



“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
- Robert Gabor, KC - Board Chair
- Susan Nemec - Board Member
- George Bass, KC - Board Member
- Patrick Ireland - Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Ave.  
Winnipeg, Manitoba  
November 4, 2024  
Pages 2076 to 2213  
Day 10

1 APPEARANCES

2

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4 Kara Moore ) Board Counsel

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7 Kristen Schubert ) Board Staff

8 Roger Cathcart ) Advisor

9 Blair Manktelow ) Advisor

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11 Steve Scarfone (Counsel) ) Manitoba Public

12 Anthony Guerra (Counsel) ) Insurance

13 Eric Wishnowski ) Counsel

14 Ted Meira )

15

16 Chris Klassen ) CAC (Manitoba)

17 Katrine Dilay )

18

19 Charlotte Meek ) CMMG

20 Douglas Houghton )

21

22 Sharna Nelko ) Taxi Coalition

23

24 Charles Feaver ) Bike Winnipeg

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1 --- Upon commencing at 9:00 a.m.

2

3 PANEL CHAIRPERSON: Good morning,  
4 everyone. This morning, we will hear from the  
5 witnesses for the Consumers' Association of Canada -  
6 Manitoba branch. Ms. Dilay...? Mr. Klassen, would  
7 you please introduce your witness and then we'll have  
8 him sworn.

9 CHRIS KLASSEN: Good morning, Madam  
10 Chair and thank you.

11 CAC Manitoba is pleased to welcome Mr.  
12 Rajesh Sahasrabuddhe to the hearing room. Before we  
13 invite him to begin, we will need to see to his  
14 qualification as an expert, as well as his affirmation  
15 as a witness and I believe we usually proceed with the  
16 latter of those two (2) first. I'll ask Mr. Christle  
17 to do that. Thank you.

18

19 CAC PANEL:

20 RAJESH SAHASRABUDDHE, Affirmed

21

22 MR. CHRIS KLASSEN: As noted, Madam  
23 Chair, Mr. Sahasrabuddhe has not been pre-qualified in  
24 this proceeding. CAC (Manitoba) proposes that he be  
25 qualified as an expert qualified to give evidence on

1 actuarial analysis with a particular focus on pricing,  
2 rate making, and risk relative to automobile insurance  
3 generally.

4 He has been similarly qualified to give  
5 expert evidence in three (3) prior GRA proceedings.  
6 And we also note that his CV is on the record as an  
7 attachment to Exhibit CAC-1 as well as a biography  
8 attached to his report at Exhibit CAC-8.

9 Subject to correction from our friends,  
10 it's our understanding that MPI does not intend to  
11 oppose Mr. Sahasrabudde's qualification. If it would  
12 be of value to the Board, we're happy to walk through  
13 his qualifications and his CV. However, given MPI's  
14 position and the Board's familiarity with the witness,  
15 the Board may be prepared to accept his qualifications  
16 on the basis of materials already filed.

17 PANEL CHAIRPERSON: Yes. Mr. Guerra,  
18 do you have any comment?

19 MR. ANTHONY GUERRA: What my friend  
20 has indicated is correct. MPI is not opposing the  
21 qualifications of Mr. Sahasrabudde

22 PANEL CHAIRPERSON: Thank you, please  
23 proceed.

24 MR. CHRIS KLASSEN: Thank you, Madam  
25 Chair.

1

2 EXAMINATION-IN-CHIEF BY MR. CHRIS KLASSEN:

3 MR. CHRIS KLASSEN: Mr. Sahasrabuddhe,  
4 I'll have a few questions for you this morning, after  
5 which I'll invite you to begin your presentation.

6 We also note for CAC that we're -- that  
7 -- that we also welcome Mr. Felix Chan who joins us in  
8 the back row. Mr. Chan is a colleague of Mr.  
9 Sahasrabuddhe's at Oliver Wyman and contributed to the  
10 preparation of the report but is not being presented  
11 as a witness today.

12 Mr. Sahasrabuddhe, you'll confirm, sir,  
13 that you prepared the report which was filed as  
14 Exhibit CAC-8 in this proceeding, correct?

15 MR. RAJESH SAHASRABUDDHE: Yes, that's  
16 correct.

17 MR. CHRIS KLASSEN: And that report  
18 was prepared jointly with Mr. Chan, correct?

19 MR. RAJESH SAHASRABUDDHE: That is  
20 correct.

21 MR. CHRIS KLASSEN: And  
22 notwithstanding Mr. Chan's contribution, sir, you'll  
23 confirm that, as the senior consultant and team lead,  
24 that report was prepared under your direction and  
25 control?

1 MR. RAJESH SAHASRABUDDHE: Yes, that's  
2 correct.

3 MR. CHRIS KLASSEN: And you also  
4 prepared responses to Information Requests on those  
5 materials from the Public Utilities Board, correct?

6 MR. RAJESH SAHASRABUDDHE: Yes.

7 MR. CHRIS KLASSEN: And you'll confirm  
8 also, sir, that the presentation to be given today was  
9 prepared by you and your team again under your  
10 direction and control, correct?

11 MR. RAJESH SAHASRABUDDHE: Yes, that's  
12 correct.

13 MR. CHRIS KLASSEN: Thank you, sir.  
14 With that, we'll invite you to begin your  
15 presentation.

16 You may hear either Ms. Dilay or I very  
17 briefly in the course of your evidence if we have  
18 questions of clarification, but our plan will be to  
19 let the Board hear directly from you throughout.  
20 Thank you.

21 MR. RAJESH SAHASRABUDDHE: And I will  
22 try to go slowly enough for Ms. Schubert to capture  
23 all the -- capture my comments. Please let me know,  
24 also, if I -- if I happen to be going too fast.

25 I do have -- you can probably see

1 there's ninety (90) slides. I'm going to try to do it  
2 in an hour. I -- I tried last year, but it wasn't so  
3 successful, but -- but I'll try to do better this  
4 year. Okay.

5                   So, again, we thank you for the  
6 opportunity to present this evidence to the Board  
7 regarding our review of the MPI filing. The overall  
8 work -- we have a few sections to our report, and the  
9 -- the findings are somewhat different than -- than  
10 we've had in the past, so that -- that'll sort of  
11 drive the presentation of those findings as well.

12                   But we'll go through a bit of a summary  
13 -- summary of -- of the filing itself in our views, a  
14 discussion about accident year weights, that was a  
15 more significant discussion last year, the trend  
16 models.

17                   There's one (1) central issue on trend  
18 models that will be a little bit repetitive, so I'll  
19 try to go through in more detail the first time, and  
20 then more quickly on -- on -- for future coverages.

21                   Probably spend a little bit more time  
22 than we have in the past on merit rating and the DSR  
23 Program, and then just to briefly conclude with the  
24 discussion of prior period runoff.

25

1 (BRIEF PAUSE)

2

3 MR. RAJESH SAHASRABUDDHE: Oh, sorry.

4

5 (BRIEF PAUSE)

6

7 MR. RAJESH SAHASRABUDDHE: Okay.

8 Again, just very briefly as background, our -- I just  
9 want to emphasize that -- that we view our duty as  
10 providing public -- providing assistance to the PUB,  
11 and that overrides any -- any obligation we have to  
12 CAC (Manitoba), our clients.

13 And in providing that assistance, we  
14 seek to be fair, objective, and nonpartisan and only  
15 provide evidence related to matters within our scope  
16 of expertise.

17 Okay. So, I want to just start at a  
18 high level and talk about the -- the indication and  
19 how that's changed between the 2024 GRA and the 2025  
20 GRA.

21 So, the -- from -- from 2024, as you  
22 may recall, the indicated rate change was a slight  
23 negative. The requested rate change was essentially  
24 no change.

25 We presented an alternative indication

1 of slightly more than 3 1/2 percent -- negative 3 1/2  
2 percent. This is, again, I'm sorry, prior to the  
3 October rate adjustment.

4 The MPI rate -- the October adjustment  
5 reduced the indicated rate change by roughly 1.35  
6 points. And then the approved rate change was minus 5  
7 percent.

8 And I want to contrast that with this  
9 year where the indication is at plus 6.15 percent.  
10 And there may be some concern from the Board about  
11 that swing from minus 5 to plus 6.5.

12 From our perspective, we actually view  
13 that as -- as -- that -- confirming the minus 5  
14 percent. As you know, over the past year, we've lived  
15 through a period of -- of increasing costs and  
16 increasing inflation.

17 And had you not taken the minus 5  
18 percent, if you -- we just sort of think about how  
19 those two (2) changes would offset, then the  
20 indication this year would have been level or no  
21 change. And the fact that it's not actually, I think  
22 supports the idea that we had the minus 5 percent  
23 adjustment last year.

24 And then this year's change is really  
25 responsive to the changes in costs that stem from

1 underlying inflation.

2                   So, the MPI rate change that was  
3 presented -- calculated under accepted actuarial  
4 practices was slightly over 6 percent. The requested  
5 rate change is 3 percent. We have reviewed the -- we  
6 have reviewed the MPI filing.

7                   We believe that alternative indications  
8 that we believe are more appropriate would result in a  
9 rate change of just under 5 percent, 4.93 percent.  
10 And I will, again, caution. We try to replicate the  
11 MPI model as best as we can. We -- we think we -- we  
12 think we have it all reasonably correct, but there's  
13 certainly some possibilities using some rounded  
14 numbers that -- that will have slight differences.

15                   And then the MPI rate indication, the -  
16 - the October update was to increase the -- increase  
17 the indication by just over six tenths of a percentage  
18 point.

19                   So, our goals today are really to  
20 provide information to the -- to the Board to support  
21 the assessment of the MPI GRA. And we really focus on  
22 a few areas, that the forecasts are reasonably  
23 reliable.

24                   And we'll talk about the rates being  
25 consistent with actuarial practices and that they're

1 just and reasonable and accordance with statutory  
2 objectives.

3                   We tend to -- we focus on the overall  
4 claims forecast and the merit rating DSR levels. MPI  
5 uses the term 'ratemaking' to essentially refer to  
6 classification ratemaking, so the rates paid by taxis,  
7 and motorcycles, and personal autos, and the like.

8                   And we feel that other Interveners are  
9 sort of better positioned to -- to look at those  
10 issues since they represent the -- the interests of  
11 those policyholders.

12                   So, the scope of our review, we -- we  
13 reviewed, again, the various issues presented in --  
14 I'm sorry -- approved by -- by the Board. And here we  
15 sort of outline the -- the issues that I'll be  
16 focusing on.

17                   Again, we note that issue number 2, the  
18 ratemaking issue, we're not going to focus on too  
19 greatly because we feel that other -- other  
20 Interveners are -- are in a better position to review  
21 that one.

22                   Okay. So, at a high level, the  
23 components of the overall required rate level include  
24 what we'll call loss components, the -- the  
25 unallocated, and then the -- unallocated loss

1 adjustment expenses at the top of this chart and the  
2 claim costs, which are the -- by far the largest  
3 percentage of the overall rate at just under 80  
4 percent.

5

6 (BRIEF PAUSE)

7

8 MR. RAJESH SAHASRABUDDHE: And then by  
9 coverage, the -- the vast majority of claims costs  
10 related to two (2) coverages, which are -- which are  
11 very -- they're -- they're sort of related because  
12 they both cover what we'll call tin damage, or damage  
13 to vehicles, so collision and Comprehensive.

14 And then, obviously, property damage as  
15 well is -- some of that coverage also relates to what  
16 I'll call tin damage but, for the most part, collision  
17 and Comprehensive are, again, related to -- to those -  
18 - those types of claims.

19 And then we have the income replacement  
20 coverage. And all three (3) of those coverages have  
21 really been the -- I guess I'll say the targets, or  
22 they've been driven by the higher cost levels. And  
23 again, I think that's driving the higher rate  
24 indication than we've had in the -- in the past years.

25 And I think that -- in our view, that's

1 -- it's -- the rate indication is consistent with what  
2 we know about the economy and underlying cost factors.

3           Okay. So, just a high-level discussion  
4 about changes from the 2024 GRA. Okay. So, for the  
5 most part, the -- the model itself is -- the MPI model  
6 is quite consistent with what they've done in the  
7 past.

8           The -- the one (1) difference which  
9 complicates some of our comparisons to a small degree  
10 is that the -- what they classified as claims incurred  
11 expense, and that relates to cost for the Manitoba  
12 health levy and contract towing, are now included as  
13 unallocated loss adjustment expense instead of being  
14 in the -- in the loss costs.

15           So, that -- that makes -- it just  
16 slightly complicates the comparison of loss cost  
17 values between the 2024 GRA and the 2025 GRA.

18           And the -- the health levy primarily  
19 impacts the -- or I'm sorry -- impacts the accident  
20 benefits coverage, as you might guess, and contract  
21 towing impacts the collision coverage.

22           So, those are the two (2) coverages  
23 that were principally impacted if you just look at  
24 loss costs from one GRA to the next in terms of  
25 facilitating comparison between the two (2).

1                   Okay. Again, I'll go through a high-  
2 level review of the MPI methodology. Again, this is -  
3 - this is pretty consistent with what's been done in  
4 the past and the -- the two (2) GRAs that we've  
5 reviewed prior to this one.

6                   So, there's a development of trend and  
7 mobility factors. So, these are factors that measure  
8 changes in costs over time. Mobility is obviously  
9 something that we've had to include because of the  
10 pandemic.

11                   That hasn't been sort of I'll call  
12 traditional measurement variable, but with the  
13 pandemic and changes in driving behavior, it's been --  
14 actuaries have needed to include a variable to account  
15 for that, and that's where mobility comes in.

16                   Past trend is the estimate of how costs  
17 have changed in the past. And when we say "in the  
18 past," for the purpose of this filing, it refers to  
19 through accident year 2023. And then future trend,  
20 which we'll talk about in a moment, is -- is post  
21 2023.

22                   So, when we adjust for mobility and  
23 past trend, we essentially are adjusting to get to a  
24 2023 cost level for the various years that make up the  
25 experience period.

1                   Those experience periods are then  
2 weighted together. And I know we -- we talked a lot  
3 about accident your weights last year, and I'll --  
4 I'll touch on that again this year. But that forms --  
5 called the weighted average loss cost at a 2023 level.  
6 And then that gets adjusted forward to the 2025 and  
7 2026 levels. And that's what forms the basis of the  
8 2025 GRA loss costs.

9                   The forward -- the adjustments; there's  
10 the work from home adjustment, which we'll -- which  
11 we'll talk about momentarily, and then the application  
12 of future trend as well. So -- so, I'll discuss both  
13 of those as -- as we go through the trend sections.

14                   At a high level, again, this is -- this  
15 sort of just presents it in a -- in sort of a  
16 different context, where we start with data, we fit  
17 models. There's a selection of loss costs in the  
18 forward projection. We -- I'm not going to focus on  
19 the data element. We assume that that's been  
20 calculated correctly. And there's -- it's largely  
21 based on appointed actuaries report.

22                   So, the focus today is going to be on  
23 the model fitting -- the model fitting, that's step 2,  
24 the selection of loss costs, and the forward  
25 projection.

1                   Where -- based on our review, we  
2 identified alternative assumptions in -- in several  
3 areas related to really only past trends. You may  
4 remember last year we had other concerns about  
5 accident year weights and -- and some other issues,  
6 but this year, it's really just focused on past  
7 trends.

8                   And there's a common theme among the --  
9 amongst those past trends, so hopefully we can go  
10 through those -- through our recommendations on those  
11 past trends relatively quickly.

12                   MPI, as you know, has requested a rate  
13 change of 3 percent, but we estimated -- estimate the  
14 required rate change to be just under 5 percent prior  
15 to the October revision.

16                   We provided a chart just to sort of  
17 show the components of the requested rate change the -  
18 - the total contribution to the change, this 3.93  
19 percent, isn't -- we haven't discussed that number  
20 before. That's because this is a comparison between -  
21 - between the 2024 GRA and the 2025 GRA; it's not the  
22 final filed rates, and the GRA -- and the 2025 GRA.

23                   And there's another -- another I'll  
24 call it minor issue as well, which is that, although  
25 the Board approved a minus 5 percent rate change last

1 year, the -- the achieved rate change, or the observed  
2 change in average premium, was about 2.3 percent --  
3 minus 2.3 percent.

4                   So, it's really that minus 2.3 percent  
5 and this plus 3.93 percent that roughly get to the 6  
6 percent level. But what I really wanted to go through  
7 on this chart is just to focus on what's driving the -  
8 - on the primary factors.

9                   You'll see many of them are quite  
10 small, but you'll note that the bulk of the change is  
11 due to changes in claims costs for collision and  
12 Comprehensive, which again, we believe that that  
13 aligns with everything we hear about cost changes,  
14 whether it relates to -- you know, largely related to  
15 repair costs, and that's comprised both of labour and  
16 parts. And again, those -- those cost changes really  
17 affect those coverages most acutely.

18                   And then MPI also made a change to how  
19 the unallocated loss adjustment expense is being  
20 calculated. And that sort of saves the -- about 2.5  
21 percent on the overall rate.

22                   I know there's also been an issue  
23 that's been discussed around the driver premiums, the  
24 ten dollar (\$10) indicated change, so I just -- I just  
25 put that in here. That obviously increases revenue to

1 MPI, so that would decrease the overall revenue that  
2 needs to be collected through -- through the premium.

3           Okay. So, the first issue that we just  
4 want to discuss very briefly, and I think the Board is  
5 aware of this, that -- that the proposed rate change  
6 is not consistent with accepted actuarial practices.

7           The MPI indication, you know, we  
8 believe is -- is consistent with accepted actuarial  
9 practices, that plus 6.15 that was revised upward to  
10 6.77. But -- but the -- the proposed change is 3  
11 percent, which is -- which is not the same as the  
12 actuarial indicated change.

13           So, that just may be an issue for the  
14 Board's consideration in terms of -- of whether that's  
15 consistent with precedent and whether that's  
16 appropriate.

17           Again, in theory, to the extent that  
18 you don't take the change this year, you'll have to  
19 take it next year and is that the right approach to  
20 funding MPI.

21           And -- and obviously you -- you know,  
22 you -- you lose a little bit this year, you lose that  
23 investment income, and it'll deplete the -- deplete  
24 surpluses as well.

25           Okay. So, accident year weights; this

1 is an issue that we talked a little bit more about  
2 last year, and that was mostly because that there were  
3 certain accident years that were getting zero percent  
4 weight, and they -- and to accommodate that, the  
5 experience period was expanded to a six (6) year  
6 period.

7                   This year, very differently, MPI has  
8 just used a 20 percent weight for each of the last  
9 five (5) accident years. Sorry.

