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# MANITOBA PUBLIC UTILITIES BOARD

Re:

MANITOBA PUBLIC INSURANCE CORPORATION (MPI)

2026/27 MPI GRA

Before Board Panel:

Irene Hamilton, K.C.- Panel Chairperson

Patrick Ireland - Board Member

Kim Sharman - Board Member

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

Winnipeg, Manitoba

Oct 21, 2025

Pages 1052 to 1241

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| Karen Wittman | (np) | ) Taxi Coalition |
| Alisen Kotyk | (np) | ) |

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LIST OF UNDERTAKINGS

--- Upon commencing at 9:03 a.m.

PANEL CHAIRPERSON: Good morning, everyone. We will start this morning by hearing from the MPI Claims Forecasting Panel.

Mr. Guerra, Mr. Wishnowski, would you introduce your Panel, please?

MR. ERIC WISHNOWSKI: Yes. Good morning, Madam Chair and members of the Panel. Good morning, all Interveners and PUB staff. I am Eric Wishnowski, legal Counsel for MPI.

Today in the front row for the Claims Forecasting Panel to my right is Cara Low, Vice President and Chief Actuary. To her right, Khurram Masud, Director of Pricing and Actuarial Forecasting. And then John Bowering, Vice President and claims -- Chief Claims officer.

In the back row, starting in the far right in the screen left would be Christie Way, Director of Injury Claims Management. Then Rob Smithson, Manager Customer Product Design and Specialty Programs. Of course, Satvir Jatana, President and CEO. And then Tyler Clearwater, Manager Actuarial Forecasting.

Also in the virtual back row is Simmi

Mann, Customer Product Design and Speciality Programs Lead.

MPI's one exhibit that it filed this morning, Exhibit number 42, the 2026 GRA claims forecasting presentation.

--- EXHIBIT NO. MPI-42: 2026 GRA claims forecasting presentation

PANEL CHAIRPERSON: Thank you. Could we have the witnesses sworn, please.

MR. ERIC WISHNOWSKI: And there are a few witnesses to be sworn in.

MPI PANEL: CLAIMS FORECASTING AND CONFIDENTIAL CLAIMS FORECASTING:

CARA LOW, previously Affirmed
KHURRAM MASUD, Affirmed
JOHN BOWERING, Sworn

EXAMINATION-IN-CHIEF BY MR. ERIC WISHNOWSKI:

MR. ERIC WISHNOWSKI: Thank you. Before getting into the presentation this morning, I simply ask -- there's at least one (1) clarification

or correction that we'd like to make. If it's possible, Ms. Dweh, if we could bring up the transcript from yesterday, specifically page 849 on the transcripts. I don't know what that would be on the document, but... oh, perfect.

And this would be the last paragraph. Ms. -- Ms. Kauk, at line 22, was asked a question. And it says, "Yes, historically" -- and this is her response. And this is my question for Ms. Low for clarification.

> "Historically, when we filed the application, we included the rate that was being applied for in the rating year and the forecast years assumed a 0 percent rate increase. In this application, we have applied that net trend assumption, which is aligned to the loss cost trends that we're seeing on the claims side.
>
> It could be inferred that if we're expecting to see certain loss costs -- loss costs or claims trends, that we would need revenue to offset those expected expense

increases.

So, in order to provide a forecast that is aligned to expectations and not skew results, we've applied that net trend to revenue."

Ms. Low, I understand that you want to make a correction or clarification to that comment.

MS. CARA LOW: Thank you. Yes, I would. So, when you think about it, if our claims are going up by 4 percent and our premium trend is going up by 2 percent because of new vehicles being insured, there's a deficit of 2 percent because 4 percent -- claims line is going up by 4 percent, premium line going up by 2 percent. Then you would have an implied future rate change of 2 percent.

So, the net trend is not equivalent to claims trend. It's a premium trend net of the claims trend.

MR. ERIC WISHNOWSKI: Thank you, Ms. Low.

DR. DARREN CHRISTLE: Mr. Wishnowski, could you move the microphone closer to you and speak right into it?

MR. ERIC WISHNOWSKI: Absolutely.

DR. DARREN CHRISTLE: Thank you.

MR. ERIC WISHNOWSKI: Thank you.

CONTINUED BY MR. ERIC WISHNOWSKI:

MR. ERIC WISHNOWSKI: Thank you for that, Ms. Low. I will just advise the Panel that there might be another clarification, but it might just come up organically throughout today's questions. I know there was a few questions yesterday that were more geared for claims forecasting.

I understand, Ms. Low, your team has a presentation this morning.

MS. CARA LOW: That we do.

MR. ERIC WISHNOWSKI: Excellent.

MS. CARA LOW: If we could go to the first slide. One more slide. Thank you.

So, thank you for the opportunity to be here today to discuss MPI's claim forecasting process, the 2026 GRA claims forecast itself, and the initiatives for controlling claims cost.

Claim forecasting is not an easy task, especially in the recent past, as the data has reflected global pandemic impacts, high inflation, supply chain issues, shifts in driving behavior due to work from home, delays in reporting during and after

the 2023 strike at MPI that occurred at the same time as the largest hailstorm in MPI's history.

As the actuaries, we're looking forward to finally seeing stability in the claims data. We entered a new era of uncertainty with tariffs and counter tariffs. The actuarial and claims teams are closely watching the claims costs for any signs of impacts on the tariffs, but have not yet seen anything in the data.

Over the past few GRAS, I've spoken about the growth and maturity of the MPI's actuarial team with one of the primary focuses being on building our forecasting capabilities.

As no one knows the future, a claims forecast will always be an estimate. However, MPI's continuously looking to improve the predictability and the sophistication of forecasting to strive for increased accuracy and, in the end, stability in rates.

This year, the actuarial team has spent time on refining the analysis by creating forecasts split by comprehensive payrolls: fire, glass, hail theft, vandalism, and all other. This split improves MPI's understanding of movements in both frequency and severity of these different payrolls to have more

granular insights.

Now, with the introduction of a chief claims officer position in 2024, there has been increased collaboration between the actuaries that create the claims forecast and the claims leadership. This increased collaboration supports the interpretation of the data and understanding if there are emerging trends that need to be captured.

The internal actuarial team has this benefit of this ongoing dialogue with the claims team that external consultants do not have.

The 2026 GRA claims forecast builds on lessons learned from the past. It's important that assumptions and methodologies are refreshed and updated as necessary to ensure the most accurate forecast possible.

An example, this year is that MPI revised its approach to how work from home is captured in our claims forecast. As traffic density and commuting times of return to pre-pandemic levels, MPI no longer sees any additional benefits in the claims data even though some Manitobans continue to work from home.

In this GRA, MPI removes adjustments for the work from home from future frequency and

adjusts the impact applied to historical frequency. The forecast continues to reflect external influences and not only rely on internal data. For example, past GRAs have included external factors such as inflation and wage growth.

And this year snowfall has been added. MPI has found a strong correlation between the number of vehicle accidents and the historical amount of snowfall.

However, ultimately, a more accurate claims forecast will not provide affordability without claims cost controls, which remain a key focus through targeted initiatives, such as proper repair practices and glass repair first policies. You will be hearing about these initiatives from Mr. Bowering in a few moments. So, if you can go to the next slide.

This slide is an important reminder why we have a separate Claims Forecasting Panel. The slide shows a breakdown of where the projected premium dollars for the '26 rating year is expected to be paid.

Seventy-one percent is going -- expected to go to pay claims, and this is consistent with the 2025 GRA that also had 71 percent of projected premium dollars going to cover claims. The

pie chart on the left shows a composition.

Forty-four percent of projected premium dollars are expected to pay collision claims, 10 percent for Comprehensive claims, and 4 percent for property damaged claims. So, 58 percent of premium dollars are expected to pay for damaged vehicles. The PIPP and third-party liability costs make up another 12 percent with 30 percent in the other category, which is nonclaims.

If you look at the chart on the right-hand side, it provides a split of the other category. The largest percentage here is a 12 percent for claims expenses, so related claims. So, these are the costs to run the claims team as well as items such as towing contracts and our Manitoba health service levy costs.

Another 9 percent goes to the overall operating expenses of the Corporation. Four percent goes to our broker partners, 3 percent to premium tax, and 2 percent for Basic fleet customers for net rebates as they don't qualify for the DSR Program.

The claims forecast, especially the collision forecast, drives our AEP and ultimately what Manitobans pay for insurance. MPI continues to strengthen our claim forecasting through collaboration between the actuarial and claims teams to ensure the

best estimate can be put forward.

I'm now going to hand it over to Mr. Masud.

MR. KHURRAM MASUD: Good morning, everyone. Thanks, Cara. My name is Khurram Masud. And I'm the Director of Pricing and Actuary -- Actuarial forecasting. Really glad to be here. And it's always been a privilege to represent MPI in these oral hearings and showcase the progress that we've made.

Today I'll walk you through the claims forecasting part of MPI's General Rate Application for 2026. This section will outline methodology, key assumptions, enhancements that we've made to improve the accuracy and responsiveness of our forecast. Next slide, please.

Our forecast -- forecasting approach continues to follow a two (2) step process which we introduced in 2024 GRA. Step 1 involves loss trending where we fit regression models to historical data to identify past trends. These trends are selected based on statistical fit, operational insights from John Bowering's team, and broader macroeconomic factors. We then determine the future trends, which may differ from past trends depending on the emerging patterns

and expert judgment.

Step 2 is the prediction of loss cost using the selected trends. We trend historical loss costs first to the current year level and calculate a weighted average using a five (5) year through using most recent five (5) years worth of experience.

Future trends are then applied to this weighted average to project forward each year's claims forecast. We also adjust for expected product changes, such as in this year's case, the deductible increase. Consistent application of this methodology ensures a balance between responsiveness and stability. Next slide, please.

We'll now go through some of the key consideration that influenced our claims forecast for the 2026 GRA. Used vehicles, labour costs, and wage growth are all directly related to inflation. While inflation, as we noticed this year, is stabilizing and returning to pre-pandemic levels, however, broader economic uncertainty still prevails, such as tariff disputes. This introduces volatility and uncertainty into our claims forecasting.

As Cara alluded to earlier, we have found a strong correlation between number of vehicle accidents and historical snowfall levels. The

severity of these snowstorms helps us better understand the effect weather has on our claims frequency.

Vehicle repair costs, caregiver expenses, and weekly indemnity benefits are all influenced in part by wage growth. Manitoba's minimum wage increased to sixteen dollars ($16) per hour effective October, 2025, representing a 1.27 percent rise. This change directly affects the cost of our services, cost of the claims cost, and is reflected in our severity trend selection.

Effective April 1st, 2026, the Basic deductible will increase from seven fifty ($750) to a thousand dollars (1,000). This change is expected to reduce claim costs for Collision and Comprehensive and an impact to third-party liability deductible transfer.

The impact of this product change is fully reflected into our claims forecast and contributes to an overall reduction in the project predicted losses, which we will see in the next few slides. Next slide. Yes. Thank you.

We've made two (2) key enhancements in this year's GRA. First, as Cara alluded to earlier, we've introduced payroll-by-payroll forecasting for

Basic comprehensive coverage. What does that mean? Instead of treating Basic Comprehensive claims as one (1) large bucket, we've split them into each payroll.

How does this help us? This allows us to isolate and analyze trends for specific payrolls and helps us in improving the understanding of what drives these changes to claims.

Second, we've revisited and revised our approach to work-from-home adjustment. With traffic patterns returning to pre-pandemic levels, we've removed work-from-home adjustment from future frequency predictions. This ensures our forecast reflect current and expected driving behavior more accurately. Next slide.

This slide compares projected ultimate losses per unit insured, sometimes referred to as loss costs, for the rating year '26/'27, the one that we are filing for, between what we projected last year in 2025 GRA versus what we are projecting now in the 2026 GRA.

Overall, the Basic claims per unit insured, which is, as I said, generally referred to as loss cost, has increased by 2.5 percent, or twenty-seven point three four dollars ($27.34) per unit. Notably, you will notice Collision has seen an

increase of 2.3 percent while Comprehensive has decreased by 6.4 percent. Next slide.

This slide breaks down this change that we showed you in the previous slide between '25 and '26. The largest contribution of this change comes from the change in the past claims, which includes changes in the ultimate historic losses and their underlying trends.

The future losses reduces the loss cost by sixteen dollars ($16). The new work-from-home adjustment which we'll talk about in a second increases the loss cost by twenty-one dollars ($21). And finally, the deductible change reduces the loss cost by twenty-four dollars ($24). Next slide, please.

Now we'll go into more detail of our work-from-home assumption and how it has changed from the prior GRA. Next slide.

What did we do in 2025 GRA? We relied on Google mobility reports and our commuter behavior survey to estimate the work-from-home impacts; however, both sources have limitations. Moreover, Google data relates to 2020 and 2021, which is becoming a little aged.

The Google baseline was based on a

short winter period and may not be representative of two (2) pre-pandemic mobility. Our surveys, while helpful, had limited sample sizes and was based on perceptions of the participants rather than two (2) underlying ground data.

While relying on small aging data sets with periodic survey-based adjustments was acceptable as an interim measure, we believe it now warrants a comprehensive review and a more permanent solution. In the absence of an alternate reliable source -- data source, we propose adopting an intuitive approach, avoiding unnecessary complexity for an issue that has now normalized with no remaining impact on future accident frequency.

As a solution, we are proposing the use of a linear declining scaler adjustment in the regression model to deflect gradual normalization of driving patterns as work-from-home effects subsided to zero.

2024 claims experience already showed a higher than expected frequency, suggesting a return to pre-pandemic traffic levels. And if we can go to the next slide.

Supporting our revised work-from-home assumption, stats scan data shows commute times have

returned to pre-COVID levels. TomTom's Traffic Index also indicates condition levels have actually surpassed the pre-pandemic norms. These findings reinforce our decision to remove work-from-home adjustment from future forecasts. Next slide.

This chart compares the ultimate frequency across different work from home models. If you notice, the blue line represents our new work-from-home model. The old work-from-home model is the green line. And an alternative model proposed by Oliver Wyman is represented by the yellow line.

You will notice our new model reflects gradual declining work from home impact from 2020 to 2024 with no adjustments from 2024 onwards. This approach aligns with observed data and provides a more accurate representation of the current driving behavior. Next slide, please.

Now, we'll talk about some other forecasting as assumptions for the 2026/'27 rating year. This slide shows the distribution of ground-up glass only replacement claims by claim severity bands.

On the horizontal axis, what do we see? We see that claims severity bands grouped in roughly fifty dollars ($50) increment. You'll see -- from left to right, you'll see the severity increasing

while the vertical axis shows the number of claims within each of these buckets.

Given the Basic deductible level at seven fifty dollars ($750), the claims to the left of the vertical thick yellow line represents those paid either through Extension buydown if the policy holder has that extension coverage or out of pocket paid by the policyholders, whereas claims to the right of the thick yellow line is where the claims exceed seven fifty dollars ($750), so they will be paid for under the Basic coverage.

If you notice, the shape of the curve is gradually flattening, but the mass is shifting to the right, indicating that a greater proportion of claims now fall into higher severity bands. In other words, more glass claims are becoming costlier, leading to an overall increase in claim severity over time. What that also means is that a higher share of claims are falling under the Basic coverage than in the prior -- prior years. Next slide, please.

Effective 1st of April, 2026, the Basic deductible increases to a thousand dollars. This change is driven by rising vehicle prices, labour costs, and repair complexity. In particular, looking at Comprehensive payroll, we noticed very high

severity trends in glass-only Comprehensive claims that we demonstrated in the previous slide. Some of it is attributable to ADAS calibration. The impact on Basic coverage in total is 24.4 million reduction in claims costs. Next slide, please.

In line with PUB Order 145/23, we continue to apply 20 percent equal weights to the most recent five (5) accident years, including 2020. This approach supports focus stability and comparability. We will only revise this assumption with clear justification and may consider alternatives. We are opening -- open to use -- offer differing weights, but only if they enhance the long-term reliability of claims forecast.

This concludes my part of the presentation. I thank you for your time and your attention. And I'll now pass it over to Mr. Bowering.

MR. JOHN BOWERING: Thank you, Mr. Masud. Good morning, Panel. My name is John Bowering. I am the Vice President of Claims at MPI. I've been with MPI for twenty-three (23) years, but I've been in this role for about a year. And during that time, I've learned a lot about our claims process and the controls we have in place.

So, I'd like to take a few minutes just

to walk you through and educate you on how we really work to manage our claims costs as effectively as we can while still promoting proper repair and road safety.

So, I'm going to take you through the claims journey and highlight some of the key steps that we have in this process, starting right from the first notice of loss when somebody reports a claim. So, right at that point, we have our trained call takers that are triaging claims and taking data to help us understand the different risks associated with different claims.

And based on the answers we get from our customers, that unlocks different options and paths that they can go through, for example, the estimate service options. This is whether your vehicle is -- has to come to one of our service centres because we deem it a higher risk. Or maybe you're eligible to go directly to a repair shop to have that efficient process of working directly with the shops, and they'll do that initial estimate.

And then we have some -- some types of losses that are eligible for photo-based estimating, where you can take the pictures of the vehicle yourself. You send those into us, and it saves you a

trip into one of our locations, and the estimate can be written for you.

As we move through, we have claims assignment to repair shops. So, we have an entire accredited repair process that accredits all of our repair shops and makes sure they meet certain standards, have certain tooling.

And then we work with them to make sure they're maintaining those standards, maintaining the training that all their staff need to have. And then we work with them to make sure they're only taking the types of repairs that they're capable to complete from start to finish.

Once the repairs are in progress, we have audits where we send out people to inspect the vehicles, to inspect the shops unannounced to make sure that repairs are being done properly and to provide assistance and support to -- to these -- to the repair industry.

Once the repairs are complete, we have a post-payment audit where we pull a sampling of claims and we go through and we audit them to make sure that everything was done properly, that everything followed our procedures. And -- and we scorecard all of our shops based on their performance.

And so, we actually have shop KPIs and a monthly scorecard that goes out to all of our light vehicle shops. And then we have shop relationship advisors whose job is to work with those shops to make sure that they're doing the repair properly, that they're maintaining the scores that we need, that they're getting the savings that we need on things like aftermarket parts, and that they're providing good customer experience.

So, we -- we look at things like net promoter score to make sure that they're representing us well in this -- in this claims journey that our customers are going through.

Similarly, we have a dedicated total loss valuation that specializes in writing off many -- not all, but many -- of our total losses, and that allows us to become really proficient in that area. And similarly, we have a dedicated salvage team that is constantly exploring new ways to -- to maximize the return that we get on the salvage that we sell.

And we have a dedicated subrogation team that is experts at recovering where money is owed to us from other parties. So, we have end-to-end controls throughout the entire claims process.

I want to focus a little specifically,

if you go to the next slide, on some of our PIPP controls. So PIPP is a little bit different. We're really focused on ensuring that we're paying the appropriate entitlement to injured Manitobans at the appropriate time.

It's really about following our legislation and making the right payment for the right time and really understanding every individual's circumstances.

We have several internal controls in place to support this goal. So, the one I'm highlighting here has to do with our income replacement indemnity, which is by far the largest of -- of the costs on the injury side.

