



Manitoba Public Insurance

REQUEST FOR PROPOSAL

#2785

FOR

ASSET LIABILITY STUDY

ISSUE DATE: September 12, 2017

PROPOSAL DUE DATE: September 22, 2017 at 4:30 PM (Central Time)

Vendors intending to submit a Proposal must do so by the Due Date and in accordance with Article 7.00 of this Request for Proposal. Late Proposals will not be accepted and will be returned unopened.

Vendors are reminded that by signing the Vendor Authorization Form in the attached Schedule B, they are agreeing to be bound by the terms and conditions in the attached Schedule E along with the accepted terms and conditions of a Vendor's Proposal. Manitoba Public Insurance reserves the right to require the Successful Vendor to execute a separate Agreement that incorporates the terms and conditions of this RFP (including Schedule E) along with the accepted terms and conditions of the Successful Vendor's Proposal.

CONFIDENTIALITY: This is a confidential document. Vendors are directed to Sections 9.01 through 9.03 of this Request for Proposal regarding confidentiality. Vendors who are not prepared to comply with such requirements should not read any other portion of this document and must immediately destroy or erase all copies of it in their possession.

The Contents of this RFP supersede any information contained on the MERX website.

1.00 DEFINITIONS

“Agreement(s)” means the agreement(s) to be entered into between Manitoba Public Insurance and the Successful Vendor as contemplated by this RFP.

“Due Date” means the due date for the submission of a Proposal to Manitoba Public Insurance as set out on the front page of this RFP and throughout it.

“Manitoba Public Insurance” means The Manitoba Public Insurance Corporation.

“Proposal” means the proposal submitted by a Vendor in response to, and in accordance with, the provisions of this RFP.

“Representatives” means the directors, officers, shareholders, employees, subcontractors, partners, volunteers, affiliates, agents, delegates and other representatives of a party.

“RFP” means Request for Proposal.

“Services” means the goods and/or services to be supplied to Manitoba Public Insurance by the Successful Vendor as proposed and contemplated by this RFP and the Proposals.

“Service Requirements” means Manitoba Public Insurance’s requirements for the Services as provided in Article 5.00 of this RFP.

“Successful Vendor” means the Vendor who is selected to enter into an Agreement with Manitoba Public Insurance to provide Manitoba Public Insurance with the Services.

“Vendor” means any person, corporation or entity who submits a Proposal in response to and in accordance with this RFP.

2.00 MANITOBA PUBLIC INSURANCE PROFILE

Manitoba Public Insurance is a provincial crown corporation which has served Manitobans since 1971. It provides universal mandatory basic automobile insurance coverage for all drivers and for private and commercial vehicles, as well as a number of optional automobile insurance products. Manitoba Public Insurance also administers driver and vehicle licensing services for the Government of Manitoba.

Manitoba Public Insurance's other key role is fostering safety on Manitoba roads, by educating drivers and helping communities to initiate safety programs locally. In all, Manitoba Public Insurance's products and services reflect its mission of "working with Manitobans to reduce risk on the road".

Manitoba Public Insurance provides direct employment to approximately 2,000 Manitobans. Its products are distributed by more than 300 independent brokers across Manitoba.

Insurance

The basic compulsory insurance is called Basic Autopac. Basic Autopac provides coverage for physical damage sustained by vehicles involved in accidents. It also includes the Personal Injury Protection Plan (PIPP), which provides no-fault coverage for all Manitoba Residents injured in automobile accidents in Canada or the United States.

To add to their Basic Autopac, Manitobans can choose other Manitoba Public Insurance products, such as lower deductibles and coverage for rented, leased and off-road vehicles. Manitoba Public Insurance offers Special Risk Extension products, primarily for commercial fleets. Manitoba Public Insurance sells all of its optional products in competition with private insurers.

Driver and Vehicle Licensing

On behalf of the Government of Manitoba, Manitoba Public Insurance tests and licenses all classes of drivers and oversees vehicle registrations and safety inspections. Manitoba Public Insurance also administers the Manitoba Identification Card, the Enhanced Identification Card, and the Enhanced Driver's Licence programs.

Community safety and support

Manitoba Public Insurance delivers Driver Education in high schools across the province, and leads safety awareness and community outreach programs. It is also a major sponsor of community-based efforts such as Citizens on Patrol Program (COPP), Speed Watch, Safe Grad, and more.