10                   And we don't -- we don't necessarily  
11 have an issue with that. We think that's -- that --  
12 we like the idea of using three (3) year -- I'm sorry,  
13 five (5) years as opposed to six (6) years, and -- and  
14 the 20 percent weights are -- are certainly  
15 reasonable.

16                   I think our only comment on this issue  
17 is that we interpreted the guidance in the PUB's  
18 orders applying to the 2024 GRA and not necessarily to  
19 2025 or Future GRAs.

20                   So, you know, while a 20 percent for  
21 each year may be a reasonable default assumption, I'll  
22 -- I'll sort of show you on some coverages where maybe  
23 it's not the best -- maybe it's not always going to be  
24 the most appropriate assumption.

25                   So, I would just suggest that for the

1 future, that it may be -- may be more reasonable to --  
2 to be -- may be -- may be reasonable to have differing  
3 accident years weights as long as there's a logic  
4 behind it.

5

6 (BRIEF PAUSE)

7

8 MR. RAJESH SAHASRABUDDHE: Okay. So,  
9 MPI again has a two (2) step trending process where  
10 estimates are -- we've -- we've already discussed  
11 this. They're adjusted to reflect observe changes in  
12 cost conditions, that's the past trends, and then  
13 they're adjusted further for future changes.

14 The work-from-home adjustment. So, the  
15 current work-from-home adjustment is plus 0.74. So,  
16 it's essentially saying that there is going to be more  
17 driving in 2025 than there was in 2022. MPI is not  
18 proposing any future work-from-home adjustments beyond  
19 that, so 2026 is at the same level as 2025.

20 And for purposes of the financial  
21 forecast, 2028, '29, and '30 are also at the same  
22 level as '25. And we certainly think that's a  
23 reasonable behavior in general.

24 What we've seen across Canada is that  
25 sometime in late 2022, the hybrid work environment

1 sort of stabilized to some degree and that we haven't  
2 seen significant changes since then.

3 Now saying that, I think we're all  
4 reading articles in the news every day about, at least  
5 in the states, Amazon has called all employees back  
6 five (5) days a week. And there's other companies  
7 that are -- that are sort of moving in that direction,  
8 too.

9 So, while we think this is a reasonable  
10 assumption at this point in time, we also are sort of  
11 seeing potentially some changes going into the future.  
12 I think I read this morning a survey from -- from  
13 Global Business Leaders that said -- I don't know  
14 exactly what that means, but they said they expect  
15 that within three (3) years, we'll be back to pre-  
16 COVID level.

17 So, for -- for whatever that's worth,  
18 you know, there is a view that potentially in the not-  
19 too-distant future we will be back to more of a five  
20 (5) day in the office work week, and -- and this is  
21 just something MPI is going to have to react to. But  
22 we -- we do believe that at this point, the 0.74  
23 adjustment seems -- seems reasonable.

24 Okay. So, now I'll be going through  
25 the various trend models. And again, there's a common

1 issue. So, I'm going to try to talk about it in more  
2 detail with the very first one, and then maybe go more  
3 quickly through the rest of the coverages.

4           For each of the coverages I have this  
5 little blue box here, and that just indicates the  
6 percentage of the overall rate that this represents.  
7 So, accident benefits weekly indemnity -- I'm sorry,  
8 percentage of the overall loss costs. I'm sorry, not  
9 the overall rate, the overall loss costs is 7 1/2  
10 percent of overall loss costs.

11           So, it's really just to emphasize the  
12 importance of certain coverages, because I think one  
13 (1) of the reasons why this year you'll see that we're  
14 barely close to the MPI indication is that we really  
15 don't have a significant issue on the largest  
16 coverage, which is collision.

17           But accident benefits is, again, 7.5  
18 percent of the loss costs. And -- and we'll just talk  
19 here now about -- now about more common -- the common  
20 issue that we have with several of the trend models,  
21 and that is the consistency with frequency and the  
22 consistency of the time period over which the  
23 frequency and severity trend models are measured.

24           So, you'll see a series of these  
25 charts. And there's always three (3) panels. There's

1 the frequency at the top, the severity in the middle,  
2 and the loss cost at the bottom.

3           And the -- the lines designate the  
4 period over which the models are fit. So, frequency  
5 at the top, you'll see, starts in 2010, severity in  
6 the middle, starts at 2012. And then you have the  
7 loss costs at the bottom.

8           And our view is that, again, loss costs  
9 are just a combination of frequency and severity. So,  
10 you could have a situation where you have a higher  
11 frequency, and that would be offset by lower severity  
12 and you get sort of the same loss costs.

13           So, it's important in our view that  
14 there could be compelling reasons to having different  
15 -- have -- having different periods for the two (2),  
16 but I think those compelling reasons need to be  
17 identified. And for the most part, we were not able  
18 to identify those issues with the MPI models, and this  
19 accident benefits trend is -- is one (1) example of  
20 that.

21           So, I'm going to -- I -- I use this  
22 analogy a lot, you've probably heard me use it last  
23 year, but this seesaw analogy where these lines,  
24 essentially -- you can think of them as a -- as a  
25 seesaw. And if you move the -- the left side up, the

1 right side moves down, you move the right side up, the  
2 left side moves down.

3                   And the further you are towards the end  
4 of the seesaw, the more force, essentially, you exert  
5 on -- on the seesaw. If you're close to the middle,  
6 you know, you're -- you're not indicating -- you're  
7 not exerting that much force on the seesaw, but if  
8 you're at the very end of it, even a small child will  
9 -- will create movement in the seesaw.

10                   So, if we look at the severity model  
11 there and if we think about what would happen if those  
12 first two (2) points were included, it would shift the  
13 left side up. And then like -- as I said, at that  
14 point, it shifts the right side down.

15                   And so, we'll go through that when I go  
16 -- when I -- when I present our alternative trend  
17 models. But the -- the end points are said to have --  
18 they're said to be high leverage points, so they  
19 create a lot of leverage in -- in the trend line, and  
20 -- and that's sort of the idea there.

21                   So again, our focus is that -- that the  
22 -- the two (2) periods should be consistent because  
23 there are offsetting effects on the two (2). And if  
24 you capture one (1) of the effects and don't capture  
25 the other effect, that can be problematic in -- in

1 measuring costs.

2                   We'll have a series of these charts,  
3 too. I won't go through too many of them in detail  
4 except for I think Comprehensive. I'll -- I'll go  
5 through that one in -- in a little bit more detail,  
6 but you may remember these.

7                   These are essentially the five (5)  
8 years that -- that are part of the experience period,  
9 the 1920. These are the years with the red lines  
10 extending from them.

11                   So, you have the data point. You have  
12 the arrow showing how the data point is adjusted to  
13 2023 cost levels. And, in general, you'll see that  
14 2019 is adjusted downward because people are driving  
15 less post pandemic than they did prior to the  
16 pandemic.

17                   The in pandemic points, the 2020 and  
18 2021 points, are adjusted upward as is -- you know, to  
19 a smaller degree, but the 2022 point is also adjusted  
20 upward because there's less driving in pandemic than  
21 there is post pandemic. And -- and the 20 percent  
22 just sort of shows these are the -- the weights given  
23 to those 5 points.

24                   And -- and that average value then  
25 creates the -- the dotted red line. There's a very

1 small adjustment for work from home to get to the  
2 dotted blue line. And then the future trend  
3 extrapolates that out.

4 So, again, I'm not going to go through  
5 these charts in -- in great detail in -- in most of  
6 these coverages, but I do want to just talk about  
7 accident year weights and -- and this concept of the  
8 20 percent equal weight for every year.

9 If we think about next year, what's  
10 going to happen is that 2019 year will fall off that  
11 five (5) year experience period. And then you'll have  
12 the 2024 year come onto that period.

13 So, when 2019 falls off, that low  
14 point, it'll -- it'll raise the average. And you  
15 could have -- and depending -- if 2024, let's say,  
16 were to be consistent with 2020 -- 2022 and 2023,  
17 right, then you would -- let's see. Okay, so I do  
18 have a mouse here. Sorry.

19 So, if it turned out to be sort of  
20 right in about here, then you could have a situation  
21 where you have 3 points that are roughly consistent.  
22 They're the three (3) most recent points. They're  
23 three (3) post pandemic points. And you have two (2)  
24 older points that are higher but are in pandemic  
25 points that have a lot of adjustment to them.

1                   And that might be the type of situation  
2 where you would de-weight those in pandemic points  
3 because older, they're subject to more uncertainty  
4 because of the pandemic related adjustments, and you  
5 have three (3) recent points that are all pretty  
6 consistent.

7                   So again, not a concern for this year,  
8 but just something to -- to pay attention to for next  
9 year. Again, this is just one (1) coverage, but it's  
10 a little bit dramatic here because the 2019 point is  
11 so low, and that's going to drop out of the average.  
12 So, if you think about that, that's going to push that  
13 red line up.

14                   Okay. So, our recommendation on -- on  
15 the overall -- on -- on the overall model is that, as  
16 I mentioned, the frequency and severity models should  
17 be fit to the -- the same -- same periods. And why  
18 that's concerning is that 2012 is a low point in the  
19 severity data and a high point in the frequency data.  
20 And -- and we'll show you what -- the effects of that  
21 in -- in the following slide.

22                   If we were to use these common models,  
23 the 2010 through 2023 models, the it would result in a  
24 loss cost reduction of 0.79 percentage points -- I'm  
25 sorry, trend reduction of 0.79 percentage points from

1 plus 1.04 percent to plus 0.25 percent.

2                   And, again, here is what happens if you  
3 include 2010. Now you'll see our -- that the -- that  
4 the severity model, that middle panel, sort of extends  
5 back out to 2010. In the prior chart it stopped at  
6 2012.

7                   And -- and those higher points there,  
8 you know, bring up the left side, and then bring down  
9 the right side and reduce the -- reduce the trend  
10 rate.

11                   So, that's why we think it's important  
12 that -- that there's -- that the -- that the periods  
13 be consistent, because if you're capturing the effect  
14 on frequency, then you also want to capture the effect  
15 on severity.

16                   Okay. So, I'll go through a few other  
17 coverages. Again, the points are -- there's a lot of  
18 commonality, so I'll try to go through those quickly.  
19 Again, accident benefits other indexed is --  
20 represents just under 6 percent of the overall loss  
21 costs, so, again, less than -- than what we just  
22 talked about.

23                   And here, again, we see the same issue  
24 with -- with the severity model starting in 2012,  
25 frequency model starting in 2010. Again, not -- not

1 as dramatic difference here in the accident year  
2 weights because we do have -- while 2019 is low --  
3 lower, it's not that dissimilar to 2023 and 2024 --  
4 I'm sorry, 2022 and 2023.

5                   And again, our -- our view is that,  
6 absent compelling reasons, that they should have the  
7 same time period. And if that were to be the case,  
8 the loss cost trend would reduce from plus 0.73 to  
9 plus 0.27.

10                   And -- and here we actually believe  
11 that the -- the common period should start in 2012  
12 because we do see just a slight difference in -- in  
13 the -- in the pattern prior to 2012. You'll see  
14 there's a generally -- on severity, there's a  
15 generally increasing pattern that starts in 2012,  
16 where it was flat for '10, '11, and '12, through that  
17 -- through that period.

18                   And so, we believe that that's more  
19 indicative of the way costs will move. So, our  
20 suggestion here is to have a common period, but  
21 whereas in the prior coverage, it was to extend  
22 severity, here it's to contract the frequency period.

23                   Accident benefits other non-indexed,  
24 which is -- again represents just under 4 percent of  
25 the loss costs. And so, in this coverage, this is the

1 MPI trend model.

2                   So, this one, I'm going to talk a  
3 little bit more about the -- about the forward  
4 projection because you'll -- you'll see what's  
5 happened. The past trend essentially starts at that -  
6 - at that dip.

7                   So, for this -- so, there's three (3)  
8 ways -- I'm sorry, two (2) ways to estimate these  
9 trends. One is to look at frequency and severity  
10 separately and put -- and put the two (2) together to  
11 get loss cost trends. The other way is to use loss  
12 cost trends directly.

13                   For this coverage, MPI uses loss cost  
14 trends directly, and -- and the model starts at a low  
15 point here in 2011. And again is -- again, extending  
16 that seesaw analogy, you have the -- the left side  
17 being pulled down, pulls the right side up.

18                   And again, we -- we acknowledge that  
19 certainly there's some increase in cost pressures  
20 here, but -- but we also potentially see that, you  
21 know, there's some cyclicity in the frequency where  
22 it went up and down. I mean, the cycles aren't large,  
23 but -- but there's a little bit of cyclicity. You  
24 can sort of imagine what that looks like.

25                   And, again, this is -- sorry, this is a

1 relatively small coverage, so it's not going to have a  
2 significant effect. So, it's more just about -- about  
3 the approach itself that -- that we want to talk  
4 about.

5                   And this is what extending out that  
6 past trend period leads to. You'll see, the blue line  
7 has these costs, you know, taking off from these low  
8 levels. And, you know, if we believe that in the  
9 longer term there's a little bit of a cyclical  
10 going up and down and up and down, and then, you know,  
11 potentially start heading down again, then you could  
12 get a, you know, relatively significant overestimation  
13 in trend levels.

14                   So, our -- our view here is that --  
15 that, again, we have the cyclical, that there's a  
16 positive trend since 2020, but it's not clear. That's  
17 just simply the increasing part of the -- of the  
18 cycle, and that -- that severity's actually been  
19 stable other than this onetime increase between 2019  
20 and 2020 -- we'll -- we'll -- I'll demonstrate that on  
21 the next slide -- and -- and that the approach that  
22 MPI used, which was to fit just from -- just at the  
23 very end of that period, from '19 to '23, does not  
24 recognize the frequency cyclical and extrapolates  
25 that severity increase well into the future.

1                   So, this results -- so, our suggestion  
2 -- again, we have something that we -- what we refer  
3 to as a scaler parameter. I'll talk about that in a  
4 minute. But it changes the trend models from the plus  
5 5.74 percent to a minus 4.68 in the past, and then a 3  
6 percent after a trend change. And then there's scaler  
7 adjustment as well.

8                   So -- so, I'm just going to take a  
9 minute to talk about why we have this compound trend  
10 minus 5.68, and then plus three and what the scaler  
11 represents. And I'll do that through this next slide,  
12 which on frequency what we see is -- is that the  
13 frequency was -- was coming down.

14                   There was a -- this is due to the  
15 mobility around the pandemic. And then there was a  
16 trend change which caused it to start increasing. So,  
17 that's what we see on -- on the frequency side.

18                   On severity what we see is there's sort  
19 of this persistent negative trend, but there was just  
20 this -- this onetime increase between '19 and '20 that  
21 sort of popped in, and then it -- it returned really  
22 to the prevailing -- prevailing patterns.

23                   And this-- this -- what we -- this  
24 increase between '19 and '20 is what we refer to the  
25 scaler. So, it's a way to model a onetime increase as

1 opposed to a persistent increase, which is what we  
2 have on frequency.

3                   We're modeling this as a change in the  
4 rate -- in the trend rate from downward to then to  
5 being positive.

6                   Okay, bodily injury. I'm going to just  
7 very briefly touch on this. This is less than 1  
8 percent of -- of your loss costs. I think many --  
9 many provinces throughout Canada would -- are very  
10 jealous of that I'm sure because bodily injury is  
11 driving claims in -- in many other provinces.

12                   But, again, we -- we don't really have  
13 any material issues. We -- we do note that models  
14 beginning in 2010 and 2012 have -- have lower  
15 indicated trend rates than what -- than the MPI  
16 selection. But, again, just given the size of the  
17 coverage, it's just -- it's -- it's just -- again,  
18 they -- they fit a loss cost model here, and it's hard  
19 to see, but 2010 is here and 2012 is here.

20                   So, if they had either started with  
21 this point or started with that point, it would lead  
22 to a lower indication, but given the size of the  
23 coverage, it's just -- it's not a material issue.

24                   Okay, collision. So, again, this is  
25 the biggest reason why -- why our -- our indication

1 really isn't that different where MPI is, and that's  
2 because we really don't have a material issue with the  
3 largest coverage, which is collision.

4           The -- the nice thing about the  
5 collision coverage is that there's a lot of data. You  
6 see the patterns are -- are quite well established,  
7 particularly for severity.

8           You know, frequency's a little bit  
9 tougher because -- because of the pandemic and how  
10 well does the mobility parameter which MPI derives  
11 from Google data -- how well does that exactly align  
12 with driving behavior. You know, that's not 100  
13 percent clear, but -- but, again, severity is -- is  
14 quite well behaved. And -- and, again, we just don't  
15 have any -- we don't have a material issue with this  
16 coverage.

17           Okay, Comprehensive. So, this is the -  
18 - the second largest MPI coverage. And -- and the  
19 data that we have here is excluding hail, so -- so --  
20 but what we do see -- and -- and the MPI model is fit  
21 to loss costs only.

22           And one (1) of the aspects that we look  
23 at for models is this concept of residuals, is the  
24 data consistently above the line or below the line.  
25 And what we see here is we have, you know, 3 points

1 above the line, 2 points below the line, and then 2  
2 points above the line, so it's sort of switching back.

3           You'd generally like to see more  
4 switching, so not consecutive patterns above or -- or  
5 consecutive patterns below the line. So, that's our  
6 primary concern with -- with the -- with Comprehensive  
7 trend model.

8           Again, and -- and one of the things  
9 that happens here, this is -- there's a -- the  
10 accident year weights are relatively consistent; it's  
11 loaded for hail, and then it's projected forward, and  
12 you can see the rate of change, again, for fairly  
13 large coverage here, a significant rate of future --  
14 future change.

15           Okay, so our recommendation is to  
16 recognize that there was a lift in loss costs between  
17 '21 and '22 with a -- with a scaler parameter. And  
18 I'll -- I'll show you that in -- in just a moment.  
19 And this is -- the -- this is -- this is the coverage  
20 where we have a fairly significant reduction in the  
21 loss cost trend, from plus 10.9 -- I'm sorry, 10.2  
22 percent to plus 5.76 percent.

23           Again, if -- if we look at this line,  
24 this is sort of trending costs forward at a 10 percent  
25 rate, whereas -- and -- and that -- and in certain

1 other coverages, MPI did sort of -- did recognize that  
2 future trend -- that -- that future trends may be  
3 different than past trends.

4 But in this case, the resulting future  
5 trend is 10.32 percent, and it's equivalent to the  
6 past trend rate.

7 So -- so, this is our suggested model.  
8 What we believe -- and, again, we -- we see this in --  
9 in provinces throughout the Canada and -- throughout  
10 Canada, and also -- and we -- we also do work for  
11 regulators in the United States, and we see that there  
12 as well.