And so, we very closely monitor how long it's taking for us to get someone to a point where they can return to work. And so, you can see in this chart here we're highlighting, we monitor these trends to look for outliers so that we can dig into it further.

It's not so much about the specific target, but it's still something we monitor. And we saw that in '23/'24, our -- the amount of IRI that's being concluded within six (6) months was down a little bit, and so that prompted us to do an analysis

into what's going on.

We found that we had some -- there was a slight uptake in -- in our more serious injuries and that's what was driving that. So, this is really just to keep our eye on what's going on and make sure we understand the factors that are driving it.

At the same time, we have a multidisciplinary review of claims within the stages so we can make sure we're exploring what's -- what needs to keep this claim moving and what are the next steps.

Any claim that extends beyond twenty-four (24) months are schedule -- are -- are subject to an annual review and assessment to make sure that we're managing and monitoring these claims throughout their life cycle 'cause some of these claims can drag on for -- sorry, not drag on -- some of these claims can extend for quite some time. My apologies.

And we make sure we're aligning on what are the next steps as it -- as it relates to the rehabilitation plan, and then how can we support our customers through this challenging time and make sure we're providing them with the -- the care that they're entitled to and supporting them as they're needed to get back to -- to as -- as full functionality as

possible.

Finally, we are weekly doing payment audits for all the payments that we make every week. And then we have a lot of money set aside for reserves, and so we have monthly reserving auditing to make sure those reserves are accurate and reflect the anticipated future costs that we have on a claim.

If we go to the next slide, I want to highlight some of the cost control KPIs that we put in place. This was something that was requested by the PUB earlier this year.

And so, some of these existed already, but I just want to walk you through what we've pulled together to make sure we have this top level understanding of what are some of our key cost drivers.

So, we can't control everything when it comes to claims costs. For example, on a -- on a vehicle write-off, the market value of vehicles isn't directly in our control, but how closely we hold to our primary valuation tools and how much we deviate from that is within our control.

So, we're really trying to focus here and select KPIs that aren't just measuring what's going on in the industry, but actually measuring what

of that piece of that pie do we actually have some influence over and can we -- can we work towards.

So, the first one, the repair one is ask approved variance. And this is where we are looking at how often are the shops asking for things that we don't approve?

So, we want to set up a system where the shops know our rules, black and white, they understand what's going on, and when they come to us and say, we would like to add some more parts to this original estimate, we agree as closely as possible with what -- we approve what they've asked for, so that there's a very tight variance there.

And that way it avoids situations where they're asking things that they aren't entitled to, and it -- it makes our processes more efficient and more cost effective. So, we monitor that very closely and it's one of their scorecard metrics.

Another one of their scorecard metrics is realized part savings. And this is where we set a target as to this is the -- the OEM, the original manufacturer's price for a part that was damaged and needs to be replaced.

And we set a target that they need to realize about a 20 percent savings off of that. And

they can do that by sourcing recycled parts or aftermarket parts, or if they are able to secure even a new part and find a way to get that cost down.

We leave that autonomy to them, and it motivates them to find the best option for us. But then we very closely scrutinize how are they -- what is their -- their realized parts savings?

And this has been a very successful program. We've built in collaboration with the repair industry and it results in considerable savings for us and ensures that we are passing them along to -- to Manitobans. So that's something we monitor.

On the total loss side, as I mentioned, the -- the bulk of the cost of writing off a vehicle is determined by the external market factors. We use a tool called ADP and it provides us with what the settlement values are for that vehicle. And then we work with the customer to discuss.

Maybe they have different options, maybe they -- they've done some recent work to their vehicle. And so, we track how close we are to our primary valuation source, and that's the variance in number 2.

Number 3 is about our salvage return. So, this looks at how much of a vehicle's value do we

get it back in salvage? And so, I believe we're close to about 20 percent of the vehicle. We get just under 20 percent. If a vehicle's worth ten thousand dollars ($10,000), we're looking to get about nineteen hundred dollars ($1,900) back in salvage.

And so, we track that as closely as possible, and there can be a lot of factors that influence that, what the market demand is for the different vehicles, but it's something we watch very closely.

The -- the fourth one or fifth one, depending on how you want to count it, is our subrogation ratio. And this ratio looks at how much money based on that did the claims team pass off to the subrogation department and say, please try to recover this money. What percentage of that -- of all the work that's given to them, what percentage are they successful in recovering?

And not just promise to pays. This is actually we have recovered the cash. And so, we have a target that we aim for to -- to make sure we-re we're proactively recovering all -- as much as possible of what we're entitled to and so that we can pass those savings on to our customer.

So, if you go to the next slide, I'll

actually look at our current standings as it stood in -- in Q1, so our ask approved variance, our target was that we are at 2.63 percent.

So that is the delta between what they've asked for based on what we actually approve when they asked for changes to the estimate. And we are above our target. We were actually quite a bit below our target on that, and so that could be -- I'll get to the reviewing our targets periodically

Realized parts savings. We -- our target is 19.1 and Q1 we were just above that at 20.3 ADP to settlement variances. This is the delta between what our valuation tool says and -- and what we actually settle with the customer. And so, this one, we were slightly below target, and we have some strategies in place that we're working to try to bring this one back in band.

Our salvage return. Again, we were at -- our target is 17.3 percent, so that's seventeen (17) cents on the dollar. And we're just above that at 17.5.

And finally, our recovery ratio. Again, we're looking to recover 85 percent of every -- every dollar that they're asked to recover on, and they're slightly above that -- that team is doing

great -- at 87.5.

So, these targets were established this year. Some of them were existing targets that we had, but many of them were new. So, we've established those targets using a balanced approach of historical averages and existing targets and some stretch goals.

We're going to continue to monitor these and look for opportunities to -- to improve them, and annually we'll review them to say, are they -- are the targets working for us, are these KPIs working for us, and are there some -- any other KPIs? You might know we don't have one yet for the injury team. That could be one we'd look at for at next year to -- to enhance this.

If you go to the next slide, I wanted to talk about an exciting continuous improvement initiative. We're always looking at ways to optimize our processes. How can we enhance how we're -- how we're doing to make our processes more efficient?

So, I'm going to talk about a glass repair first initiative that the team's working on this year that I'm really excited about.

So, over the past five (5) years, glass repair counts have been dropping. So, if you think there's really two (2) buckets for glass, there's

repair or replace. So, either we can fix the little chip that you see or else we have to replace the entire windshield.

And we had noticed that our glass repair counts had been dropping and customers and shops have been choosing to replace windshields versus repair them. And so, we looked into this and said, we need to make some changes here. And so, we've introduced this glass repair first policy.

So as of November 2025, next month, glass repair claims opened for windshield damage will default to repair. And then the windshield replacements will need to be authorized by MPI with full supporting pictures to -- to support the replacement.

So, we've embarked on a communication and education campaign to ensure all the shops have the knowledge and the ability to -- to understand exactly what is a repair versus what is a replace.

We've equipped them with tools and guides so that they can just hold a little clear transparency up to the crack or the chip and determine whether it needs to be repaired or replaced. And we really want to minimize customer impact of back and forth and -- and set them up for success.

There's some wins with this move. It's going to be a reduction of repairable glass going to landfills. You would think glass is glass, it should be recyclable. But actually, with the layers of plastic in between the glass that keeps it safe, it also makes it very cost intensive to recycle it. So, this is going to reduce, you know, the glass going to landfills.

It's going to be a reduction in the financial impact to our customers. Many of them have a deductible that they don't have to pay anything for a repair, but they would have to pay a deductible for a replace, and it could reduce some of our rental costs.

Also, as Mr. Masud mentioned, we're seeing that a lot more vehicles are now having cameras mounted to the windshield, and that can add some costs and some calibration challenges with removing that and putting it back on versus older vehicles where you're just popping the glass out and putting a new piece of glass in.

So, there'll be some cost savings as a result of that, and ultimately a reduction in claims costs by requiring windshield repair over replace when it's proper to do so.

So, if we go to the next slide, just to wrap it up, what I hoped you've heard is that we really want to have a balanced approach between customer service, cost-effective repair, and safe and proper repair.

We have N-10 (phonetic) controls throughout the lifecycle of our claim. We partner with the industry on repairs tied to road safety. We're giving Manitobans options for service while managing our risks. We're monitoring our performance through data and KPIs, and we're continuously exploring opportunities for improvement.

And if we step back even further, going to the next slide, hopefully our key takeaways from today's presentation that I've highlighted some of the claims cost controls, and that that's a key focus of my team to make sure that we're doing our repairs properly, accurately, and managing our responsibility to Manitobans for -- for cost controls.

I'll turn it over to -- to Ms. Low for the final wrap up. All right. If you go back one slide.

MS. CARA LOW: Yeah, just the wrap-up. The claims forecasting has been an evolution at the MPI, but we feel like we are on track to bring a more

predictable and stable forecast.

MR. JOHN BOWERING: Thank you.

CONTINUED BY MR. ERIC WISHNOWSKI:

MR. ERIC WISHNOWSKI: Thank you for that presentation. I do have just a couple of questions. If we could just backtrack to slide 21, I think there's a quick typo we can clarify, please.

Mr. Bowering, I believe this was your part of the presentation. I just see that in the loss here in the graph on the right-hand side, we have a duplication of 2023/'24. I presume one of those is supposed to be --

MR. JOHN BOWERING: My apologies. Yes. I looked at this many times, but somehow, I missed that. It should read -- the first one should read '21/'22. My apologies.

MR. ERIC WISHNOWSKI: Okay. Thank you. Mr. Bowering, while I -- while I have you, you talked about KPIs. I know it's sort of a bigger thing that we're seeing more with MPI's presentation this year and application.

And I think you -- you said it, but I just want to clarify. Some of these KPIs were things that MPI was already sort of keeping track of, but

some are in fact new to the claims cost process.

MR. JOHN BOWERING: That's correct. That's correct.

MR. ERIC WISHNOWSKI: And you also mentioned that MPI has a scorecard now with repair shops. Do these KPIs play into that scorecard with repair shops?

MR. JOHN BOWERING: Yeah. So, the scorecard has many, many measures that -- that play into it. The two (2) that the -- the ask approved variance and the realized part savings are two of the metrics that the shops receive as part of their scorecard every month.

MR. ERIC WISHNOWSKI: Okay.

MR. JOHN BOWERING: and the targets were directly from that existing -- that existing shop.

MR. ERIC WISHNOWSKI: Perfect. And last one, and I think you said it, but I just want to clarify. These KPIs, there might be a new one next year or it might be tweaks. The targets might change. This is sort of an evolving process.

MR. JOHN BOWERING: I -- I don't -- I don't think we've hit it out of the park on the first try so, no, there's always opportunities for improving

it and enhancing it and looking at other areas where we can really make sure we have our eye on that larger cost control ball.

MR. ERIC WISHNOWSKI: Perfect. Thank you. One question for you, Ms. Low.

I think you mentioned right off the beginning that not really seeing an impact on the recent tariffs on claim costs, that that hasn't really been part of your team's numbers, or did I mishear that? Or can you just clarify that?

MS. CARA LOW: You didn't mishear that. Every month there's a claims dashboard. So, both John's team and my team, we look at it and we look at the average paid going out, and we're not seeing anything unusual because of tariffs.

MR. ERIC WISHNOWSKI: Okay. Thank you.

MS. CARA LOW: -- at this point.

MR. ERIC WISHNOWSKI: And so, you saw the presentations both from MMDA and ATA, and there was a bit of mention of that in their -- in their presentations, but your team hasn't seen those numbers as of right now. Is that correct?

MS. CARA LOW: As of right now, but we are monitoring 'cause it could still happen. But at

this point, we haven't seen anything.

MR. JOHN BOWERING: Yeah. It's something we're watching, but right, not yet, not that we've seen in the data.

MR. ERIC WISHNOWSKI: Thank you. Those are my questions.

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

CROSS-EXAMINATION BY MS. KARA MOORE:

MS. KARA MOORE: Thank you very much, Madam Chair. Good morning to the panel. My name is Kara Moore, one of the counsel to the Public Utilities Board. I'll be asking you some questions this morning, and as usual, I'll ask my questions generally to the panel, and whoever feels best suited to answer may do so.

Just one follow-up to Mr. Wishnowski questions. Do repair shops receive any financial incentive to achieve their KPIs?

MR. JOHN BOWERING: They don't receive a financial incentive to receive their KPIs. However, on the -- the realized parts savings, we ask them to receive -- I don't have the number -- roughly 20 percent.

If they exceed that, there is a -- a return they get back. When they go well above that card savings, we share the -- the savings that they have to try to motivate them to not just hit the target, but to actually exceed the part savings, and then they can receive some back from that.

MS. KARA MOORE: And what portion do the repair shops get from that?

MR. JOHN BOWERING: I don't have the specifics. I would need to -- to pull that up.

MS. KARA MOORE: Okay. Thank you. We'll leave it there.

If we can now pull up section CF 1.3 of the Application.

(BRIEF PAUSE)

MS. KARA MOORE: Sorry, it's sections not a figure. It's -- it's a narrative section. Yeah. There we go. Thank you.

So just kind of to set the stage this year, MPI revised two (2) existing forecasting methodologies, correct?

MR. KHURRAM MASUD: Yes. At a high level, two -- two (2) advancements.

MS. KARA MOORE: Thank you. And in the second paragraph under this section, we can see that the comprehensive forecast was performed on a by peril analysis of loss trends?

MR. KHURRAM MASUD: That's correct.

MS. KARA MOORE: And this was to improve MPI's understanding of movements in frequency and severity of different perils?

MR. KHURRAM MASUD: That's correct.

MS. KARA MOORE: Separate loss trends were selected from non-catastrophe claims data for fire, glass only, hail, theft, vandalism, and other perils?

MR. KHURRAM MASUD: Within comprehensive, yes, that's correct.

MS. KARA MOORE: And MPI also revised its approach to work -- work from home and how it captured in the -- how it's captured in the claims forecast?

MR. KHURRAM MASUD: That's correct.

MS. KARA MOORE: Thank you. I'm going to ask some questions now regarding the changes in the 2024/'25 accident year from the compliance filing. If we can go to Information Request PUB/MPI1-49.

So, if we can just scroll down a little

bit so you can see the question there. In this Information Request, MPI was asked to provide a complete detailed reconciliation of the 2024/'25 accident year and prior accident year amounts split by coverage and any other items such that the total amount is 101.5 million. You see that?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And if we can scroll down to Figure 1 in this response, we can see a detailed breakdown of the 101.5 million increase in claims incurred, correct?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: For all the coverages, the 2024/'25 accident year had more claims than projected in the 2025 GRA, it being a total of 82 million?

(BRIEF PAUSE)

MS. CARA LOW: The '24/'25 loss year came in much higher than expected mostly on the physical damage side, yes.

MS. KARA MOORE: Thank you. If we could now go to Figure CF-190 in the Application, at line 14, the total ultimate losses in the 2026 GRA for

accident year 2024 were about 1.03 billion, correct? Sorry. You just have to have your microphone on.

MR. KHURRAM MASUD: Yes, that's correct.

MS. KARA MOORE: Thank you. And if we look at -- we're going to look at from the 2025 GRA Figure CF-140.

(BRIEF PAUSE)

MS. KARA MOORE: Thank you, Ms. Dweh.

At line 16, total ultimate losses in the 2025 GRA for accident year 2024 were projected to be 953 million?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And the difference would be about 76 million roughly?

MR. KHURRAM MASUD: Subject to check. yes.

MS. KARA MOORE: And there's a $6 million difference between the 82 million figure identified in that Information Request response that we looked at and the 76 million that we just identified, correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And would this 6 million difference be due to the impact of interest rates on the 82 million value included in the financial statements?

(BRIEF PAUSE)

MS. CARA LOW: Could we see the first exhibit again?

MS. KARA MOORE: Sure. I'm just trying to figure out what the first exhibit --

MR. ERIC WISHNOWSKI: We're referring to PUB-1-49.

MS. KARA MOORE: Sure, and likely Figure 1 in the response there, yeah.

MS. CARA LOW: This one would be from the financial models. It also includes some additional claims expenses, I believe. I believe the ULAE may be in there and also the indexation for inflation of the PIPP benefits, but we would have to probably take it away to do a true reconciliation.

MS. KARA MOORE: If we could get that by way of undertaking, just to, I guess, reconcile the $6 million difference between the 82 million in figure 1 in response to PUB-MPI-1-49 and the difference of 76

million between figure CF-1-90 of the 2026 GRA and figure CF-1-40 from the 2025 GRA.

MR. ANTHONY GUERRA: Yes, Counsel, we'll look at the undertaking.

--- UNDERTAKING NO. 9: MPI TO reconcile the $6 million difference between the 82 million in figure 1 in response to PUB-MPI-1-49 and the difference of 76 million between figure CF1-90 of the 2026 GRA and figure CF-1-40 from the 2025 GRA.

CONTINUED BY MS. KARA MOORE:

MS. KARA MOORE: Thank you. So going back to that difference of 76 million, relative to the 2025 GRA estimate of 953 million, that would be 8 percent. Correct? Roughly?

MR. KHURRAM MASUD: Yes, more or less.

MS. KARA MOORE: Thank you. So that means that the claims for accident year 2024/'25 were 8 percent higher than what had been projected in the 2025 GRA?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And still looking at

figure 1 of PUB/MPI-1-49, for all coverages other than collision, there was unfavorable development on prior accident years?

MS. CARA LOW: That is correct.

MS. KARA MOORE: Whereas collision had favourable -- favourable development with an unfavourable development for all coverages combined of about 19 million?

MS. CARA LOW: Correct.

MS. KARA MOORE: Okay, if we can go to Part 9 of the 2025 GRA, EAR Attachment 'A'. Thank you.

This was the report on the evaluation of actuarial and other liabilities produced in the 2025 GRA by Ernst & Young. You see that?

MS. CARA LOW: I see that.

MS. KARA MOORE: Is the date on this report correct for December 31; should it not be March 31 numbers, or September 30?

MS. CARA LOW: If you recall, there was a strike in 2023. So, September 30th, 2023, we didn't really have any data. And so, we deferred that year and did a December 31st Appointed Actuary Report for using as our basis for our claims forecast. And then there would have been a year-end one. So, there

was a deviation that year. And even at December 31st, the data was sparse, and so there was a lot of estimation for the collision.

MS. KARA MOORE: Thank you. We'll look at page 9 of this report, which is Section 2.7.

So, just looking at the table here, if we look at the undiscounted outstanding, in the last row of this table, we can see about 1.573 billion of case outstanding and 851 million of Undiscounted IBNR.

MS. CARA LOW: I see that.

MS. KARA MOORE: To that 603 million indexation provision is added, 971 million is removed for the time value of money and then about a hundred million is added for risk adjustment.

MS. CARA LOW: Correct.

MS. KARA MOORE: This results in total unpaid of 2.155 billion. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And 19 million of Adverse Development relative to over 2 billion of reserves is a little less than 1 percent of Adverse Development?

MS. CARA LOW: I would agree.

MS. KARA MOORE: So, can we conclude that from the 2025 GRA to the 2026 GRA, MPI saw an 8

percent increase in their estimate of the 2024/'25 accident year, along with less than 1 percent of Adverse Development on prior accident years?

MS. CARA LOW: Agreed.

