

## **Background: MPI Board scenario “MPI Disbanded: MPI no longer exists”**

- **March 11, 2019:** “Government made decision that:
  - 1. MPI will continue to develop its Legacy Modernization project including online functionality.
  - 2. Once completed – brokers will own 100% of all online MPI transactions – insurance and DVA.
  - 3. MPI will not have any direct online functionality with customers.”
- **April 18, 2019:** Board of Directors Meeting of MPI – Agenda Item 3.2 is “3 Year Strategic Plan”
  - Attachment A to Agenda item 3.2: “The Future of MPI’s Customer Service Delivery Model: Operating Model Analysis”
  - “Purpose: An analysis of different operating models was considered to better understand our current state and distribution networks, associated costs, and potential next steps as MPI looks at life after Legacy Modernization”
  - According to RFP published by MPI on June 7, 2019, Legacy Modernization is scheduled to be completed 2022/2023
- **First Operating Model Reviewed:” MPI Disbanded: MPI no longer exists; All functions completed by brokers or other government agencies (including claims management)”**
  - **“Scenario 1: MPI Disbanded – Description: Brokers own ALL pieces of insurance and DVA transactions, including all of the back-end processes and administration that we currently provide when brokers perform these transactions now”**
  - **Note:** Brokers own all pieces of insurance is **same wording** as March 11, 2019 Government decision
- **September 2017:** Deloitte Report shows average auto insurance rates in Manitoba lowest in Canada (\$1,323/year)
  - Rates for private insurance: Ontario: \$4,116; Alberta, \$3,191

(108)

**Myshkowsky, Sharon**

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**From:** Graham, Ben  
**Sent:** Monday, March 11, 2019 9:46 AM  
**To:** \*Board  
**Cc:** Triggs, Mike  
**Subject:** MPI / Broker relationship

Board members,

This morning I attended a meeting in the Crown Services office with Mike Sullivan, Mike Triggs and David Safruk to discuss Govt direction related to our relationship with IBAM and the wider distribution network.

The Govt has made the decision that:

1. MPI will continue to develop its Legacy Modernization project including online functionality.
2. Once completed – brokers will own 100% of all online MPI transactions – insurance and DVA.
3. MPI will not have any direct online functionality with customers.

I believe that Mike Sullivan will be holding a conference call to discuss next steps as a Board. Note – nothing was provided in writing and no clear guidance of inclusion in upcoming mandate letter.

Mike Triggs will coordinate the call.

**Benjamin Graham**

President and Chief Executive Officer

Manitoba Public Insurance

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912-234 Donald Street, Winnipeg, MB R3C 4A4



**Board of Directors Meeting Agenda**

**Place:** 912 – 234 DONALD STREET, WINNIPEG, MANITOBA  
**Date:** April 18, 2019 **Time:** 8:30 a.m.

	<u>Duration</u>
<b>1. BOARD PLANNING AND BUSINESS</b>	<b>20</b>
1.1 In Camera	
1.2 Approval of April 18, 2019 Board of Directors Agenda	
1.3 Approval of February 7, 2019 and March 6, 2019 Board of Directors Meeting Minutes	
1.4 Update on Outstanding Items	
1.5 Board and Board Committee Meetings, Events and Issues	
a) Board Committee Membership	
b) Board 2019 Meeting Schedule	
c) Board 2019 Work Plan	
<b>2. BOARD COMMITTEE REPORTS</b>	<b>30</b>
2.1 Audit, Finance & Risk Committee Report	
2.2 Technology Committee Report	
2.3 Governance & Human Resources Committee Report	
2.4 Investment Committee Report	
<b>3. STRATEGIC DISCUSSION</b>	<b>30</b>
3.1 In Camera Board of Directors Update	
3.2 3 Year Strategic Plan	
<b>4. PRESIDENT AND CEO REPORT</b>	
4.1 President and CEO's Report	<b>15</b>
<b>5. CORPORATE BUSINESS MATTERS – DECISIONS</b>	
5.1 2020/21 Basic Autopac Program and Rates	<b>45</b>
5.2 2020/21 Basic Autopac General Rate Application	<b>30</b>
5.3 Year End Change & 13 Month Budget	<b>X</b>
<b>6. CORPORATE BUSINESS MATTERS – DISCUSSION</b>	
6.1 Insert Here	
<b>7. CORPORATE BUSINESS MATTERS – INFORMATION</b>	<b>0</b>
7.1 Annual Business Plan Update	
7.2 BTO Initiative Update	
7.3 Annual Sponsorship Report	
7.4 Fair Practices & Customer Relations Report	
<b>8. IN CAMERA</b>	

LUNCH

Board Start: 8:30 a.m.  
 Duration (including lunch): TBD

**Board Members:**  
 Michael Sullivan, Chair  
 Daniel Bubis  
 Richard Chale  
 Domenic Grestoni  
 Carolyn Halbert  
 Edna Nabess  
 Grant Stefanson  
 Brent VanKoughnet  
 Valerie Wowryk  
 Benjamin Graham, President & CEO – Ex Officio & Non Voting

# The Future of MPI's Customer Service Delivery Model

Operating Model Analysis

Manitoba Public Insurance  
April 2019



**Manitoba  
Public Insurance**



# *Introduction*

## **MPI's Mission:**

Exceptional coverage and service, affordable rates and safer roads through public auto insurance.