13 And I think we all sort of recognize  
14 that inflation at this point was a -- was a relatively  
15 -- the higher levels of inflation were somewhat  
16 temporary; they're starting to come down, now, and  
17 were still slightly above the government target of 2  
18 1/2 -- of 2 percent, but is down to about 1 1/2  
19 percent now. And I think there's at least some level  
20 of confidence that -- that we'll be able to get down  
21 to the target rate.

22 But, again, we -- we view the -- the  
23 inflation effect as being temporary and a onetime  
24 effect so -- that should not be extrapolated into the  
25 future. So, there's this -- this jump up. But then

1 there's a -- it returns to a constant level and,  
2 again, a comparison to the -- the MPI model which  
3 models it as just -- just increasing consistently  
4 going forward.

5                   And, you know, again, one (1) of the  
6 reasons why we think this onetime effect is  
7 appropriate is because when you have such a  
8 phenomenon, that's when you get these -- some people  
9 call them residual runs, but a pattern where the --  
10 the data points are one side or the other of the  
11 fitted line.

12                   Okay. So, I'm going to relatively  
13 quickly go through the property damage coverages.  
14 Again, I think the - the general themes here are the  
15 same, that -- that the periods that were used start in  
16 2012 for frequency, in 2013 for severity. And again,  
17 we believe that that's - that they should fit the same  
18 time periods and absent compelling reasons.

19                   And we think that it would be more  
20 reasonable to use 2023 because of the changing pattern  
21 in the severity data before and after 2023, and we see  
22 that here.

23                   If you see the severity data pre-2023  
24 was down here, there's a much more consistent pattern  
25 -- I'm sorry, 2013, prior to 2013 was -- was down here

1 and increasing, but there's been a relatively  
2 consistent pattern here. And then again, with the  
3 higher inflation, it's increased through here.

4 Now, 2023 in this case is a bit of an  
5 outlier point. MPI did not include it in their model  
6 and we think that's appropriate.

7 There's a big jump in cost, but there's  
8 also quite a drop in frequency. So, it's just not a  
9 hundred percent clear what's driving that the way the  
10 loss costs are -- are selected. And it isn't what we  
11 call an immature point, so it's more subject to  
12 change.

13 So, we think that's the right decision  
14 to exclude 2023, but we also think that both of these  
15 should be based on the -- the data form from 2013 to  
16 2022.

17 A third-party deductible transfer.  
18 This represents 2.2 percent of the overall loss costs.  
19 And again, here, the -- the periods are consistent, so  
20 -- so we don't have that issue.

21 We don't have the issue that they're  
22 not over the same period. It's just our view that the  
23 period that should be used should be 2014 and  
24 subsequent because there's a change in the pattern at  
25 that point.

1                   So, if we go back to the MPI model here  
2 and severity, they include these points, right? And  
3 again, you have this pattern of residuals where you  
4 have all of these points below, all of these points  
5 above, and then two (2) points here at the end below.

6                   We think it should have started  
7 here ,and then that way, that - that would sort of  
8 address that issue, but then also move frequency to  
9 the same time period - sorry -- so 2014.

10                  So now you see that again, while we  
11 have these patterns, we think that this is , you know,  
12 much more reasonable. The deviations are quite a bit  
13 smaller, and then the fit works on -- the model works  
14 reasonably well on frequency as well.

15                  Property Damage, Other -- again, this  
16 is a 2 percent coverage, and here the MPI model was  
17 fit to loss costs and with the same -- I'm sorry, from  
18 2010 to 2023.

19                  And - and our recommendation here is to  
20 use 2017 through 2022 to capture the negative  
21 frequency trend that's been emerging since 2017. So,  
22 if we -- if we look here, generally at 2017, it hit a  
23 high point and then it's -- it's generally been  
24 decreasing.

25                  Again, we're not advocating putting

1 this frequency period in or putting this severity  
2 period in because they're -- they're offsetting  
3 effects. And it appears that it could just be noise  
4 because it's an immature period, and let's see how it  
5 plays out.

6 But we believe if we started at 2017,  
7 it'll better capture this negative effect here. And  
8 in the frequency, you see that the MPI model just uses  
9 loss costs and it doesn't quite capture -- you know,  
10 capture essentially what's happening from this high  
11 point down where the costs were coming down. And then  
12 there was a mobility effect and -- and the costs  
13 started t -- again, this is where the frequency is  
14 being offset a little bit by the severity.

15 So that's really it for the - the loss  
16 coverages. Again, the overriding theme is just  
17 consistency of periods between frequency and severity.

18 The remainder of my comments are going  
19 to focus on - on areas where we have less of an issue,  
20 but then I do want to spend some time on DSR. I think  
21 we talked about that to some degree, but -- but I  
22 think it actually has more of an effect than -- than  
23 we may be - may be giving it credit for. So, I'll  
24 talk about that in a moment.

25 So, this relates to HTA counts, and the

1 MPI projection of future counts is at 1.89 percent. I  
2 think I read I think just a couple days ago where the  
3 projection is -- I think that Canada's economy is  
4 going to be the world's fastest growing economy in  
5 2025. I don't know if anyone else read that, but that  
6 could change the HTA growth. So that's just something  
7 to be cognizant of.

8 I think they said Spain this year,  
9 Canada next year I think was the projection, or it  
10 might've been Spain, US, then Canada, but just over  
11 the next few years, I think there's some projection  
12 that the economy here is going to grow faster than the  
13 rest of the world, which again could create more jobs,  
14 more - more driving, and it's just something that MPI  
15 will have to pay attention to, as we know they do.

16 Expenses. So expenses. Again, this is  
17 an area where we don't have significant issues from  
18 MPI. There's two (2) - there's really only two (2) --  
19 just a few areas that represent more than 2 percent of  
20 the required premium, and that's the unallocated  
21 expense, premium taxes and commissions, and operating  
22 expenses.

23 So, I'm going to talk through all four  
24 (4) of those issues sort of one at a time. The first  
25 one is unallocated. There was a change in the way MPI

1 models unallocated expense, and -- and we think that  
2 that's appropriate. It's better aligned with the view  
3 of how expenses will change in the future than - than  
4 the older approach.

5                   And that led to a fairly significant  
6 increase -- I'm sorry, decrease in the unallocated  
7 loss adjustment expense factor. And that's actually  
8 offsetting some of those cost increases that we have  
9 affecting comprehensive and collision coverages as  
10 well as the income replacement coverage.

11                   Operating expenses. Again, we don't  
12 have a significant issue here. It's just -- it's  
13 roughly just under 90 million when we go through the  
14 approach that MPI uses, but -- but we don't have an  
15 issue with that.

16                   Commissions and premium taxes again are  
17 - are relatively stable, and again, we -- we don't --  
18 we don't have an issue with those items either.

19                   So again, no material issues on the  
20 expense side. So again, for the most part, on the  
21 overall rate level, there's just some -- some small  
22 differences related to the way trends are measured  
23 that affect the loss cost piece. But the expense  
24 piece we don't have a significant issue with, and then  
25 the HTA projection, we don't have a significant issue

1 with.

2                   So here we sort of summarize our  
3 alternative assumptions. So, their trend rates in  
4 seven (7) different areas, I tried to cover them  
5 relatively quickly. And that leads to an estimated  
6 required premium -- average required premium of nine  
7 hundred and thirty-five dollars and 80 cents  
8 (\$935.80), which compares to -- again, this is the MPI  
9 indication. The plus six point one five (6.15) gets  
10 to an estimated required premium of nine forty-six  
11 sixty-five (946 65). And of course, the filed rate  
12 change or the requested rate change is -- is less than  
13 that.

14                   And here are how each of those items --  
15 how each of those -- each of the items that we  
16 discussed contribute to the overall impact that --  
17 that we measure.

18                   And again -- oops, sorry about that --  
19 the comprehensive coverage is -- again, that's where  
20 it's the largest coverage and it's where we had the  
21 most significant difference. It is just under one  
22 percentage point or at 0.7 percentage points, and then  
23 you'll see the -- the remaining coverages. There are  
24 a few for which we actually have slightly higher  
25 trends and they increase the claim costs. Okay

1                   So, I did want to just talk about DSR  
2 levels briefly and -- and merit rating because I've  
3 been thinking about this. I was actually -- I had a  
4 thought on the plane on the way out. So, I don't mean  
5 to introduce new evidence, but I -- I will sort of  
6 talk about a potential alternative approach that --  
7 that MPI might consider.

8                   But the primary issue -- and, you know,  
9 I think we've talked about this in the past that --  
10 that the MPI model, they consider this DSR level to be  
11 a numeric variable. So again, that means that -- that  
12 for every unit change in DSR level, there's sort of  
13 the same change in -- in loss costs.

14                   And -- and we don't think of it that  
15 way. We don't think that's how -- that's how they're  
16 defined. We think of it more as a categorical  
17 variable.

18                   So, you know an example -- I think I  
19 gave this example last year, but an example of a  
20 categorical variable is whether you graduate with a  
21 high school degree, an undergraduate degree, or a  
22 graduate degree, you expect incomes to move upward as  
23 -- as the degrees -- as your -- as the degrees  
24 achieved move upward.

25                   But each step isn't exactly the same,

1 and -- and that's really how we view the DSR data,  
2 that it's an ordered categorical variable, meaning the  
3 loss experience gets better as the DSR level rises.  
4 But a move from 18 to 19 isn't the same as 19 to 20  
5 and isn't the same as from 1 to 2 because they're just  
6 -- they're -- they're -- it's just not designed that  
7 way, where it predicts -- predicts the loss cost by --  
8 by movements.

9                   So, I know there were some -- and --  
10 and the other issue that we have is that the -- the  
11 model that MPI uses -- and -- and it's sort of a  
12 related issue, but the model that MPI uses to sort of  
13 smooth the data, so this is the -- the set of charts  
14 on the left, and it's what I'll refer to as an  
15 unweighted linear extrapolation of the data.

16                   And the -- the concern that we have  
17 there is that linear modeling, what it does is it --  
18 it's designed to produce an average error, an average  
19 absolute error, of zero. So, I could -- I could show  
20 you the individual data points, but the -- in that  
21 second panel on the left, if you took all of those  
22 deviations from the red line and added them together  
23 without weights so just every line -- every point  
24 counts the exact same, it would sum to zero.

25                   But what happens is, so the point of

1 the fitting is it tries to -- it -- it tries to manage  
2 those absolute differences between the data points and  
3 zero and tries to minimize that or make sure the sum  
4 is zero.

5                   But the same difference for a plus 20  
6 driver, the same absolute difference for a plus 20  
7 driver, isn't the same as a difference for a minus 10  
8 driver, and that's because the base changes. So, for  
9 a minus 10 driver, I'm going to just -- oops, sorry --  
10 switched to the weighted chart, but you can sort of  
11 see this lines up at -- at about 2.5, and just --  
12 again, just eyeballing it, whereas the plus 20 driver  
13 is closer to 0.5.

14                   So, if we think about a 0.10 error on -  
15 - on those two drivers, it's 20 percent to the plus 20  
16 driver where it's -- trying to do the quick -- quick  
17 math -- about 5 -- no, not even 5, 4 percent to the  
18 plus -- to the minus 10 driver.

19                   So that same error results in a  
20 different -- a different percentage error --  
21 percentage difference in -- in the driver premiums.  
22 And that's essentially what I've tried to do here is  
23 I've tried to show what the percentage differences  
24 are.

25                   And you'll see what's happening is the

1 fitted relativities out in -- out -- out here are  
2 below the indicated data points. So that mean -- that  
3 means that the -- those drivers are paying less of a  
4 premium than -- than they probably should.

5           And the percentage differences are  
6 quite large out here. You'll see that these are sort  
7 of in their -- in the neighborhood of 20 to 40 percent  
8 too low, and -- and then there's some drivers that are  
9 paying 20 to 40 percent too high. And again, the idea  
10 here is because those absolute differences are  
11 minimized as opposed to percentage differences.

12           On the right, I fit what we refer to as  
13 a log linear model, which models percentage  
14 differences. These are the same models that MPI and  
15 that we're proposing on the trend side where we assume  
16 the trend acts on a percentage basis.

17           So, claims will increase at a rate of 5  
18 percent per year, for example. We don't say claims  
19 will increase at -- at fifty dollars (\$50) per year.  
20 We say they'll increase at -- at 5 percent per year.

21           So, this tries to -- this -- this sort  
22 of the -- this doesn't get at the categorical issue,  
23 but at least gets at the idea that you want to  
24 minimize the percentage differences as opposed to the  
25 absolute differences.

1                   And -- and here we still have -- again,  
2 the -- we have these differences, which -- which again  
3 will sum to zero. These differences are smaller, but  
4 we -- now we actually have the plus 20 driver moving  
5 in the -- in the other direction where they're paying  
6 more than -- more than they should.

7                   And this -- and the plus 20 driver  
8 class is the largest class, so -- so I'll talk about  
9 that in a minute. But again, here's just some --  
10 here's the MPI approach. The weakness that we see is  
11 it minimizes absolute differences. It compromise --  
12 compromises the percentage error or with the trade-off  
13 being that the percentage errors is at issue for --  
14 for these classes.

15                   If you were to go to log linear where  
16 we try to get an average zero percentage difference,  
17 that does better in some areas, but now we have a  
18 larger difference for the --for the plus 20 DSR level.  
19 Again, this is unweighted.

20                   I know there were some undertakings to  
21 talk about weighted models, and so I've replicated  
22 these. I actually didn't check whether they -- I -- I  
23 independently calculated them.

24                   I didn't check whether they aligned  
25 with what MPI reported in the undertaking, but same

1 sort of models, but now they're weighted to recognize  
2 that there's more -- that there's more data in that  
3 plus 20 class. That's the largest class.

4           And you'll see now that we -- we sort  
5 of get it -- we get the -- get the model right for  
6 this largest class, basically. I mean, that tends to  
7 work out correctly. But again, now we're -- we're  
8 having -- you know, having problems at the -- at the  
9 other end, you know, especially out here, but it  
10 looks, you know, much more reasonable relative to the  
11 original model, which was unweighted.

12           Then if we go to a weighted log linear  
13 model, again, here the percentage differences sort of  
14 work out the same, but just because the -- the data  
15 isn't indicating the same percentage change by DSR  
16 level, the -- the model sort of deviates from the fit  
17 right here and -- and creates much -- creates a  
18 problem for the -- you know, the minus 20 or the minus  
19 10 to minus 20 DSR levels. And again, here, now we  
20 have the plus 20s paying -- paying more.

21           So, at a high level -- this is a  
22 complicated problem, so I guess that's what I  
23 partially want to leave you with that -- that it's --  
24 it's hard to get it right for all of the levels.

25           We think that -- that going to the GLM

1 approach is really where -- and I think MPI is trying  
2 to get there, but that should solve many of these  
3 problems. But just one thought I had, as I -- as I  
4 said, as I was flying out, I just thought about this.  
5 And I said, well, let me -- and I do apologize. It's  
6 new evidence, but I just want to put it in here so you  
7 have it.

8 I'm happy to answer questions about it  
9 later, but there's something called the LOESS  
10 smoother, and that doesn't restrict -- that doesn't  
11 restrict a particular model form. It just sort of  
12 smooths between the data points.

13 And I sort of think that that will  
14 recognize that it's -- that the -- the data is more  
15 categorical than numerical. And -- and we think that  
16 that's important because now, because it doesn't have  
17 to change at a constant rate, the -- the fitted model,  
18 it'll -- it'll sort of capture that effect.

19 And so, I did fit the LOESS model to  
20 the data. We still have this issue with DSR 20,  
21 though, so it's not -- it doesn't sort of solve that  
22 issue, but I think it gets the rest of it sort of  
23 mostly right.

24 So, I would just encourage potentially  
25 -- and I'm -- again, I'm happy to provide the code if

1 -- to MPI if they'd like it -- the -- the LOESS model  
2 with potentially just sort of a manual adjustment for  
3 DSR 20. I -- I just don't know what else to do, but  
4 that is the largest class, and I think we just -- it's  
5 the largest class.

6                   They're the best drivers. You don't  
7 want to charge them too much, but -- but you do want a  
8 model that's fair. So that was sort of just again  
9 something that -- that I thought about on the flight  
10 out.

11                   Okay. The final item that I'll just  
12 talk about is prior period runoff. And again, this  
13 will be relatively short because again, we -- we just  
14 see that the runoff has been, you know, pretty  
15 consistent between the 2024 and the 2025 GRAs and the  
16 and the -- and that the mature accident years remain  
17 within a -- you know, within -- within reasonable  
18 range here.

19                   So again, we don't -- we don't have too  
20 many comments on this. And then somehow my all --the  
21 all capitals that our company uses got switched to --  
22 to lowercase. So, some of the -- some of the cases  
23 might be off.

24                   But I will mention we have my biography  
25 and -- and Mr. Chan's biography included in the

1 presentation. You may remember Paula Elliot who's  
2 assisted me on prior reviews. She -- she retired at  
3 age 68 in -- in September, so we wish her well in her  
4 retirement. She did help on some of the early stages  
5 of this review when it came in July, but -- but she  
6 certainly wasn't around for the -- for the later  
7 stages of the review.

8                               So those are all my comments, I think  
9 just over an hour, So I think that's better than I did  
10 last year.

11                            PANEL CHAIRPERSON:    Thank you.  
12 Mr. Klassen...?

13

14 CONTINUED BY MR. CHRIS KLASSEN:

15                            MR. CHRIS KLASSEN:    Thank you, Madam  
16 Chair, and thank you to Mr. Sahasrabuddhe.

17                            I do have, I think at this point, just  
18 one question for you, sir. And if Ms. Schubert- --  
19 actually not Ms. Schubert, if you could take us to  
20 slide 16 of your presentation.

21

22   (BRIEF PAUSE)

23

24                            MR. RAJESH SAHASRABUDDHE:   Looks like  
25 I have to go one by one. Maybe one of these buttons.

1

2

(BRIEF PAUSE)

3

4

MR. RAJESH SAHASRABUDDHE: Yes.

5

MR. CHRIS KLASSEN: Sure. Here we  
6 are. Thank you. And I recall hearing during your  
7 presentation, sir, that -- sir, that you -- you noted  
8 that it's Oliver Wyman's view that MPI's approach is  
9 consistent with accepted actuarial practice, but that  
10 you're still recommending changes in your evidence.

11 And I'm wondering if you can provide a  
12 little bit of a clarifying explanation on -- on that  
13 point.

14

MR. RAJESH SAHASRABUDDHE: Sure. So  
15 accepted actuarial practices is essentially -- well,  
16 it is defined by the Canadian Institute of Actuaries  
17 Actuarial Standards of Practice, and those -- those  
18 practices do allow for judgment.

19

And again, we -- while that doesn't  
20 necessarily mean that -- that we believe that their  
21 judgment is correct in all situations, which is again  
22 why we have some alternatives, but they are -- but --  
23 but it's prepared in accordance with -- with the  
24 standards of practice in consideration of the  
25 allowance for judgments.