MS. KARA MOORE: Given Adverse Development on the 2024/'25 accident year and slightly unfavourable -- favourable development on prior accident years, it would not be surprising, therefore, to see an increase in expected claims for future accident years versus the projections in the 2025 GRA?

MS. CARA LOW: Agreed. Yes.

MS. KARA MOORE: Thank you. I'm now going to ask some questions regarding the change in loss cost estimates from the 2025 GRA. We won't -- you can ignore what's on the screen for the purposes of my question.

Is it correct to say that the 2026/'27 rating year is a weighted average of the 2026/'27 accident year and the 2027/'28 accident year, with weights based on the amount of 2026/'27 written premium that is expected to be earned over those two (2) fiscal years?

MS. CARA LOW: Correct.

MS. KARA MOORE: If we could now go to figure CF-3 of this year's Application.

This figure compares for the 2026/'27 rating year, the ultimate loss estimates from the 2025 GRA versus the 2026 GRA. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: We can see that for all coverages, other than Comprehensive, property damage, third-party loss of use and PIPP enhancements, the total loss estimate increased.

MS. CARA LOW: It did increase for a number of reasons, one of them being number of exposures are higher than expected.

MS. KARA MOORE: Thank you. And this is directionally consistent with the Adverse Development that we saw in the prior exhibit?

MS. CARA LOW: Yes.

MS. KARA MOORE: We can look now at figure CF-4, which I think is just on the next page.

This figure compares for the 2026/'27 rating year, the ultimate loss cost estimates from the 2025 GRA versus the 2026 GRA. Correct?

MS. CARA LOW: Correct. And there -- it's lower.

MS. KARA MOORE: And these differ from figure CF-3 that we just looked at, in that, the amounts in the prior figure are each divided by the

amount of earned exposure units, where exposures are based on vehicles covered by the Highway Traffic Act?

MS. CARA LOW: Correct.

MS. KARA MOORE: And, sorry, if we just go back up to figure CF-3.

We can see that the total difference is a 4.91 percent increase over the previous estimate?

MS. CARA LOW: Correct.

MS. KARA MOORE: And the 2026 GRA has the higher Basic deductible. Correct?

MR. KHURRAM MASUD: Yes, that's correct.

MS. KARA MOORE: Okay. If we can now go to Information Request CC/MPI-1-31. And we'll go down to figure 1 here.

The figure that was produced in response to this Information Request, shows that the impact of the Basic deductible change was minus 24.4 million on the 2026/'27 rating year. Correct?

MR. KHURRAM MASUD: That's correct.

MS. KARA MOORE: And if we add the 24.4 million back into the estimate in the 2026 GRA, we would have about 1.17 billion.

Is that correct, subject to check?

MR. KHURRAM MASUD: Subject to check.

MS. KARA MOORE: And this would be an increase of about 78 million or 7.14 percent. Correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Okay. Now, we're going to compare the 1.145 billion amount for the 2026 rating year, in the 2026 GRA, to the value from the 2025 GRA for the 2025 rating year.

So, if we can go now back to the 2025 GRA, figure CF-1. Thank you.

If we look at line 11 in the third column, the Basic total for the 2025/'26 rating year is 1.033 billion.

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And this is an increase from 2025 to 2026 of about 113 million or 10.9 percent?

MR. KHURRAM MASUD: Sorry, can you repeat that?

MS. KARA MOORE: Sure. So, if I take this number from the 2025 GRA and compare it to the 1.145 billion in the 2026 GRA, that's an increase from 2025 to 2026 of about 113 million or 10.9 percent?

MR. KHURRAM MASUD: Subject to check. Yes.

MS. KARA MOORE: Sure. Thank you. So, the expected claims in the 2026/'27 rating year are 10.9 percent higher than the expected claims were in the 2025/'26 rating year, in the 2025 GRA?

MR. KHURRAM MASUD: Just one second.

(BRIEF PAUSE)

MR. KHURRAM MASUD: Yes, that's correct.

MS. KARA MOORE: Thank you. And if we add the 24.4 million back into the estimate for the 2026 GRA, we have the 1.17 billion; that can also be subject to check if you'd like.

MR. KHURRAM MASUD: Subject to check, yes.

MS. KARA MOORE: And so, this is an increase of 137 million or 13.3 percent --

MR. KHURRAM MASUD: Right. Yes.

MS. KARA MOORE: -- in that case. Yes?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And if we can go now to figure REV-7 of this year's GRA.

This figure shows the difference in the

HTA earned unit forecast from the 2025 GRA to the 2026 GRA. Correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And if we look at the last column identifying the difference, it shows a 1.26 percent difference in growth rate over 2024/'25.

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And I'll just go through each one. It also shows a 0.52 percent difference over 2025/'26, a 0.37 percent difference over 2026/'27 and a 0.36 percent difference over 2027/'28. Correct?

MR. KHURRAM MASUD: That's right.

MS. KARA MOORE: And accumulating these differences for the 2026 accident year, we would have the 1.26 percent, plus 0.52 percent, plus 3.7 percent for a total -- 0.37 rather, for a total of 2.15 percent. Correct?

MR. KHURRAM MASUD: Subject to check. It's multiplicative, though, not necessarily additive, but --

MS. KARA MOORE: Pardon me?

MR. KHURRAM MASUD: -- it's multiplicative, not necessarily the additive, subject to check though.

MS. KARA MOORE: Yes, understood. And for the 2027/'28 accident year, we would have that 2.15 percent we just discussed, plus 0.36 percent for a total of 2.51 percent. Correct?

MR. KHURRAM MASUD: Subject to check.

MS. KARA MOORE: And if we go back to figure CF-4.

(BRIEF PAUSE)

MS. KARA MOORE: And if we look at the narrative under this figure, just scroll down a little bit, thank you.

In the third sentence, in this narrative, it says,

> "the assumed HT -- HTA volume is 2.24 percent higher in the 2026 accident year, and 2.61 percent higher in the 2027 accident year."

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And the percentivig -- percentages that we just added up from figure REV-7 are slightly different than these amounts quoted here, because we just added the values instead of taking into account, as you mentioned, multiplicative

impacts. Correct?

MR. KHURRAM MASUD: I would think so. Yes.

MS. KARA MOORE: In total, these additional H2A -- HTA units account for 2.43 percent of the projected increase in projected ultimate total losses for the 2026/'27 accident year.

MR. KHURRAM MASUD: Did you say accident year or ...?

MS. KARA MOORE: Oh, rating year. My apologies. I did say "accident year."

MR. KHURRAM MASUD: Okay. Yeah.

MS. KARA MOORE: So, I'll -- I'll restate the question. So, in total, these HTA units account for 2.43 percent of the projected increase and projected ultimate total losses for the 2026/'27 rating year. Correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KARA MOORE: Thank you. And given the 4.91 percent increase in estimate of loss costs, adjusting for the 2.43 percent increase in HTA units, the increase in the 2026/'27 rating year projected ultimate loss costs was 2.47 percent versus the estimate for the 2026/27 rating year in the 2025 GRA?

MR. KHURRAM MASUD: Subject to check.

MS. KARA MOORE: If we just scroll up to figure 4. Oh, just on this same page that we're on, we just need to scroll up.

MR. KHURRAM MASUD: Oh, yes. Yes. We showed that in the presentation as well. That 2.47 percent. Yeah.

MS. KARA MOORE: Thank you. Yeah. Sorry. That was not meant to be a trick question.

And the 2026 GRA loss cost -- loss cost is at a thousand dollars ($1,000) Basic deductible, whereas the 2025 GRA loss cost is at a seven hundred and fifty dollar ($750) Basic deductible?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KARA MOORE: The 24.4 million of claims costs translates to about twenty-four dollars and fourteen cents ($24.14) of loss cost. Correct?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: By comparison, the 2026 GRA at a seven hundred and fifty dollar ($750) deductible would have a loss cost of about one thousand one hundred and fifty-eight dollars and thirty-four cents ($1,158.34).

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Correct?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And if we add the twenty-four fourteen (24 14) into the twenty-seven thirty-four (27 34) difference, we would have about fifty-one dollars and forty-eight cents ($51.48) or about a 4.65 percent increase in the loss costs.

MR. KHURRAM MASUD: Correct. Yes.

MS. KARA MOORE: Okay. If we can -- we're going to go back again to the 2025 GRA at figure CF-2, please, Ms. Dweh.

(BRIEF PAUSE)

MS. KARA MOORE: There. Thank you. This figure shows the projected ultimate loss costs for the 2025/'26 rating year in the 2025 GRA to be about one thousand sixty dollars and eighty-four cents ($1,060.84).

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And this compares to the one thousand one hundred and fifty-eight dollars and thirty-four cents ($1,158.34) at the same deductible for the 2026/'27 rating year in the 2026 GRA.

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: It's therefore an increase in the 2026 GRA of ninety-seven fifty (97 50) or 9.19 percent. Correct?

MR. KHURRAM MASUD: Correct. Yes.

MS. KARA MOORE: We can look now at Information Request PUB-1-53. So just generally, if we could just scroll down to the questions.

I don't think you need to read them in depth, but this Information Request went over the deductible adjustment factor for each coverage with an applicable deductible?

MR. KHURRAM MASUD: Yes, I remember

MS. KARA MOORE: And if we can scroll down to MPI's response at the bottom of this second page here. There's two bullet points, and they continue on to the third page. Maybe if we can scroll down a bit, just so we can see.

In these bullet points, issues were noted with the appropriateness of the approach used to project savings or costs due to deductible changes.

Correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And on the third page, we can just scroll a little bit more. Sorry.

Higher. Yep. There we go.

MPI states that it has corrected the identified issues generating a revised projected savings as shown in figure 1D.

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And looking at figure 1D here, MPI indicates the projected reduction per claim for collision and various comprehensive coverages?

MR. KHURRAM MASUD: Right?

MS. KARA MOORE: The deductible adjustment factor issue was not an issue for property damage, third-party deductible transfer. Correct?

MR. KHURRAM MASUD: That's right. Yes.

MS. KARA MOORE: And MPI calculated the change in total ultimate losses using the revised approach, as well as an alternative approach requested in this Information Request.

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And if we look at figure 2D of this Information Request, MPI's revised approach generated a reduction of 1.06 million for the 2026/'27 rating year.

MR. KHURRAM MASUD: 1.064, 2026. Yes,

that's correct. Yes.

MS. KARA MOORE: And the alternative approach generated a reduction of 1.766 million for the 2026/27 rating year.

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And I believe that the bottom of this figure, it says average for 2026'/27 accident years. Should that be rating years?

MR. KHURRAM MASUD: So, it's the average of the two (2) accident years which corresponds to the rating year 2026/'27.

MS. KARA MOORE: Understood. Thank you. So based on the $1.7 million reduction, MPI estimated that the rate indication would decrease from 2.07 percent to 1.9 percent. And -- sorry, we can actually go to -- if we go to page 5 of the next page on this response, just so you have a reference in front of you.

MPI estimated that the rate indication would decrease from 2.07 percent to 1.9 percent being a decrease of 0.17 percent.

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Would it be reasonable to assume that MPI -- that using MPI's revised approach, the rate indication would decrease

from 2.07 percent to about 1.97 percent, which is a decrease of about 0.1 percent.

MR. KHURRAM MASUD: Right. More or less 0.1. Yeah.

MS. KARA MOORE: Thank you. Which of these two (2) approaches in this Information Request, does MPI consider more accurate?

(BRIEF PAUSE)

MS. CARA LOW: The second methodology is more accurate. The one that came through the IR.

MS. KARA MOORE: That's the one with the 1.7 million impact.

MS. CARA LOW: That's correct. Yes.

MS. KARA MOORE: Thank you. MPI did not incorporate the revised approach into the rate update at MPI Exhibit 17. Correct?

MS. CARA LOW: That would be correct, but the final rate ask is the June submission of the 2.07.

MS. KARA MOORE: Thank you. If we can go back into the Application at Section CF-5.4. I believe at the top of page 44 of this chapter. Yes, this is correct.

So, to calculate the projected impact of the increase of the Basic deductible from seven fifty (750) to a thousand (1,000), MPI conducted a loss elimination ratio analysis for the affected products. Correct?

MR. KHURRAM MASUD: Sorry, can you repeat that.

MS. KARA MOORE: Yes. So, to calculate the projected impact of the increase of the Basic deductible from seven-fifty (750) to a thousand (1,000), MPI conducted a loss elimination ratio analysis for the affected products?

MR. KHURRAM MASUD: Correct. Yes.

MS. KARA MOORE: And this analysis looked at historical claim severity and determined the amount the claim would have been reduced under these changes. Correct?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: Okay. If we can now go to section BDC-1.2. Thank you.

So, we're returning to this topic from the Customer and Product Panel from last week. So, the third sentence in this paragraph reads,

> "The higher deductible may also result in customers choosing to

address less damage themselves rather than filing minor claims with MPI reducing the overall number of claims and further controlling costs."

Do you see that?

MS. CARA LOW: I do see that

MS. KARA MOORE: The loss elimination ratio analysis assumes that claims that fall below the higher deductible will no longer be filed.

Is that correct?

MS. CARA LOW: That would be correct.

MS. KARA MOORE: And that is what this point, in this narrative, was referring to?

MS. CARA LOW: Yes.

MS. KARA MOORE: So, in this case, if the customer has purchased the Extension deductible buy-down, the claim is expected to still be filed, but all costs would be covered by Extension.

Is that correct?

MS. CARA LOW: We assume that everyone's going to keep their deductible, and there would be a transfer of costs from co -- Basic line of business to Extension. It's not dollar for dollar because not everyone can buy under the Extension, nor

does Extension coverage third-party deductible transfer. So, it's not all transferred over.

MS. KARA MOORE: Okay. And 94 percent of ratepayers already purchased the Extension deductible buy-down?

MS. CARA LOW: Correct?

MS. KARA MOORE: So, from the Corporation's perspective, the only claims that may not be filed would be the claims for those who did not buy the Extension deductible buy-down?

MR. KHURRAM MASUD: Also, those who don't qualify for deductible buy-down.

MS. KARA MOORE: And did that all comprise of the 6 percent with the seven hundred and fifty (750) deductible currently?

(BRIEF PAUSE)

MR. KHURRAM MASUD: Sorry, just repeat the question, please. Thank you.

MS. KARA MOORE: Sure. So, I was just confirming that those who do not buy the Extension deductible buy-down, as well as those who are not eligible, is -- are those all included in that 6 percent of people who don't have the buy-down?

MR. KHURRAM MASUD: The 6 percent is from among those who are eligible, yet not buy Extension buy-down.

MS. KARA MOORE: Thank you. What -- what percentage of repairs are not eligible?

(BRIEF PAUSE)

MR. ANTHONY GUERRA: Counsel, we can advise that in response to Undertaking 4, that information will be provided.

CONTINUED BY MS. KARA MOORE:

MS. KARA MOORE: Thank you. If we can look at part 10 of the Application, the proformas EPF-1. So, we will still use the 6 percent because that's what we have for now.

When forecasting Extension claims incurred, what assumption was used with respect to the 6 percent of customers currently without Extension buy-down coverage? For instance, did MPI assume they would all accept the buy-down coverage, none of them would, or something between the two?

MR. KHURRAM MASUD: Yes. All would accept the seven fifty dollars ($750) deductible buy-

down, the new coverage

MS. KARA MOORE: That all would accept buy-down coverage?

MR. KHURRAM MASUD: Yeah, that was the assumption.

MS. KARA MOORE: And the other 94 percent of customers were all assumed to continue with their current Extension buy-down deductible level?

MR. KHURRAM MASUD: That's correct.

MS. KARA MOORE: Okay. Madam Chair, I know it's a little bit earlier than we usually take the morning break, but I'm about to transition into a fairly large area of my cross-examination. So, I'm wondering if we can break now?

PANEL CHAIRPERSON: Sure. Let's do that. We'll come back at 10:30, please.

--- Upon recessing at 10:16 a.m.

--- Upon resuming at 10:31 a.m.

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

MS. KARA MOORE: Thank you, Madam Chair.

CONTINUED BY MS. KARA MOORE:

MS. KARA MOORE: I'm now going to move into some questions about the work-from-home approach. So, if we can go to Section CF 2.2 of the GRA. It should be on page 23.

(BRIEF PAUSE)

MS. KARA MOORE: If we could just scroll down a little bit to the paragraph that starts with "However." I think it's on the next page maybe.

MS. KATRINE DILAY: Ms. Moore, I believe this might be from last year's GRA.

MR. KHURRAM MASUD: I think the '26 GRA.

MS. KARA MOORE: Okay. Sorry. This is -- Thank you, Ms. Dilay. So, we'll need the 26. There we go. This is exactly what we're looking for. Okay.

CONTINUED BY MS. KARA MOORE:

MS. KARA MOORE: So, the paragraph that starts with, "However," if you can just read that to yourselves. And then I'll ask a follow-up question.

MR. KHURRAM MASUD: Okay.

MS. KARA MOORE: Would it be fair to say that given negative claims frequencies for many coverages, MPI was anticipating a decrease in claims, but instead saw increases?

MR. KHURRAM MASUD: Just one (1) second. That's correct, yes.

MS. KARA MOORE: Thank you. If we can go to EAR Attachment A. And we're looking at Appendix C, Sheet 11, which is page 198. Thank you.

The 2024 accident year claims counts were projections based on September 30th, 2024, values with only six (6) month of -- six (6) months of claims reported with six (6) months to ultimate factors applied to them with the highest factor for collision at 3.046, correct?

MS. CARA LOW: That would be correct.

MS. KARA MOORE: And the estimated ultimate claims with payments based on September 30th, 2024, actual claims count was nine-nine thousand eight hundred and fifty-six (99,856)?

MS. CARA LOW: Correct.

MS. KARA MOORE: And if we can go to this same PDF -- or nope, sorry, we're going to EAR Attachment B now. Thank you. And we'll look at page

233. Thank you. This is Exhibit 9, Sheet 12.

The estimated ultimate claims with payment based on March 31st, 2025, actual claims count -- claim counts was ninety-six thousand two hundred and twenty-nine (96,229)?

MS. CARA LOW: Correct.

MS. KARA MOORE: So, this is a decrease of three thousand six hundred and twenty-seven (3,627), claims or 3.6 percent?

MS. CARA LOW: That is correct, but just one (1) clarification. They're still estimates. Both of them are estimates, so this is a refreshed estimate; it's on actuals.

MS. KARA MOORE: Thank you. Relying on six (6) months of -- of actual data relative to relying on twelve (12) months of actual data increases the uncertainty of the estimate, correct?

MS. CARA LOW: The more data you have, the more certainty you have in your estimate. And eventually, all claims are paid and we'll know the actual number, and that'll take a number of years.

MS. KARA MOORE: And in order to submit the GRA on the current schedule, MPI deems it necessary to use the less mature claims data for trending purposes?

MS. CARA LOW: Correct, for trend rates. And then they get applied to the year-end data.

MS. KARA MOORE: Thank you. And if we can go back to Section CF 2.2 on page 23.

Using the survey results for the mobility assumptions, MPI determined that it would no longer produce a statistically significant variable for mobility as it did not explain the higher claims frequency in accident year 2024, correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And we can see just towards the bottom of the page -- and maybe if we can just scroll down slightly. Thank you, Dweh.

MPI included a reference to Statistics Canada which -- an article which discussed commuting times and the share of commuters with a long commute, correct?

