Exhibit CAC-24

<u>CAC MB Response to Undertaking #34 – page 1742 of transcript</u>

Question

CAC to reflect on the question of whether investment fees paid in pension expense are appropriately charged to the investment income on assets supporting total equity, and whether or not the inclusion or non-inclusion of those amounts has any bearing on the estimate of the cash flow discount rate for rates setting purposes.

Response

Per the allocation formula process, all expenses related to the total corporate investment portfolio should be subtracted from the total corporate investment income before allocating the remainder to basic insurance, and other lines of business including assets supporting total equity.

MPI's Investment portfolio is co-mingled including assets from the policy liability portfolio and the pension portfolio. In the 2017/18 MPI GRA, Mr. Valter Viola suggested to separate the two because they have different portfolio duration characteristics. It should also be noted that PIPP duration characteristics are different from the physical damage claims characteristics.

The investment managers' fees and the investment income allocated to support the pension liability should be subtracted from the investment income before allocating net investment income amongst the other lines of business, including Basic.

The portfolio return should generally be considered on a net of cost/fees basis, to yield a net return (not gross). How that net return info is used for different purposes (including allocation), is a separate question.