1                   So that's why you could have  
2 alternative indications that are both consistent with  
3 accepted actuarial practices. At some point, the  
4 Board will -- will need to review the alternative  
5 judgments employed by MPI and that we suggest and that  
6 potentially other Interveners suggest to -- to develop  
7 the final rate -- the final approved rate level.

8                   MR. CHRIS KLASSEN: Thank you, sir.  
9 That's very helpful.

10                  Madam Chair, that concludes Mr.  
11 Sahasrabuddhe's direct evidence. We'll gladly take  
12 questions from other parties at this point, unless  
13 you'd prefer to take the morning break first.

14                  PANEL CHAIRPERSON: I'll ask Mr.  
15 Guerra whether he'd like to start now and find some  
16 appropriate time to break in -- probably around 10:30  
17 or so. Will that work for you, or would you prefer to  
18 break now and come back --

19                  MR. ANTHONY GUERRA: Madam Chair --

20                  PANEL CHAIRPERSON: -- with your  
21 cross?

22                  MR. ANTHONY GUERRA: Yes. Madam  
23 Chair, I believe I can complete my cross, obviously  
24 subject to the responses received, by 10:30, so I'm  
25 happy to start now.

1 PANEL CHAIRPERSON: Please do. Thank  
2 you.

3 MR. CHRIS KLASSEN: And if I might  
4 interject with one suggestion, it might be more  
5 efficient for Ms. Schubert to control the slides now  
6 rather than Mr. Sahasrabuddhe doing so through  
7 Microsoft TEAMS. Thank you.

8 MR. ANTHONY GUERRA: Thank you. And  
9 is this -- is this CAC Exhibit number 10? Is that --

10 MR. CHRIS KLASSEN: Yes, and I thank  
11 My Friend for that suggestion. That was one omission  
12 from my comments earlier, Madam Chair. This will be  
13 entered as Exhibit CAC--10.

14 PANEL CHAIRPERSON: Thank you.

15

16 --- EXHIBIT NO. CAC-10: Presentation by Mr.

17 Rajesh Sahasrabuddhe

18

19 CROSS-EXAMINATION BY MR. ANTHONY GUERRA:

20 MR. ANTHONY GUERRA: Thank you, and  
21 good morning, Mr. Sahasrabuddhe. Thank you for your  
22 participation again in this Rate Application this  
23 year, and I will be taking you through a couple of  
24 your slides from this morning's presentation.

25 But if -- if I've asked a question in a

1 way, that is perhaps too simplistic for this exercise,  
2 please let me know and I'm happy to -- to rephrase or  
3 to ask the question in a way that hopefully will allow  
4 you to respond.

5                   If we can -- Ms. Schubert, if we can go  
6 to slide number 6 of the presentation, please.

7                   And Mr. Sahasrabuddhe, you'll agree  
8 that this is a slide that depicts the differences  
9 between the AAP rate as determined by MPI's actuaries,  
10 the applied-for rate, the Oliver Wyman alternative AAP  
11 rate indication, the October updated MPI AAP rate, and  
12 ultimately the PUB approved rate for the 2024 General  
13 Rate Application and the 2025 General -- General Rate  
14 Application?

15                   MR. RAJESH SAHASRABUDDHE: Yes, I do.

16                   MR. ANTHONY GUERRA: Okay. And just a  
17 couple of clarifications here. So, when we review the  
18 first line, line-item 'A', we see the words, "MPI  
19 overall indicated rate -- required rate change."

20                   Do you see that, sir?

21                   MR. RAJESH SAHASRABUDDHE: I do.

22                   MR. ANTHONY GUERRA: And so, this  
23 refers to the MPI rate indication determined in  
24 accordance with accepted actual practice, correct?

25                   MR. RAJESH SAHASRABUDDHE: Yes.

1 MR. ANTHONY GUERRA: And so, for the  
2 2024 GRA, you'll agree with me, sir, that the MPI AAP  
3 from the initial filing was a negative 0.13 percent?

4 MR. RAJESH SAHASRABUDDHE: Yes.

5 MR. ANTHONY GUERRA: And for this  
6 year, the MPI initial AAP-determined rate is a 6.15  
7 percent?

8 MR. RAJESH SAHASRABUDDHE: Yes.

9 MR. ANTHONY GUERRA: And then the  
10 second line, line item 'B', refers to what MPI  
11 actually applied for in the rate -- in the General  
12 Rate Application, correct?

13 MR. RAJESH SAHASRABUDDHE: Yes.

14 MR. ANTHONY GUERRA: And so, for the  
15 2024 GRA, MPI applied for a zero percent, correct?

16 MR. RAJESH SAHASRABUDDHE: Yes.

17 MR. ANTHONY GUERRA: And this year MPI  
18 applied for a 3 percent rate indication, correct?

19 MR. RAJESH SAHASRABUDDHE: Yes.

20 MR. ANTHONY GUERRA: And in each case,  
21 you'll agree with me, sir, that the rate -- that the  
22 rate applied for by MPI was not the same as the  
23 initial MPI APP indicated rate.

24 MR. RAJESH SAHASRABUDDHE: Correct.

25 They're not exactly the same.

1 MR. ANTHONY GUERRA: Thank you. And  
2 in terms of the third line, line item 'C', we have the  
3 Oliver Wyman alternative rate indication.

4 You see that, sir?

5 MR. RAJESH SAHASRABUDDHE: I do.

6 MR. ANTHONY GUERRA: And this is the  
7 Oliver Wyman AAP rate indication, correct?

8 MR. RAJESH SAHASRABUDDHE: Yes.

9 MR. ANTHONY GUERRA: And for last  
10 year, the 2024 GRA, that rate was a negative 3.58  
11 percent?

12 MR. RAJESH SAHASRABUDDHE: Yes.

13 MR. ANTHONY GUERRA: And this year,  
14 it's a plus 4.93 percent?

15 MR. RAJESH SAHASRABUDDHE: Correct.

16 MR. ANTHONY GUERRA: And you'll agree  
17 with me, sir, that in each case, the Oliver Wyman AAP  
18 rate indication is lower than the initial MPI AAP rate  
19 indication for --

20 MR. RAJESH SAHASRABUDDHE: Yes.

21 MR. ANTHONY GUERRA: -- sorry, for  
22 2024 and 2025 GRAs?

23 MR. RAJESH SAHASRABUDDHE: Yes, I do.

24 MR. ANTHONY GUERRA: And the fourth  
25 line which is line item 'D' is the MPI rate indication

1 from the October update.

2 And you'll agree with me, sir, that  
3 that would be adjusting the initial AAP rate  
4 indication from line item 'A' with certain adjustments  
5 from -- from October -- sorry, certain adjustments to  
6 August 31st of that specific year that is presented to  
7 the PUB in October of each year, correct?

8 MR. RAJESH SAHASRABUDDHE: Yes. My  
9 understanding is those adjustments are limited to the  
10 investment income rate, but yes.

11 MR. ANTHONY GUERRA: So, they wouldn't  
12 include things like updating the -- the claims  
13 forecasting, correct?

14 MR. RAJESH SAHASRABUDDHE: That is my  
15 understanding, yes.

16 MR. ANTHONY GUERRA: Okay. And you'll  
17 agree with me, sir, that in the case of both the 2024  
18 GRA and the 2025 GRA, the MPI October updated rate is  
19 still higher than the Oliver Wyman alternative rate  
20 indication, correct?

21 MR. RAJESH SAHASRABUDDHE: Yes, that's  
22 correct.

23 MR. ANTHONY GUERRA: And in the case  
24 of the 2025 GRA, you'll agree with me, sir, that the  
25 difference between the Oliver Wyman alternative rate

1 indication and the MPI rate indication from the  
2 October update is a 1.84 percent. And so, what I'm  
3 taking here is the 6.77 percent and subtracting the  
4 4.93 percent to get 1.84 percent.

5 MR. RAJESH SAHASRABUDDHE: That's  
6 correct. However, I don't think the two (2) numbers  
7 are comparable in that we take into account the update  
8 on the interest rate forecasts, so we don't -- we  
9 don't have all the details to adjust our model for the  
10 -- for the MPI change in October. So, the differences  
11 you calculated is correct, but -- but the -- the two  
12 (2) numbers aren't directly comparable.

13 MR. ANTHONY GUERRA: Okay, and that's  
14 a fair comment. So, what you're saying is that the  
15 Oliver Wyman alternative indication doesn't take into  
16 consideration the adjustments that MPI makes and  
17 includes into its rate that it -- it files with the  
18 PUB in October, correct?

19 MR. RAJESH SAHASRABUDDHE: That's  
20 correct. We would generally expect our indication to  
21 move in the same direct -- certainly in the same  
22 direction and by a similar magnitude.

23 MR. ANTHONY GUERRA: So, is that  
24 another way of saying, sir, that if Oliver Wyman had  
25 updated its rate indication based upon the same

1 material that MPI updated its rate indication on in  
2 October, that that 4.93 percent would be higher?

3 MR. RAJESH SAHASRABUDDHE: Yes.

4 MR. ANTHONY GUERRA: But comparing the  
5 two (2) numbers, the 6.77 percent from MPI versus the  
6 4.93 percent from Oliver Wyman, you'd agree with me,  
7 sir, that that difference is approximately 1.84  
8 percent?

9 MR. RAJESH SAHASRABUDDHE: Yes, I do.

10 MR. ANTHONY GUERRA: And using very  
11 rough math -- I believe Mr. Kolaski said last year  
12 'lawyer math', which I will not take offense to in  
13 this particular context -- that the difference between  
14 those two (2) rates, the 1.84 percent, roughly equals  
15 about \$20 million in terms of actual revenue --

16 MR. RAJESH SAHASRABUDDHE: Yes.

17 MR. ANTHONY GUERRA: -- subject to  
18 check?

19 MR. RAJESH SAHASRABUDDHE: Yeah.

20 MR. ANTHONY GUERRA: Thank you. And  
21 if -- you'll agree with me, sir, that the difference  
22 between the rate requested by MPI this year -- that's  
23 the 3 percent -- versus the 4.93 percent alternative  
24 rate indication for Oliver Wyman is -- is 1.93  
25 percent?

1 MR. RAJESH SAHASRABUDDHE: Yes.

2 MR. ANTHONY GUERRA: And again, in  
3 terms of real dollars, that's again approximately \$20  
4 million?

5 MR. RAJESH SAHASRABUDDHE: Yes.

6 MR. ANTHONY GUERRA: In other words,  
7 the recommendation from Oliver Wyman based upon its  
8 alternative rate indication is that MPI should be  
9 requesting an additional approximately \$20 million  
10 than it's actually requesting?

11 MR. RAJESH SAHASRABUDDHE: Well, we --  
12 we would -- the process is designed to take into  
13 account investment income through -- through August.  
14 Then we would suggest that you wouldn't use our 4.93  
15 percent, but our 4.93 percent adjusted for the  
16 investment income assumption that -- that MPI makes in  
17 -- with the October update.

18 MR. ANTHONY GUERRA: And as we  
19 discussed previously, that would be a higher rate  
20 indication than the 4.93.

21 So, would it be fair to say that the  
22 Oliver Wyman recommendation based upon what we just  
23 discussed today would be that MPI should be requesting  
24 more than \$20 million -- in -- in other words, the  
25 difference between the 3 percent and the Oliver Wyman

1 updated rate to October?

2 MR. RAJESH SAHASRABUDDHE: Yes,  
3 correct. The -- the difference would be more than \$20  
4 million.

5 MR. ANTHONY GUERRA: If I can take you  
6 to slide number 16, please, Ms. Schubert. So this  
7 slide I understand is discussing the topic of accepted  
8 actuarial practices.

9 And do you recall your testimony from  
10 this morning on this point?

11 MR. RAJESH SAHASRABUDDHE: I do.

12 MR. ANTHONY GUERRA: And I'd like to  
13 specifically narrow in on the conversation about the  
14 findings and conclusions. And so, I see two (2)  
15 bullet points on the far right-hand corner of the  
16 slide, the first one reading:

17 "The MPI request for a rate change  
18 less than MPI's indicated rate  
19 change increases the risk of a  
20 premium deficiency."

21 Do you see that, sir?

22 MR. RAJESH SAHASRABUDDHE: I do.

23 MR. ANTHONY GUERRA: And so, would you  
24 agree with me, sir, that based upon the review  
25 conducted by Oliver Wyman, that if the PUB were to

1 approve the AAP rate presented by MPI in the October  
2 update of six point seven seven (6.77) that there  
3 would be a risk that -- not of premium deficiency, but  
4 -- but collecting too much premium from rate payers,  
5 correct?

6 MR. RAJESH SAHASRABUDDHE: No, I  
7 wouldn't -- oh, relative to our indication, yeah.  
8 Yes.

9 MR. ANTHONY GUERRA: Correct.

10 MR. RAJESH SAHASRABUDDHE: Yes.

11 MR. ANTHONY GUERRA: And in this  
12 particular situation, the Oliver Wyman alternative  
13 rate indication is lower than the MPI rate indication  
14 from October, and therefore, if -- if the PUB were --  
15 were to not accept the Oliver Wyman rate and prefer  
16 the MPI rate, there is still the -- the likelihood  
17 that the collected amount would be higher than what  
18 MPI would need based upon the Oliver Wyman  
19 indications, correct?

20 MR. RAJESH SAHASRABUDDHE: Yes.

21 MR. ANTHONY GUERRA: And sorry, Ms.  
22 Schubert, I'm going to ask you to jump around here.  
23 Can I ask you to go back to slide 6, please?

24 And going back to line E of the slide  
25 here, we see the MPI approved rate change. And you

1 agree with me, sir, that that's actually the PUB  
2 approved rate change, correct?

3 MR. RAJESH SAHASRABUDDHE: Yes.

4 MR. ANTHONY GUERRA: And that's fine.  
5 But in the 2024 GRA, the indication is that the PUB-  
6 approved rate change was a negative 5 percent,  
7 correct?

8 MR. RAJESH SAHASRABUDDHE: Yes.

9 MR. ANTHONY GUERRA: And you agree  
10 with me, sir, that that negative 5 percent is not only  
11 lower than the MPI AAP rate indication from both the  
12 initial filing and the October filing, but is also  
13 lower than the Oliver Wyman alternative indication  
14 based upon its own AAP methodologies, correct?

15 MR. RAJESH SAHASRABUDDHE: Well, if we  
16 assume, as I mentioned, a similar --directionally the  
17 same and similar in magnitude adjustment, So the  
18 difference between 'A' and 'D' there is -- is roughly  
19 1.35 points.

20 So, if we were to add that to our minus  
21 3.58 points, you know, you would essentially get to  
22 minus 4.95 or so, very close to the minus 5 percent.  
23 So, in our view, it would be -- you know, there's --  
24 the difference there is quite small.

25 MR. ANTHONY GUERRA: Okay. And -- but

1 you agree with me, sir, that in the case of the  
2 negative 5 percent, the PUB didn't accept either the  
3 MPI AAP rate indication, nor did it accept the Oliver  
4 Wyman AAP rate indication, correct?

5 MR. RAJESH SAHASRABUDDHE: I think the  
6 -- I read through the decision ,and the decision was  
7 predicated on -- on various assumptions that the PUB  
8 recommended that MPI adopt.

9 All of those assumptions in my view  
10 were -- were consistent with accepted actuarial  
11 practice. So essentially, it was a rate indication  
12 consistent with accepted actuarial practice that just  
13 differed slightly from that put forward by either MPI  
14 or Oliver Wyman.

15 MR. ANTHONY GUERRA: Okay. In other  
16 words, the PEB accepted rate indication based upon an  
17 AAP methodology that it preferred?

18 MR. RAJESH SAHASRABUDDHE: Correct.

19 MR. ANTHONY GUERRA: If we can go to  
20 slides 18, please -- or slide 18, please.

21 And so, sir, you referred to this slide  
22 in terms of raising a concern about the selection of  
23 accident year weights for this year compared to last  
24 year.

25 And I believe your evidence was that

1 there wasn't a material concern, but there was a  
2 concern that perhaps MPI had misinterpreted the  
3 Board's Order from last year and didn't necessarily  
4 consider whether or not there should be changes to the  
5 accident weights for the current -- the current rating  
6 year, correct?

7 MR. RAJESH SAHASRABUDDHE: I don't  
8 know if -- if our concern was that MPI misinterpret  
9 misinterpreted those -- misinterpreted the -- the  
10 Board Order from last year. Our concern was more that  
11 -- that maybe we had a different interpretation, not  
12 that necessarily that one side was interpreting it  
13 differently than the other.

14 MPI appears to have interpreted it as  
15 this is what we should use going forward. Our -- our  
16 view was that, when -- that when I read the Order,  
17 that didn't come through to me that it was sort of --  
18 that it was focussed on the 2024 GRA and that  
19 potentially future GRAs weren't subject to that same  
20 20 percent weighting.

21 And I -- I tried to provide evidence to  
22 the Board as to why that might create problems in the  
23 future if MPI felt restricted that they needed to use  
24 20 percent for each of the five (5) years in their  
25 experience period.

1 MR. ANTHONY GUERRA: In other words,  
2 would it be helpful for you, sir, as an actuary  
3 reviewing the orders from the PUB, to have some  
4 clarity in terms of when a methodology would be  
5 specific to a particular rating year and when it  
6 should be used as a basis for a future application?

7 MR. RAJESH SAHASRABUDDHE: Yeah. Yes,  
8 it would certainly be helpful to -- to me. I suspect  
9 would be more helpful to MPI.

10 MR. ANTHONY GUERRA: And in terms of  
11 the accident year weights that we see on this screen,  
12 Oliver Wyman isn't recommending different accident  
13 year weights for this particular rating period,  
14 correct?

15 MR. RAJESH SAHASRABUDDHE: We are not  
16 for this GRA.

17 MR. ANTHONY GUERRA: And in the last  
18 GRA, will you recall, sir, that the accident year  
19 weights that were proposed by both MPI and Oliver  
20 Wyman were not accepted by the PUB?

21 MR. RAJESH SAHASRABUDDHE: Yes. I  
22 accept that, yes.

23 MR. ANTHONY GUERRA: Ms. Schubert, if  
24 we can go to slide 48, please.

25 So, on this slide, I believe your

1 evidence was that one of the most important takeaways  
2 from your presentation was that there should be some  
3 consistency in the time period selected by MPI when it  
4 pertains to frequency and severity trends.

5 Is that correct?

6 MR. RAJESH SAHASRABUDDHE: Yes. When  
7 frequency and severity trends are selected  
8 independently, that, absent compelling evidence  
9 otherwise -- so again, we don't -- I don't mean to  
10 convey that it's a hard and fast rule, but the default  
11 assumption should be that the time periods are the  
12 same, and then there should be a rationale for why  
13 they aren't the same.

