPI here does not propose specific
15 actions to deliver on affordability apart from
16 defining the elements of affordability and evolving
17 internal operations and products, correct?

18 MS. SATVIR JATANA: Yes, but we
19 recognize that affordability comes both from claims
20 management and -- and of course cost containment.

21 MS. KATRINE DILAY: Thank you. And
22 turning to one (1) last slide in this line of
23 questioning, if we could go to 112, please.

24 And so, you'll recognize program 5.2
25 that we looked at earlier, correct?

1 MS. SATVIR JATANA: Correct.

2 MS. KATRINE DILAY: And again, under -
3 - on the right-hand side of the page under 'Strategic
4 Context and Related Strategic Narrative Themes', you
5 see the third bullet reads:

6 "Strategically understand industry,
7 customers, partners, and our
8 stakeholders to drive strategy and
9 data-driven decision making."

10 And you see that?

11 MS. SATVIR JATANA: I do.

12 MS. KATRINE DILAY: And so, would it
13 be fair to say that that statement as well as the
14 paragraph under it focus on gathering appropriate data
15 to support data-driven decisions?

16 MS. SATVIR JATANA: Yes. That's both
17 insight and of course data available internally to
18 drive those decisions.

19 MS. KATRINE DILAY: So, to drive those
20 decisions as well as to accurately forecast, correct?

21 MS. SATVIR JATANA: Yeah. Yes.

22 MS. KATRINE DILAY: But you'll agree
23 that this page does not refer to influencing or
24 containing external cost pressures on claims, correct?

25 MS. SATVIR JATANA: Again, you know,

1 these are strategic narrative for those programs. If
2 we were to capture everything, this -- this document,
3 right, would be very lengthy. So again, this is to
4 capture the strategic narrative themes. It's not
5 excluding other things that are not relevant.

6 MS. KATRINE DILAY: Thank you, Ms.
7 Jatana. So, I'll now have a few questions of the MPI
8 witness panel in the in-camera session.

9 PANEL CHAIRPERSON: Ms. Delay, I think
10 what we need to do is conclude the public portion, so
11 with Board questions and any redirect. Then we'll go
12 to the confidential record and also go through the
13 same process there to avoid going back and forth.

14 So, Mr. Gabor...?

15 BOARD CHAIR GABOR: I have a few
16 questions. Kristen, can we go to slide 16 of the
17 strategic plan? Yeah.

18 Ms. Jatana, I haven't seen this concept
19 of percentage of median income before. Is this -- is
20 this a newbie?

21 MS. SATVIR JATANA: It's fairly new.
22 I know that it is being considered in BC and in
23 Alberta. So, this is new to us, but may not be
24 totally new in the industry.

25 BOARD CHAIR GABOR: Okay. What does

1 it mean?

2 MS. SATVIR JATANA: It basically means
3 that -- that your insurance, average insurance
4 premium, is a percentage of median income which would
5 be available, I believe, on Stats Canada. And it's --
6 it's a way to measure affordability as to what
7 percentage of your income is going to vehicle
8 insurance.

9 BOARD CHAIR GABOR: So, is this just
10 the measurement or is there a suggestion that we're
11 moving to prorated insurance rates?

12

13 (BRIEF PAUSE)

14

15 MS. SATVIR JATANA: It's -- it's just
16 a metric.

17 BOARD CHAIR GABOR: So, we're not
18 looking at differential --

19 MS. SATVIR JATANA: No.

20 BOARD CHAIR GABOR: -- rates based on
21 income?

22 MS. SATVIR JATANA: No, no.

23 BOARD CHAIR GABOR: Okay. And in
24 terms of understanding median income, this is strictly
25 Statistics Canada data, or are you finding some other

1 data to determine what income is of customers?

2

3

(BRIEF PAUSE)

4

5 MS. SATVIR JATANA: Yeah, the only
6 data would be available to us would be on Stats
7 Canada.

8

BOARD CHAIR GABOR: Thank you. Those
9 are my questions.

10

PANEL CHAIRPERSON: Mr. Bass?

11

BOARD MEMBER BASS: Just following up
12 on that one, you say you've seen this median income
13 aspect in Alberta auto rates?

14

MS. SATVIR JATANA: Yes.

15

BOARD MEMBER BASS: And can you
16 explain that a little bit more because Alberta's
17 private insured jurisdiction, right?

18

MS. SATVIR JATANA: One moment,
19 please.

20

21

(BRIEF PAUSE)

22

23 MS. SATVIR JATANA: Yeah, we have seen
24 a report by Alberta Rate Board that kind of used this
25 as a measure-to-measure affordability.