## **MPI's Vision:**

The **trusted** auto insurance and driver services provider for every Manitoban.

**Purpose:** An analysis of different operating models was completed to better understand our current state and distribution networks, associated costs, and potential next steps as MPI looks at life after Legacy Modernization.





**Manitoba  
Public Insurance**

**REQUEST FOR PROPOSAL**

**#2946**

**FOR**

**LEGACY SYSTEMS MODERNIZATION  
DRIVER AND VEHICLE ADMINISTRATION SOLUTION**

**ISSUE DATE: June 7, 2019**

**PROPOSAL DUE DATE: August 2, 2019 at 4:30 PM (Central Time)**

Vendors intending to submit a Proposal must do so by the Due Date and in accordance with Article 6.00 of this Request for Proposal. Late Proposals will not be accepted and will be returned unopened.

Manitoba Public Insurance intends to negotiate an Agreement with the Successful Vendor(s) that incorporates the accepted terms and conditions of this RFP (including Schedule A) and the Successful Vendor's Proposal.

**THE CONTENTS OF THIS RFP SUPERSEDE ANY INFORMATION CONTAINED ON  
THE MERX WEBSITE.**

Legacy Systems Modernization	
Stream	Description
Insurance Technology Stand-up and Stabilization	<p><b>Timeframe:</b> December 2019 – April 2020</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Responsible for standing up the initial technology footprint for the core insurance solution</li> <li>• Standardizes Architecture, Design and development principles and practices</li> <li>• Training for implementation teams</li> </ul>
Commercial Insurance Modernization	<p><b>Timeframe:</b> January 2020 – February 2021</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Initial release of the P&amp;C software and the supporting technologies</li> <li>• Modules Anticipated to be Leveraged <ul style="list-style-type: none"> <li>○ Product Management</li> <li>○ Policy Management</li> <li>○ Billing</li> <li>○ Supporting modules (Analytics, Reporting, Content Management)</li> <li>○ Claims to be managed using legacy system</li> </ul> </li> <li>• Rollout approach: <ul style="list-style-type: none"> <li>○ Initial release - small group of products that have low policy counts. Target is for commercial insurance customers</li> <li>○ Subsequent releases to be product based</li> </ul> </li> </ul>
Driver and Vehicle Administration Modernization	<p><b>Timeframe:</b> April 2020 – February 2022</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Initial release of the DVA software and the supporting technologies</li> <li>• Modules Anticipated to be Leveraged <ul style="list-style-type: none"> <li>○ Driver Licensing</li> <li>○ Vehicle Registration</li> <li>○ Billing</li> <li>○ Supporting modules (Analytics, Reporting, Content Management)</li> </ul> </li> <li>• Rollout approach: <ul style="list-style-type: none"> <li>○ All driver and vehicle products to be released simultaneously. Target is for licences and registration held by general customers to be transitioned upon renewal</li> </ul> </li> </ul>
Personal Insurance Modernization	<p><b>Timeframe:</b> August 2020 – February 2022</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Implementation and transformation of the personal insurance product offering</li> <li>• Modules Anticipated to be Leveraged <ul style="list-style-type: none"> <li>○ Product Management</li> <li>○ Policy Management</li> <li>○ Billing</li> <li>○ Supporting modules (Analytics, Reporting, Content Management)</li> <li>○ Claims to be managed using legacy system</li> </ul> </li> <li>• Rollout approach: <ul style="list-style-type: none"> <li>○ All personal insurance products to be released together. Target is for insurance policies held by general customers to be transitioned on renewal.</li> </ul> </li> </ul>

Physical Damage Claims Modernization	<p><b>Timeframe:</b> February 2022 – August 2023</p> <p><b>Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Implementation and transformation of the physical damage claims product offering</li> <li>• Modules Anticipated to be Leveraged <ul style="list-style-type: none"> <li>○ Claims module to be implemented</li> <li>○ Supporting modules (Analytics, Reporting, Content Management)</li> </ul> </li> <li>• Rollout approach: <ul style="list-style-type: none"> <li>○ Physical Damage claims to be migrated over. New claims to be handled in the new system, existing claim management to be determined</li> </ul> </li> </ul>
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### Legacy Systems Modernization Guiding Principles

Legacy Systems Modernization has adopted a set of guiding principles to provide direction and guidance to all aspects and phases of the initiative regardless of business area and modernization solution. These guiding principles are:

1. **Focus on the Core**  
The design will prioritize Manitoba Public Insurance's core lines of business, ensuring a strong foundation while enabling long-term improvement and exploration through adjacent opportunities as required.
2. **Agility & Adaptability**  
The design will enable Manitoba Public Insurance to rapidly adapt to regulatory and market changes through agile modular deployment capabilities of offerings and securely integrate systems as required in the future to provide for more responsive, rapid and cost-effective response to changing business needs.
3. **Drive Operational Efficiency**  
The design will promote financial discipline, operational efficiency, effectiveness and consistency of processes, systems, and organizational structure, considering total cost of ownership.
4. **Emphasize Customer Experience**  
The design will enable trusted high-quality customer experiences focused on value based offerings with efficient online supported services capabilities for both brokers and end-customers.
5. **Configurations vs Custom Development**  
The design will leverage out-of-the-box solutions with low code configurations, and avoid customization to drive simplicity while balancing customer experience, security and facilitating system flexibility for future features.