14 MR. ANTHONY GUERRA: And -- and, sir,  
15 in terms of how the PUB might approach this situation  
16 this year and perhaps going forward, given that we may  
17 see a situation where the PUB agrees with your  
18 evidence and -- and then does order trends based upon  
19 a selection of a consistent time period between the  
20 severity and frequency trends, you'd agree, sir, that  
21 it wouldn't be prudent in that situation to then  
22 direct MPI to apply that methodology going forward  
23 without having consideration to whether or not there  
24 is material factors that would suggest a move away  
25 from the selection of the same trend for each?

1 MR. RAJESH SAHASRABUDDHE: Yes, I'd  
2 agree with that. Again, I would suggest that MPI  
3 should document the rationale for -- for not having --  
4 for not using consistent periods and why it's  
5 appropriate in that case.

6

7 (BRIEF PAUSE)

8

9 MR. ANTHONY GUERRA: One moment,  
10 please.

11

12 (BRIEF PAUSE)

13

14 MR. ANTHONY GUERRA: Thank you, sir.  
15 I have no further questions.

16 PANEL CHAIRPERSON: Thank you, Mr.  
17 Guerra. We'll take the morning break now. It is  
18 10:23. Can we come back at, sorry, 11 -- no, it's the  
19 time change -- 10:45 -- no, sorry, 10:10

20

21 --- Upon recessing at 10:23 a.m.

22 --- Upon resuming at 10:41 a.m.

23

24 PANEL CHAIRPERSON: Thank you. Ms.  
25 Moore...?

1

2 CROSS-EXAMINATION BY MS. KARA MOORE:

3 MS. KARA MOORE: Good morning. And  
4 welcome back, Mr. Sahasrabuddhe. My name is Kara  
5 Moore, and I'm Counsel to the Public Utilities Board  
6 and have maybe thirty (30) minutes of questions for  
7 you --

8 MR. RAJESH SAHASRABUDDHE: Okay.

9 MS. KARA MOORE: -- this morning. So,  
10 we'll jump right in.

11 If we could start, Ms. Schubert, by  
12 reviewing Information Request PUB/CAC-1-1. And if you  
13 could scroll down to the question, please, 1A -- or  
14 just 'A' rather.

15 Oliver Wyman was asked to indicate what  
16 the loss cost represents in tables 6 through 14 of its  
17 evidence and to provide a source for each entry in  
18 each table.

19 You see that?

20 MR. RAJESH SAHASRABUDDHE: I do.

21 MS. KARA MOORE: And the response  
22 that was provided at 'A' was that the loss costs are  
23 the ratio of discounted claims costs divided by  
24 expected HTA units, correct?

25 MR. RAJESH SAHASRABUDDHE: Correct.

1 MS. KARA MOORE: And just for -- for  
2 reference, HTA refers to vehicles that are subject to  
3 the Highway Traffic Act.

4 Is that right?

5 MR. RAJESH SAHASRABUDDHE: Yes,  
6 that's --

7 MS. KARA MOORE: Yeah. If we could --  
8 or sorry. And if we scroll down on this response a  
9 bit, the references to the discounted costs were from  
10 figure RI one in the 2024 GRA and RI 2 in the 2025  
11 GRA, correct?

12 MR. RAJESH SAHASRABUDDHE: That's  
13 correct.

14 MS. KARA MOORE: Thank you. And the  
15 amounts referenced were for the 2024 GRA one million  
16 two hundred and eighty thousand three hundred and  
17 thirty-three (1,280,333) units, correct?

18 MR. RAJESH SAHASRABUDDHE: Yes.

19 MS. KARA MOORE: And for the 2025 GRA  
20 one million three hundred and twenty-one thousand  
21 three hundred and thirty-six (1,321,336) units?

22 MR. RAJESH SAHASRABUDDHE: That's  
23 correct, yes.

24 MS. KARA MOORE: And, Ms. Schubert, if  
25 you could now pull up figure RI 12 from the 2025 GRA.

1 Thank you.

2                   And we can see that that number I just  
3 read, one million three hundred and twenty-one  
4 thousand three hundred and thirty-six (1,321,336)  
5 units, includes all vehicle types?

6                   MR. RAJESH SAHASRABUDDHE:    Yes.

7                   MS. KARA MOORE:    Are you aware that  
8 the last two columns of this table in RI 12 are not  
9 Highway Traffic Act vehicles?

10                  MR. RAJESH SAHASRABUDDHE:   Yes, I am  
11 aware of that.

12                  MS. KARA MOORE:    Okay. So, just to  
13 confirm, the total HTA would normally be based off of  
14 the first four; private passenger, commercial, public,  
15 and motorcycle?

16                  MR. RAJESH SAHASRABUDDHE:   Yes.

17                  MS. KARA MOORE:    But just to confirm,  
18 Oliver Wyman is using all units, HTA and non HTA.

19                                Is that correct?

20                  MR. RAJESH SAHASRABUDDHE:   Oh, I'm  
21 sorry. I was -- I was aware that the trailers and  
22 off-road vehicles were treated differently. We just  
23 focused on the overall cost level.

24                                Again, when allocating the rate to  
25 these different vehicle classes, we tend to leave that

1 -- you know, given time limitations and the rest and  
2 that the Taxi Association and the Motorcycle  
3 Association have their own actuaries, we -- we tend to  
4 leave that part of the class ratemaking to -- you  
5 know, to those Interveners.

6 So, we just focus on the overall  
7 column, the overall costs over the overall HTA units  
8 and -- and don't necessarily get into that nuance that  
9 you mentioned.

10 MS. KARA MOORE: Understood. I just  
11 wanted to clarify because in the response to that  
12 Information Request that I had previously pulled up,  
13 the -- the response was that the loss costs where the  
14 ratio of the discounted claims cost divided by the  
15 HTA. But then the numbers that you refer to, I don't  
16 think are the HTA units --

17 MR. RAJESH SAHASRABUDDHE: Thank you.

18 MS. KARA MOORE: -- they're all units.  
19 Is that correct?

20 MR. RAJESH SAHASRABUDDHE: Yeah, I'll  
21 accept that, Yes. It's possible that we --

22 MS. KARA MOORE: Sure. Okay. I just  
23 wanted to clarify that.

24 MR. RAJESH SAHASRABUDDHE: -- that we  
25 have that. It -- it sounds like we -- we don't use

1 that right definition on that.

2 MS. KARA MOORE: Okay. Yeah, no  
3 problem. Thank you for that clarification. If we  
4 could pull up CAC Exhibit 8.

5 This is the evidence that was filed on  
6 behalf of Oliver Wyman, correct?

7 MR. RAJESH SAHASRABUDDHE: Yes, that's  
8 correct.

9 MS. KARA MOORE: Thank you. And if we  
10 could go to page 24, please, Ms. Schubert, at the  
11 bottom of the page under the 'Findings and  
12 conclusion'. I'll read this into the record.

13 "The evidence indicates the  
14 historical Comprehensive loss cost  
15 data appears to show a lift in cost  
16 level between 2021 and 2022, which  
17 is likely associated with the rise  
18 of inflation.

19 There may also be some effects due  
20 to the onetime adjustment from the  
21 CERP deductible increase in October,  
22 2021 as well. We suggest accounting  
23 for the 2022 increase through an  
24 additional scaler parameter in the  
25 model is more reasonable."

1                   You see that, Where I've read that?

2                   MR. RAJESH SAHASRABUDDHE:    I do.

3                   MS. KARA MOORE:     And this one (2) year  
4 increase that you refer to -- I can bring you to a  
5 reference if you -- if you'd like -- it's about 27.2  
6 percent?  Would you like --

7                   MR. RAJESH SAHASRABUDDHE:    Can we  
8 scroll to the next page.  I can probably -- I'll see  
9 it.  All the way down, please.  Okay.

10                   So, yeah, I'll accept that.  That's the  
11 exponentiation of that 0.229, which 27.8 percent  
12 sounds about right.

13                   MS. KARA MOORE:     Sure.  Thank you.  
14 Does Oliver Wyman have any estimates of the increase  
15 in Comprehensive claims costs for other jurisdictions  
16 in Canada or the United States that may indicate a  
17 similar or different increase in lost costs during  
18 that period?

19                   MR. RAJESH SAHASRABUDDHE:    So, we --  
20 as I said, we do work in every province in Canada and  
21 many states in the -- in the US.  We -- well, we -- we  
22 see this very commonly, this onetime increase.  The --  
23 the magnitude of the increase; it's not as if we've  
24 tracked it and I have a spreadsheet that sort of says,  
25 well, in Alberta, it's 'X' and Ontario it's 'Y'.

1                   Our reports in Alberta, Ontario  
2 Newfoundland, and Nova Scotia are public, so -- so we  
3 could look those up. But -- so, I don't know how  
4 consistent it's with the 27 percent. My -- my big  
5 recollection is we're probably not that far off in  
6 other provinces, but -- but is it exactly 27 percent,  
7 that -- that I certainly couldn't testify to today.

8                   MS. KARA MOORE:    Okay. No problem.  
9 Ms. Schubert, if we could now go to figure 12 of CAC  
10 Exhibit 8. It's on page 21. Oh, yeah. And you're  
11 there.

12                   So, just to confirm, collision coverage  
13 had a frequency trend coefficient of negative 0.016  
14 based on 2010 to 2022, incorporating a mobility factor  
15 of 0.008.

16                   That's accurate?

17                   MR. RAJESH SAHASRABUDDHE:    The  
18 mobility coefficient of 0.008, but yes, that's  
19 correct.

20                   MS. KARA MOORE:    Sure. And if we  
21 could turn now to PUB/CAC-1-4.

22                   So, I'll just have you review the  
23 question to yourself. And I'll have a follow-up for  
24 you.

25                   MR. RAJESH SAHASRABUDDHE:    Please

1 scroll up there to the preamble, please, just so I can  
2 see that. Okay.

3 MS. KARA MOORE: So, essentially,  
4 without going back and forth with all the questions  
5 and answers, an alternative approach was presented.  
6 And as part of question C, Oliver Wyman was asked for  
7 its comments regarding this alternative approach.

8 Is that a fair summary?

9 MR. RAJESH SAHASRABUDDHE: Yes.

10 MS. KARA MOORE: And so, if we look at  
11 your response to 'C', the last paragraph, please,  
12 again, I'll read this into the record.

13 "When considering the data available  
14 for each individual coverage, we  
15 believe there is sufficient  
16 credibility within the data to  
17 select trends directly and view this  
18 method as a good way to assess and  
19 confirm the reasonability of the  
20 selected trends."

21 You see that?

22 MR. RAJESH SAHASRABUDDHE: Yes, I do.

23 MS. KARA MOORE: And if we scroll up  
24 to the response to 'B', there's a series of graphs.  
25 And we'll look at the first graph. This is for

1 accident benefits other non-indexed.

2 And in this graph, the trend  
3 coefficient was negative 0.001 with a 'P' value of  
4 0.911 using the period of 2013 to 2023, correct?

5 MR. RAJESH SAHASRABUDDHE: Yes. Yes,  
6 I see that.

7 MS. KARA MOORE: Could this  
8 alternative model be interpreted to mean that there is  
9 no statistical difference between the collision  
10 frequency trend and the frequency trend for accident  
11 benefits other non-indexed given the 'P' value of  
12 0.911?

13 MR. RAJESH SAHASRABUDDHE: Yes, I  
14 believe it could be -- in combination with the  
15 coefficient, yes, I think that's a reasonable  
16 interpretation.

17 MS. KARA MOORE: Thank you. And  
18 therefore, the collision trend model for frequency  
19 could possibly be used as an alternative frequency  
20 trend for this coverage?

21 MR. RAJESH SAHASRABUDDHE: Yes.

22 MS. KARA MOORE: Or it could be used  
23 to assess and confirm the reasonability of the -- of  
24 your selected frequency trend for this coverage?

25 MR. RAJESH SAHASRABUDDHE: Yes,

1 correct. That's our -- our view is the best use.

2 MS. KARA MOORE: Thank you. If we  
3 could now look to figure 9 of your evidence, page 18  
4 of this exhibit. Your selected frequency trend for  
5 accident benefits other non-indexed included a trend  
6 coefficient of negative 0.036, mobility coefficient of  
7 0.009, and a trend change of 0.078 for post-2020.

8 Is that all accurate?

9 MR. RAJESH SAHASRABUDDHE: Yes.

10 MS. KARA MOORE: The mobility factors  
11 for collision and for this trend are similar, at 0.008  
12 for collision and 0.009 for accident benefits other  
13 non-indexed, correct?

14 MR. RAJESH SAHASRABUDDHE: I'm sorry,  
15 could you say that -- ask the question again, please.

16 MS. KARA MOORE: Sure. So, the --  
17 just confirming that the mobility factors for  
18 collision and for accident benefits other non-indexed  
19 are pretty similar, with collision being 0.008 and  
20 accident benefits other non-indexed being 0.009.

21 MR. RAJESH SAHASRABUDDHE: I'll accept  
22 that. I don't have the collision numbers in front of  
23 me, but I -- I could pull them up.

24 MS. KARA MOORE: I could pull it up  
25 for you, but I'm -- I'm not trying to mislead. That

1 is what the -- the number for collision that we looked  
2 at earlier was.

3 MR. RAJESH SAHASRABUDDHE: Okay.  
4 Okay.

5 MS. KARA MOORE: But the trend  
6 coefficients -- notwithstanding the fact that the  
7 mobility factors are quite similar, the trend  
8 coefficients are different, with the collision trend  
9 coefficient being negative 0.016 and accident benefits  
10 other non-indexed trend coefficient of negative 0.036?

11 MR. RAJESH SAHASRABUDDHE: Again, I'll  
12 -- I'll accept that.

13 MS. KARA MOORE: Sure. So, given that  
14 the trend coefficients are quite different, would that  
15 change your view of the reasonableness of your  
16 selected frequency trend for this coverage?

17 MR. RAJESH SAHASRABUDDHE: No. I  
18 think our -- again, our first preference -- and when  
19 we review this data and we have the 'R' squared values  
20 is to see if -- see what the trends are for the  
21 coverage and -- by itself. And then we would use the  
22 collision to -- to confirm whether it seems reasonable  
23 or not.

24 I think you gave me 0.036 and 0.016. I  
25 would have to look at those differences, but it's not

1 as if it's minus 0.036 here and plus 7 on -- on the  
2 collision, so the differences aren't that great.

3 I would have to -- again, that's -- we  
4 -- we provided a response to the Information Request,  
5 certainly, but -- but then we didn't go back and --  
6 and use that approach, about assessing the relative --  
7 frequency relative to collision in -- in assessing  
8 that reasonableness.

9 MS. KARA MOORE: Thank you. If we  
10 could go back to PUB/CAC-1-4. We'll now look at the  
11 second graph on this page, which is for property  
12 damage, third party loss of use.

13 The -- just confirming the trend  
14 coefficient is negative 0.003 with a 'P' value of  
15 0.581, a scaler in 2020 of negative 0.21 using the  
16 period of 2010 to 2023.

17 Is that correct?

18 MR. RAJESH SAHASRABUDDHE: Yes, that's  
19 correct.

20 MS. KARA MOORE: And, again, I'll ask,  
21 could this alternative model be interpreted to mean  
22 that there is no statistical difference between the  
23 collision frequency trend and this trend given the 'P'  
24 value of 0.581?

25 MR. RAJESH SAHASRABUDDHE: Yeah. So,

1 over -- over this period of '10 through '23, yes.

2 MS. KARA MOORE: 0.582. Sorry about  
3 that. And the scaler that you have included at 2020  
4 would indicate that there appears to have been a  
5 change in the frequency relationship between this  
6 coverage and collision starting in 2020?

7 MR. RAJESH SAHASRABUDDHE: Yes.

8 MS. KARA MOORE: And therefore, the  
9 collision trend model for frequency could perhaps be  
10 used as an alternative frequency trend for this  
11 coverage?

12 MR. RAJESH SAHASRABUDDHE: Yes. I  
13 think the way that we might do it is just as -- just  
14 as you have time as a variable, potentially you  
15 introduce the number of collisions as a variable as  
16 well, so -- and then -- and then go from there. And  
17 you could -- if a variable turned out not to be  
18 statistically significant, you could drop it, so you'd  
19 have to figure out the order.

20 Maybe the -- the changes in collision  
21 frequency explain a sufficient amount of the change in  
22 property damage frequency to support only the use of  
23 collision. But I guess, you know, just in general, on  
24 this line of questioning, we haven't really thought  
25 through an alternative approach where we base trends

1 for other coverages based on collision.

2 We're -- we're happy to do that, but -  
3 - but I haven't -- I haven't thought through all the  
4 nuances on that prior to this hearing.

5 MS. KARA MOORE: Understood. Thank  
6 you. If we could go to figure 22 of your evidence,  
7 page 31, your selected frequency trend included a  
8 trend coefficient of negative 0.02 and a mobility  
9 coefficient of 0.012, correct?

10 MR. RAJESH SAHASRABUDDHE: Yes. I'm  
11 sorry, could you just scroll up just so I can see --  
12 okay. Yes. Okay.

13 MS. KARA MOORE: And the mobility  
14 factors are slightly different when comparing to  
15 collision at 0.008 for the collision trend and 0.012  
16 for this trend, correct?

17 MR. RAJESH SAHASRABUDDHE: Yes.

18 MS. KARA MOORE: And again, would this  
19 perhaps be due to the use of the 2020 scaler in the  
20 alternative model?

21 MR. RAJESH SAHASRABUDDHE: So, again,  
22 I apologize 'cause I haven't thought through of these  
23 in detail, but I think what that would pick up is a  
24 difference in the mobility effect in collision and  
25 property damage.

1                   So, we're happy to take that away as an  
2 undertaking if -- if it would be helpful, but as I  
3 say, I just haven't fully -- fully thought through an  
4 approach where -- where we use collision frequency as  
5 a proxy for -- for frequency on other coverages.

6                   MS. KARA MOORE:     Sure. And an  
7 undertaking is certainly not necessary. That's all  
8 right.

9                   MR. RAJESH SAHASRABUDDHE:   Okay.

10                  MS. KARA MOORE:     Thank you. Again,  
11 comparing the two (2) trends -- and -- and I  
12 appreciate your comments, I just have a few more  
13 questions here.

14                  MR. RAJESH SAHASRABUDDHE:   Sure, yeah.

15                  MS. KARA MOORE:     The trend  
16 coefficients between collision and this trend are --  
17 are a bit similar, I guess --

18                  MR. RAJESH SAHASRABUDDHE:   Yes.

19                  MS. KARA MOORE:     -- quite similar at  
20 negative 0.016 for the collision trend and negative  
21 0.012 for the property damage trend. Is that correct?