MS. CARA LOW: Correct. We looked at Stats Canada. We also, looked at TomTom data. And we also have our own experience as we drive downtown every day.

MS. KARA MOORE: And commuting time may reflect the amount of congestion?

MS. CARA LOW: Yes.

MS. KARA MOORE: But it's not a direct estimate of the number of drivers commuting each day?

MS. CARA LOW: Sorry, can you just repeat that?

MS. KARA MOORE: That it's -- the commuting time is not a direct estimate of the number of drivers commuting each day?

MS. CARA LOW: Correct.

MS. KARA MOORE: And if we look at the paragraph at the bottom of this page. And again, Ms. Dweh, if we can just scroll down slightly onto the next page so we can see the full paragraph. Thank you. It reads:

> "MPI tested a simple model, assuming commuting returns to pre-pandemic levels by using a variable of 4, 3, 2, and 1 for mobility to model the work-from-home impacts during 2020, 2021, 2022, and 2023, respectively. MPI assumed no work-from-home impact in 2024 and onwards. This model produced a statistically significant variable for mobility and was able to better explain the

recent increases in claim frequency."

MR. KHURRAM MASUD: That's correct, yes.

MS. KARA MOORE: Thank you. And now if we can go to Information Request PUB-MPI-1-55. Look at question 'B'.

MS. KARA MOORE: The question asked:

"Does MPI have any new data since the 2025 GRA that indicates that the change in commuter behavior has been linear over the period from 2020 to 2024?"

You see that?

MR. KHURRAM MASUD: Yes, I see that.

MS. KARA MOORE: And if we can scroll down to the response to 'B'. The response reads:

"MPI selected a simple linear trend to represent the beginning and end of the years impacted by the pandemic. MPI used commuter behavior as a proxy for the impact frequency in prior GRAs"

Correct?

MS. KARA MOORE: But no data was provided in this response indicating the change in commuter behavior was linear, correct?

MR. KHURRAM MASUD: Sorry, can you repeat that?

MS. KARA MOORE: There was no data provided in this response indicating that the change in commuter -- commuter behavior was linear?

MR. KHURRAM MASUD: That's correct. But even if we use the prior approach, that was reducing the work-from-home adjustment linearly. So that as well was a linear trend in the prior GRAs.

MS. KARA MOORE: Does MPI have any evidence that the change in commuter behavior was linear over the period from 2020 to 2024?

MR. KHURRAM MASUD: No.

MS. KARA MOORE: Okay. If we can scroll back up to the questions. We'll look at question 'C'.

MR. KHURRAM MASUD: I -- I'd just like to add to that.

MS. KARA MOORE: Sure.

MR. KHURRAM MASUD: We don't have any evidence that it's not linear either.

MS. KARA MOORE: Thank you. So,

again, the question reads:

> "Does MPI have any basis for the change in approach other than that the 2024 accident year claim frequency at six (6) months of maturity was higher than the 2023 accident year claim frequency and, hence, the selected model better fit the observed experience?"

You see that?

MR. KHURRAM MASUD: I see that.

MS. KARA MOORE: Thank you. And if we scroll down to the response to 'C'. MPI again repeated the excerpt from that Statistics Canada article that we looked at earlier?

MR. KHURRAM MASUD: Yes, correct.

MS. KARA MOORE: And beneath this excerpt, if we scroll down a bit further, MPI commented that there seems to be a disconnect between commuting days and commuting time, correct?

MS. KHURRAM MASUD: Yes.

MS. KARA MOORE: And MPI did not have an update on commuting days?

MR. KHURRAM MASUD: In the 2026 GRA?

MS. KARA MOORE: Yes.

MR. KHURRAM MASUD: Yes, we did not.

MS. KARA MOORE: MPI indicated that traffic density increase was more rapid in 2023/'24 relative to 2022/'23, correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And MPI also indicated that commuting time was rapidly increasing, correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Okay. If we can now go to PUB/MPI-2-50. Sorry. And we'll -- just before we go to the figure, Ms. Dweh, if we can just look at question 'B' just for some context.

MPI was asked here to provide statistics on commute time for Manitoba, correct?

MR. KHURRAM MASUD: Yes, I see that.

MS. KARA MOORE: And now we'll go -- scroll down to Figure 2, please.

This was provided in response to that question. And Figure 2 shows average commute times by province?

MR. KHURRAM MASUD: I see that.

MS. KARA MOORE: And if we look at line eight for Manitoba, we see -- I'll go through each one -- 22.6 minutes for May 2016, 21.2 minutes

for May 2021, 22.5 for May 2022, 22.9 for May 2023, 22.1 for May 2024, and 22.7 for May 2025, correct?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: So, the data for 2016, 2022, 2023, 2024, and 2025 all appear to be at about the same level, correct?

MR. KHURRAM MASUD: I see that, yes.

MS. KARA MOORE: So, based on the information provided here, would you agree that commuting time does not appear to be rapidly increasing?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: Okay. But rather commuting time has been stable from 2022 to 2025?

MR. KHURRAM MASUD: Right. It does move up and down, but, yeah, it's largely within a broad range.

MS. KARA MOORE: Thank you. Would you, therefore, agree that commute times in Manitoba as provided by the Statistics Canada data do not appear to be a good explanation for changes in exposure?

MS. CARA LOW: Sure.

(BRIEF PAUSE)

MS. CARA LOW: Sorry. I just wanted to clarify. And I got my clarification that this chart doesn't include people not commuting, so that's why it didn't drop during COVID. If you are commuting, this is your commute time.

MS. KARA MOORE: Okay. Thank you. But this is -- this does represent the commute time?

MS. CARA LOW: Correct.

MS. KARA MOORE: Okay. So, my question was, would you therefore agree that commute times in Manitoba do not appear to be a good explanation for changes in exposure?

MS. CARA LOW: If this only includes people commuting, this is just saying that people aren't commuting further. And we know that because there hasn't been a huge expansion of the city, so people aren't commuting any further. This doesn't tell us about the frequency of commutes.

MS. KARA MOORE: But you don't reference the frequency that you refer to in your rationale for why you've moved to this model, correct?

MS. CARA LOW: We referenced driver behavior, and driver behavior being whether they're on the road and commuting to or from work.

MS. KARA MOORE: Okay. And, again, there -- but there's no change really in commuting time?

MS. CARA LOW: No. And then when you think about it too, we've already talked about the increase in exposure. So, we know that there's more cars. Winnipeg hasn't really got that much bigger. We have in population and cars, but not in geographical areas. So, there is just as much traffic density as there was prior.

MS. KARA MOORE: Does MPI have any measure of how many cars are actually driving?

MS. CARA LOW: To and from work?

MS. KATRINE DILAY: Yeah.

MS. CARA LOW: We just know how many cars we insure. And I guess we'd know how many people register for all-purpose driving, which means they drive at least four (4) times, or over -- is it equal to four (4) or more than four (4) -- four (4) or more times per month to work.

MS. KARA MOORE: Okay.

MS. CARA LOW: And then, of course, commercial vehicles.

MS. KARA MOORE: Okay. If we can now go to CC/MPI-1-42. And we will look at question 'C'.

Did MPI consider -- the question reads:

"Did MPI consider that the conclusions in the Statistics Canada article were conditional, applying only to commutes, but not considering the non-commute days for employees with hybrid or work-from-home schedules?"

You see that?

MR. KHURRAM MASUD: Which part of the question are you referring to?

MS. KARA MOORE: Sorry, I'm just reading question 'C' --

MR. KHURRAM MASUD: Okay.

MS. KARA MOORE: -- out into the record. And -- and if we can just scroll to the response. The first sentence reads:

"MPI believes the commuting time is an indication of traffic congestion."

You see that?

MR. KHURRAM MASUD: Correct. Yes, I see that.

MS. KARA MOORE: And given that we have just discussed that the Statistics Canada data

doesn't show any change in commute time from 2022 to 2025, can we conclude that it doesn't provide evidence of increased traffic congestion?

MS. CARA LOW: I think it's just one of many external factors we've looked at. I mean, as we know in the general community, there is a move to back to the office. We saw that through the province of Ontario mandating people back. People are coming into the office more.

So, there is evidence out there that people are starting to go back into the office. Never mind the fact that we have more cars on the road now here in Manitoba. So, whether they're going to work or not going to work, there is an increase in traffic density.

MS. KARA MOORE: Thank you. But just referring specifically to the Statistics Canada data, that data doesn't show a change in commute time as we've discussed.

And so, we can conclude that it doesn't -- that data specifically doesn't provide evidence of increased traffic congestion?

MS. CARA LOW: Agreed.

MS. KARA MOORE: Thank you. Does MPI have any statistics on kilometers driven by Manitoba

motorists by year that could be used as an estimate of relative exposure and that might explain the decline in frequency during the pandemic?

MR. KHURRAM MASUD: No, we don't have any data on number of kilometers. However, in PUB-2-050 R21 (phonetic) of the question, part 'A' of the question, we do show TomTom Index of condition, which does show an increase in condition levels.

MS. KARA MOORE: Thank you. Could fuel sales possibly be a reasonable proxy for kilometers driven?

MR. KHURRAM MASUD: Not necessarily because as vehicles are improving their fuel efficiencies, it is possible that fuel -- fuel consumption may be lower. And -- and also, in addition to that, there are more electric vehicles on the road who wouldn't be using gas as their fuel.

MS. KARA MOORE: Understood. If we can go to Information Request PUB/CC-1D. So, this was a question that the Board asked as an Information Request to Consumer Coalition. And the Board asked whether Oliver Wyman considered looking at annual fuel sales versus HTA units to see if Manitoba drivers have returned to consuming the same amount of fuel and, hence, driving about the same amount as they did prior

to the pandemic.

Do you see that?

MR. KHURRAM MASUD: I see that.

MS. KARA MOORE: And if we can scroll down to the response. Oliver Wyman responded -- or CC responded on behalf of Oliver Wyman that it did not examine annual fuel sales versus HTA units during its review. However, they reference a note from Statistics Canada that:

> "Net of tax remitted gasoline sales dropped in 2020 with the COVID pandemic and has returned to pre-COVID levels as of 2024."

You see that?

MR. KHURRAM MASUD: I see that.

MS. KARA MOORE: And they go on to say that:

> "This, along with the signal from WHO and Google, paint a picture in which Manitoba drivers have largely returned to pre-pandemic levels of traffic."

Do you see that?

MR. KHURRAM MASUD: I see that.

MS. KARA MOORE: Does MPI examine

annual fuel sales in Manitoba as part of their claims forecasting?

MR. KHURRAM MASUD: No, we do not.

MS. KARA MOORE: Okay. If we can go now to Figure REV5. Thank you.

Looking at line 7, total HTA units in 2019/2020 was 886,590, correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And looking at line 12, total HTA units in 2024/'25 was 966,553, correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: So, this would be approximately a 9 percent increase in vehicles?

MR. KHURRAM MASUD: You're comparing this to 2019, 886 to 966?

MS. KARA MOORE: Yes. So, yes, 886.

MR. KHURRAM MASUD: Not an annual 9 percent increase, an overall 9 percent increase over a period of -- I lost my -- lost my math -- six (6) years?

MS. KARA MOORE: Yes.

MR. KHURRAM MASUD: Yeah.

MS. KARA MOORE: If fuel sales in Manitoba have returned to pre-COVID levels but there are 9 percent more vehicles on the road, could this

mean that the average amount of fuel consumed per vehicle in Manitoba is lower because they're being driven less?

MR. KHURRAM MASUD: There is no evidence that they're being driven less. It's an indicator you might interpret this, but there's no evidence that they're being driven less. Maybe fuels -- maybe cars are more efficient.

MS. KARA MOORE: We can go now to PUB/MPI-1-55. And we're going to be looking at Figure PUB-1-55D on page 6. Yes. Thank you.

So, if we look at line 8, the fourth column of this table, if the prior work-from-home approach was applied to the data in the 2026 GRA, the alternative rate indication was 0.27 percent, being a decrease of 1.8 percent from the 2.07 percent in the 2026 GRA, correct?

MR. KHURRAM MASUD: Correct, yes.

MS. KARA MOORE: And if we can look at Appendix 2Q still to this Information Request, Table 1.

(BRIEF PAUSE)

MS. KARA MOORE: We'll look at 2Q.

So, the tab's on the bottom there. You'll have to scroll to the right.

(BRIEF PAUSE)

MS. KARA MOORE: It's 2Q-1. Yes. Thank you very much.

This shows the Basic total ultimate total losses and ultimate loss count, correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KARA MOORE: Oh, loss cost. Yes. Sorry. And for the accident year 2026, which is row 29, the loss cost is forecast to be one thousand one hundred and two dollars and twenty-five cents ($1,102.25), and the ultimate total losses are forecast to be about 1.105 billion?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: For the accident year 2027, which is row 30, the loss cost is forecast to be one thousand one hundred and thirty dollars and twenty cents ($1,130.20), and the ultimate total losses are forecast to be 1.153 billion?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And if we can now go

to Figure CF-190 in the 2026 GRA.

(BRIEF PAUSE)

MS. KARA MOORE: In this figure, for the 2026 accident year which we can see at line 17, the loss cost is forecast to be one thousand one hundred and twenty-six dollars and thirty-four cents ($1,126.34), and the ultimate total losses are forecast to be 1.129 billion, correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And for the 2027 accident year at line 18, the loss cost is forecast to be one thousand one hundred and forty-six dollars and three cents ($1,146.03), and ultimate total losses are forecast to be 1.169 billion?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Therefore, the use of the prior year approach would result in a decrease for the 2026 accident year of twenty-four dollars and nine cents ($24.09) loss cost and 24 million ultimate total losses?

MR. KHURRAM MASUD: Subject to check.

MS. KARA MOORE: Sure. Thank you. And for the 2027 accident year, the use of the prior

year approach would result in a decrease of fifteen dollars eighty three cents ($15.83) loss cost and 16 million ultimate total losses?

MR. KHURRAM MASUD: Again, subject to check.

MS. KARA MOORE: Thank you. If we can now go to Information Request CC/MPI-1-30. Looking at question A, this question asked MPI to prepare a detailed analysis explaining and quantifying the root causes of the increases in forecasted claims incurred for the coverages identified in the preamble above.

You see that?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And if we scroll down to the response, MPI has provided a table marked as Figure 1, and this table provides a breakdown of comparison with 2025 GRA projected ultimate total losses, correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And if we look at the line called 'Changing WFH Model' in the top half of the table, this shows a decrease of 1.4 million for accident benefits weekly indemnity?

MR. KHURRAM MASUD: Right. I see that.

MS. KARA MOORE: And I'll go through each one. It shows an increase of 3.5 million for accident benefits, other indexed; an increase of 17.6 million for collision; an increase of 0.8 million for property damage, third party deductible transfer; and an increase of 0.4 million for property damage, other, correct?

MR. KHURRAM MASUD: Right, yes.

MS. KARA MOORE: And this is a total of approximately 20.9 million, correct, if we add those numbers.

MR. KHURRAM MASUD: Yes. Subject to check, yes.

MS. KARA MOORE: Thank you. And so, this is about halfway between the 24 million and the 16 million that we just discussed?

MR. KHURRAM MASUD: Twenty-four (24) and sixteen (16)? You mean 2026 and 2027 accident years?

MS. KARA MOORE: Yes.

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: Thank you. Was this calculation of these amounts consistent with the alternative approach that we discussed in the Information Request we looked at, PUB/MPI-1-55?

Was the calculation of these amounts consistent with the alternative approach used in response to that Information Request?

MR. KHURRAM MASUD: When you're saying "consistent," what exactly do you mean? The average?

MS. KARA MOORE: So, did you use the same approach in calculating the response to CC-1-30 as you did to calculating the response in PUB-1-55?

MR. KHURRAM MASUD: I would say yes. Are you referring to a specific part of the calculation which averages the two (2) accident years?

MS. KARA MOORE: No. Just generally how you calculated the amount.

MR. KHURRAM MASUD: Generally, I would think, yeah, it's -- it's consistent.

MS. KARA MOORE: Thank you. If we can now go to Information Request CC/MPI-1-42. And we're looking -- if we can just scroll up slightly to question B.

The question asked whether MPI considered models that do not require extrapolation of the Google data, but rather include a new normal variable, correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And if we scroll down

to MPI's response to 'B', MPI responds that:

"A new normal variable was considered. However, the new normal does not adjust periods before it was introduced."

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And MPI considered a number of other approaches that are identified here, but it ultimately selected the approach identified in B-III at the bottom?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: Thank you. And if we go to Information Request CC/MPI-1-43, you can scroll to the question first. So, I'll just read the question out. It says:

"For all frequency trend models that MPI includes a variable -- or a mobility variable, please fit a model substituting the Google mobility variability for 2020/'21 minus twenty-nine seventy-eight(29.78); 2021/'22 minus twenty-two point 16 (22.16); and 2022/'23 minus sixteen point forty-eight (16.48); and a level

change variable for 2023/'24 to reflect the post-pandemic new normal. Provide the corresponding goodness of fit measures included in the GRA. This request only applies to the MPI selected model/time period."

You see that?

MR. KHURRAM MASUD: I see that. I would also like to read the preamble, if we can scroll up.

MS. KARA MOORE: Absolutely. If we can just scroll up slightly so that the preamble's on the page.

(BRIEF PAUSE)

MR. KHURRAM MASUD: So, we can proceed now.

MS. KARA MOORE: Thank you. And if we can go to the response, we'll look at the last line. It says:

"MPI highlights that a majority of models produce poor fifths (phonetic) or insignificant 'P'

values for the included variables."

Correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: If we can now look at Information Request PUB/MPI-2-53.

(BRIEF PAUSE)

MS. KARA MOORE: Sorry, Ms. Dweh. Before we get to this, if you could actually pull up MPI's presentation from this morning, which is Exhibit 42, and we are going to look at slide 7. And about halfway through the page, it says:

"MPI found a strong correlation between the number of vehicle accidents and historical amount of snowfall. Severity of snowstorms can explain some of the fluctuations in volume of collision and property damage claims."

You see that?

MR. KHURRAM MASUD: I see that.

MS. KARA MOORE: However, MPI did not

use snowfall in its selected regression models for any coverage, correct?

MR. KHURRAM MASUD: For the GRA? No, we did not.

MS. KARA MOORE: Thank you. So now we'll go back to that Information Request PUB/MPI-2-53.

So MPI was asked in this Information Request generally to perform an analysis incorporating snowfall data to see if the snowfall data might help to explain the uptick in claims frequency in 2024, correct?

MR. KHURRAM MASUD: I believe it wasn't specific to 2024. It was more generic.

MS. KARA MOORE: Okay. Thank you. But the 2024 claims frequency was based on data at September 30th of 2024, so it did not include claims due to the snowfall that would've occurred later in the year?

MR. KHURRAM MASUD: For -- for selection of trends?

MS. KARA MOORE: Yes.

MR. KHURRAM MASUD: That is correct. For the selection of trends, it did not include, but for the selection of trends, we generally use a longer

period of time. So, it includes periods of higher snowfall and lower snowfall.

MS. KARA MOORE: Right. So, it was projected based on historical rates of claims development?

MR. KHURRAM MASUD: Which is what we generally do.