1 BOARD MEMBER BASS: Okay. And can you
2 provide that report to us, give us an undertaking, Mr.
3 Guerra?

4 MR. ANTHONY GUERRA: Yes, we will. My
5 understanding is it's a publicly available document,
6 so we'll provide it.

7

8 --- UNDERTAKING NO. 29: MPI to provide report by
9 Alberta Rate Board re measure of
10 affordability

11

12 BOARD MEMBER BASS: Okay. Thank you.
13 And can you tell us now, even though we're going to
14 get this later, at a high level what that report says?

15

16 (BRIEF PAUSE)

17

18 MS. SATVIR JATANA: We do believe that
19 it provides cross-jurisdictional measurement and it
20 might even have Manitoba, but the team is just kind of
21 looking at that. So, I can -- I can come back to that
22 or we can --

23 BOARD MEMBER BASS: Okay. We can
24 leave it for when the undertaking comes and we could
25 question that. Thank you.

1 PANEL CHAIRPERSON: Mr. Ireland...?

2 BOARD MEMBER IRELAND: Thank you.

3 Just very, very quickly, under the five (5) pillars,
4 there's twenty-four (24) programs, and the Action Plan
5 roadmap shows fifteen (15) of those slated to start in
6 '25/'26, if I'm reading it correctly.

7 MS. SATVIR JATANA: You're probably
8 right.

9 BOARD MEMBER IRELAND: Well, don't
10 assume I am. Are those the only ones -- the only
11 corporate-wide initiatives slated for '25/'26, or are
12 there other corporate-wide initiatives included or
13 beyond that?

14

15 (BRIEF PAUSE)

16

17 MS. SATVIR JATANA: Yeah, this should
18 capture all of our corporate initiative other than the
19 operational work that goes on --

20 BOARD MEMBER IRELAND: Day to day,
21 yeah.

22 MS. SATVIR JATANA: -- day to day.

23 BOARD MEMBER IRELAND: Okay. Have
24 these been -- there was a reference at the start about
25 these being put into a business plan. Have they been

1 scoped for a business plan yet? And is there any kind
2 of project plan showing the execution timeline and
3 resource requirements for these?

4 MS. SATVIR JATANA: It's currently
5 under I'll say development. We're just developing our
6 business plan as part of our annual reporting.

7 BOARD MEMBER IRELAND: Okay. And then
8 just one (1) -- kind of one more question on --
9 Kristen, could I get slide 77 for Exhibit 53?

10 This shows that 70 percent of your --
11 your staffing compliment goes towards core business
12 and you've got 30 percent left for initiatives,
13 including NOVA.

14 Do you have a sense for the new
15 corporate strategic initiatives at all what they're
16 going to take? 'Cause out of the 30 percent, I'm
17 assuming once you scope these, there's an opportunity
18 that some of them are possibly going to fall off, just
19 because of -- you don't have the bandwidth staff-wise
20 to handle all of them.

21 MS. SATVIR JATANA: That definitely
22 could be the case. One thing we -- we did in planning
23 what we could undertake for '25/'26, we did a high-
24 level kind of capacity I'll say measurement in
25 understanding what's possible, but that could very

1 much be the case, although we try to be very realistic
2 in what we can deliver and within the current budget
3 that's in front of the PUB.

4 BOARD MEMBER IRELAND: Do you have a
5 sense out of those -- well, for the new corporate
6 initiatives out of that 30 percent, do you have an
7 estimate right now as to what that's going to be, how
8 much they're going to take out?

9

10 (BRIEF PAUSE)

11

12 MS. SATVIR JATANA: You know, it's --
13 it's hard to kind of say what percentage, although
14 I'll just reiterate like we -- we did have a really
15 hard look at it. And part of the reason it took us,
16 you know, six (6), seven (7) months to get this far is
17 that we wanted to spend the summer months to truly
18 understand what's possible.

19 And one thing gives me more confidence
20 sitting here today that these -- we built a realistic
21 plan that we have applied a framework that gives us an
22 understanding of our -- our true capacity that can be
23 dedicated to initiative.

24 It's -- you know, it's not exact
25 science, but we recognize, and -- and I said this the

1 other day, that' you know -- and -- and there was a
2 slide that highlights, this plan is dependent on (1)
3 that we can complete our stability strategy.

4 And there is some work that will bleed
5 into the next year, and provided that, you know,
6 there's no other surprises that come at us. But we --
7 you know, we were kind of honest with ourselves as to
8 what we possibly could do.

9 And a lot of our work is actually in
10 the future years when it comes to corporate strategy.
11 There's -- but there are some work that we -- we
12 believe in. It's -- it's a realistic kind of a more
13 plan that can be accomplished next year.

14 And having said that, it's an annual
15 review. It will be a quarterly review as well as to
16 what we're delivering against our annual objectives:
17 Are we on track? Are we behind?