22                  MR. RAJESH SAHASRABUDDHE:   Property  
23 damage is minus --

24                  MS. KARA MOORE:     Oh, sorry --

25                  MR. RAJESH SAHASRABUDDHE:   -- .02.

1 MS. KARA MOORE: -- 0.02.

2 MR. RAJESH SAHASRABUDDHE: Yes, yes.

3 MS. KARA MOORE: Yes. Once you  
4 consider the alternative model, again are there any  
5 conclusions you would draw about your selected  
6 frequency trend for this coverage?

7 MR. RAJESH SAHASRABUDDHE: I would --  
8 I would say that the -- the finding is reasonably  
9 consistent, that the two (2) trends are relatively  
10 similar, and -- and the conclusion that you outlined  
11 earlier, that one seems to be predictive of the other.  
12 I think those two (2) conclusions align with each  
13 other.

14 MS. KARA MOORE: Thank you. And I  
15 just have -- and I apologize, Ms. Schubert. I didn't  
16 warn you about this. I just have a few questions  
17 regarding one slide in your presentation --

18 MR. RAJESH SAHASRABUDDHE: Okay.

19 MS. KARA MOORE: -- this morning. So,  
20 I believe that was CAC Exhibit 10. If we could look  
21 at slide 83, please. Thank you.

22 So, I'm looking at this alternative  
23 model that you provided, and specifically the bottom  
24 graph. And what you explained -- and you can correct  
25 me if I'm wrong -- but what I believe you have

1 explained this morning is that the model that you've  
2 provided is fair up to rate group 19.

3 Is that accurate?

4 MR. RAJESH SAHASRABUDDHE: Yes. Yes.  
5 I believe -- I guess what I meant to convey was this  
6 seems to predict through 19 better than the other  
7 alternatives that either we've proposed last year in  
8 the unweighted log linear or MPI uses, which is the  
9 unweighted linear, or the two (2) that were requested  
10 in undertakings, which were the weighted -- the --  
11 weighted linear model.

12 MS. KARA MOORE: Thank you. And in  
13 this alternative model, rate group 20 is a bit of an  
14 outlier. Is that fair?

15 MR. RAJESH SAHASRABUDDHE: Yes.

16 MS. KARA MOORE: And -- and just for  
17 reference, when we're looking at rate group 20 in the  
18 bottom graph, we're looking at that rightmost dot  
19 that's --

20 MR. RAJESH SAHASRABUDDHE: Correct.

21 MS. KARA MOORE: -- significantly  
22 higher than the rest. And you've recommended a manual  
23 adjustment to rate group 20 in order to make it fair  
24 In this model?

25 MR. RAJESH SAHASRABUDDHE: Yes. I

1 think that would be -- rate group 20 is actually a  
2 problem for all of the models, and I thought -- and  
3 because it's the largest class and it's the class with  
4 the best drivers, that -- that you could have  
5 situations -- and we often have situations --where the  
6 data don't neatly fit a model.

7                   So, then we have to decide what to do  
8 about that. And what you would do is if -- if there's  
9 not a lot of drivers in that, then just -- and you  
10 could view it as statistical noise. t's just  
11 credibility issues.

12                   But in this case, it's -- it just so  
13 happens that it's actually the largest rate class and  
14 there's the most credibility in that particular value.  
15 So, I think it warrants some sort of deviation from  
16 the model, and -- and that's why I suggested a manual  
17 adjustment.

18                   MS. KARA MOORE: Thank you. And can  
19 you just explain what you mean by a manual adjustment  
20 or what that might look like?

21                   MR. RAJESH SAHASRABUDDHE: Yes. So,  
22 you would have an indicated adjustment. It's -- it's  
23 going to be ultimately based on the judgment of MPI  
24 and their actuaries, so meaning that there is an  
25 indication here that would have a DSR level -- I'm

1 sorry, DSR factor which is higher than that warranted  
2 by -- by the data.

3                   And again, I know that, you know, we  
4 call it 'data' here, but I think it's a lot of  
5 simulation. It's sort of synthetic data, which again  
6 means it's not actual observations at -- at rate group  
7 20, but it's -- it's sort of estimated what the  
8 observations would look like.

9                   So MPI should then do an assessment as  
10 to how accurate or not accurate that synthetic data  
11 might be. And potentially, if they think the  
12 predictive value is -- just as an example, let's say  
13 it has a 50 percent predictive value. Maybe you --  
14 maybe you just weight together the -- maybe you weight  
15 together the -- the indicated value from the synthetic  
16 data and the fitted value by 50/50.

17                   And -- and that would be an example of  
18 a way to deal with it. But essentially, as a  
19 principle, it's just a matter of considering the  
20 predictive value of the synthetic data and moving the  
21 model towards that synthetic data a little bit.

22                   MS. KARA MOORE: Thank you. And thank  
23 you very much, Mr. Sahasrabuddhe.

24                   MR. RAJESH SAHASRABUDDHE: Sure.

25                   MS. KARA MOORE: Those are all my

1 questions for this morning for this morning.

2 PANEL CHAIRPERSON: Thank you.

3 Mr. Gabor...?

4 BOARD CHAIR GABOR: Mr. Sahasrabuddhe,  
5 I believe during your testimony you said bodily injury  
6 costs in Manitoba are much lower than in other  
7 provinces. Is that correct?

8 MR. RAJESH SAHASRABUDDHE: That is  
9 correct, yes.

10 BOARD CHAIR GABOR: And when you're  
11 making that statement, are you referring to other  
12 provinces that have public insurance, or are you  
13 referring to all provinces?

14 MR. RAJESH SAHASRABUDDHE: And -- and  
15 obviously they're significantly lower 'cause public  
16 insurance goes with no fault, and they're  
17 significantly lower compared to those that have a --  
18 have a -- a tort-based system and potentially private  
19 insurance -- though you can have tort base without  
20 private insurance -- compared to other.

21 But I believe they're still  
22 significantly lower than British Columbia. I have not  
23 looked at a Saskatchewan filing, but -- and I don't  
24 have the BC numbers in front of me. And they --  
25 there's an exemption. BC is not going to file this

1 year, so we'd have to look back two (2) years, but I  
2 could look at the ICBC filing and -- and come back to  
3 you. But -- but it's -- it's quite low, so I can't  
4 imagine it's going to be lower in BC than -- than it  
5 is here.

6 BOARD CHAIR GABOR: Okay. I did ask  
7 for an undertaking if you could provide --

8 MR. RAJESH SAHASRABUDDHE: Sure.

9 BOARD CHAIR GABOR: -- comparisons for  
10 bodily injury, both public and private sector.

11 MR. RAJESH SAHASRABUDDHE: Yes. Yes.  
12 Again, I'll exclude Saskatchewan, but I can -- I can  
13 give you -- we can give you basically every other  
14 province other than PEI and Quebec on there.

15 BOARD CHAIR GABOR: Okay. And sorry.  
16 And why would Saskatchewan be excluded?

17 MR. RAJESH SAHASRABUDDHE: Well, we --  
18 I guess we could include it. Our rate -- the most  
19 recent SGI rate application was about three (3) years  
20 ago, if I have that right. So, I could give you a  
21 number --

22 BOARD CHAIR GABOR: Okay.

23 MR. RAJESH SAHASRABUDDHE: -- based on  
24 that rate application --

25 BOARD CHAIR GABOR: If you could --

1 MR. RAJESH SAHASRABUDDHE: but it'd  
2 fairly dated.

3 BOARD CHAIR GABOR: I'd be interested  
4 if you could.

5 MR. RAJESH SAHASRABUDDHE: Okay.

6 MR. CHRIS KLASSEN: We'll see then,  
7 Mr. Chair. Thank you.

8 BOARD CHAIR GABOR: Yeah. Thank you.  
9 And just a final question.

10 And would I be correct that traumatic  
11 brain injury would be included in bodily injury  
12 claims?

13 MR. RAJESH SAHASRABUDDHE: In -- in  
14 other provinces or in -- in Manitoba as well?

15 BOARD CHAIR GABOR: Both.

16 MR. RAJESH SAHASRABUDDHE: So, in  
17 other provinces, certainly traumatic brain injury,  
18 those -- collisions that lead to traumatic brain  
19 injury, particularly in provinces that have a tort  
20 system, are likely to lead to a large bodily injury  
21 claim.

22 So now I -- I will acknowledge that I'm  
23 not an expert in -- I know lots of the bodily injuries  
24 sort of out-of-province claims that -- that happened  
25 in Manitoba. But the specific treatment of traumatic

1 bodily injury in Manitoba, I'm -- I'm not familiar  
2 with the details on that.

3 BOARD CHAIR GABOR: Okay. Thank you.

4 We'll -- we'll -- in relation to Manitoba, I guess  
5 we'll go on the evidence from this hearing, but --

6 MR. RAJESH SAHASRABUDDHE: Yes.

7 BOARD CHAIR GABOR: -- thank you very  
8 much, sir.

9 MR. RAJESH SAHASRABUDDHE: Sure.

10 PANEL CHAIRPERSON: Ms. Nemec...?

11 BOARD MEMBER NEMEC: Thank you. Since  
12 we have this on page 83, maybe I'll just follow up on  
13 one question and more to -- to just clarify my  
14 understanding.

15 So, this chart is trying to show what  
16 should -- what the DSR levels should be in a new -- in  
17 a different model than what's currently being used, so  
18 more towards percentages or -- correct?

19 MR. RAJESH SAHASRABUDDHE: Right. So,  
20 what I did here, I know that this term 'LOESS' is  
21 probably not, you know, well known, but it's -- it's -  
22 - and I'm just going to say this once. I don't want  
23 to get into the statistical analysis, but it's called  
24 localized polynomial regression.

25 And -- and all I think that I would

1 want you to take away from that is that this -- it's  
2 not -- the -- the curve on the top line sort of  
3 squiggles a bit. It's a little bit hard to see, but  
4 you can see it sort of drops at about minus eight (-8)  
5 to a more steeply increasing and then sort of levels  
6 out at plus two (+2) or so.

7                   So, the fact is -- so all I'm proposing  
8 is that -- that this could handle this idea that the -  
9 - the synthetic data generated for DSR levels isn't --  
10 the loss cost relativities aren't decreasing at a  
11 constant rate. It handles the fact that that rate  
12 might change, and that's the purpose of putting  
13 forward this model.

14                   BOARD MEMBER NEMEC: Right. And so,  
15 as we move towards the actuarially determined DSR  
16 levels, we're, you know, moving -- I think it was in  
17 last year's GRA -- to move 25 percent --

18                   MR. RAJESH SAHASRABUDDHE: Yeah.

19                   BOARD MEMBER NEMEC: -- forward. So,  
20 we're -- so what this -- the impact of this is saying,  
21 in the future, there might be a better model and that  
22 percentage, whatever that percentage might be getting  
23 to that model, may change in the future should you  
24 have a model with -- that might be a little more fair?

25                   MR. RAJESH SAHASRABUDDHE: Yes. I

1 think, potentially, if you had a model that was a  
2 little bit more fair, you could get there much more  
3 quickly.

4 BOARD MEMBER NEMEC: M-hm.

5 MR. RAJESH SAHASRABUDDHE: Again, I  
6 don't know where things stand with the GLM  
7 implementation. That might get you there as well a  
8 little bit more quickly. This is meant to be as a  
9 potential --

10 BOARD MEMBER NEMEC: M-hm.

11 MR. RAJESH SAHASRABUDDHE: -- bridge  
12 between the -- the two (2) periods when the GLM is  
13 implemented and the current minimum bias procedure.

14 BOARD MEMBER NEMEC: And I think one  
15 of your charts showed, just to confirm, that currently  
16 looking for the people -- individuals in the 20  
17 category would be paying less than they might  
18 otherwise would with the linear graph.

19 MR. RAJESH SAHASRABUDDHE: Correct,  
20 and that's where most of the risks are, so that's the  
21 concern.

22 BOARD MEMBER NEMEC: Okay. Thank you.  
23 My second question is on page 77 of your report. And  
24 here, I just wanted to just make sure I understood the  
25 numbers, and -- and I don't even have lawyer math

1 today.

2                   So we start with a six (6) -- to say  
3 we start with a 6.15 because I think that compares to  
4 your 4.93 more correctly. And if I was to -- is this  
5 a summary of what came out of all your graphs right  
6 here? So, do these add -- do these actually add up?

7                   MR. RAJESH SAHASRABUDDHE: They won't  
8 add -- I'm trying to think. They -- they won't add up  
9 directly. I'm trying to think. There -- there are --  
10 there are things called interaction effects. They --  
11 but because they're separate coverages, -- let me just  
12 look at the evidence. One second.

13                   BOARD MEMBER NEMEC: I was just --  
14 when I -- when you went through your --

15                   MR. RAJESH SAHASRABUDDHE: Yeah.

16                   BOARD MEMBER NEMEC: -- your  
17 presentation and I saw sort of the differences in the  
18 trend factors from your judgment versus MPI's  
19 judgment, I was hoping just to see that summary page.  
20 And then I saw this and I went, Oh, maybe this is it.  
21 But then I'm not sure it does add up.

22

23                   (BRIEF PAUSE)

24

25                   MR. RAJESH SAHASRABUDDHE: Sorry. If

1 we could go to -- I'm not sure which exhibit this is.

2 UNIDENTIFIED SPEAKER: Exhibit 8.

3 MR. RAJESH SAHASRABUDDHE: Yes.

4 Exhibit 8, page 4. So, here's that same table, and --

5 and we did add a total for you to sort of show that --

6 so that they do add up.

7 In my mind, I was thinking in other

8 provinces where we have -- for example, if you had

9 accident year weights and that was an issue, that

10 would interact with the trend issue. So --

11 BOARD MEMBER NEMEC: Okay.

12 MR. RAJESH SAHASRABUDDHE: -- so

13 there'd be some interaction effects that -- that you'd

14 have to account for. But here, because all of our

15 suggestions are essentially independent, you can add

16 them up --

17 BOARD MEMBER NEMEC: Okay.

18 MR. RAJESH SAHASRABUDDHE: -- and --

19 and we do get to that difference.

20 BOARD MEMBER NEMEC: Okay. So, they

21 do add up. So that is --

22 MR. RAJESH SAHASRABUDDHE: Yes.

23 BOARD MEMBER NEMEC: -- a precise

24 summary. Thank you.

25 And my last question, and -- and just

1 curious, I think when you were talking about -- and it  
2 was on page 51 of your presentation and it talked  
3 about -- and I think you talked there about the change  
4 from over a 10 percent recommending a 5.76 percent to  
5 exclude the factors of hail.

6 And so, I understand sort of for  
7 trending, you're going to exclude some major factors.  
8 Where does hail come into play? Like -- and what I  
9 mean is not just hail --

10 MR. RAJESH SAHASRABUDDHE: Yes.

11 BOARD MEMBER NEMEC: -- all the major  
12 catastrophic factors. Where does that factor get  
13 figured in over the long term?

14 MR. RAJESH SAHASRABUDDHE: Right. So  
15 that's on -- if we could go to page 49, or slide 49.  
16 So, we -- we do actually look at the hail load as  
17 well. So, if you see the difference between the --  
18 the red line and the blue line here, that -- in other  
19 coverages, that difference is -- is quite small, and  
20 it's really just limited to that work-from-home  
21 adjustment.

22 Here, what MPI does is they take a  
23 long-term average of the hail losses relative to non-  
24 hail losses and then add that in. And that is an  
25 assumption that -- that we look at, but -- but we

1 think that's the right way to do it because, although  
2 it's becoming more frequent, unfortunately, they're  
3 still somewhat irregular and the cost of each  
4 hailstorm is -- is quite different.

5                   So, we think we should look at that  
6 over a long-term period and, you know, to the extent  
7 that -- that there's a view on whether it's more  
8 likely, given climatic issues, to consider that in --  
9 in this hail load.

10                   So, this is where it's captured. It's  
11 -- the analysis is done on excluding hail data and  
12 there's a separate analysis on what the hail load is.

13                   BOARD MEMBER NEMEC:    And a factor  
14 included here. So as far as -- and maybe this is an  
15 industry question too going forward and looking at  
16 climate changes, that's something that gets -- that  
17 these sort of actuaries looks at and says, Mow there's  
18 a new factor looking forward, or is that still in --  
19 in development?

20                   MR. RAJESH SAHASRABUDDHE:    I think  
21 every company is a little bit different about that. I  
22 would say that it is a concern for all insurance  
23 companies in Alberta. It's more wildfire risk and  
24 here it's more hail risks, so there's -- there's all  
25 kinds of -- and then you have tropical storms in the

1 Atlantic that -- that sort of are coming up.

2                   And I don't know that there's a -- that  
3 -- that there's a single -- singular view on -- on the  
4 effect of or how to -- how to capture the effects of  
5 climate change into these models.

6                   And then the other aspect that -- that  
7 companies will do sometimes is they'll reduce what's  
8 called capacity or the amount of risks that they're  
9 going to take on. So, in a -- in a private market,  
10 someone might decide, I want take on -- I don't want  
11 to ensure as many drivers in Alberta anymore because  
12 I'm worried about wildfires sweeping up lots of  
13 vehicles. And they also have the hailstorm risk too,  
14 so they have sort of both.

15                   So, some of the ways that they deal  
16 with that is not through the rating structure, but  
17 through underwriting and deciding how much risk to  
18 take on.

19                   BOARD MEMBER NEMEC:    Okay.  Thank you.  
20 Those are my questions.

21                   PANEL CHAIRPERSON:    Thank you.  Ms.  
22 Schubert, could you please go to page 6 of this  
23 exhibit?  Thank you.

24                   So, we see that the required rate  
25 change filed for was 6.15, and then with the October

1 update, it went to 6.77, or a 62-point difference.

2 Are you able to comment on what the  
3 impact of that 62-point difference in the MPI numbers  
4 would be on the Oliver Wyman alternative indication?

5 MR. RAJESH SAHASRABUDDHE: Well,  
6 again, we didn't look at -- we didn't calculate it, so  
7 I don't know exactly. I would expect that it would be  
8 similar in magnitude because we don't actually have an  
9 alternative assumption for discounting and  
10 consideration of investment income. So, there may be  
11 some slight interplay issues, but -- but it should be  
12 generally -- I would expect it to be quite similar.

13 PANEL CHAIRPERSON: Thank you.

14 Mr. Klassen...?

15 MR. CHRIS KLASSEN: Thank you, Madam  
16 Chair. Only one question on redirect for Mr.  
17 Sahasrabuddhe.

18

19 RE-DIRECT EXAMINATION BY MR. CHRIS KLASSEN:

20 MR. CHRIS KLASSEN: And I wonder for  
21 that purpose if Ms. Schubert could take us to slide 81  
22 of the presentation given this morning. Thank you.