MS. KARA MOORE: Thank you.

MS. CARA LOW: Could I add to that? When we do a September valuation, even though it's six (6) months into our fiscal year, we're estimating the cost of the full year.

(BRIEF PAUSE)

MS. KARA MOORE: There's no reason to expect that the amount of snowfall that occurred after the date of the actual claims would help explain the increased claims frequency in 2024, correct?

MR. KHURRAM MASUD: Sorry, can you repeat that? I didn't quite follow.

MS. KARA MOORE: There's no reason to expect that the amount of snowfall that occurred after the date of the actual claims would help explain the increased claims frequency in 2024?

MR. KHURRAM MASUD: The snowfall after the date of --

MS. KARA MOORE: After the September 30th date.

(BRIEF PAUSE)

MR. KHURRAM MASUD: Snowfall is -- was not used in the trend selection. It was used to explain the prior losses, not past -- past claims experience. It wasn't used in trend selection for the future.

(BRIEF PAUSE)

MS. KARA MOORE: Okay. I am going to ask some questions about trending now, so we'll change topics.

Claims forecasting uses trends based on, as we were just discussing, the September 30th, 2024, valuation?

MR. KHURRAM MASUD: That's correct, yes.

MS. KARA MOORE: And it applies the selected trends to the ultimate loss cost -- loss

costs based on the March 31st, 2025, valuation?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: MPI performs the forecasting in this manner due to -- again, as we I think discussed already -- time constraints to be able to submit the filing as scheduled?

MR. KHURRAM MASUD: That's correct, yes.

MS. KARA MOORE: Has MPI reviewed its processes to see if it would be possible to speed up the process such as by selecting initial trend approaches based on September 30th data and then finalizing trend values using March 31st data?

MS. CARA LOW: We are talking about it. My understanding, but this was my -- prior to my time at MPI, we used to use year end data, but year end used to be February 28th.

And then when all of a sudden year end was March 31st, the actuaries lost a month in order to do trend analysis. We're looking at ways trying to speed things up and automate, but there is no promise at this time.

MS. KARA MOORE: Thank you. If we could look at Information Request PUB/MPI-1-57, please. Okay. So, this IR -- we'll just stay here

for a minute. This IR tested the impact of using the March 31st data trending, but for collision only?

MR. KHURRAM MASUD: Correct, yes.

MS. KARA MOORE: And then the response, if we just scroll down to your response, we can see that there were a number of cautions listed regarding this request, and so I'll go through them.

The first caution was trend selection timing, and the explanation here was basically that if MPI used March 31st data for trending, it wouldn't be able to file the GRA until at least mid-July?

MS. CARA LOW: That is correct.

MS. KARA MOORE: Okay. And if we scroll down, the next caution was limitations of the current analysis.

And the explanation here was that, due to tight timelines for responding to Information Requests, the figures produced in response were not developed through an in-depth analysis, and therefore, these figures don't necessarily provide insight into future projections, correct?

MS. CARA LOW: Correct. We only did collision and we stayed with the same selections as in the number of years and which regression model we were selecting.

MS. KARA MOORE: Thank you. The third caution listed was accuracy concerns, being that the PUB only requested a refresh for the collision trend.

And if all trends were refreshed, the overall claims forecast could differ significantly?

MS. CARA LOW: Right. You could have offsetting impacts. And here for the collision, I think there was only a ten (10) -- or just trying to read my notes -- 10 basis point drop in the frequency, no real change in the severity.

But collision being such a big amount of dollars that a very small change in the frequency actually had a $16 million impact to the claims forecast, right?

But the thinking is, if you're using it twenty (20) years of data -- or we collect 20 years of data. We don't always select twenty (20) years. Quite often it's ten (10) to fourteen (14) years -- you have a long-term average, and six (6) months of data should not skew it that quickly.

MS. KARA MOORE: Thank you. The fourth caution listed was implications of routine March 31 refreshes, and we might have to scroll down slightly to see the start of the next page.

But essentially, the explanation for

this was that if the PUB were to routinely require refresh trends analyses based on March 31 valuations, the June GRA filing and associate rate approved would be rendered ineffective, and the refreshed rate could differ materially from the initial filing?

MS. CARA LOW: Correct. Any time we run a claims estimate, we could get a slightly different number because it's an estimate, and every time you have more information. It could go up one year, it might go down, but that it's always going to continuously change until the claims pay out, which will be years from now.

So, our thinking is we need to pick a point in time, and that's our point in time for our claims forecast. And then we all move forward and we'll be back next year.

MS. KARA MOORE: Thank you. And finally, the fifth caution, if we can just scroll down, was impact on rate approval. And the explanation for this was that, once the refresh data is submitted, the PUB can't disregard it.

And while the PUB would likely prefer the updated figures when approving rates, MPI may not be in a position to refute the accuracy as it will not have conducted its own analysis, correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: Thank you. So, moving away from this, we previously discussed the fact that collision claims estimated at March 31st for the 2024 accident year were 3.6 percent lower than those estimated at September 30th.

Do you recall that? Sorry, I didn't catch an answer.

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: Thank you. If we can now go to PUB/MPI-1-57, Appendix 1, Figure 2. So, it's still on this Information Request. Yes. Thank you.

So, due to this decrease of three (3) oh, sorry. Next page, please.

Due to the decrease of 3.6 percent that we discussed when the more recent claim count estimate was included, the trend decreased from minus 2.33 percent to minus 2.43 percent?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And the mobility parameter coefficient changed from minus 5.15 percent to minus 4.89 percent, looking at the 2012 row?

MR. KHURRAM MASUD: What was it before?

MS. KARA MOORE: It was -- and I can bring you -- it's the -- the original is not shown here.

MR. KHURRAM MASUD: Sure.

MS. KARA MOORE: I can bring you to a reference if you'd like.

MR. KHURRAM MASUD: That's right, subject to check, yeah.

MS. KARA MOORE: Sure.

MR. KHURRAM MASUD: Yeah.

MS. KARA MOORE: So, the reference, I'll -- I'll -- I don't think we need to go there unless -- unless you'd like me to -- you can let me know -- but it's CF Appendix 3E, Table 2. And that shows the original mobility parameter coefficient at minus 5.15 percent. But we can see in this table that it's now minus 4.89 percent.

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: Thank you. If we could now go to PUB-1-57B, Figure 2.

(BRIEF PAUSE)

MS. KARA MOORE: Thank you, Ms. Dweh. This is an updated Figure RI-13 based on the

alternative trend analysis for collision based on the March 31st, 2025, valuation?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And the alternative analysis reduced -- if we look at line 2, it reduced the claims cost per unit to seven hundred and ninety-eight dollars and six cents ($798.06).

And that's down from eight-o-two sixty-four (802.64), eight hundred and two dollars and sixty-four cents ($802.64), being a decrease of four dollars and fifty-eight cents ($4.58)?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: And if we just scroll up to Figure 1 -- should just be on the page above -- this is an updated figure RMO-1.

At line 8, the alternative analysis reduced the overall rate indication to 1.53 percent, being a decrease of 0.54 percent?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Okay. I'd now like to ask some questions regarding the comparison of graphs of projected loss costs under two (2) different work-from-home approaches. So, we're going to go back to PUB/MPI-1-55, Appendix 2 which is the Loss Cost Projection appendices. Yeah, it's another Excel

spreadsheet.

(BRIEF PAUSE)

MS. KARA MOORE: Okay. So, we're going to go through several of the tabs in this workbook. So, we'll start by looking at tab 2-A, 6 and 7.

And at table 7 on the right side of the page, Accident Benefits Weekly Indemnity, if we look at this graph, the orange dots show the 2026 GRA and the green dots show 2026 data, but using 2025 mobility assumptions. Correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: And we can see that with the Alternative Mobility Assumption, or the Alternate Mobility Assumption being the green dots, the trend is steeper, but it started slightly lower.

MR. KHURRAM MASUD: Can you repeat that, please?

MS. KARA MOORE: Sure. So, the -- the green dots being the Alternate Mobility Assumption, the trend is steeper but started slightly lower.

MR. KHURRAM MASUD: When you're saying "started slightly lower," are you referring to 2025 --

the dot about 2025, yeah, it's very close, but I can see it's slightly lower, but it has a steeper slope.

MS. KARA MOORE: Thank you. So, we're going to do this with several of these -- these graphs. So, now we'll look at tab 2-B 6 and 7.

Okay, so at table 7, Accident Benefits Other Indexed, you can see that in the 2026 GRA, there is a jump up in the expected loss costs for the 2026 GRA values starting in Accident Year 2025.

MR. KHURRAM MASUD: Right. Yes.

MS. KARA MOORE: Where the green dots start more in line with the historical, but then have a steeper slope. Correct?

MR. KHURRAM MASUD: When you're saying "green dots are more in line with the historical loss costs," what are you referring to exactly?

MS. KARA MOORE: There's less of a jump-up on the green dots when compared to the -- the orange.

MR. KHURRAM MASUD: Right. That is true.

MS. KARA MOORE: Thank you. If we can now go to tab D 6 and 7, table 7, Bodily Injury.

You can again see the orange dots start a bit higher and the green dots have a sleeper --

steeper slope. Correct?

MR. KHURRAM MASUD: That's correct, yes, green dots have a steeper slope, start lower. Eventually they converge but green dots then overtake the orange dots.

MS. KARA MOORE: Thank you. And if we can now go to tab 2-E 6 and 7, Collision, table 7.

Again, the orange dots start a bit higher and the green dots have a slightly steeper slope. Correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: Okay. If we can go to 2L 6 and 7, table 7, Property Damage Third Party Loss of Use, the orange dots start a bit higher and the green dots have a less negative slope. Correct?

MR. KHURRAM MASUD: Right.

MS. KARA MOORE: If we can go to tab 2M, 6 and 7, table 7 Property Damage Third Party Deductible Transfer.

The orange dots start a bit higher and the green dots have a slightly steeper slope. Correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: If we can now go to tab 2N, 6 and 7, table 7, Property Damage Other.

Again, the orange dots start a bit higher and the green dots have a slightly steeper slope.

MR. KHURRAM MASUD: Right. They're very close though for this (INDISCERNIBLE) this property damage. Okay.

MS. KARA MOORE: And the last one, if we can go to Q --

MR. KHURRAM MASUD: Oh, I was having fun.

MS. KARA MOORE: -- tab 2Q 5 and 6. One more, sorry. Table 6, Basic Total. Again, the orange dots start a bit higher and the green dots have a slightly steeper slope.

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: Thank you. Would it be fair to conclude that the use of the 4-3-2-1 approach appears to result in higher loss estimates for the 2025 accident year for all coverages with a mobility factor?

MR. KHURRAM MASUD: That's correct. By definition, it is expected to result in higher loss costs for future years because we are anticipating -- we're expecting that the effect of work from home, essentially, goes to zero. So, this, by definition, means that the loss cost would be higher under the

new-work-from home adjustment.

MS. KARA MOORE: Thank you. And the 2025 GRA approach appears to result in a larger trend for the same coverages?

(BRIEF PAUSE)

MR. KHURRAM MASUD: Can you repeat the question?

MS. KARA MOORE: Yes. My question was that the 2025 GRA approach appears to result in a larger trend for the same coverages. Correct?

(BRIEF PAUSE)

MR. KHURRAM MASUD: I believe we are -- what -- what we noticed in all the charts is green line was always steeper. So, wouldn't that be a larger trend?

MS. KARA MOORE: Yes, I believe we're saying the same thing.

MR. KHURRAM MASUD: Okay.

MS. KARA MOORE: Yeah.

MR. KHURRAM MASUD: All right. All right. I thought when you said -- you said 2025 GRA

work-from-home adjustment results in larger trend.

MS. KARA MOORE: Yes.

MR. KHURRAM MASUD: Okay. Okay. I understand the question now.

MS. KARA MOORE: Yeah.

MR. KHURRAM MASUD: We are both --

MS. KARA MOORE: We're in agreement.

MR. KHURRAM MASUD: -- we are both saying the same thing. Yes.

MS. KARA MOORE: Okay, so, as such, the selection of the appropriate trend is dependent on the selection of the mobility approach. Correct?

MR. KHURRAM MASUD: Yes, by definition, yes.

MS. KARA MOORE: Thank you. I'll now ask a few questions regarding Claims Expenses. If we can pull up section EXP 4.1.1.

MS. CARA LOW: Could I just quickly add one (1) thing?

MS. KARA MOORE: Absolutely.

MS. CARA LOW: As we talk about the scaler model for the work from home, we have done some analysis on the gas tax as supports the scaler model. If you want us to take an undertaking, but --

MS. KARA MOORE: Sure. We'll take

that undertaking.

MR. ANTHONY GUERRA: I typically advise them not to volunteer undertakings, but in this particular case, we're happy to do that.

MS. KARA MOORE: Okay, thank you.

--- UNDERTAKING NO. 10: MPI to produce work-from-home analysis done on the gas tax as supports the scaler model.

CONTINUED BY MS. KARA MOORE:

MS. KARA MOORE: Okay. Thank you very much. If we can look at section EXP 4.1.1., yes, we have it here.

MPI establishes the incurred claims allocator using a 4-year rolling average based on the proportion of incurred claims for each line of business relative to the incurred claims expected corporate wide. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And if we can go to figure -- it -- it -- just below figure EXP 36.

This figure shows that MPI will allocate a larger proportion of corporate expenses to the Basic line of business in the 2026 GRA, as

compared to that forecast in the 2025 GRA.

MS. CARA LOW: I do see this, but I don't -- this comes from our Finance team, so I may run into a limit of how much I know here.

MS. KARA MOORE: Okay. And it's about a -- I mean I think if we're just looking at the table, we can agree it's about a 1.7 to 1.9 percent higher proportion of the corporate expenses?

MS. CARA LOW: Agreed. Yeah.

MS. KARA MOORE: Great. If we can go to section RI 2.2 of the Application, and, yeah, at the top of page 11 there.

It reads:

> "To determine the ULAE ratio, MPI calculated the forecasted paid-to-paid ULAE ratios for 2026 through 2029."

Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And just for the record, ULAE stands for Unallocated Loss Adjustment Expense?

MS. CARA LOW: Correct. They are expenses related to settling claims. They're not attached to very specific claims. So, it would be the

salary of an adjuster would be example.

MS. KARA MOORE: Thank you. And the paid claims expense was based on the Incurred Claims Allocator?

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

MS. KARA MOORE: Thank you. And if we can look at, still on part 8, RI Appendix 2, table 3.

(BRIEF PAUSE)

MS. KARA MOORE: I think it's another Excel spreadsheet, Ms. Dweh.

(BRIEF PAUSE)

MS. KARA MOORE: And is this table 3?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: Okay. Thank you. So, again, we're just on RI Appendix 2, table 3. This table shows the paid claims expense on row 12 for each fiscal year and calculates a weighted average claims expense ratio of 13 percent. Correct?

MS. CARA LOW: Correct. Yes.

MS. KARA MOORE: And, sorry, I said

row 12 for the paid claims expense, but it's row 13, just for the record. Okay, sorry, Ms. Dweh, after all that work we can close out of this now. We're going to go to PUB/MPI-2-57.

(BRIEF PAUSE)

MS. KARA MOORE: Looking at question 'A'. This question asked MPI to indicate how it takes changes in coverage into consideration when calculating the Claims Incurred Allocator. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And we'll just go to your response. And we might have to zoom out a little bit so that you can see it. I'm not going to read it in, if you can just review it to yourself quickly and then I'll ask a follow-up question.

(BRIEF PAUSE)

MS. KARA MOORE: Can you please confirm that the current ICAM approach does not take into consideration changes in coverage?

MS. CARA LOW: I confirm that.

MS. KARA MOORE: And if we scroll back

up to question 'B', MPI was asked to adjust Historical Claims for known changes in coverage and provide the Alternative claims Incurred Allocator for Basic, and also to provide the alternative expense and all -- a number of figures.

And if we can scroll down to the response. So, we're actually just going to scroll to the last paragraph there. It reads, you -- you've -- you've of course answered the Information Request and then it reads:

> "Therefore, while MPI cannot rerun Historical Claims Incurred under new product change, it has provided the forward-looking impacts in this filing to show the impact on future claims experience, which is the accurate and relevant basis for evaluation."

Correct?

MS. CARA LOW: I do see that.

MS. KARA MOORE: And if we can scroll back up to question 'C'. MPI was asked to use projected claims during the test year for each line of business, instead of Historical Weighted Average

Claims and provide the change in the Claims Incurred Allocator for Basic. And, then again, to provide the Alternative Expense and the alternative figures.

Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And if we scroll down to figure 2. This was the updated figure, RI-13, and at line 17, it shows that the required rate indication would be 1.69 percent, which is a decrease of 0.38 percent from the 2026 GRA value of 2.07 percent.

Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And this is due to a decrease of one dollar ninety-eight cents ($1.98) in the variable claims expense per unit, which is at line 4. And it's listed here as being a hundred two dollars and thirty-six cents ($102.36).

And that's down from a hundred four dollars and thirty-four cents ($104.34) in the original RI-13?

MS. CARA LOW: Subject to check. Yes.

MS. KARA MOORE: Thank you. This would, therefore, correspond to a reduction in the weighted average claims expense ratio to about 12.75 percent. Correct? And what I'm doing there is line 4

divided by line 2. So, the 102.36 divided by 802.64, it brings us to 12.75.

MS. CARA LOW: We would agree with that.

MS. KARA MOORE: Thank you. So, if the ICAM was based on projected claims, which would consider changes in coverage instead of a four-year rolling average, which does not consider changes in coverage, the corporate expenses allocator to Basic would be less, and the rate indication for Basic would be 0.38 percent less. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: Thank you. So, my last area of questioning is going to be a series of questions that were deferred from yesterday's financial forecasting panel to today's panel. So, I'll start with the Extension impact of the Basic deductible change.

MPI will charge a premium to customers to purchase the additional Extension buy-down to cover the layer between seven hundred and fifty (750) and a thousand dollars ($1,000). Correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KARA MOORE: And this coverage did

not exist at the time of the 2025 GRA.

MR. KHURRAM MASUD: Are you referring specifically to the new product that we will create, the seven fifty dollars ($750).

MS. KARA MOORE: Correct.

MR. KHURRAM MASUD: But -- yes --

MS. KARA MOORE: A thousand dollars ($1,000).

MR. KHURRAM MASUD: Under Extension seven fifty dollars ($750).

MS. KARA MOORE: Right. Okay. Yes. The seven fifty (750). Yeah.

MR. KHURRAM MASUD: That's correct. It will also impact the premium of the other deductible buy-downs because they will now cover from, for example, two hundred dollars ($200) will now come from two hundred (200) to a thousand dollars ($1,000).

MS. KARA MOORE: Thank you. And the premium forecast in the 2025 GRA compliance filing, therefore, did not include any premiums for this new coverage. Correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KARA MOORE: The total premium for 2026/'27 did not change materially in the 2026 GRA

after MPI added in the additional coverage. Correct?

MR. KHURRAM MASUD: Correct. Because the rate change, we are anticipating now, is the selected rate change for Extension remains to be 2 percent.

MS. CARA LOW: And to clarify, that's 2 percent for the line of business. We're still working through by product and by levels within each product.

MR. KHURRAM MASUD: It's still based on preliminary rate indication. So, the full work of Extension rate indication is still underway.

