

MANITOBA) Order No. 122/02
)
THE PUBLIC UTILITIES BOARD ACT) June 27, 2002

BEFORE: G. D. Forrest, Chairman
E. Jorgensen, Member

**PROCEDURAL ORDER FOR A PUBLIC HEARING
REGARDING THE APPLICATION OF THE MANITOBA
PUBLIC INSURANCE CORPORATION FOR APPROVAL
OF THE CORPORATION'S RATE BASES AND
PREMIUMS CHARGED FOR COMPULSORY DRIVER AND
VEHICLE INSURANCE COMMENCING MARCH 1, 2003
AND THE APPROVAL OF PARTIES APPLYING FOR
INTERVENOR STATUS**

The Public Utilities Board of Manitoba (the "Board") held a Pre-Hearing Conference (PHC) at its offices in Winnipeg, Manitoba on Monday, June 24, 2002 at 10:00 a.m. to consider the timetable to be followed at the public hearing of the application of Manitoba Public Insurance ("MPI") for approval of Rate Bases and Premiums charged for compulsory driver and vehicle insurance commencing March 1, 2003 and to consider applications for intervenor status. This Procedural Order flows from this hearing.

A Notice of Public Hearing and PHC dated May 29, 2002, was issued by the Board and filed at the PHC as Exhibit #1. The Notice described the proposed rate impact by major vehicle use categories including private passenger, commercial and public vehicles, motorcycles, trailers and off-road vehicles.

Board Counsel filed, as Exhibit #2, a draft timetable that had been circulated to known parties prior to the PHC and as Exhibit #3, the Board's Draft Rules of Practice and Procedure dated April 28, 1992.

There are two schedules attached to this Order being Schedule "A", the Timetable for the hearing and Schedule "B", the Procedures to be followed at the hearing.

Parties wishing to obtain intervenor status were requested to address their respective applications in detail, to present the reasons for requesting intervenor status and to provide details of the areas of the MPI Application they wished to examine.

The following parties made applications for Intervenor status:

1. Coalition of Manitoba Motorcycle Groups (CMMG) represented by its Counsel, Mr. Raymond Oakes (Intervenor Request Form submitted and received on June 20, 2002);

2. Consumers' Association of Canada (Manitoba) Inc./ Manitoba Society of Seniors (CAC/MSOS) represented by its Counsel, Mr. Byron Williams. (Intervenor Request Form submitted and received on June 24, 2002);
3. Insurance Brokers Association of Manitoba (IBAM) represented by Ms. Margaret Scurfield. (Intervenor Request Form submitted and received on June 24, 2002);
4. Manitoba Car and Truck Rental Association (MCTRA) represented by its Counsel, Mr. Allan Foran with Mr. Don Miller, President and Mr. Sean Devlin, Vice-President of MCTRA also in attendance. (Intervenor Request Form submitted and received on June 24, 2002);
5. Canadian Bar Association (Manitoba Branch) (CBA) represented by its Counsel, Ms. Jennifer Malabar on behalf of Mr. Gavin Wood (Intervenor Request Form submitted and received on June 24, 2002).
6. Manitoba Used Car Dealers Association (MUCDA) was not represented at the PHC but an Intervenor Request Form was submitted and received on June 24, 2002 following the PHC. The Intervenor Request Form was submitted to MPI for response.

7. Canadian Automobile Association Manitoba (CAA) was not represented at the PHC but an Intervenor Request Form was submitted and received on June 25, 2002 following the PHC. The Intervenor Request Form was submitted to MPI for response.

Those Intervenor Request Forms which had been filed at the PHC were submitted to MPI for consideration and comment.

MPI was represented by Ms. M. McLaren, Vice-President, Corporate Insurance Operations and Mr. K. M. McCulloch, General Counsel.