For more information, see www.mpi.mb.ca.

3.00 PURPOSE AND OBJECTIVE

Manitoba Public Insurance is seeking a Vendor to conduct an Asset Liability Study, in accordance with Manitoba Public Insurance's Service Requirements stated in Article 5.00 of this RFP.

Manitoba Public Insurance wishes to engage a Vendor who shall service the corporation's needs in a manner that is consistent with Manitoba Public Insurance's Corporate Values and Sustainable Development Procurement Guidelines, attached to this RFP as Schedules C and D.

In their submissions, Vendors should outline how their organization's operations are consistent with our Corporate Values. As well, Vendors are encouraged to complete the portion of Schedule D explaining how their organization's operations and products/services are consistent with and support our Sustainable Development Procurement Guidelines. If they exist, Vendors should also include their organization's documented environmental mission statements, strategic planning goals, examples of recognition, commendations, awards, etc...

4.00 SCHEDULE OF EVENTS

<u>EVENT</u>	<u>DATE</u>
Release of RFP to Vendors	September 12, 2017
Last date for receipt of specific questions.....	September 15, 2017 at 4:30 PM (Central Time)
Date by which Manitoba Public Insurance will respond to questions	September 19, 2017
Due Date for submitting a Proposal.....	September 22, 2017 at 4:30 PM (Central Time)
Short-list Interviews (at the option of Manitoba Public Insurance).....	Late September, 2017
Decision made	Early October, 2017

5.00 MANITOBA PUBLIC INSURANCE'S SERVICE REQUIREMENTS

5.01 The Successful Vendor shall conduct an Asset Liability Study, with the requirements listed herein, as directed by Manitoba Public Insurance ("MPI" or "Corporation").

In Phase One of the Asset Liability Study, the Successful Vendor shall study the merits of adopting a unique asset allocation and Investment Policy Statement for each of the Corporation's three lines of business, excess capital/retained earnings/Rate Stabilization Reserve (RSR) and its pension assets – refer to Section 5.02 for more information.

In Phase Two of the Asset Liability Study, the Successful Vendor shall recommend an appropriate asset allocation for Manitoba Public Insurance's investment portfolio, which incorporates the recommendations from Phase One – refer to Section 5.03 for more information. The required completion date for Phase One and Phase Two is November 30, 2017.

In Phase Three of the Asset Liability Study, the Successful Vendor shall review the benchmark for the fixed income portfolio and help develop Investment Policy Statements, as required. The aspirational completion date for Phase Three is November 30, 2017. This work can be completed after November 30, 2017.

At the conclusion of each phase, the Successful Vendor shall provide a review and analysis as directed hereunder, culminating in a written report

that recommends an asset allocation policy and strategy for Manitoba Public Insurance's investment fund.

5.02 During Phase One, the following requirements shall be addressed by the Successful Vendor:

- (a) an analysis of the merits of adopting a unique asset allocation and Investment Policy Statement (i.e. segregating the assets) for each of the Corporation's three lines of business (Basic, Extension, SRE), excess capital/retained earnings/Rate Stabilization Reserve (RSR) and its pension assets;
- (b) examine the merits of adding exposure to types of fixed income not currently included in the portfolio (e.g. mortgages, private debt, foreign debt, etc.);
- (c) study the Corporation's current interest rate risk management strategy (duration matching) relative to the alternatives (including a cash flow matching strategy and a hybrid/bucketed approach in respect of claim liabilities). Provide the pros and cons of changing our strategy, practical implementation issues to consider, etc.

5.03 During Phase Two, the Successful Vendor shall recommend an appropriate asset allocation for Manitoba Public Insurance's investment portfolio which shall include but not be limited to the following requirements:

- (a) an analysis of the characteristics and associated risks of the Corporation's claim liabilities, pension plan liabilities and equity in the context of legislative requirements and corporate goals;
- (b) an objective quantification of the investment fund's risk/return parameters under the current and alternative asset mixes, using measures such as Tracking Error, Value at Risk, Surplus at Risk, standard deviation, Sharpe Ratio, Information Ratio and other suitable measures;
- (c) an analysis of the investment characteristics of available asset classes and an evaluation of the impact of adding new asset classes;
- (d) an evaluation of the investment fund's probability of meeting expectations (positive surplus, real return greater than zero (0), ability to pay projected claims expenses in each fiscal year, etc.) under various economic scenarios;
- (e) consider a broad set of asset classes and sub-asset classes. Two (2) asset allocation optimizations with different constraints will be required for the study. The first optimization will have minimal constraints and will provide a baseline to assist in quantifying the cost of the constraints in the second optimization. The second optimization will include additional practical constraints meant to ensure that the recommendation is fully

implementable. The study is to include a recommendation of normal, maximum and minimum allocation for each asset class. Additional asset allocation optimizations may be requested if the Corporation decides to adopt a unique asset allocation for the three (3) lines of business, excess capital/retained earnings/Rate Stabilization Reserve (RSR) and pension assets;