MS. KARA MOORE: Okay. And so, in order for this to occur, whatever amount was previously forecast for existing coverages would have to have been reduced by the amount that MPI will charge for the seven hundred and fifty (750) to one thousand dollar ($1,000) layer. Correct?

MR. KHURRAM MASUD: In addition, we also revisited the claims forecast. So, the claims forecast, compared to GRA compliance filing last year has reduced under Extension,

MS. KARA MOORE: But you did have to reduce the premiums for the other coverages. Correct?

MR. KHURRAM MASUD: In order to still

stay at 2 percent rate change for Extension?

MS. KARA MOORE: Yes.

MR. KHURRAM MASUD: Not necessarily because the claims forecast has reduced for Extension from compliance filing last year to now. So, we require a lower rate increase.

MS. KARA MOORE: If there had been no change in the Basic deductible in the 2026 GRA, would the Extension premium forecast for 2026/'27 have been lower than the level of the 2025 GRA compliance filing?

MR. KHURRAM MASUD: That is correct.

MS. CARA LOW: If -- similar to how we keep improving our claim forecasting for Basic, we've done the same for Extension and we're doing it by product now, the physical damage buy-down is by far the largest product, but there's many other products in there, too.

MS. KARA MOORE: If we could go to Information Request CC/MPI-1-31. We will look at question 'A'.

MPI was asked to prepare a detailed analysis by coverage showing the reduction in claims incurred for Basic insurance and the increase in claims incurred for Extension insurance for the

2026/'27 rating year. Correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KARA MOORE: And if we scroll down to the response. By bringing the additional deductible exposure into Extension, it includes 29.8 million of claims. Correct?

MR. KHURRAM MASUD: Right. I would like -- also like to see the exhibit underneath. Could we go to that?

MS. KARA MOORE: Yeah. Please scroll down, the figure.

(BRIEF PAUSE)

MR. KHURRAM MASUD: Not the entire 24.4 will flow into Extension because there are some vehicles who don't qualify for all that is deductible.

MS. CARA LOW: The savings on Basic is 24.4 million and what we'll go over to Extension is 29.8 million because what we're seeing with the property damage deductible transfer, that doesn't impact the Extension. So, it's not a dollar for dollar.

MS. KARA MOORE: Thank you. If we can

now go to PUB/MPI-1-70. We'll look at the response to this Information Request.

And in the third paragraph, it says that:

> "For 2026/'27 and onward, Extension profitability was revised lower to account for the actual results experienced in the fiscal 2024/'25, along with the impact to Extension incurred claims from the Basic deductible increase."

Correct?

MR. KHURRAM MASUD: Correct.

MS. KARA MOORE: By not changing the total Extension premium, MPI has reduced the net income of Extension for the 2026/'27 rating year from what it would otherwise be by a comparable amount.

Correct?

MR. KHURRAM MASUD: That's correct, yes.

MS. KARA MOORE: Okay. So, switching gears entirely now to reinsurance. With respect to catastrophe reinsurance, there was -- and I can bring you to a reference if you needed. There was a

previous 67.1 percent allocation of the catastrophe program to Basic. Do you recall that?

MS. CARA LOW: I do recall that, yes.

MS. KARA MOORE: And what was the rationale for that -- that amount?

MS. CARA LOW: It was based on premium for comprehensive coverage because comprehensive is a weather event, and that was true for Basic and for Extension. But for some historical reason for SRE included collision as well. So, it was premium base, comprehensive for the most part, but SRE collision was also included for the weighting.

MS. KARA MOORE: Okay. And if we can pull up figure REV-33. Thank you, Ms. Dweh.

The revised allocation and change in overall catastrophe premium resulted in changes to the catastrophe program premiums allocated to Basic by layer. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: Would it be fair to say that the largest increase was for the 80 million excess of the 70 million layer at line 3?

MS. CARA LOW: Correct.

MS. KARA MOORE: Was this increase, which was larger than the increase for the other

layers, due to an increase in the overall catastrophe premium charged to MPI for this layer, or due to a change in the allocation for this layer?

MS. CARA LOW: A little bit of both. We did have -- not only did we have the largest hailstorm in 2023, we had a hard time figuring out the cost of that hailstorm because of late reporting.

So, we had quite a bit of prior year deficiency, and we're -- we think we have a good estimate now, but it took us a couple of years to get a really solid estimate.

MS. KARA MOORE: Thank you. And if we'll just scroll down on this page to figure REV-34.

This figure shows the casualty program re-insurance premiums. Correct?

MS. CARA LOW: Correct.

MS. KARA MOORE: And it shows that the 10 million -- excess of 10 million layer was not renewed.

Was -- was this due to claims which affected the layer and the resulting increase in premiums requested by the reinsurers, or was it a decision by MPI to increase risk tolerance for exposure?

MS. CARA LOW: A lot of that was

because of the SRE, which is mainly the long-haul trucking book of business. We no longer offer third-party liability limits in excess of 10 million because we had some nuclear verdicts coming out of the US.

So, we still assist our biggest customers in purchasing reinsurance, if they want more than 10 million, especially if they're crossing into the US; but we don't need to buy reinsurance because we're not selling that anymore.

So -- and that's why the allocation changed because we're allocating some of those costs over to SRE and they no longer even have that risk. So those SRE customers shouldn't be paying for that reinsurance treaty. So, it's a hundred percent allocated now over to the Basic. And so, it's only for over $20 million.

So, these are sleep-at-night coverage -- this is a sleep-at-night coverage for those humble type of claims or, you know, if someone runs into the Santa Claus Parade and we have a lot of injured young folks.

MS. KARA MOORE: And the layer 30 million excess of 20 million at line 2 appears to have increased substantially for Basic.

How much of the overall premium for

this layer increased?

MS. CARA LOW: This would be mainly due to the reallocation from the SRE book of business.

MS. KARA MOORE: So, I'll ask and this will likely be -- will require to be answered by Undertaking.

The question that I have is: How many individual claims in Basic have exceeded 10 million to date?

MS. CARA LOW: I believe there's been two (2).

MS. KARA MOORE: Two (2). Okay. And how many individual claims in Basic have exceeded $20 million to date?

MS. CARA LOW: None.

MS. KARA MOORE: None.

MS. CARA LOW: But the casualty treaty is per occurrence. So, it would be how many people are injured in a particular incident, too, right.

MS. KARA MOORE: Would the answer -- with that information, would the answer still be two (2) and none?

MS. CARA LOW: Apparently, they did check yesterday and we thought it was two (2). There's three (3) that exceeded 10 million and none

over 20 million.

MS. KARA MOORE: Thank you for that correction. I have no further questions for this panel.

PANEL CHAIRPERSON: Thank you, Ms. Moore. Ms. Dilay, we are at roughly 10 to 12:00. Do you want to carry on now or adjourn for lunch and maybe we come back a little bit earlier?

MS. KATRINE DILAY: Just given my first area of questioning, it might make sense to break now and -- and start after lunch.

PANEL CHAIRPERSON: Okay. Can we please come back at quarter to 1:00. Thank you.

--- Upon recessing at 11:52 a.m.

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

PANEL CHAIRPERSON: Good afternoon. Ms. Dilay...?

MS. KATRINE DILAY: Thank you, Madam Chair, and good afternoon.

CROSS-EXAMINATION BY MS. KATRINE DILAY:

MS. KATRINE DILAY: I know I've met some of you before, but just by way of reminder, my

name is Katrine Dilay, along with my colleague, Victoria Cloutis. We're here on behalf the Consumers Coalition.

I do have a number of questions for you. Similar to Ms. Moore, I'll ask it of -- I'll ask my questions of the Panel generally, and whoever's best suited, feel free to jump in.

We'll start. You'll agree that MPI aims to be as accurate as possible in its claims forecast?

MS. CARA LOW: I would agree.

MS. KATRINE DILAY: In order to do this, MPI aims to have a robust claims forecasting methodology?

MS. CARA LOW: Yes.

MS. KATRINE DILAY: And this is because MPI's claims forecast for the relevant accident years are used for determining the indicated rates for the rating year itself, correct?

MS. CARA LOW: Correct.

MS. KATRINE DILAY: And MPI continues to enhance its claims forecasting analysis?

MS. CARA LOW: Correct.

MS. KATRINE DILAY: Including by reviewing existing forecasting methodologies and

assumptions?

MS. CARA LOW: Correct.

MS. KATRINE DILAY: And adapting these to improve accuracy while adhering to industry best practices, correct?

MS. CARA LOW: Correct, and actuarial standards of practice.

MS. KATRINE DILAY: Thank you. And you'll agree that one (1) reason to improve accuracy in claims forecasting is to avoid significant rate fluctuations for customers?

MS. CARA LOW: The hope would be that would create some stability in rating.

MS. KATRINE DILAY: Because if a given forecast turns out to be much less or much more than actuals, MPI will need to adjust rates for the following year, correct?

MS. CARA LOW: Correct. Yes.

MS. KATRINE DILAY: Which will have an impact on ratepayers, correct?

MS. CARA LOW: Correct.

MS. KATRINE DILAY: And as part of a robust claims forecasting methodology, MPI remains informed of broader trends relating to vehicle repairs?

MS. CARA LOW: Yes.

MS. KATRINE DILAY: Because these trends may impact the cost of claims going forward?

MS. CARA LOW: Yes.

MS. KATRINE DILAY: And because these trends in vehicle repairs could impact the accuracy of MPI's forecast going forward, correct?

MS. CARA LOW: Correct.

MS. KATRINE DILAY: So, it's fair to say that MPI does research on factors that will potentially impact collision severity or frequency in the future, correct?

MS. CARA LOW: Correct.

MS. KATRINE DILAY: And in terms of what that research looks like, does MPI prepare research papers or briefing memos regarding the research that they do that can -- regarding potentially -- potential impacts on collision severity or frequency?

MR. JOHN BOWERING: We don't prepare memos and briefings. No. But we do participate with our peers, the other insurance Crowns. We do go to industry events to keep on top of what's going on in the industry, so it's -- it's education and awareness.

And then we partner with our -- our

trade partners, our -- our vendors such as Mitchell and Car Part (phonetic) that are our key vendors that are -- are across North America, and we gain a lot of insight from them.

MS. KATRINE DILAY: Thank you for that. So, given that -- what you've described in terms of gaining insights and conducting research in those ways, how would that research and those insights then be incorporated into the claims forecasting methodology?

MR. KHURRAM MASUD: So, the claims forecasting, the process is a collaborative process where whenever we make selections, whether it's related to past data or future forecast trends, we collaborate with the claims teams to understand what's happening on the ground and inputs from John and his team are essential part of our trend selection for the future.

MS. KATRINE DILAY: And given that there's no research papers or briefing memos, this would be done mostly through verbal discussions?

MR. JOHN BOWERING: We have a standing monthly meeting where both teams come together and review any trends, any changes that are going on, and we give updates from all the different areas. So, we

understand what is the, you know -- and we can be a key input to -- to the ratemaking team.

MS. KATRINE DILAY: Thank you. You'll agree that staying informed of broader trends in vehicle repairs can help MPI identify drivers of increases in claims costs?

MR. KHURRAM MASUD: Correct, yes.

MS. KATRINE DILAY: Which in turn can help MPI identify tools that could assist in mitigating the impact of increases in claims costs?

MR. JOHN BOWERING: I guess I -- I see what you're saying, but I don't know if I would -- I would phrase it that way. Much of how we repair vehicles and proper repair is dictated -- is provided by the original equipment manufacturers. So, as vehicles have become more complicated over the years, it's less about a smart mechanic figuring it out.

And now they have computers at the workstations that tell them, this is how you fix this damage and this is what you need to do, these are the parts you need to pull off.

So, it's less about MPI doing research on how to repair a vehicle because that doesn't really make sense in -- in the way the world has gone over the past few years.

Toyota tells you exactly how to fix the -- the magnesium and the aluminum where they meet on a Toyota vehicle. That's -- so, we -- we follow those proper repair procedures.

So, our focus becomes ensuring that all of our repair shops -- accredited repair shops have the right information and are following those procedures that are in place.

So, when you talk about proper repair, that's the proper repair that we're -- we're more enforcing and not creating. And we're not doing our own research on how to fix vehicles because this problem has been solved industrywide by the -- the reality of how the OEMs put out their -- their proper repair procedures.

MS. KATRINE DILAY: Thank you. And so, I think what -- what we're hearing in terms of your answer is that, in terms of increasing repair costs, a lot of that MPI would see as outside of its control, correct?

MR. JOHN BOWERING: And -- and we don't blindly follow whatever they say. We certainly do review what the latest procedures are and we have discussions with our peers. For example, some OEMs suggest you can only use their OEM parts for -- for

replacement, and we won't necessarily follow that.

But when it comes to safety, when it comes to how to properly deal with the complexity that's in vehicles today, much of that is coming directly from the OEMs.

MS. KATRINE DILAY: Thank you for that. And I -- I may have a couple of follow-ups, but I think we'll keep going for now. And we may come back to that point.

At a high level, you'll agree that a strategic approach to containing claims costs is desirable?

MR. JOHN BOWERING: Sorry, say that one (1) more time.

MS. KATRINE DILAY: At a high level, you'll agree that a strategic approach to containing claims costs is desirable?

MR. JOHN BOWERING: Agree.

MS. KATRINE DILAY: And that's because any reduction or containment of claims costs could lead to a reduction in MPI costs, which could be passed on to customers?

MR. JOHN BOWERING: Absolutely. That's our focus.

MS. KATRINE DILAY: For example, in

the form of lower rates than otherwise could be?

MR. JOHN BOWERING: Agree.

MS. KATRINE DILAY: You'll agree that staying informed of broader trends in vehicle repairs and costs may involve looking outside of Manitoba?

MR. JOHN BOWERING: Agreed.

MS. KATRINE DILAY: And includes looking at relevant national and international Research on trends in vehicle repairs and costs?

MR. JOHN BOWERING: Agree.

MS. KATRINE DILAY: Would it also include being aware of innovations relating to mitigating claims costs in other jurisdictions, both national and international?

MR. JOHN BOWERING: Yeah, agree.

MS. KATRINE DILAY: Including looking at what innovations are working and which ones are not working?

MR. JOHN BOWERING: Agree.

MS. KATRINE DILAY: And indeed, I'm not sure if you were -- if you were listening, but we heard from Ms. Fraser last week about the research that MPI does to investigate new and cost-effective vehicle repair techniques, tools, and equipment for use by Manitoba collision repair shops.

Do you recall that?

MR. JOHN BOWERING: Yes, I was -- I was there, yeah.

MS. KATRINE DILAY: Thank you. I'm not sure if this is possible, but would MPI be able to provide a few samples of that type of research as an undertaking?

MR. JOHN BOWERING: I -- I think from what I remember, she was describing that we are researching all -- are the shops properly implementing the procedures that have been defined, not researching those procedures themselves. We -- we're not -- we're second guessing the OEMs. We are researching on how -- how best to implement that process across our -- our network of repair shops. That was my recollection.

MS. KATRINE DILAY: Thank you. Can we please turn to Part 7 of the GRA claims forecasting at page 17, please? And I believe we will -- we'll look at a figure that we looked at this morning, but just to confirm again, a few of the numbers. Thank you, Ms. Dweh.

So, here in Figure CF-3 that we have before us, we see the comparison of projected ultimate total losses between the 2025 GRA and the 2026 GRA for the rating year 2026/'27, correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And if we look at the bottom, that is the total for Basic, correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And if we look at the very bottom right, we see that the total is higher in the 2026 GRA by 4.91 percent, correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And looking at the breakdown between coverages towards the middle of the chart and in the -- the column to the far right under difference, percentage difference, we see that collision -- and the percentage difference for collision in Line 5 is 4.68 percent --

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: -- correct?

MR. KHURRAM MASUD: Correct.

MS. KATRINE DILAY: And it would be fair to say that the collision coverage represents the largest driver of the total Basic ultimate total losses, correct.

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And turning to CC/MPI-1-30, please. And so, at a high level here, if we look at the preamble, you'll agree that the

Consumers Coalition here was asking about the main drivers of the increase in the claims forecast between the 2025 GRA and the 2026 GRA?

MR. KHURRAM MASUD: Yes, specifically for these five (5) coverages in this IR.

MS. KATRINE DILAY: Yes. Thank you. And looking at Part C of the questions, here the Consumers Coalition asked to provide a narrative discussion on how MPI might mitigate such significant variances in its year-over-year forecasts going forward.

Do you see that?

MR. KHURRAM MASUD: I see that.

MS. KATRINE DILAY: And then turning to the response, which is at the bottom of page 4, and looking at the second paragraph, MPI says there that its experience since 2020 accident year has not been stable.

You see that reference?

MR. KHURRAM MASUD: I see that.

MS. KATRINE DILAY: And then MPI refers to the experience from the COVID-19 lockdowns and ends this -- the response by indicating:

> "MPI will continue to engage in internal discussions and with

industry experts to formulate a view on claims forecasting experience."

You see that reference?

MR. KHURRAM MASUD: I see that.

MS. KATRINE DILAY: And to clarify, does this last sentence refer specifically to the experience relating to driving behavior post-COVID or does it also refer more broadly to trends and claims costs?

MR. KHURRAM MASUD: More broadly, including the effects of pandemic, but this statement is not specific to COVID only.

MS. KATRINE DILAY: Thank you. And so, it would include broader trends relating to vehicle repair costs, for example?

MR. KHURRAM MASUD: That is correct, yes.

MS. KATRINE DILAY: Thank you. Could we please turn to CC/MPI-2-10? Thank you. And if we look to the question to Part E at the bottom of this page here, the Consumers Coalition asked MPI to file any recent reports from insurance industry organizations -- and then there's a few examples in parentheses -- on guidance relating to potential auto

loss experiences relating to the future of auto repair costs, if any.

You see that -- that question?

MR. KHURRAM MASUD: Yes, I see that.

MS. KATRINE DILAY: And going down to the response on page 4. I think it should be lower down in page 4. Thank you.

MPI indicated there that it is not aware of any recent reports available from insurance industry partners that are being leveraged to provide guidance relating to potential auto loss experiences relating to the future of auto repair costs.

You see that response?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And I'm wondering if we could put on the screen a website page for RCAR spelled R-C-A-R, please.

And just while that's being pulled up -- thank you -- I did provide a heads up to your -- your counsel that I might be referring to this.

Were you provided that information?

MR. JOHN BOWERING: I did get a quick look at it, yes.

MS. KATRINE DILAY: Great. And I won't be asking, you know, in-depth questions of the

website. But at a high level, is MPI familiar with this organization.

MR. JOHN BOWERING: So, I -- I did some quick research this morning. This is before my time, but MPI was a member of RCAR up until 2020.

MS. KATRINE DILAY: Yes. Thank you. And we heard from Ms. Fraser indeed last week that MPI is no longer a member of RCAR.

That's also your understanding?

MR. JOHN BOWERING: That's correct.

MS. KATRINE DILAY: And if we could go to the -- perfect -- Just lower down on this page. Great.

So, this is where the purpose of RCAR, R-C-A-R, is listed. And so, would it be your understanding that RCAR's purpose is to reduce the human and economic costs of motor vehicle losses, and this is done through research, into improved vehicle damage resistance, repairability, security, and safety.