APPLICATIONS FOR INTERVENOR STATUS

1. Coalition of Manitoba Motorcycle Groups

As set out in its Intervenor Request Form and communicated by Mr. Oakes, CMMG indicated the purpose of its intervention is to assist in determining the validity of any increase in the cost of motorcycle insurance and to suggest changes in the insurance product and/or MPI's practices or policies with a view to reducing the loss experience. CMMG intends to appear throughout the hearing, to test the evidence and to present final argument. CMMG does not intend to adduce evidence. CMMG will be applying for costs.

MPI noted that the issues to be canvassed by CMMG have been fully addressed in prior hearings and decisions of the Board. The rating principles and methodologies in the current Application are consistent with prior years and only if there is something new in CMMG's proposed intervention, should intervenor status be granted. MPI noted that the 15% cap on the rate increase has again been proposed without which rate increases in the motorcycle class would be higher.

In response CMMG indicated that their membership includes 5,000 motorcyclists who are concerned about the rate impact. CMMG indicated their focus is not only on rates but also on MPI's road safety program which they claimed have had some success on the impact of MPI's initiatives in this regard.

The Board will grant intervenor status to CMMG for this proceeding noting that it is not the intention of CMMG to canvass those rating methodologies already determined by the Board. CMMG's membership is significant and collectively bring a substantial view to the Board on the rate impact of MPI's Application on their membership.

**2. Consumers' Association of Canada (Manitoba)
Inc./Manitoba Society of Seniors**

As set out in its Intervenor Request Form and as communicated by Mr. Williams, the reasons for the CAC/MSOS intervention are as follows:

1. To consider whether the current rates are just and reasonable or whether a 1% rate decrease would be more appropriate;
2. To consider whether corporate expenditures including expenditures on road safety can be justified as reasonably and necessarily incurred;
3. To consider whether the Corporation's forecasts and projections, i.e. revenues are reliable; and
4. To review the reasons underlying the growth in claims.

CAC/MSOS intends to appear throughout the hearing, to participate in the testing of evidence and final argument. CAC/MSOS was uncertain as to whether it will call expert evidence but if so, will advise the Board accordingly. CAC/MSOS will be applying for costs.

MPI did not object to this Intervenor's application for status.

The Board will grant intervenor status to CAC/MSOS for this proceeding and in so doing accepts the commitments made by CAC/MSOS to work with CMMG, to the extent possible, on matters of road safety initiatives.

3. Insurance Brokers Association of Manitoba

In its Intervenor Request Form, IBAM indicated that the purpose of its intervention is to monitor and, when appropriate, participate in the hearing. It intends to appear throughout the hearing and to present final argument. It does not intend to call or test evidence and will not be applying for costs.

MPI did not object to this Intervenor's application.

The Board will grant intervenor status to IBAM for this proceeding.

4. Manitoba Car and Truck Rental Association

Counsel for MCTRA indicated that MCTRA was seeking Intervenor Status as it is not satisfied with the proposed rates (premiums) for U-drive Passenger Vehicles and Trucks. The Association intends to contest the proposed rates (premiums) for U-Drive Passenger Vehicles and Trucks specifically and also, the rate-making methodologies, reserves and allocations contained in the Manitoba Public Insurance 2003 rate application and supporting materials generally.

It is most likely that MCTRA will be calling a witness. MCTRA indicated that it is uncertain if they will be applying for costs.

MPI objected to the granting of intervenor status to MCTRA. MPI noted that MCTRA's intervention was quite extensive last year and that the reasons given for this

proposed intervention were all addressed clearly and directly by the Board in its last Order.

In response, MCTRA indicated that the issues it canvassed last year still need to be resolved.

The Board will grant intervenor status to MCTRA and in so doing will look to MCTRA to focus specifically on those issues unresolved.

5. Canadian Bar Association (Manitoba Branch)

CBA indicated its reasons for the proposed intervention are as follows:

- 1) the insurance coverages and services offered by MPI, including the efficiency and fairness of the claims process;
- 2) the review of the report ordered by the PUB to be prepared dealing with the handling of injury claims and the review process;
- 3) the appropriateness of the 2003 Insurance Rate proposal; and
- 4) the possibility of modification of the present no fault system in Manitoba.