- (f) recommend an asset allocation consistent with the recommended risk tolerances that maximizes the probability of achieving related corporate goals within stated constraints;
- (g) recommend an appropriate allocation to corporate bonds; and
- (h) address the recommendations made by the Consumer's Association of Canada (CAC) (Appendix E) which is attached hereto as Schedule G. The following eight (8) recommendations shall be addressed in Phase Two:
 - 5) Return/Risk Definitions for Asset Mix Decision
 - 7) Min/Max Asset Class Constraints
 - 11) Canadian Equities Minimum Asset Allocation
 - 12) International Equities
 - 14) Exclusion of Real Return Bonds
 - 15) Effectiveness of Duration Policy
 - 16) Integration of real estate/infrastructure liabilities in duration management
 - 18) Pension Fund

The remaining recommendations can be deferred to Phase Three.

5.04 During Phase Three, the following requirements shall be addressed by the Successful Vendor:

- (a) A review of the benchmark for the Corporation's fixed income portfolio with particular focus on ways to implement fixed income attribution analysis. The current benchmark is liability based. Provide the considerations related to switching to a market based benchmark.
- (b) If the Corporation decides to adopt a unique asset allocation for the three (3) lines of business, excess capital/retained earnings/Rate Stabilization Reserve (RSR) and pension assets, the Successful Vendor shall provide assistance in developing new Investment Policy Statements for each unique asset allocation.

Provide responses to the remaining ten (10) recommendations made by the CAC (Appendix E), attached hereto as Schedule G, which were not addressed in Phase Two.

6.00 BUDGET AND PAYMENT

- 6.01** Vendors must provide their cost taking into account Article 5.00 hereof. Manitoba Public Insurance prefers that Vendors provide a cost breakdown showing the estimated number of hours required for each Phase and the specific hourly rate for each consultant performing the Services. Estimate travel costs, if applicable, should be included, along with any other anticipated out of pocket expenses.
- 6.02** Vendors must list all other fees and costs they intend to bill Manitoba Public Insurance. Pricing must be inclusive of all charges. Manitoba Public Insurance will not pay any costs or fees, with the exception of expenses contemplated by, and in accordance with, Article 5.00 of Schedule E, which are not expressly stated in a Vendor's Proposal.
- 6.03** Prices submitted by a Vendor must be in Canadian Dollars. As Manitoba Public Insurance is a Goods and Services Tax and Harmonized Sales Tax exempt corporation, Vendors should not include the Goods and Services Tax and Harmonized Sales Tax into their prices.

7.00 GUIDELINES FOR SUBMITTING A PROPOSAL

- 7.01** The Vendor should provide, in the strictest of confidence, the following information concerning its business organization, abilities and experience:
- (a) a list of the Vendor's staff who will participate in delivering the Services, specifying each individual's role, experience/qualifications and their physical location. (Brief resumes for each person assigned to the asset liability study should be included in an appendix to the Proposal);
 - (b) number of ALM studies completed for Canadian clients each year over the last five (5) calendar years. Number of ALM studies completed for non-Canadian clients each year over the last five (5) calendar years;
 - (c) a description of any recent experience on asset liability studies that may be similar to the one proposed by Manitoba Public Insurance should be included;
 - (d) a description of the Vendor's approach to the Services, including the extent to which theoretical assumptions are to be used, computer techniques and modeling are to be used, and the valuation of policy and claim liabilities. The description should also encompass the extent and timing of the planned use of Manitoba Public Insurance personnel where it is applicable. As well, a proposed timetable for the delivery of the Services should be included;