You see that on the screen?

MR. JOHN BOWERING: Yeah. My understanding is that RCAR in sort of the pipeline of -- of vehicle development and, you know, crash testing vehicles, that they help sort of deciding what should

be tested by someone, like the -- some of the -- there's some American ratings groups that give ratings on vehicles.

They could use some inputs from RCAR to decide what they should be testing. And then they can inform the public about the safety ratings on various vehicles. That's my limited understanding.

MS. KATRINE DILAY: Thank you. And maybe we'll -- we'll look on the -- the right side of the page under, "What does RCAR do," just to dig a little bit into that.

So, in terms of their activities, you'll confirm your understanding that RCAR is an International Association of Automotive Research Centres owned or operated by insurer or groups of insurers whose primary goal is to support the RCAR purpose.

This is achieved by research into improved vehicle damage resistance, repairability, security, and safety. And currently RCAR has twenty-two (22) members spanning eighteen (18) countries in five (5) continents.

You see that?

MR. JOHN BOWERING: I do.

MS. KATRINE DILAY: And if we look

just at the next paragraph, it states that:

"RCAR issues policy statements, design guides, position papers, and other information for use by those involved in designing, constructing, repairing, or Insuring motor vehicles."

You see that?

MR. KHURRAM MASUD: I do, yes.

MS. KATRINE DILAY: And it also says:

"This research is then used as a starting point to enter into meaningful dialogue with vehicle manufacturers and others about putting that research to practical use."

You see that?

MR. JOHN BOWERING: I do.

MS. KATRINE DILAY: Does MPI review the research outputs from RCAR or other similar publications to inform both its claims forecasts and how MPI can mitigate increases in claims costs?

MR. JOHN BOWERING: So, my understanding is they're taking this information -- again, my limited understanding -- they're taking this

information and they're trying to help auto manufacturers change how they manufacture vehicles.

So, I guess down the chain eventually that data would work into safer vehicles, which then would lower our severity. And we would see that in our loss experience ratios.

But I think there's a bit of a gap between this early research for vehicle design and us setting rates based on the fleet of vehicles that we have.

So, that's a long way of saying I'm not personally reviewing the RCAR, but I don't know if I see a direct connection in this pipeline, unless I'm misunderstanding.

MS. KATRINE DILAY: No, this is helpful. But you do -- you -- you -- it's your understanding that MPI was a member of RCAR in the past?

MR. JOHN BOWERING: In the past, yes.

MS. KATRINE DILAY: And would it have been your understanding, or your assumption, that MPI would have been a member of RCAR to try to influence auto manufacturers?

MR. JOHN BOWERING: I -- I can't say for certain. I wasn't around at that point when they

were involved in it, or at least not involved in this part -- part of the Corporation.

MS. KATRINE DILAY: Thank you.

MR. JOHN BOWERING: One (1) second.

(BRIEF PAUSE)

MR. JOHN BOWERING: Sorry about that. We're just -- we -- we use -- the Insurance Bureau of Canada puts out CLEAR rate group tables that help us understand the safety of vehicles.

So again, much upstream of that would be the vehicle manufacturers taking this RCAR information, then they would see what the loss experiences are of those vehicles. And that would be inputted into the Insurance Bureau of Canada's database, which we would intake.

So, while we don't have any evidence that we directly used that, and -- and from the quick chat, even when we were a member, that we were directly using that, you could argue that there is an indirect route that it does make it into -- into our ratemaking after a few hops.

MS. KATRINE DILAY: Thank you. But you'd agree that currently MPI is not entering into

discussions with auto manufacturers regarding improving the repairability of cars?

MR. JOHN BOWERING: I mean, we -- we have sessions. We had a working group this spring with -- where we had some of the other Crown insurance companies come together, and Toyota was there presenting.

And we mentioned, you know, concerns with some of their pieces, but I don't know if we're directly influencing Toyota. Lexus was there, a few of the groups were there. So, we are engaged in that, but I don't know if it -- I don't know what -- what impact Manitoba has in that regard.

MS. KATRINE DILAY: Thank you. And we'll just stay on this website just -- just for one more document. If we could go under the papers tab of this website. Great. Thank you. And if we go under the Design Guides section of this, just a bit lower down the page. Thank you.

And do you see there the second document under Design Guides called 'RCAR New Repairability Design Guide'? Do you see that?

MR. JOHN BOWERING: Yes, I do.

MS. KATRINE DILAY: And is this a document that you would be familiar with?

MR. JOHN BOWERING: I'm not, no.

MS. KATRINE DILAY: If we could just look -- I'll just point you to a couple of excerpts from the document just to confirm what the intention is. So, if we could look at the document itself on page 2 of that document.

(BRIEF PAUSE)

MS. KARA MOORE: Thank you. And if we look at the forward here on page 2, about two-thirds down the page, do you see the paragraph that starts with "The contribution"?

MR. JOHN BOWERING: I do.

MS. KATRINE DILAY: And so, you'll see reference to:

> "The contribution of the guide to car design is of the utmost importance for manufacturers, insurance companies, and consumers because if cars are less costly to repair, insurance premiums will be lower, the cost of ownership of the car cheaper, and therefore cars will be more competitive in

the market."

You see that?

MR. JOHN BOWERING: I do.

MS. KATRINE DILAY: And then looking at page 3 of this document, the last paragraph on page 3, you see there reference to:

"All the RCAR centres involved in the development of this guide intended to serve as a useful bridge, linking insurers and repairs with designers and manufacturers, with the overall goal of placing better cars in the hands of consumers who are their common customers."

You see that?

MR. JOHN BOWERING: I do.

MS. KARA MOORE: And so, would you understand, based on those references, that the purpose of this document is essentially to try to influence auto manufacturers with respect to the cost of repairing vehicles?

MR. JOHN BOWERING: I do.

MS. KATRINE DILAY: But again, you'll confirm that this is not a document that you are

familiar with.

MR. JOHN BOWERING: That's correct.

MS. KATRINE DILAY: At a high level, are you aware that some insurance companies have insurer owned and operated collision centres?

MR. JOHN BOWERING: Yes.

MS. KATRINE DILAY: And if we could just pull up one example from the company Aviva on the screen, please.

And again, while that's being pulled up, were you advised by your counsel that we may refer to this in today's questions?

MR. JOHN BOWERING: I was.

MS. KARA MOORE: Thank you. And so, is it your understanding that in this news release, Aviva Canada is announcing that it is opening a collision centre?

MR. JOHN BOWERING: Yes.

MS. KATRINE DILAY: And that customers can choose to have their car repaired at this Aviva Collision Centre? That's what it's announcing there?

MR. JOHN BOWERING: Yeah.

MS. KARA MOORE: And you'll confirm your understanding that Aviva Canada is an insurance company?

MR. JOHN BOWERING: I -- I agree.

MS. KATRINE DILAY: Which provides auto insurance in certain provinces?

MR. JOHN BOWERING: Yeah.

MS. KARA MOORE: And in this news release from 2023, Aviva is announcing here:

> "The first centre to open its doors in Toronto with more to open in the Greater Toronto Area and Alberta by the end of the year."

You see that?

MR. JOHN BOWERING: I do.

MS. KATRINE DILAY: And if we look at the end, just under the bolded heading, we look at the end of the second line, we see reference to:

> "Once there, the customer can drop off their vehicle and, if needed, leave in a rental vehicle."

So, it would be your understanding that this particular centre includes an onsite car rental service as well based on this?

MR. JOHN BOWERING: Yep.

MS. KATRINE DILAY: Would you agree that, under this model, the insurance company would have more direct control over the parts, repairs, and

labour rates?

MR. JOHN BOWERING: I don't know if they would. I mean, I'm happy to say that we have a very similar model here right now. We have a direct repair program where you can go directly -- once you've opened your claim -- and you can do that online -- you can go directly to one of the many repair shops that are part of the direct repair program.

And it's, you know, branded direct repair through MPI. The shops advertise this feature, and then you can come in. Many of them have their own repair -- or -- or rental companies that they will get the vehicle ready for you right away.

We've had this Manitoba for years, and so it's the same kind of customer convenience that we offer today, but being a Crown Corporation, I think we want to make sure that we're supporting the industry across Manitoba.

And so, I think our mandate's a little different than on the private side where it's about differentiation and really trying to set yourself apart. I think we still maintain the same controls through our accreditation agreement, through our score carding that we can control the costs.

And -- and we have an advantage as a

monopoly that we are a huge player in the industry. And so that gives us some leverage to really manage and control our costs around the different shops without having to staff up and -- and do something which probably isn't core to our mandate to be running a repair -- a repair shop.

So, I think we kind of get the best of both worlds in the model that we have right now at MPI.

MS. KATRINE DILAY: Thank you. And so just kind of going back one step, so MPI was aware of the model being used by Aviva?

MR. JOHN BOWERING: Yeah. I've actually talked to people from Aviva and TD. There's a few that have tried this. I'm not sure if it's growing. I remember just in anecdotal conversation that there were some challenges with it, but I know other -- other insurers are trying different things, so yeah.

MS. KATRINE DILAY: Great. And that was going to be my next question, whether you're aware of other insurance companies turning to this model.

MR. JOHN BOWERING: I know some have tried it. I haven't seen it, you know, explode across the area, but I know some have tried this -- this

vertical integration.

MS. KATRINE DILAY: And has MPI looked into the costs and benefits of this particular approach?

MR. JOHN BOWERING: Not -- not with any detail because I think we have a good working model right now that checks a lot of the boxes that are being described here.

MS. KATRINE DILAY: But you'd agree it's possible that another model could check even more boxes?

MR. JOHN BOWERING: It's possible.

MS. KATRINE DILAY: Thank you. At a high level, are you aware that some insurers communicate with their insured through their mobile application to provide timely safety and weather alerts, including advice on how to reduce the risk of losses arising from weather events?

MR. JOHN BOWERING: I've heard of this, yeah.

MS. KATRINE DILAY: Could one example of that be an insurance company notifying of expected hail and sending alerts to park cars in covered areas or garages to reduce risk of hail loss?

MR. JOHN BOWERING: Yeah. Yes.

MS. KATRINE DILAY: Could another example be an insurance company notifying of large snowstorms or potential icy conditions during -- and advise people to stay indoors and avoid unnecessary trips until the storm has passed and roads have been cleared?

MR. JOHN BOWERING: Yes.

MS. KATRINE DILAY: And all that in order to avoid losses, correct?

MR. JOHN BOWERING: Correct.

MS. KATRINE DILAY: At a high level, you would be aware of the use of usage-based insurance to identify risky driving behavior to adjust premiums?

MR. JOHN BOWERING: Yes.

MS. KATRINE DILAY: And you would agree that driving data can also be used as parts of the -- as part of the claims investigation, correct?

MR. JOHN BOWERING: Correct.

MS. KATRINE DILAY: And again, at a high level, you'll agree that, to support the delivery of the personal injury protection plan, MPI must do medical research, including on treatment plans and pain treatment models, among other things?

MR. JOHN BOWERING: I don't think MPI is mandated to do medical research. I think we work

with the medical experts to understand what's out there, but I don't think we're doing the research ourselves.

MS. KATRINE DILAY: Thank you for that clarification. And working with the medical professionals would be to ensure that MPI is providing appropriate benefits to its insured?

MR. JOHN BOWERING: Correct.

MS. KATRINE DILAY: And also, in order to effectively manage claims costs, correct?

MR. JOHN BOWERING: Correct.

MS. KATRINE DILAY: And this would include looking at practices from other jurisdictions and not just Manitoba?

MR. JOHN BOWERING: Correct.

MS. KATRINE DILAY: We'll be shifting gears now, turning more to the claims forecasting methodology, so I expect that Ms. Low and Mr. Masud will likely jump in here.

So, I have a few questions which are meant to confirm MPI's procedure for developing the future accident year claims projections.

At a high level, you'll agree that MPI estimates average claim cost for the 2026/'27 rating year based on its projections for accident years

between April 1st, 2026, and March 31st, 2028?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: So, the accident years, 2026/'2027 and 2027/'28 underlie the projections for the rating year '26/'27, correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And at a high level, you'll agree that, for each coverage, MPI develops trends based on the results of a regression analysis of adjusted historical loss costs?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And you'll agree that regression analysis is a statistical method that attempts to determine the strength and character of the relationship between one dependent variable and one or more independent variables?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And one example of a dependent variable would be frequency?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And another example of a dependent variable would be severity, correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And you would

agree that frequency and severity are not entirely independent from one another?

MR. KHURRAM MASUD: Not entirely. They are related, but there could be separate factors influencing frequency and severity --

MS. KARA MOORE: Thank you.

MR. KHURRAM MASUD: -- that may be independent.

MS. KARA MOORE: Thank you for that. And an example of an independent variable could be time?

MR. KHURRAM MASUD: Correct, yes.

MS. KATRINE DILAY: And a regression model is able to show whether changes we see in the dependent variable are associated with changes in one or more of the independent variables?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And the regression model does this by essentially fitting a best line -- sorry, a best fitted line and seeing how the data is dispersed around this line, correct?

MR. KHURRAM MASUD: Correct. Best fitted curve, I would say, 'cause it may not be a straight line.

MS. KATRINE DILAY: Thank you. In

order for the regression results to be properly interpreted, you will agree that there are several assumptions about the data and the model itself that have to be made?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: And then from MPI's regression analysis, trend factors are developed, correct?

MR. KHURRAM MASUD: That's right, yes.

MS. KATRINE DILAY: And the trend factor that MPI develops from the results of the regression analysis provides a measure of change over time?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And the trend factor is essentially telling the general direction and magnitude that the data is taking during a specific period of time, correct?

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And MPI develops a past trend as well as a future trend, correct?

MR. KHURRAM MASUD: That's right.

MS. KATRINE DILAY: For the past trend, the data and the experience period under consideration reflects observed changes in cost

conditions that have taken place?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And the future trend reflects future changes in cost conditions that are expected to occur between the end of the experience period and the period the new premiums will take into effect?

MR. KHURRAM MASUD: Correct, yes.

MS. KATRINE DILAY: And -- and, sorry, I should say will -- will be in -- in effect, the new premiums will be in effect?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: Thank you. And MPI relies on regression analysis to determine past trend rates applicable to the cost level changes occurring during the experience period?

MR. KHURRAM MASUD: That's right, yes.

MS. KATRINE DILAY: And past trends are required to trend the relevant experience period to the common accident year's cost level?

MR. KHURRAM MASUD: That's right, yes.

MS. KATRINE DILAY: And this is accident year 2024 in this GRA, correct?

MR. KHURRAM MASUD: 2024. Can you repeat that again? Sorry.

MS. KATRINE DILAY: This is accident year 2024 in this GRA.

MR. KHURRAM MASUD: What is accident? The one before? Can you repeat that?

MS. KATRINE DILAY: The question before?

MR. KHURRAM MASUD: Yes, please.

MS. KATRINE DILAY: Past trends are required to trend the relevant experience period to the common accident year's cost level?

MR. KHURRAM MASUD: Yes. That would be 2024.

MS. KATRINE DILAY: Thank you.

MR. KHURRAM MASUD: Yes.

MS. KARA MOORE: And selected accident year weights are then applied to derive a weighted average loss cost?

MR. KHURRAM MASUD: Correct.

MS. KATRINE DILAY: Then MPI must select a future trend?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And the first indicator of how MPI selects the future trend is the selected past trend based on the regression analysis?

MR. KHURRAM MASUD: That's correct.

The selection of past trends enables us to select a future trend and, as I said in my presentation, which may differ from past trends.

MS. KATRINE DILAY: Perfect. Thank you. And MPI then assesses additional information available that provides guidance on future cost levels, correct?

MR. KHURRAM MASUD: That's correct, yes.

MS. KARA MOORE: Would the additional information include information obtained from claims research to mitigate future claims incurred cost increases?

MR. KHURRAM MASUD: I would say broadly, yes.

MS. KATRINE DILAY: Such as the research or the information collected from Mr. Bowering's group?

MR. KHURRAM MASUD: Correct, yes.

MS. KATRINE DILAY: Would the additional information also include possible management actions that may impact future cost levels?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And that type of information could come from the executive committee of

MPI, for example?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And in some cases, actuarial judgment is applied to select the most appropriate future trend rate for the forecast period.

Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And as was discussed this morning, MPI also applies a mobility parameter to account for the historical work-from-home impact of the COVID-19 pandemic?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: Which is intended, at a high level, to measure changes in driving activity. Correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KATRINE DILAY: And we'll just dig a little bit more into the mobility parameter and MPI's approach to working-from-home on the Claims Forecast.

And, of course, I was listening this morning, so some of the questions may -- may be similar, but hopefully we'll get to a few different -- different answers, or points, rather.

If we could please turn to Part 7, Claims Forecasting at page 21, please. Thank you. And we'll go to the bottom of this page. Just one second, I'll just double-check my reference.

(BRIEF PAUSE)

MS. KATRINE DILAY: My apologies, it's page 22. Thank you.

And so, you'll agree that MPI experienced a reduction in claims since March 2020 due to the COVID-19 pandemic. Correct?

MR. KHURRAM MASUD: Yes, partially due to COVID-19 pandemic.

MS. KATRINE DILAY: Which meant that less people were on the road. Correct?

MR. KHURRAM MASUD: That is our belief.

MS. KATRINE DILAY: Sorry?

MR. KHURRAM MASUD: That is our belief. Yes.

MS. KATRINE DILAY: Thank you. And, again, that would be because more people were working from home during that time?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And when there are such sustained level change within the trend rate, MPI uses model parameters to isolate and remove the impact. Correct?

MR. KHURRAM MASUD: This -- in this case, that is what we resorted to.

MS. KATRINE DILAY: Thank you. And that's because -- or it's so that such impacts do not unduly influence the forecast. Correct?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: And so, to do this in prior GRAs, so not in the '26 GRA, but prior, MPI quantified the effect of work from home on Historical Loss Experience using Google's COVID-19 Community Mobility Report. Correct?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KATRINE DILAY: To the date of October 15, 2022, when Google stopped collecting the data. Correct?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: Then MPI used the Commuter Behavior Survey data to project from November 2022 to November 2023 and November 2024. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: So, what that means is that MPI used the Google report and the Commuters -- Commuter Survey data to quantify the effects of the pandemic for the past trend. Correct?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: And you do this in order to adjust the past trend for purposes of selecting the future trend. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: You'll agree that Google COVID-19 Community Mobility Report is third party collected data?

MR. KHURRAM MASUD: That's right.

MS. KATRINE DILAY: And you'll agree it is verifiable, in the sense that Google's methodology and data is publicly available?

MR. KHURRAM MASUD: That's correct. Yes.

MS. KATRINE DILAY: You'll agree that the Commuter Behavior Survey is third-party collected data?

MR. KHURRAM MASUD: Just a second. Yes, I would agree.

MS. KATRINE DILAY: And, similarly, it is verifiable in the sense that the methodology and

the data sources were disclosed?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And if we look at the next page here, although you may not need it, but you'll agree the 2024 accident year experienced higher than expected claim frequency for key coverages such as collision. Correct?

MR. KHURRAM MASUD: That's right.

MS. KATRINE DILAY: And in the paragraph towards the top of the page here, MPI indicated that when it updated its loss trends, inclusive of the 2024 accident year, the statistics of fitted regression models indicated that continued reliance on survey results would no longer produce a statistically significant variable for mobility, which cannot explain recent increases in claims frequency.