MPI indicated that issues related to insurance coverages and the no fault system in Manitoba are not within the purview of the Board and with respect to the other matters relating to service levels and the Application in general, MPI

noted that these issues will be well covered by other parties representing the ratepayers directly.

MPI proposed to file a letter which confirms MPI's assumption that the primary purpose of CBA is to seek a change to the no-fault system which again is beyond the jurisdiction of the Board. Counsel for CBA agreed to seek the comments of CBA regarding the tabling of this letter and advise the Board accordingly.

Upon the receipt of this response the Board will consider the matter further. However, in the interim, the Board will grant intervenor status to CBA. CBA, as in the past, must work closely with other intervenors to avoid duplication and also, must ensure that its intervention falls within the scope of the Board's jurisdiction.

6. Manitoba Used Car Dealers Association

MUCDA indicated the reason for the proposed intervention is to question the Corporation's proposed increase for dealer's plates. They intend to test the evidence and present final argument. MUCDA does not intend to apply for costs.

MPI indicated, in an e-mail dated June 26, 2002 that they had no objection to status being granted but noted that MUCDA issues related to dealer plates may be an issue not within MPI's or the Board's jurisdiction.

The Board will grant MUCDA intervenor status and in so doing will request that MUCDA ensure that its reasons for intervention are within the scope of the Board's proceeding.

7. CAA Manitoba

CAA indicated it wanted to conduct a watching brief and if necessary, participate in the testing of evidence and to present final argument. It does not intend to call evidence and will not be applying for costs.

MPI indicated, in an e-mail dated June 26, 2002 that they had no objection to the approval of intervenor status for CAA Manitoba.

The Board will grant CAA Manitoba intervenor status for this proceeding.

PRESENTER

Mr. David Grant, representing himself, reluctantly sought intervenor status, with the hope of obtaining answers to a number of enquiries he has regarding data verification with respect to CLEAR and further, cost saving measures and deductibles. With a commitment of MPI to provide answers to his queries which the Board indicated may flow through its offices. Mr. Grant indicated he was prepared to withdraw his application and assume a presenter role consistent with past practice.

TIMETABLE

All parties indicated the timetable was acceptable.

The Board accepted the timetable as circulated.

Once again the Board notes the degree of co-operation among Intervenors and would encourage joint participation wherever possible. Further, those parties considering whether to call evidence are requested to advise the Board of their intentions at their very earliest opportunity and in compliance with the timetable attached.

IT IS THEREFORE ORDERED THAT:

1. The timetable attached hereto as Schedule "A" shall be the timetable for the orderly exchange of information by the participating parties.
2. Schedule "B" attached hereto shall apply with respect to the hearing of the MPI Application.
3. Intervenor status shall be awarded to the following applicants:
 - a) Coalition of Manitoba Motorcycle Groups;

- b) Consumers' Association of Canada
(Manitoba) Inc./Manitoba Society of
Seniors;
- c) Insurance Brokers Association of Manitoba;
- d) Manitoba Car and Truck Rental Association;
- e) Canadian Bar Association (Manitoba
Branch) .
- f) Manitoba Used Car Dealers Association.
- g) Canadian Automobile Association Manitoba

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"

Chairman

"G. O. BARRON"

Secretary

Certified a true copy of Order
No. 122/02 issued by The Public
Utilities Board

Secretary

SCHEDULE "A"