18 There's a much more kind of a framework
19 put in place this time around to ensure (1) we exactly
20 commit to what we can deliver, and then measure what
21 we are delivering and provide our progress and report
22 on that.

23 BOARD MEMBER IRELAND: Thank you for
24 that.

25 PANEL CHAIRPERSON: Ms. Nemec...?

1 BOARD MEMBER NEMEC (by TEAMS): My
2 only question revolves around -- and probably just
3 because we just had the E&Y individuals there
4 reporting on their -- their proposal -- in the ENY
5 plan, was there anything -- and I know that was a
6 basis for some of your corporate strategy, but in that
7 plan, was there anything you looked at that said, That
8 doesn't make sense, or that's way past five (5) years,
9 or just anything that you didn't take into
10 consideration in preparing this strategy?

11 MS. SATVIR JATANA: Sorry, I missed
12 the last part of it, but if I just -- the question is,
13 was there any recommendation, anything out of this
14 that we did not deem important or didn't prioritize?

15 BOARD MEMBER NEMEC (by TEAMS): Yes,
16 and -- or perhaps it was, We cannot accomplish what
17 E&Y recommended in five (5) years, so that would be
18 put off to a later period.

19 So just wondering if the majority or
20 all of E&Y's recommendations have been incorporated
21 into your plan in some fashion?

22 MS. SATVIR JATANA: I would say we
23 made a priority to address the gaps and the
24 recommendations from E&Y from building strategy,
25 ensuring that we have the right structure, there was

1 not an overlap -- overlap in responsibilities between
2 divisions, strengthening our FP&A, really focussing on
3 -- on clarity and ownership.

4 What I would say, some of that work
5 like FP&A, for example, you know, we're -- we're going
6 to learn to all say crawl before we walk before we
7 run. So, we may not be able to get to the end state
8 kind of in a -- you know, in I'll say quick fashion,
9 but that we are committed to that work.

10 I would say all of the work, all of the
11 gaps or the recommendations are important to
12 strengthening MPI, but the timing may play a factor as
13 to how quickly we accomplish. And I would say, you
14 know, majority of the recommendations, I -- I feel
15 quite proud that -- that we -- we've been able to
16 prioritize and -- and act on.

17 BOARD MEMBER NEMEC (by TEAMS): Thank
18 you for your answer. And that's all I have. Thank
19 you.

20 PANEL CHAIRPERSON: Thank you.

21 Mr. Guerra...?

22 MR. ANTHONY GUERRA: Thank you, Madam
23 Chair.

24

25 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

1 MR. ANTHONY GUERRA: Actually, Ms.
2 Schubert, if we can keep the EY report back on the
3 screen.

4 And just to the members of the -- the
5 panel, did you both hear the testimony of Messrs.
6 Meadows and Gemin this morning -- or I guess this
7 afternoon?

8 MS. SATVIR JATANA: Yes.

9 MS. AMANDA HILDAHL: Yes.

10 MR. ANTHONY GUERRA: And specifically,
11 do you recall the line of questioning about the length
12 of time of the strategy development recommended by EY
13 in the sense that the timeframe provided by EY was
14 within a six (6) month period?

15 MS. SATVIR JATANA: Yes.

16 MR. ANTHONY GUERRA: And can you
17 explain how MPI's process of developing its multi-year
18 corporate strategy, how it aligned or did not align
19 with that recommendation?

20 MS. SATVIR JATANA: I would say we --
21 maybe we took a little longer than perhaps six (6)
22 months, and, you know, it goes to old saying, you can
23 go alone if you're going to go fast, but sometimes it
24 takes a little longer to go with the team.

25 And I -- I believe in some of our --

1 we've learned from our failures in the past that if
2 you don't engage your team in building the plan, it's
3 very difficult to get the buy-in and implement the
4 plan.

5 So, it was important to us that we --
6 we took the time, we -- we took the time to understand
7 our current state, engage our team members, get that
8 insight, and -- and really go through the process of
9 defining, what is that we needed to accomplish.

10 And then I would say, you know -- and -
11 - and there was a point in time that some of us kind
12 of stepped back and allowed the team to really discuss
13 the how it was going to be done and -- and have the
14 real conversation.

15 What was our implication? What was our
16 barriers? What was our, you know, constraints? So,
17 the teams could really have honest conversation.

18 And I -- I feel today that I have a lot
19 of confidence in this plan because I know it's the
20 team that built the plan that's going to be
21 implementing.

22 So, our -- our process may -- you know,
23 plans have been built in six (6) weeks in the past,
24 and those plans have not been successful. So, it was
25 important for us to take the time and to follow the

1 rigor and the process of engaging and -- and really
2 bringing those people at the table that had value to
3 add.