You see that?

MR. KHURRAM MASUD: I see that.

MS. KATRINE DILAY: And in that sentence, the reference to the survey results refers to the Commuter Behavior Survey. Would that be right?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And so, given this MPI tested a simple model, assuming commuting returns -- commuting returns to pre-pandemic levels by using a

value of 4-3-2-1 for mobility to model the work-from-home impacts during 2020, 2021, 2022 and 2023 respectively. Correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: So, these variables were used to model the past impacts of working from home on the Claims Experience. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And as we previously confirmed, before this year's GRA, MPI used the Google report and the Commuter Behavior Survey to quantify the work from home effect on the past experience. Correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And you'll agree that the 4-3-2-1 values are not derived from third-party collected data. Correct?

MR. KHURRAM MASUD: That's correct. Data being third party doesn't necessarily make it more accurate or appropriate for use.

MS. KATRINE DILAY: Thank you. And regarding the 4-3-2-1 values, you'll agree that there's an implicit zero (0) that follows that?

MR. KHURRAM MASUD: Before and after the four (4).

MS. KATRINE DILAY: Thank you. Thank you for clarifying that.

And you'll confirm that MPI selected these values or these numbers. Correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And in past GRAs, MPI used the Commuter Behavior Survey to predict the work-from-home impact for the forecast year, so for the future impact. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And in the 2026 GRA, the current GRA, MPI assumes that 2023 was the last year impacted by work from home and that there would be no further increases in the forecasted frequency due to the expectations of commuting patterns. Correct?

MR. KHURRAM MASUD: Yes. It won't be any decreases, is that what you mean? Or adjustment to -- adjustment to your Claims Frequency based on work from home. We are saying there's no benefit of an adjustment for work from home from 2024 onwards.

MS. KATRINE DILAY: Exactly. Thank you. And so that means that MPI assumes that commuting patterns have returned to pre-pandemic levels. Correct?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: And I'd just like to turn to the Statistics Canada article that was discussed in a few questions this morning.

If we -- so if we look at page 23 of the document before us, we see that MPI relies on the 2024 Statistics Canada article, which has the title 'More Canadians Commuting in 2024'. Correct?

MR. KHURRAM MASUD: That's correct. MPI believes this article supports MPI's view.

MS. KATRINE DILAY: And you'll agree that while there are some references to Manitoba and Winnipeg, the article is not specific to Manitoba.

Correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And you'll agree that the -- the portion of the article excerpted by MPI here refers to commute times. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And if we could please turn to the article itself, which is footnoted at the bottom of the page before us.

(BRIEF PAUSE)

MS. KATRINE DILAY: Great. Thank you, Ms. Dweh. And so, we see there the title of the article itself is, 'More Canadians Commuting in 2024'.

You see that?

MR. KHURRAM MASUD: I see that.

MS. KATRINE DILAY: And we also see a bolded headline about halfway down the page, which states that the proportion of employed Canadians mostly working from home has fallen since May 2021, but remains more than twice as high as it was before the pandemic. You see that as well?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And so, you'll confirm your understanding that this article finds there are still more people working from home, as compared to before the pandemic. Correct?

MR. KHURRAM MASUD: That is correct. We believe that very few people were working entirely from home before the onset of pandemic.

MS. KATRINE DILAY: So --

MR. KHURRAM MASUD: And then it did start a trend of people working from home, which, since then has diminished over time.

MS. KATRINE DILAY: Thank you. But has not disappeared. Correct?

MR. KHURRAM MASUD: Yes, where -- at the time this article was written, which was 2024. Since then, things have changed. For example, Ontario is bringing everyone back to work five (5) days a week.

MS. KATRINE DILAY: Thank you. And you'll agree that the number of cars on the road can impact claims frequency. Correct?

MR. KHURRAM MASUD: Yes, that's correct.

MS. KATRINE DILAY: I'll now have a few areas of questioning looking at specific areas of coverage. If we could, please, turn to Part 7 of the GRA Claims Forecasting Appendix 3, and that'll be an Excel document.

(BRIEF PAUSE)

MS. KATRINE DILAY: Thank you, Ms. Dweh. And if we could look at Appendix 3, E-2, in particular. Thank you.

And you'll agree that the information in this table provides the underlying data for MPI's development of the past trend for collision frequency.

Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And if we look at line 27, so sort of the -- the second line from the bottom on this table, MPI indicates that the correct -- the current method, rather, is that the trend is based on thirteen (13) years of data starting at 2012.

Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And then if we go to tab 3 E-5, so, just a few to the right. Thank you.

We see the information in the table provides the underlying data for MPI's development of the past trend for collision severity. Correct?

MR. KHURRAM MASUD: Yes, I see that.

MS. KATRINE DILAY: And here if we look at line 26, so, again, the current method, the second line from the bottom, MPI states that the current method is that the past trend is based on fourteen (14) years of data starting in 2011.

Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: So, you'll confirm that MPI chose different time periods to determine the past trend for this coverage, namely, 2012 for frequency and twenty (20) -- pardon me, 2011 for

frequency and 2012 for severity. Correct?

MR. KHURRAM MASUD: Sorry, can you repeat that? I think it's 2011 for severity and 2012 for frequency.

MS. KATRINE DILAY: Yes. Thank you.

MR. KHURRAM MASUD: Okay.

MS. KATRINE DILAY: Thank you for correcting --

MR. KHURRAM MASUD: Yeah.

MS. KATRINE DILAY: -- my question. You would agree that selecting the same time periods for frequency and severity models helps include any offsetting effects in the selected trend rates?

MR. KHURRAM MASUD: As I said earlier, there may be different factors affecting severity and frequency. So, even though they might be offsetting, but in order to capture full effect of those contributing factors, it is possible and not uncommon to use different periods for selection of frequency and severity.

MS. KATRINE DILAY: Thank you for that. And at a -- at a high level, you'll agree that if the same time period was considered for frequency and severity, the fit and regression coefficient would be different?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: Thank you. And just a few questions about MPI's approach to Accident Year Weighting.

You'll agree that after adjusting all historical years to the same cost level as the most recent accident year, equal weight of 20 percent was applied to the most recent five (5) accident years?

MR. KHURRAM MASUD: That is correct

MS. KATRINE DILAY: For all coverages. Correct?

And we can go to a reference if you'd like, but is it your recollection that in PUB Order Number 145 of '23, the Board approved an alternative indication for the 2024 GRA, which included that the Claims Forecast was to be adjusted using 20 percent weights for each of the most recent five (5) accident years?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: Do you recall that?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And did MPI take that to mean that the PUB'S guidance was for that specific GRA or for all later GRAs as well?

MR. KHURRAM MASUD: It was specific to that -- that specific GRA, but I think it provides good guidance on -- for -- for -- for consistent instability, as you mentioned earlier on. Do not change method unless there are compelling reason to do so.

MS. KATRINE DILAY: Great. Thank you. And so, you'll agree that if there are compelling reasons, or in particular circumstances, there may be a need not to apply equal weights in a particular GRA.

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: Thank you. Ms. Dweh, if we could please turn back to that Excel document we had open, Part 7 Claims Forecasting Appendix 3. And we'll look at tab 3 C-3, please. Thank you.

And here we see the underlying data for MPI's development of the frequency trend for accident benefits, other not indexed. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And you'll agree that from 2014 to 2016 the data is increasing.

Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And from 2016 to

2020, the data is essentially decreasing?

MR. KHURRAM MASUD: 2016 to -- you said 20 --

MS. KATRINE DILAY: To 2020.

MR. KHURRAM MASUD: To 2022 you mean, or you mean 2020, because it keeps going down.

MS. KATRINE DILAY: So, from 2016 to approximately 2022, the data is decreasing. Correct?

MR. KHURRAM MASUD: That's correct, yes.

MS. KATRINE DILAY: And then from 2022 to 2024, the data appears to be increasing. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And would you agree that when we refer to the term 'cyclicality', that would refer to cycles where the data exhibits rises and falls?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And you'll agree that in the graph before us, the data rose then fell then rose again?

MR. KHURRAM MASUD: That is correct.

MS. KATRINE DILAY: And it's not impossible that the data could fall again, given the cycles since 2014. Correct.

MS. CARA LOW: So, the first load dip that we have there from 2014 up to 2016, that's well known that there was some changes to how we were doing our reserving on some of the permanent impairment. So, we wouldn't expect to see that again, and processing times as well and centralized reserving. So that was a known dip.

MS. KATRINE DILAY: Thank you. That's helpful. And you'll agree that MPI's model fit to loss cost data for 2019 to 2024 and extrapolates the frequency increases?

MR. KHURRAM MASUD: Sorry, can you repeat that?

MS. KATRINE DILAY: You'll agree that MPI's model fit to loss cost data for 2019 to 2024 and extrapolates the frequency increases?

MR. KHURRAM MASUD: I would like to see the period that we've used for developing the trend, because applying, or using equal weights, to bring last five (5) years to 2024 accident year, does not necessarily mean we are using the trend that was applicable to those five (5) years.

It means applying the selected trend to the weighted average of last five (5) years. So that would not mean extrapolating just the last five (5)

years trend. It just means applying the selected trend on the last five (5) years loss cost.

MS. KATRINE DILAY: Understood. And so I -- I think we'll leave it at that. Yeah. I'll take that answer for now.

MR. KHURRAM MASUD: Okay.

MS. KATRINE DILAY: And just a few last questions for this panel. If we could turn to part 7 of the GRA claims forecasting, page 155, please. Thank you.

And this is where MPI shows the historical accident year ultimate comprehensive theft loss cost with and without SERP adjustment. Correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: And we see the experience mostly increasing from 2011 to 2022 with the exception of 2020. Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And 2020 would reflect the pandemic experience?

MR. KHURRAM MASUD: Yes. You could argue that.

MS. KATRINE DILAY: And from 2022 to 2024, the experience has been almost flat. Correct?

MR. KHURRAM MASUD: Yes. Slightly

downwards, but with a slope that's not too high. Steepness is not too high. So, it's relatively flat but still downward trending from 2020 to 2024.

MS. KATRINE DILAY: Thank you.

MS. CARA LOW: I do believe this is due to the legislative changes for the catalog converters. And so that was making headlines at the time. So those were partial theft of vehicles, not the total thefts that were more of a national story, because we don't necessarily have ports where cars are being shipped from.

MS. KATRINE DILAY: Thank you. And if we look at the next page, page 156 towards the bottom.

For this area of coverage MPI selects a past loss cost trend rate of plus 10.31 percent.

Correct?

MR. KHURRAM MASUD: Yes.

MS. KATRINE DILAY: And MPI selected a future loss cost trend to be the same as the path loss cost trend, as there's no credible evidence to suggest future experiences likely to deviate significantly from the past. Correct?

MR. KHURRAM MASUD: That's correct. And because the experience is volatile, directionally, it -- it's still going upward for the majority of the

years, but since there are fewer claims. So, we've used a longer period of time to select that trend. So, if you notice we started from 2011. So, we believe long-term trend is still the best -- it's still the best bet for selection of the future trend.

MS. KATRINE DILAY: And so MPI projects that the future loss cost trend will increase. Correct?

MR. KHURRAM MASUD: That's correct.

MS. KATRINE DILAY: Madam Chair, if I can just have two (2) minutes to review my notes and I may be done with this panel.

(BRIEF PAUSE)

MS. KATRINE DILAY: Thank you very much. Those are my questions for this panel. Thank you, Madam Chair.

PANEL CHAIRPERSON: Thank you. Ms. Dilay. Mr. Ireland ...?

BOARD MEMBER IRELAND: Ms. Dweh, could we get Exhibits 42 up, please. Just had a couple of quick questions. More clarification than anything, Mr. Bowering.

Can we go to -- can we go to -- sorry,

can we go to slide 24? Great. Thanks.

Just on the new glass repair first policy that you've -- that you've got. It says here:

> "Reduction in customer financial impacts by avoiding deductibles, rental costs, and items not related to the insurable loss, example the ADAS."

Avoiding deductible, is it correct to say that that only affects those who've purchased the two hundred (200) plus deductible?

MR. JOHN BOWERING: That's correct.

BOARD MEMBER IRELAND: That's correct. Okay.

MR. JOHN BOWERING: But that is a sizable chunk of our -- I think it's our most popular Extension product. But you're right. That's all --

BOARD MEMBER IRELAND: I was just going to ask you what the percentage population that was?

MR. JOHN BOWERING: One second. In 2024 of the Extension eligible, it was 73 -- 74 percent.

BOARD MEMBER IRELAND: Seventy-four percent. And the reference to the ADAS, I'm assuming

that it's not going to be part of a repair, but potentially could be part. So, it would still be included if circumstances --

MR. JOHN BOWERING: Yeah, it's damaged or -- and yeah. And then there's just the cost of realigning it and making sure the cameras are -- sensors are all accurate.

BOARD MEMBER IRELAND: Okay. Great. And the -- because it's going to be the default program, are you still looking to move that ratio repair and replace to 35 percent, or are you looking to go beyond that?

MR. JOHN BOWERING: I -- I think historically, I'm going from memory here, historically, it was higher than that. And so, we've conservatively set that target, and we will -- we will monitor it to see what the new normal it settles at, and we'll continue to adjust our program based on where it lands. But yeah.

BOARD MEMBER IRELAND: I saw 20 percent for 2024. I was just wondering --

MR. JOHN BOWERING: Yes.

BOARD MEMBER IRELAND: Yeah. Okay, Great. And, Ms. Low, quick question for you.

This morning, you mentioned that the

take-up rate for the new deductible was estimated to be a hundred percent.

MS. CARA LOW: That is what we factored into the impact analysis.

BOARD MEMBER IRELAND: Just idle curiosity on my part. I'm wondering what the analysis was that went into that to show a hundred percent take-up? Because I think we talked the other day of 50, 60,000 units being -- get the -- Extension eligible.

And just wondering what would go into that analysis, to say, all of those would actually move over.

MS. CARA LOW: Anyone who is eligible for extended product -- assumed they were going to -- because they will get a policy at the seven hundred and fifty dollar ($750) deductible. They assume that they were going to keep that policy.

BOARD MEMBER IRELAND: So, there's no analysis, it's just an assumption.

MS. CARA LOW: Right.

BOARD MEMBER IRELAND: Okay, great. Thank you.

PANEL CHAIRPERSON: Thank you. Ms. Sharman ...?

BOARD MEMBER SHARMAN: No additional questions.

PANEL CHAIRPERSON: Thank you. I have one question with regard to a comment that is made in the presentation this morning, and I apologize, I'm not sure what page it's on, but there was a suggestion that there will be people who will, at the thousand dollars deductible level choose to repair, glass repairs in particular, themselves without making a claim.

Have you got anything that quantifies how many that might be, both in terms of numbers of claims and dollar value?

(BRIEF PAUSE)

MS. CARA LOW: Yeah, we don't have any analysis on that, because if they haven't reported a claim before, then we don't know what percentage made a decision not to report a claim so.

PANEL CHAIRPERSON: And do you have any information with regard to the number of glass claims that are currently made under the existing program that would be above seven hundred and fifty dollars ($750), but not at a thousand (1,000)?

And perhaps it's on this chart, and I can't read what the numbers --

MR. KHURRAM MASUD: The numbers are not there on the chart. So, if we look at 2024 at payment year, 86 percent of the claims, glass only claims, fall above seven fifty dollars ($750).

And for 2021, that number was 64. So gradually as the severity of glass only claims is increasing, more claims are now falling above seven fifty dollars ($750) in which case they are paid by Basic.

PANEL CHAIRPERSON: Okay. Thank you very much. That's quite helpful. And can you just answer a question for me.

In terms of a statement with regard to the increase -- or the raising the Basic deductible level, and the fact that you're -- you're stating that it benefits customers by ensuring premiums for compulsory Basic insurance remain affordable for all ratepayers.

And I just wondered how you mesh that with the suggestion that there will be ratepayers who choose to have claims repaired themselves because it seems a little bit inconsistent, but perhaps you can explain that to me.

MS. CARA LOW: So, the move from the seven hundred and fifty dollar ($750) base deductible to the one thousand dollar ($1,000) deductible, we know, is about 3 percent reduction to the overall rate indication AAP. So that does make it more affordable, and they have the choice in order to purchase through the Extension side if they want to lower their deductible. But not everyone has a claim. So, when they do have a claim, they can choose whether to put the claim in or not.

PANEL CHAIRPERSON: Okay. Thank you very much. And thank you very much. Oh, I'm sorry, Mr. Wishnowski ...?

MR. ERIC WISHNOWSKI: You know, I don't think I have anything on -- on redirect for this panel. I do have a couple housekeeping things.

PANEL CHAIRPERSON: Please proceed.

MR. ERIC WISHNOWSKI: I have three (3) exhibits I can read in. I also just will note that there was an in-camera session scheduled, but I don't appear -- just confirming that there are no -- okay, perfect. So, there are no questions there. So just one moment.

Exhibit 43 that would be an Air and Emission Rate update Appendix 4, page 1; Exhibit

number 44, Air and Emission Rate Update Appendix 4, page 1; and Exhibit 45 would be an Other Air and Emission claims forecasting presentation, all of which were filed today.

--- EXHIBIT NO. MPI-43: Air and Emission Rate update Appendix 4, page 1

--- EXHIBIT NO. MPI-44: Air and Emission Rate update Appendix 4, page 1, version 2

--- EXHIBIT NO. MPI-45: Other Air and Emission claims forecasting presentation.

PANEL CHAIRPERSON: Thank you very much. Yes, indeed, the next session is the in-camera session for the Confidential Claims Forecasting panel.

MR. ERIC WISHNOWSKI: Yes. But it doesn't sound like...

MR. TODD ANDRES: Madam Chair, I did have discussions with Mr. Guerra. They don't have anything to present in-camera, and it appears that neither CC nor the PUB have questions for an in-camera panel.

PANEL CHAIRPERSON: Thank you, Mr.

Andres. So, at this point, is it the suggestion that we adjourn for the day and start again tomorrow morning at 9:00 with ratemaking?

MR. TODD ANDRES: Yeah. So, at this point, we'd not canvassed the possibility of starting early. That's something that we could do if the panel is inclined. Otherwise, the answer is we just adjourn and start at 9:00 a.m. tomorrow morning.

PANEL CHAIRPERSON: Do you want to just take a few minutes and confer with Counsel and let us know? Thank you.

MR. TODD ANDRES: Yes.

(BRIEF PAUSE)

MR. TODD ANDRES: Madam Chair, we're not certain if the other Interveners are going to be participating in tomorrow's panel, and given that if they were, it would take them some time to get here.

It may be preferable to start tomorrow. And I also understand that the preference on MPI's part is also to start in the morning.

PANEL CHAIRPERSON: Thank you, Mr. Andres. That's fine. Then thank you very much. Thank you to this panel. We'll see some of you

tomorrow morning, and we'll start at nine o'clock with the MPI ratemaking panel, including benchmarking Canadian vehicle insurance rate comparison general linear models and fleet cost/causation. Thanks.

(PANEL STANDS DOWN)

--- Upon adjourning at 1:54 p.m.

Certified correct,

_____

Wendy Woodworth, Ms.