**MANITOBA PUBLIC INSURANCE
2003 RATE APPLICATION**

TIMETABLE

ITEM	2002 DATES	DAY OF WEEK	ELAPSED WORKING DAYS
1. Application filed and served	June 11	Wednesday	0
2. Notice of Public Hearing to be published	June 15	Saturday	-
3. a) Pre-hearing Conference b) Intervenors complete registration c) Settle Hearing procedure and exchange of information timetable d) Discuss possibility of joint intervention	June 24	Monday	13
4. Board to circulate list of Intervenors, complete timetable to Intervenors and Applicant	June 27	Thursday	16
5. Last day to file as an Intervenor	July 2	Tuesday	18
6. MPI to be in receipt of first round information requests	July 8	Monday	22
7. MPI to provide response to first round information requests	July 29	Monday	37
8. MPI to be in receipt of second round information requests	Aug. 19	Monday	51
9. a) MPI to file responses to second round information requests b) MPI to file and serve any further amendments to Application, if required	Sept. 9	Monday	65

10. MPI to publish Reminder Notice and any amendments to Application	Sept. 14	Saturday	-
11. a) Intervenors to file pre-filed testimony to all parties b) Parties to file any motions	Sept. 16	Monday	70
12. Intervenors to be in receipt of information requests from all parties	Sept. 20	Friday	74
13. Board to hear all motions	Sept. 23	Monday	75
14. a) MPI to file rebuttal evidence b) Intervenors to provide responses to all information requests	Sept. 27	Friday	79
15. Board decision on motions, meeting among Counsel, if required	Sept. 30	Monday	80
16. Hearing commences	Oct. 7	Monday	85

SCHEDULE "B"

**PROCEDURES TO BE FOLLOWED AT THE
MANITOBA PUBLIC INSURANCE CORPORATION
2003 INSURANCE RATE HEARING**

1. Hearing and Rural Meetings:
 - a) Winnipeg hearing will be held at the Board's office, 4th floor, 330 Portage Avenue, Winnipeg, commencing October 7, 2002 at 9:00 a.m. and continuing thereafter as necessary.
 - b) Rural Meetings - time, location and place to be identified.
2. Hearing Times Each Day: 9:00 a.m. to 12:00 Noon
1:15 p.m. to 4:30 p.m.
3. Assigned Sittings: Presenters will be heard commencing at 1:15 p.m. and at 7:00 p.m., Monday, October 7, 2002, if necessary.
4. Opening Statements by Board Counsel, by Counsel for MPI and other Counsel or representatives of registered intervenors.
5. (a) MPI to file their application and supporting evidence.

(b) MPI to introduce witnesses. Board Counsel and intervenors to cross-examine the Corporation's witnesses (order to be determined).
6. (a) Leading of testimony by witnesses for intervenors, if any, will be in alphabetical order by name of Intervenor and updated as necessary.

(b) Witnesses to be available for cross-examination by all parties following each presentation.

7. All interrogatories are to be filed and responded to using the prefixes as assigned by the Board when intervenors are registered (set out in the body of the Order). The party requesting information is to use firstly their prefix followed by the prefix of the party being asked e.g. PUB/MPI, etc. Interrogatories are to be numbered sequentially through 1st and 2nd rounds.
8. All pre-filed evidentiary material to be filed at the commencement of the hearing by Board Counsel using assigned prefixes.
9. All witnesses to highlight their evidence.
10. All witnesses to be sworn or affirmed.
11. Daily transcripts will be available. Parties to make arrangements with the Reporter.
12. It is the Board's request that all motions be dealt with pursuant to the Board's Timetable.
13. Board Order No. 163/87 (available at the Board's office) dealing with the Awarding of Costs will apply to all matters before the Board.
14. The Board indicates its willingness to be available for any problems that may arise during the exchange of information at any time, such time to be arranged through Board Counsel.
15. ONLY five (5) copies of material are to be submitted to the Board's offices and five (5) copies are to be submitted to Board Counsel at the following address: Attention: Walter Saranchuk, Q.C., Pitblado, 2500 - 360 Main Street, Winnipeg, MB R3C 4H6
16. Except for all material required to be filed by MPI and the evidence of parties, electronic copies are acceptable where available and the Board's e-mail address is publicutilities@gov.mb.ca