23 Mr. Sahasrabuddhe, on the left, you'll  
24 recall explaining to the board that the graphs on the  
25 left of the slide before you suggest that MPI is

1 under-predicting DSR levels 13 and above.

2 Do you recall that explanation?

3 MR. RAJESH SAHASRABUDDHE: Yes. I  
4 guess when I used the word 'under-predicting', that  
5 means the line is below the data. Under-predicting --  
6 yeah, yeah. So that -- that's the way I use that  
7 term.

8 MR. CHRIS KLASSEN: Thank you. And --  
9 and you'll also confirm, I believe, sir, that your  
10 explanation was that that creates a risk that MPI does  
11 not collect enough premium from those drivers at those  
12 higher DSR levels?

13 MR. RAJESH SAHASRABUDDHE: Correct.

14 MR. CHRIS KLASSEN: And I believe  
15 you'll also be aware, sir, of a number of sources of  
16 information on the record for this proceeding and  
17 others suggesting that, due to the nature of the  
18 calculation of DSR discounts, MPI is actually  
19 collecting more premium from those drivers relative to  
20 their risk than is necessary.

21 And so, I'm wondering if you can  
22 provide a little bit of an explanation clarifying your  
23 comment today, that MPI's model under-predicts at the  
24 higher levels of the DSR scale compared to the effect  
25 of the DSR discounts?

1 MR. RAJESH SAHASRABUDDHE: Yeah. So,  
2 I think -- I think the implication of -- of that  
3 relates to -- to the fact that they haven't moved all  
4 the way to the indicated discount level. Is that what  
5 the reference is to? I'm sorry. I'm -- I don't  
6 recall the specifics of the situation where they may  
7 be overcharging those drivers.

8 MR. CHRIS KLASSEN: You're correct,  
9 sir. That situation relates to the -- the progress  
10 toward indicated discounts, and I think maybe perhaps  
11 a more specific and more helpful question might be  
12 whether the figures on the left and your comment about  
13 under-prediction do or don't take into account the  
14 discounts for the vehicle premiums for drivers at  
15 those DSR levels.

16 MR. RAJESH SAHASRABUDDHE: Yeah. So,  
17 the -- no, they -- they do not. It is really just a  
18 statistical analysis of -- of trying to provide  
19 alternative approaches that -- or alternative models  
20 that might track a little bit better with the data.

21 MR. CHRIS KLASSEN: Thank you very  
22 much, Madam Chair. Nothing further.

23 PANEL CHAIRPERSON: Thank you.

24 Thank you very much, Mr. Sahasrabuddhe,  
25 and thank you, Mr. Chan, for coming and we appreciate

1 your testimony.

2                   There are no other witnesses for CAC,  
3 is that correct?

4                   MR. CHRIS KLASSEN:     Correct.

5                   PANEL CHAIRPERSON:   Thank you.   So, at  
6 this point, we're at 11 -- yes.

7

8                                   (BRIEF PAUSE)

9

10                   PANEL CHAIRPERSON:   So, my question is  
11 for you, Mr. Guerra.  It's 11:23.  I assume that  
12 you'll have other executives from MPI at the  
13 undertakings panel.  Do you want to break now or do  
14 you want to start with that panel?  I don't know how  
15 long it'll take you to get them here.

16                   MR. RAJESH SAHASRABUDDHE:   Yes, Madam  
17 Chair.  So, a very good question.  Short answer is, I  
18 think we should take the morning break now so that we  
19 can make sure that we have the panel members present.

20                                   As well, I believe there's also a  
21 question that needs to be resolved on an exhibit that  
22 MPI filed that we're just working out the response to  
23 so that the CAC hopefully has the information  
24 necessary to be able to ask the appropriate questions  
25 of the panel.

1                   So, I'd rather us have that information  
2 in hand before we proceed with the panel presenting.  
3 So, I'm hoping that we can break now and resume at  
4 1:00 p.m.

5                   PANEL CHAIRPERSON:    Thank you.    Yes.  
6 That's what we'll do.    Could everyone come back at  
7 1:00?    Thank you very much.    Thank you.

8

9    --- Upon recessing at 11:26 a.m.

10   --- Upon resuming 1:00 p.m.

11

12                   PANEL CHAIRPERSON:    Good afternoon,  
13 everyone.    Mr. Andres...?

14

15 MPI UNDERTAKING PANEL:

16

17                   CARA LOW, previously Affirmed

18                   GLENN BUNSTON, previously Affirmed

19                   RYAN KOLASKI, previously Sworn

20                   SATVIR JATANA, previously Sworn

21

22 CROSS-EXAMINATION BY MR. TODD ANDRES:

23                   MR. TODD ANDRES:    Thank you, Madam  
24 Chair.    So, I -- I just have a few questions on the  
25 undertakings.    And I think what I'll do is I'll just

1 identify the Panel first, and then the undertaking.  
2 And then that way, you can be prepared to speak to  
3 them as necessary.

4 So, the first one is for the  
5 investments and ALM Panel, and it's with respect to  
6 Undertaking number 4. Ms. Schubert if you'll pull up  
7 -- it's Exhibit 78. Thank you.

8 And the undertaking was that MPI would  
9 provide an update to the calculation of the OSFI  
10 Investment yield based on the October update. If we  
11 scroll down to figure 2. And I suppose it's -- it's  
12 all in the undertaking itself. None of it will be a  
13 surprise.

14 So, MPI had indicated that the yield  
15 based on the October update using the OSFI methodology  
16 is 4.82 percent, which is higher than the new money  
17 yield of 4.25 percent -- that was from the October  
18 update -- and there are four (4) reasons for doing so.

19 The first -- and then if we scroll back  
20 up, I guess, to the responses -- sorry, Ms. Schubert -  
21 - the first one is the OSFI methodology includes bond  
22 amortization, which increases the yield by 23 to 36  
23 points, correct?

24 MR. GLENN BUNSTON: Yes, that's  
25 correct.

1 MR. TODD ANDRES: And does MPI expect  
2 to gain investment income due to bond amortization?

3 MR. GLENN BUNSTON: Bond amortization  
4 can be positive or negative, so it depends on the --  
5 the yields on the purchase date of the bond. So, it  
6 could be positive, yes.

7 MR. TODD ANDRES: Thank you. And then  
8 the next response was:

9 "The OSFI methodology is based upon  
10 projected weights for each asset  
11 class rather than the target weight  
12 -- or target weights set out in  
13 section 8 of the investment policy  
14 statement. Using actual weights  
15 increases the yield by approximately  
16 7 basis points."

17 So, you see what I'm looking at?

18 MR. GLENN BUNSTON: (NO AUDIBLE  
19 RESPONSE).

20 MR. TODD ANDRES: Okay. So, then, Ms.  
21 Schubert, if you could pull up PUB/MPI-2-22, figure RI  
22 1, which is on page -- and then page 4 of 4.

23 So, the new money yield calculation is  
24 based on 35 percent provincial, 4 percent real return,  
25 28 percent corporate, 18 percent MUSH, 10 percent real

1 estate, and 5 percent commercial mortgages, correct?

2 MR. GLENN BUNSTON: Yes, that's right.

3 MR. TODD ANDRES: Thank you. And then  
4 if we -- Ms. Schubert, if you could pull up, please,  
5 INV 45. Thank you.

6 And so, if we compare the percentage  
7 allocations to those amounts, I don't know if we need  
8 to do a side-by-side, but I can remind you of the  
9 numbers, if necessary, MPI is forecasting being  
10 underweight in provincials and MUSH and overweight in  
11 corporate real estate and commercial mortgages.

12 Is that correct?

13 MR. GLENN BUNSTON: Yes, I believe  
14 that's correct.

15 MR. TODD ANDRES: Thank you. And  
16 relative to the total of the 4.42 percent, corporate  
17 bonds, real estate, and commercial mortgages all have  
18 higher than average yields, correct?

19 MR. GLENN BUNSTON: Sorry, could you  
20 repeat that.

21 MR. TODD ANDRES: Sure. Relative to  
22 the total 4.42 percent, corporate bonds, real estate,  
23 and commercial mortgages all have higher than average  
24 yields.

25 MR. GLENN BUNSTON: I would say that

1 corporate bonds, real estate, and commercial mortgages  
2 are the three (3) of the higher yielding asset classes  
3 relative to the others.

4 MR. TODD ANDRES: Thank you. So --  
5 and I guess the last question in this heading is, is  
6 MPI planning on being overweight on these asset class  
7 -- asset classes, or is this just due to the way the  
8 forecasting model works?

9 MR. GLENN BUNSTON: Well, as we  
10 discussed earlier in the hearing, we do have a  
11 rebalancing policy. And it is our goal to -- to  
12 maintain our asset -- actual asset allocation as close  
13 as possible to the target weight set out in the  
14 investment policy statement, and we rebalance on a  
15 regular basis to accomplish that.

16 So, notwithstanding what's forecasted  
17 here, we will rebalance as necessary to bring the  
18 asset classes as close as possible to the target  
19 weights when necessary.

20 MR. TODD ANDRES: Thank you for that.  
21 And Ms. Schubert, if we could go back to the  
22 undertaking, please. Thank you.

23 Number 4:

24 "The OSFI methodology does not  
25 deduct investment expense."

1 Which represents 18 basis points. Are  
2 you with me?

3 MR. GLENN BUNSTON: I see that.

4 MR. TODD ANDRES: Thank you. And so,  
5 if we go to figure INV 44.

6 MR. GLENN BUNSTON: Actually, I should  
7 say that --

8 MR. TODD ANDRES: Oh.

9 MR. GLENN BUNSTON: -- there was a  
10 correction, I believe, an update to this response --

11 MR. TODD ANDRES: Okay.

12 MR. GLENN BUNSTON: -- because that  
13 point is actually not correct. The OSFI calculation  
14 was based on investment income that was net of  
15 expenses, which are -- you've kindly taken us to here.

16 MR. TODD ANDRES: Okay. Thank you for  
17 that clarification. So, if we look at line 5 just in  
18 terms of investment fees -- pardon me -- investment  
19 fees paid.

20 Are you with -- do you see that?

21 MR. GLENN BUNSTON: I see that, yes.

22 MR. TODD ANDRES: Okay. So -- and  
23 thank you. I think you've answered my next question  
24 as to whether or not those were removed from the  
25 total.

1 So, the answer is?

2 MR. GLENN BUNSTON: The answer is, the  
3 OSFI yield is based on this -- the investment income  
4 from this table, which is net of investment expenses.

5 MR. TODD ANDRES: Thank you for that.  
6 Okay. For the financial forecasting Panel, Ms.  
7 Schubert, could you please pull up Undertaking 9,  
8 Exhibit 77. Alright. And if we scroll down to figure  
9 5, please. Right.

10 And so, what we have here is the PF  
11 statement of operations PF5 statement of operations,  
12 2024/'25 comparative to the 2025 GRA rate update  
13 versus Undertaking 9.

14 And you'll confirm that there is a  
15 difference of \$19.4 million in the 2024 incurred  
16 claims as shown relative to the October update?

17 MR. RYAN KOLASKI: Correct.

18 MR. TODD ANDRES: Thank you. And then  
19 if we actually go back up to figure 1, line 8, it  
20 shows that there are minimal differences in the  
21 following years.

22 So, we start off that 9-0-6-3-6-5. And  
23 then in subsequent -- pardon me, at line 8. So again,  
24 not particularly large differences moving forward  
25 after 2025/'26, correct?

1 MR. RYAN KOLASKI: Correct.

2 MR. TODD ANDRES: Thank you. And  
3 that's due to the use of a lower real rate of return  
4 for discounting because MPI adjusts the nominal rate  
5 of return for inflation for certain PIP coverage.

6 Is that correct?

7 MS. CARA LOW: Correct.

8 MR. TODD ANDRES: Thank you. So, in  
9 other words, if MPI had not updated the inflation  
10 forecast for discounting purposes, the net income  
11 would have been \$19.4 million lower, correct?

12 MS. CARA LOW: Correct.

13 MR. TODD ANDRES: Thank you. So, if  
14 the October update showed \$27.6 million higher net  
15 income, then it would have shown \$18.2 million higher  
16 net income if MPI had adjusted the inflation forecast  
17 for discounting purposes, correct?

18 MS. CARA LOW: Correct.

19 MR. TODD ANDRES: Thank you.

20 MS. CARA LOW: Yes.

21 MR. TODD ANDRES: Okay. So, still for  
22 the same Panel, Undertaking number 10, so Exhibit 63.  
23 And this was just an exercise in extending the tables  
24 forward to 2028/2029.

25 And there was testimony that several

1 costs associated with NOVA that will now be considered  
2 operational, one (1) of which was migrating the seven  
3 thousand (7,000) policies and remediating the release  
4 1, and those costs were not known.

5                   So, just in terms of where those costs  
6 are going to end up for reporting purposes, if we're  
7 looking at this table here, where will things like the  
8 migrating of the policies and the remediation costs  
9 end up in this table for -- in terms of data  
10 processing?

11                   MR. RYAN KOLASKI: Most of those costs  
12 would end up in your external labor, for the most  
13 part, in that -- in that line item. The licensing  
14 charges related to R1 are already being expensed as we  
15 go through it, so they're already captured in line  
16 two.

17                   MR. TODD ANDRES: Thank you. So, what  
18 external labor resources does the figure relate to in  
19 2028/'29 because, as I understand it, NOVA is  
20 scheduled to be done in '27/'28?

21                   MR. RYAN KOLASKI: That is correct.  
22 So, that budget was predicated on our current run rate  
23 of when NOVA was forecasted complete and go live. So,  
24 I would have to pull the data specifically as to the  
25 dates on transition from one to the other.

1                   But I think if you look back on  
2 appendix 23 in the GRA, it actually lists out the  
3 table of all the initiatives, including NOVA, as to  
4 the budgets for which periods are being converted from  
5 being deferred to operational, as well.

6                   MR. TODD ANDRES:    Okay.  So, I know  
7 that MPI is -- is forecasting some recoveries both in  
8 terms of software and computer costs -- pardon me --  
9 yeah, software costs, and then computer costs.

10                  Can you explain where those savings are  
11 anticipated to come from?

12                  MR. RYAN KOLASKI:   I'd have to pull  
13 the specific projects that those are tied to for  
14 greater clarity.

15

16                                       (BRIEF PAUSE)

17

18                  MR. TODD ANDRES:    And so, I guess the  
19 -- the question is, is it a surprise, or did MPI  
20 anticipate having negative numbers in the budget?

21                  MR. RYAN KOLASKI:   No, we anticipated  
22 those numbers specifically.  One (1) of my colleagues  
23 advised me it's related to DVA, and specifically to  
24 the P&C line, as well, just as those projects are  
25 released.

1 MR. TODD ANDRES: Thank you for that.

2 So, the IBM costs listed on line 4 no longer relate to  
3 the IBM data centre as of 2027/'28, correct?

4 MR. RYAN KOLASKI: We are migrating  
5 off of the IBM Centre and moving to a cloud-based  
6 environment, so that's part of it.

7 And then there's also a part of how  
8 NOVA is taking over those costs, so we're getting out  
9 of the IBM Centre. We still have it; it's just going  
10 to be reduced in terms of significance and use.

11 MR. TODD ANDRES: What do you  
12 anticipate it being used for?

13 MR. RYAN KOLASKI: Sorry, could you  
14 repeat the question. I just didn't hear it.

15 MR. TODD ANDRES: Sure. What do --  
16 what projects or what -- what functions do you  
17 anticipate it being used for?

18 MR. RYAN KOLASKI: The IBM centre will  
19 continue to be used for managed services that require  
20 the use of the on-prem data centre.

21 MR. TODD ANDRES: Thank you for that.  
22 Ms. Schubert, if you could please pull up Undertaking  
23 13.

24 And so, this was just the request for a  
25 detailed staff budget for 2025/'26. If we scroll

1 down, we have -- sorry -- if we could go down one (1)  
2 more page, Ms. Schubert. There we are.

3 Line 36 gives a total of 2,088.7 FTE,  
4 correct?

5 MR. RYAN KOLASKI: That is correct.

6 MR. TODD ANDRES: And then I can take  
7 you there if you like, but the previous number, as I  
8 understand it, was 2117.8 FTE?

9 MR. RYAN KOLASKI: That is correct.

10 MR. TODD ANDRES: Thank you. So,  
11 there was a reduction of 29.8 from the --I guess there  
12 was an IR, it was 2-49, in which that number had  
13 originally appeared.

14 So, in what areas of the organization  
15 are those reductions appearing?

16 MR. RYAN KOLASKI: Primarily, it's  
17 split. If you go back to the other table, you'll see  
18 that initiatives are now 50, so half of that savings  
19 is coming out of that number. And the other portion  
20 is coming out of operations, specifically around where  
21 we had parked sixteen (16) folks in the HR or people  
22 in culture area.

23 So, it's really kind of normal  
24 operations is reduced. And then the initiative side  
25 is reduced as well.

1 MR. TODD ANDRES: And so, do you  
2 anticipate that change in staffing level to be  
3 sustained?

4 MR. RYAN KOLASKI: We do, yes.

5 MR. TODD ANDRES: Okay. So, then is  
6 the Corporation going to be revisiting its total  
7 corporate staff level for 2026/'27, or is it still  
8 budgeted to be 2,117.8?

9 MR. RYAN KOLASKI: So, are you're  
10 referring to the Treasury Board submission? So, our -  
11 - our actual FTEs are going to be 2,089, and that's  
12 what we're going to advance forward to the Treasury  
13 Board submission.

14 For next year's GRA, we will review our  
15 staffing and the normal cadence of our process.

16 MR. TODD ANDRES: Okay. Will the  
17 compensation submission -- or the compensation  
18 analysis be revised then, as well, to correspond?

19 MR. RYAN KOLASKI: That is correct.  
20 In our submission to the Treasury Board, we will  
21 reflect these FTEs, and we'll reduce the staffing  
22 compensation accordingly.

23 MR. TODD ANDRES: And -- and do you  
24 anticipate the dollar figure in '26/'27 to be the same  
25 as '25/'26?

1 MR. RYAN KOLASKI: So, the -- so, in  
2 '26/'27, you're going to have your GWI and merit  
3 increases. So again, if we reflect 2,089, subject to  
4 our normal cadence on normal kind of merit increases  
5 and economic increases, then I would say yes, but it's  
6 not going to be static, right.

7 MR. TODD ANDRES: Okay. Ms. Schubert,  
8 if you could pull up undertaking 15, please. Right.  
9 And if we can do a side-by-side between this and EXP  
10 Appendix 12, so figure 2 in both.