# *Future Operating Model Analysis*





# Six Operating Models Reviewed

**1** MPI Disbanded  
(NOT MODELLED)

- MPI no longer exists
- All functions completed by brokers or other government agencies (including claims management)

**2** 100% Broker  
In-Person & Online

- All customer-facing transactions performed via brokers
- MPI provides back-end support

**3** 100% Broker  
Online

- Any online transactions must be completed via a broker
- In-person service via MPI or broker

**4** Shared  
Delivery

- Online and in-person transactions can be completed either through MPI or through a broker


**5** 100% MPI  
Online

- Any online transactions must be completed through MPI
- In-person service via MPI or broker

**6** Broker Network  
Disbanded

- All products and services are available only through MPI (in-person and online)
- Brokers do not sell MPI products or services





# Scenario 1: MPI Disbanded

**Description:** Brokers own ALL pieces of insurance and DVA transactions, including all of the back-end processes and administration that we currently provide when the brokers perform these transactions now

**Recommendation:** *highly unlikely; no modelling completed*

**Pros:**

- All insurance/DVA products & services are available from a single entity – customer consistency

**Cons:**

- Major job loss – MGEU issues
- Major process disruptions
- No negotiation leverage with work – share distribution
- Underwriting / Claims expertise
- Significant change for customers



c.3

Annual basic utility bundle cost comparison for the year ended March 31, 2017

This annual summary provides a comparison of the cost of a bundle of Manitoba's basic utility services with the cost of that same bundle in other Canadian provinces during the year ended March 31, 2017. The bundle includes electricity, natural gas (home heating) and auto insurance services. The comparative costs were calculated based on a methodology developed by Deloitte LLP.

SEP 21 2017  
MANITOBA

Province	Electricity (non-electric heat)	Natural gas (home heating)	Automobile insurance	Total	Gap From Manitoba
British Columbia	\$1,151	\$715	\$1,915	\$3,781	\$759
Alberta	1,501	675	3,191	5,367	2,345
Saskatchewan	1,797	770	1,359	3,926	904
Manitoba	954	745	1,323	3,022	-
Ontario	1,838	851	4,116	6,805	3,783
Quebec	794	1,345	1,714	3,853	831
New Brunswick	1,428	2,007	1,970	5,405	2,383
Nova Scotia	1,775	1,961	2,017	5,753	2,731
Prince Edward Island	1,806	1,714	2,060	5,580	2,558
Newfoundland	1,278	1,686	2,127	5,091	2,069
<b>Average</b>	<b>\$1,432</b>	<b>\$1,247</b>	<b>\$2,179</b>	<b>\$4,858</b>	<b>\$1,836</b>

## Utility bundle component calculation summary

### Electricity

The annual cost of electricity for each province is the weighted average<sup>1</sup> of the annual cost of electricity for each of two centres surveyed in the province. The annual cost of electricity for each of the two centres surveyed in each province, one urban and one rural, is based on monthly electricity utilization that reflects actual Manitoba experience for non-electric heat residential customers, multiplied by the actual monthly rates in effect for that centre. Manitoba electricity utilization experience reflected in the 2017 results is 10,978 kWh per year.

### Natural gas (home heating)

The annual cost of home heating for each province is the weighted average<sup>1</sup> of the annual cost of natural gas heating for each of two centres surveyed in the province. The annual cost of natural gas for each of the two centres surveyed in each province, one urban and one rural, is based on monthly natural gas utilization that reflects actual Manitoba experience for residential customers, multiplied by the actual monthly rates in effect for that centre. Manitoba natural gas utilization experience reflected in the 2017 results is 2,241 cubic metres per year. In a limited number of centres surveyed, where natural gas is not available, a heat equivalent amount of heating oil is utilized as the basis for calculating the annual cost of heating.

### Auto insurance

The annual cost of auto insurance for each province is the weighted average<sup>1</sup> of the annual cost of auto insurance in each of two centres surveyed in the province. The annual cost of auto insurance in each centre, one urban and one rural, is based on the average of the cost of annual insurance coverage for a sample of ten vehicle/driver/coverage profiles. The ten vehicle/driver/coverage profiles were developed to reflect the most popular vehicles insured in Manitoba and proportional representation of actual driver ages, driver safety ratings and insurance coverage purchased for passenger vehicles in Manitoba.

<sup>1</sup> Weighting is between costs in the two sample centres, one urban and one rural, based on data published by Statistics Canada in their 2016 survey of "Private Dwellings occupied by usual residents" for each province.