4 MS. AMANDA HILDAHL: Yeah. And if I
5 can add, you know, I was -- you know, I had the
6 pleasure of leading this strategic plan process, and
7 the -- like the legitimate culture shift from, you
8 know, day 1, the first conversation that we had with
9 our strategic planning teams and, you know, the
10 celebratory air of -- of accomplishment at the end
11 with -- with, you know, that transparency, the -- the
12 opportunity from people across the organization to
13 have gotten to know each other in these workshops in
14 ways that they've never -- there's so many times where
15 people were connecting for the first time in these
16 workshops and, oh, you know, I didn't realize that,
17 you know, we could help each other in these different
18 ways.

19 The -- the residual benefits of
20 inviting as many people as we possibly could into this
21 process while ensuring that we, you know, moved at an
22 expedient cadence, you know, appropriately really have
23 -- creates that momentum that we need.

24 And we will need it to be able to be
25 successful in delivering on this plan, and that it

1 really does truly reflect the -- the future that our
2 employees see and -- and that they represent from our
3 -- our customers and our stakeholders and the -- the
4 action plans that are going to be required that are
5 rooted in reality to be able to get us there.

6 MR. ANTHONY GUERRA: Okay. Thank you.
7 And while we're here on the report, Ms. Schubert, if I
8 can ask you to turn to slide, I think it's 28, please.

9 And so, Ms. Jatana, there were some
10 statements made by the EY witnesses this afternoon
11 about the financial planning and analysis framework
12 recommendations. Do you recall those?

13 MS. SATVIR JATANA: I do.

14 MR. ANTHONY GUERRA: And specifically,
15 the information that's provided on this slide, there
16 were some questions posed to those -- those
17 individuals this afternoon.

18 Is there anything else that you'd like
19 to leave this Board with in terms of how MPI will plan
20 to approach addressing these concerns with respect to
21 financial planning analysis going forward?

22 MS. SATVIR JATANA: Yeah. This report
23 talks about that we have decentralized, I'll say,
24 analysis and analytics that takes place. And that's
25 what I meant by earlier that, you know, we -- we want

1 to learn to crawl and walk before we start running in
2 this area.

3 We have invested in starting with the
4 FP&A in finance division, so there is a leader that's
5 coming on board next week that is a director of FP&A,
6 and we will, you know, start the work of developing
7 that capability and capacity in the organization

8 And over time that we can act on kind
9 of centralizing all of those I'll say analytics
10 centrally, but that's going to be further down.

11 Initially, we want to kind of -- like I said, we want
12 to start with the finance and -- and look into other
13 areas.

14 MR. ANTHONY GUERRA: Okay. Thank you.
15 And finally, one other question. This is regards to I
16 believe it's MPI Exhibit number 53, the strategy, 53
17 or 54. This is the strategy? Okay. Thank you. And
18 then slide number 78, please, the one that talks about
19 the paced delivery. Yes, please.

20 So, lots of questions on the slide, and
21 you will recall those questions, correct?

22 MS. SATVIR JATANA: I do.

23 MR. ANTHONY GUERRA: What is the
24 number one takeaway that you want this Board to have
25 with respect to the creation and the content on this

1 slide?

2 MS. SATVIR JATANA: What I would want
3 anyone looking at this slide is that we are mindful
4 that we are going through a large legacy system
5 change. It is complex, it is multi-facet (sic), and
6 it involves any I'll say access (sic) capacity of MPI
7 today.

8 More importantly, we are mindful of
9 that, and we are pacing our strategic initiatives with
10 view on that. We -- we do not want to give the
11 impression that we're going to start a bunch of other
12 work along with doing NOVA because we know that is not
13 possible for us.

14 And we're mindful of the past I'll say
15 feedback and input from the PUB and Interveners, so we
16 want it to be upfront. And this is really the tone
17 that was being set in the organization and respond to
18 what we've heard from our team members to ensure that,
19 you know.

20 And E&Y talked about this. Like any
21 strategy needs to have a good aspiration. It needs to
22 be customer oriented. It needs to be focused and,
23 more importantly, being deliberate on what we're not
24 going to do, and also being clear what we are going to
25 do.

1 And through the strategy, we wanted to
2 create that understanding and alignment from top-
3 bottom and bottom up, that we're all kind of going in
4 the same direction and focused on the right things and
5 really being mindful as to how much we take on while
6 we're implementing NOVA.

7 MR. ANTHONY GUERRA: Thank you. I
8 have no further questions.

9 PANEL CHAIRPERSON: Thank you. Ms.
10 Schubert, could you ask -- did you turn to switch to
11 the private record? Yes, certainly. Thank you.
12 We'll be back in a few minutes on the confidential
13 record.

14

15 --- Upon adjourning at 4:48 p.m.

16

17 Certificate of Transcript

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21 _____
Wendy Woodworth, Ms.

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