11

12 (BRIEF PAUSE)

13

14 MR. TODD ANDRES: Okay. Ms. Schubert,  
15 if you could pull up Undertaking 15, please. Right.  
16 And if we can do a side-by-side between this and EXP,  
17 Appendix 12, so Figure 2 in both.

18

19 (BRIEF PAUSE)

20

21 MR. TODD ANDRES: Right. And if we  
22 scroll down to line 29. So, Ms. Schubert, if you  
23 could -- on the right-hand part, if you could scroll  
24 up to Figure -- yeah, it's 12-1. Thank you.

25

And the line we're looking at is line

1 29, and I think that's where we're seeing a bit of a  
2 reduction. So, if we look at the 2025/'26 column in  
3 the left-hand side of the screen in front of us, which  
4 is the undertaking, we see there's a reduction in  
5 overall compensation, which is the two hundred fifteen  
6 point seven-o-two (215.702) versus the two nineteen  
7 point one sixty-five (219.165) on the right?

8 MR. RYAN KOLASKI: I see that, yes.

9 MR. TODD ANDRES: And so, it's -- if --  
10 -- again, lawyer's math was raised again this morning.  
11 So, you'll agree with me it's about \$3.5 million  
12 reduction from the undertaking to the -- as compared  
13 to the screen on the right, which is Appendix 12?

14 MR. RYAN KOLASKI: I would agree with  
15 that, yes.

16 MR. TODD ANDRES: So -- and again, if  
17 we're looking at the next column over, the -- it  
18 appears that it's two hundred and twenty-six point  
19 seven two four (226.724) versus again, two twenty-six  
20 point seven two four (226.724). No change in payroll  
21 is contemplated for 2026/'27. Is that correct?

22 MR. RYAN KOLASKI: Well, no change in  
23 the FTEs I suspect because on line 4 right here, total  
24 compensation is changed.

25 MR. TODD ANDRES: Right. But at line

1 29, the total overall compensation is not changed?

2 MR. RYAN KOLASKI: Oh, yes. Correct.

3 MR. TODD ANDRES: Okay. And I guess

4 the -- the question is: Why is that if we're

5 anticipating a low -- lower overall FTE?

6 MR. RYAN KOLASKI: So, it's a combined

7 -- well, again, your FTEs will be down, so your salary

8 will get reduced. And then when you shift over a

9 year, you're going to see an increase, right, related

10 to your merit and compensation increases that normally

11 flow out both for in scope and out of scope.

12

13 (BRIEF PAUSE)

14

15 MR. TODD ANDRES: Ms. Schubert, if you

16 could pull up, please, Undertaking 17, Exhibit 76.

17 And so, this one -- in this one, MPI

18 was asked to explain the differences between the

19 initial external calculations of the amended internal

20 calculations. And if we scroll down to page 3, second

21 row, I don't know if we need to go there, but I'm

22 sure, Ms. Low, you'll be able to respond to this.

23 The paid loss triangles were entered

24 into the area software by coverage and included

25 eighteen (18) years of historical data for the

1 external model and nineteen (19) years for the  
2 internal models, correct?

3 MS. CARA LOW: Correct.

4 MR. TODD ANDRES: Thank you. And the  
5 correction of the PIPP enhance -- PIPP enhancement  
6 paid loss triangles reduced the investment by \$6  
7 million at March of '22, correct?

8 MS. CARA LOW: Correct.

9 MR. TODD ANDRES: And since the  
10 manually selected unpaid amounts back to 1974 were  
11 added to the external model, but not the internal  
12 model, does the \$14 million increase when moving from  
13 the -- or, pardon me -- moving to the internal model  
14 mean that the removal of the manually selected unpaid  
15 amounts increased the estimate by 14 million?

16 MS. CARA LOW: I believe that is true.  
17 I'm just looking for confirmation from back row.

18

19 (BRIEF PAUSE)

20

21 MS. CARA LOW: Correct, subject to  
22 check. And that seems reasonable, yes.

23 MR. TODD ANDRES: Thank you. And the  
24 remaining difference was \$80 million.

25 MS. CARA LOW: Correct, yes.

1 MR. TODD ANDRES: Right. And so were  
2 the expected loss ratios used for the -- I hope it's  
3 pronounced Bornhuetter-Ferguson --

4 MS. CARA LOW: Bornhuetter-Ferguson,  
5 yes.

6 MR. TODD ANDRES: Bornhuetter-Ferguson  
7 -- thank you -- method consistent between the external  
8 and internal models?

9 MS. CARA LOW: Yes, I believe so.  
10 Yes.

11 MR. TODD ANDRES: Thank you. Were the  
12 coefficients of variation with regards to the loss  
13 ratios used in the Bornhuetter-Ferguson method  
14 consistent between the external and internal models?

15 MS. CARA LOW: I believe so, yes.

16 MR. TODD ANDRES: Thank you. And was  
17 all the rest of the difference due to the use of  
18 nineteen (19) years of historical data instead of  
19 eighteen (18)?

20 MS. CARA LOW: That is my  
21 understanding, yes.

22 MR. TODD ANDRES: Thank you.

23 Ms. Schubert, if you could pull up  
24 Undertaking 30, which is Exhibit 86. Thank you for  
25 that. Now, if we scroll down to Figure 1 -- even

1 further. Thank you. Even further down, please.

2 Thank you. Oh, not quite that. Just so the numbers

3 appear. Thank you. Perfect.

4 It looks like the actual discounts are

5 substantially less than the actuarially indicated

6 discounts for each policy year for the vehicles with

7 registered owners with DSR 5 and higher, correct?

8 MS. CARA LOW: Correct.

9 MR. TODD ANDRES: Thank you. And with

10 most registered owners in Manitoba having a DSR 5 or

11 higher, is there an off balance that needs to be

12 applied to these discounts to balance them out because

13 everyone can't get lower rates, right?

14 MS. CARA LOW: Right. There would be

15 an off balance between everything. So, these aren't

16 the premiums necessarily themselves, but the

17 difference between the premiums, but there would be an

18 off balance.

19 MR. TODD ANDRES: So, at what level of

20 DSR after adjusting for the off balance is the

21 actuarially indicated discount still greater than the

22 actual discount?

23 MS. CARA LOW: I'll need to check with

24 the back row.

25 MR. TODD ANDRES: Certainly.

1

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(BRIEF PAUSE)

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CONTINUED BY MR. TODD ANDRES:

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MR. ERIC WISHNOWSKI: Counsel, I can just advise -- this is Eric Wishnowski, for MPI -- based on information that was received, I don't believe we have anybody from the ratemaking panel on the back row. So that might not be an answer (sic) that can be answered forthwith.

MR. TODD ANDRES: That's fair. And that did require some fairly quick math, so that's understood.

If there is someone who might be able to be available at just the last minute for the ratemaking panel at some point within the next twenty (20) minutes, if they could answer that, that would be appreciated.

I do have a follow-up just in case they're able to answer as well. And again, my apologies for not alerting the ratemaking panel earlier.

The follow-up question is: After the off balance, how much more than the actuarially

1 indicated discount the drivers at the top end of the  
2 scale are paying? And again, we don't need an exact  
3 figure, but a ballpark.

4 MS. CARA LOW: Correct. But overall,  
5 the off balance is for the entire DSR scale, right?  
6 'Cause the actuaries determine how big the pie needs  
7 to be, and then we slice and dice the pie, and the  
8 bigger discounts we give, the more the -- the lower  
9 end has to pay 'cause it's -- right?

10 MR. TODD ANDRES: Yes.

11 MS. CARA LOW: So, the off balance is  
12 for the entire scale.

13 MR. TODD ANDRES: Understood. There  
14 is just one pot of money, and it's just --

15 MS. CARA LOW: Exact.

16 MR. TODD ANDRES: -- in terms of how  
17 it's allocated versus the top end as opposed to the  
18 low end.

19 MS. CARA LOW: Right.

20 MR. TODD ANDRES: Understood.

21 MS. CARA LOW: But you're looking for  
22 off balance for the DSR 20.

23 MR. TODD ANDRES: Correct, if it's  
24 available. So, I'll park that line of questioning for  
25 now.

1                   For the claims forecasting panel, Ms.  
2 Schubert, could you please pull up Undertaking 21?

3                   MR. TODD ANDRES:   Thank you.   And if  
4 we look at Figure 2, please, Ms. Schubert.   Right.

5                   So, with the updated Manitoba  
6 inflation, the ultimate loss cost for 2025 is ninety-  
7 four dollars and seventy-two cents (\$94.72), and for  
8 2026, it is ninety-six dollars and twenty-one cents  
9 (\$96.21) for accident benefits weekly indemnity,  
10 correct?

11                  MS. CARA LOW:    Correct.

12                  MR. TODD ANDRES:   And similarly, it's  
13 sixty-four-o-one (64.01) if we look now at Figure 3  
14 and sixty-four ninety-six (64.96) for the same periods  
15 for accident benefits, other, indexed, correct?

16                  MS. CARA LOW:    Correct.

17                  MR. TODD ANDRES:   Thank you.   And this  
18 causes the claim cost per unit in Figure 4 to be seven  
19 hundred and forty-seven dollars and thirty-six cents)  
20 (\$747.36) versus seven hundred and forty-nine dollars  
21 and forty cents (\$749.40), correct?

22                  MS. CARA LOW:    Subject to check, but  
23 yes.

24                  MR. TODD ANDRES:   Thank you.   And  
25 again, between those two (2) figures, it's a

1 difference of two dollars and four cents (\$2.04) --

2 MS. CARA LOW: Sounds reasonable, yes.

3 MR. TODD ANDRES: -- claims costs and

4 this translates to a -- and it's in line 11,

5 discounted middle of the rating year to reflect

6 investment income on premiums received of nine hundred

7 and forty-nine dollars and eighty-two cents (\$949.82)

8 versus nine fifty-two twenty-five (952.25), correct?

9 MS. CARA LOW: Correct.

10 MR. TODD ANDRES: And that's a

11 reduction of two dollars and forty-three cents (2.43)?

12 MS. CARA LOW: Subject to check, yes.

13 MR. TODD ANDRES: Subject to check.

14 Thank you. And this translates to a required rate

15 indication of 6.5 percent, correct?

16 MS. CARA LOW: Correct.

17 MR. TODD ANDRES: Versus the October

18 update of 6.77 percent, correct?

19 MS. CARA LOW: Correct.

20 MR. TODD ANDRES: And that's a

21 reduction of 0.27 percent?

22 MS. CARA LOW: Correct?

23 MR. TODD ANDRES: Thank you. So,

24 reflecting the change in Manitoba CPI that was

25 included in the October update on the projected cash

1 flows for these two coverages would reduce the AAP  
2 rate indication by 0.27 percent, correct?

3 MS. CARA LOW: Correct.

4 MR. TODD ANDRES: Thank you. And then  
5 finally for the strategic vision panel, Ms. Schubert,  
6 if you could please pull up undertaking number 29,  
7 exhibit 70, and just scroll down into Figure 1.

8 And where it says, "Manitoba," it says,  
9 "This analysis -- " Right. So, it's the average  
10 after-tax income spent on auto insurance by province  
11 in 2022. And the analysis here -- I guess the figure  
12 here shows that the average after-tax income spent on  
13 auto insurance in Manitoba was 2.8 percent, correct?

14 Ms. CARA LOW: That's correct.

15 MR. TODD ANDRES: Thank you. And did  
16 MPI review the analysis and evaluate how this figure  
17 was determined?

18 MS. CARA LOW: No, we do not have  
19 access to that.

20 MR. TODD ANDRES: Thank you. So, I  
21 take it then MPI -- well, I guess the question is:  
22 Did MPI provide information to the Alberta Rate Board  
23 for this report?

24 MS. CARA LOW: No, but maybe my  
25 colleague can speak to kind of where that data comes

1 from.

2 MR. TODD ANDRES: Thank you.

3 MS. SATVIR JATANA: We did not provide  
4 the data and we haven't verified the data. The  
5 discussion was that -- whether this metric is used in  
6 other jurisdictions and we said, yes, we've seen it,  
7 and we haven't explored it any further.

8

9 (BRIEF PAUSE)

10

11 MR. TODD ANDRES: So subject to the  
12 ability to find someone from the I believe ratemaking  
13 panel, those are my questions.

14 MR. ERIC WISHNOWSKI: Mr. Andres,  
15 Khurram has joined in the back row online. Can you  
16 just please repeat your question for him?

17 MR. TODD ANDRES: Happy -- happy to.

18 MR. ERIC WISHNOWSKI: Thank you.

19 MR. TODD ANDRES: So, I have a  
20 response to this question, but this is the background  
21 that sets up the next question.

22 So, the question was:

23 "With most registered owners in  
24 Manitoba having a DSR 5 or higher,  
25 is there an off balance that needs

1 to be applied to these discounts to  
2 balance them up because everyone  
3 can't get -- or not everyone can get  
4 lower rates?"

5 And the answer is, "Yes." And so, at  
6 what level of DSR, after adjusting for the off  
7 balance, is the actuarially indicated discount still  
8 greater than the actual discount? So where is the  
9 threshold?

10

11 (BRIEF PAUSE)

12

13 MR. ERIC WISHNOWSKI: Madam Chair?  
14 Perhaps while we're waiting for -- to see if that  
15 question can be answered, I do have actually exhibits  
16 that I could read in. I'm not sure if now is an  
17 appropriate time to --

18 PANEL CHAIRPERSON: Sure. Let's do  
19 that, please --

20 MR. ERIC WISHNOWSKI: Thank you.

21 PANEL CHAIRPERSON: -- Mr. Wishnowski.

22 MR. ERIC WISHNOWSKI: And I apologize  
23 not -- for not doing this from the outset, but Exhibit  
24 76 would be MPI's Response to Undertaking 17; Exhibit  
25 77 would be the response to Undertaking 9; Exhibit 78

1 would be the Response to Undertaking 4; Exhibit 79  
2 would be the Response to Undertaking 15; Exhibit 80  
3 would be the Response to Undertaking 21; Exhibit 81  
4 would be the Response to Undertaking 5; Exhibit 82,  
5 the Response to Undertaking 18; Exhibit 83, the  
6 Response to Undertaking 24; Exhibit 84, the Response  
7 to Undertaking 6; Exhibit 85, the Response to  
8 Undertaking 22; Exhibit 86, the Response to  
9 Undertaking 30; Exhibit 87, the Response to  
10 Undertaking 31; Exhibit 88, MPI's Response to  
11 Undertaking 4, the black-line version; Exhibit 89,  
12 Response to Undertaking 5, black-line version; Exhibit  
13 90 is the Response to Undertaking 27.

14

15 --- EXHIBIT NO. MPI-76: MPI's Response to  
16 Undertaking 17

17

18 --- EXHIBIT NO. MPI-77: MPI's Response to  
19 Undertaking 9

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21 --- EXHIBIT NO. MPI-78: MPI's Response to  
22 Undertaking 4

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24 --- EXHIBIT NO. MPI-79: MPI's Response to  
25 Undertaking 15

1  
2 --- EXHIBIT NO. MPI-80: MPI's Response to  
3 Undertaking 21  
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5 --- EXHIBIT NO. MPI-81: MPI's Response to  
6 Undertaking 5  
7  
8 --- EXHIBIT NO. MPI-82: MPI's Response to  
9 Undertaking 18  
10  
11 --- EXHIBIT NO. MPI-83: MPI's Response to  
12 Undertaking 24  
13  
14 --- EXHIBIT NO. MPI-84: MPI's Response to  
15 Undertaking 6  
16  
17 --- EXHIBIT NO. MPI-85: MPI's Response to  
18 Undertaking 22  
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20 --- EXHIBIT NO. MPI-86: MPI's Response to  
21 Undertaking 30  
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23 --- EXHIBIT NO. MPI-87: MPI's Response to  
24 Undertaking 31  
25

1 --- EXHIBIT NO. MPI-88: MPI's Response to  
2 Undertaking 34, black-  
3 line version

4  
5 --- EXHIBIT NO. MPI-89: MPI's Response to  
6 Undertaking 5, black-  
7 Line version

8  
9 --- EXHIBIT NO. MPI-90: MPI's Response to  
10 Undertaking 27

11

12 MR. ERIC WISHNOWSKI: Also, Exhibit 91  
13 was filed, but there is going to be some comments on  
14 that. Perhaps I'll let this line of questioning from  
15 Mr. Andres finish first and then I can address that  
16 more fulsomely.

17 PANEL CHAIRPERSON: Okay. Thank you.  
18 And does Mr. Masud have an answer?

19 MS. CARA LOW: It would take a little  
20 bit of work to figure that out.

21 MR. TODD ANDRES: So, in -- in that  
22 case, we'll leave it -- leave it be. Thank you.

23 MS. CARA LOW: Okay.

24 MR. ERIC WISHNOWSKI: Returning to the  
25 issue of Exhibit 70 -- 91, MPI had filed it and is in

1 fact seeking to withdraw that. I understand that if  
2 comments are necessary, there was just an error in  
3 some of the numbers.

4 Particularily, I know Mr. Bunston would  
5 have a more detailed response to that, but I don't  
6 know if there's any issue, but MPI would be seeking to  
7 withdraw number 91, and that'd be CAC-2-26, Response  
8 and Appendix 1.

9 PANEL CHAIRPERSON: Ms. Dilay, Mr.  
10 Klassen, do you have a comment?

11 MR. CHRIS KLASSEN: We for CAC aren't  
12 opposed to -- to the withdrawal of that document. We  
13 did come prepared with questions today to point out on  
14 the record that it contained errors.

15 But to the extent that it's not  
16 reliable for purposes of this process, it makes no  
17 difference to our client whether it's withdrawn or  
18 whether those errors are pointed out on the record.  
19 So, we have no -- no opposition to MPI's proposal to  
20 withdraw the document. Thank you.

21 PANEL CHAIRPERSON: Thank you. And,  
22 Mr. Andres, you've concluded?

23 MR. TODD ANDRES: No further questions  
24 from PUB counsel.

25 PANEL CHAIRPERSON: Thank you.

1 MR. TODD ANDRES: Thank you,

2 PANEL CHAIRPERSON: Mr. Klassen...?

3 MR. CHRIS KLASSEN: No -- questions on  
4 undertakings from CAC (Manitoba).

5 PANEL CHAIRPERSON: Thank you.

6 Mr. Gabor...? Ms. Nemec...? Mr. Bass...? Mr.  
7 Ireland...?

8 Thank you very much. That concludes  
9 the undertaking panel this afternoon, and we are now  
10 adjourned until Wednesday, November the 6th, and we  
11 will have closing remarks at that time

12 So, thank you very much for your  
13 participation this afternoon, and we'll see everyone  
14 on Wednesday.

15

16 --- Upon adjourning at 1:35 p.m.

17

18 Certificate of Transcript

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22 \_\_\_\_\_  
Wendy Woodworth, Ms.

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