- (e) a detailed discussion of the theory and methodology of the asset allocation models it employs and the advantages and disadvantages of its model. The Vendor should also state how its process is distinct from its competitors, and whether its model has been revised in the last five (5) years. If the model has been revised, the Vendor should state the manner in which it has been revised;
- (f) a sample asset/liability management study;
- (g) a discussion of how the Vendor factors in the characteristics of liabilities in the asset allocation analysis.
- (h) a discussion of what role passive management is expected to play in the Vendor's asset allocation process;
- (i) a detailed description of the Vendor's methods for determination of capital market assumptions, including risk, return and correlation, including a statement of how often these assumptions are updated and how these assumptions differ from those of the Vendor's competitors;
- (j) a discussion of how often the Vendor recommends a formal review of Manitoba Public Insurance's assets and liabilities;
- (k) a discussion of what distinguishes the Vendor from the rest of the investment consultant industry;
- (l) a description of the Vendor's understanding of risk budgeting and its applicability to Manitoba Public Insurance's assets and liabilities;
- (m) a list of at least two (2) references;
- (n) a proposed timeline to complete both Phase One, Two and Three as described in Article 5.00; The response shall include a recommendation on a realistic timeline to complete such work as well as potential strategies to expedite the process (so that the final report is complete by November 30), any items that could be delayed or deferred (and completed after November 30) and any risks and costs related to such an expedited schedule;
- (o) if applicable, samples of any ancillary agreements that the Vendor may require Manitoba Public Insurance to execute if chosen as the Successful Vendor; and
- (p) the Vendor is encouraged to submit any additional information considered essential to its Proposal in this section. If there is no additional information to present, the Vendor should state in this section, "There Is No Additional Information We Wish to Present".

In addition to the foregoing, the Vendor shall include in its Proposal all details and information requested in Article 5.00 above.

7.02 Vendors are not restricted to Manitoba Public Insurance's Service Requirements, and are invited to describe in their Proposals such further additional or alternative solutions and services as they consider

appropriate to meet Manitoba Public Insurance's Service Requirements. Such alternatives should be specifically stated in Schedule F of the Proposal – "Vendor Inserts" and itemized separately in a Vendor's Proposal with respect to pricing. The Vendor may choose to include any other Services that may bring additional value to their Proposal, provided, however, that such additions be itemized separately in the Proposal with respect to pricing. In addition, Vendors may propose alternatives to the methodologies outlined in this RFP.

- 7.03** Schedule A – Vendor's Response Checklist, has been included in this RFP to assist all Vendors with the submission of their Proposals.
- 7.04** The completed Proposal must be signed by an individual authorized to bind the Vendor to its Proposal and must be submitted no later than the Due Date. Two (2) copies in paper format and two (2) copies in Portable Document Format (PDF) on a CD or USB drive, of the Proposal must be submitted in a sealed envelope clearly labeled as follows:

**Attention: Mr. Jim Hallock, Manager
Purchasing
Manitoba Public Insurance**

"RFP #2785 – Asset Liability Study"

Proposals may be submitted to Manitoba Public Insurance in a number of ways:

- In person:
The clearly labeled and sealed envelope may be submitted at the Security Desk, 8th Floor, 234 Donald Street, Winnipeg, Manitoba, during regular business hours, 8:30 AM to 4:30 PM Central Time. A receipt will be produced for you upon request.
- Via courier delivery:
The clearly labeled and sealed envelope may be delivered to the Security Desk, 8th Floor, 234 Donald Street, Winnipeg, Manitoba, R3C 1M8, during regular business hours, 8:30 AM to 4:30 PM Central Time.

If the sealed envelope is enclosed in a courier company envelope, that exterior courier packaging, waybills and documentation must be clearly labeled with the same information as the inside envelope.

- Via mail delivery:
The clearly labeled and sealed envelope may be mailed to PO Box 6300, Winnipeg MB R3C 4A4.

It is the sole responsibility of the Vendor to ensure that its Proposal is received by Manitoba Public Insurance prior to the Due Date, by one of the methods outlined above. Subject to Section 9.04, Manitoba Public Insurance will reject a Proposal received after the Due Date, regardless of the cause of the delay.

- 7.05** All questions regarding this RFP must be directed to Manitoba Public Insurance via Internet e-mail as follows:

To e-mail address purchasingservices@mpi.mb.ca addressed in the Subject line as: **RFP #2785, Attention: Glenn Bunston**

All questions and corresponding answers which Manitoba Public Insurance reasonably deems to be of interest to all Vendors will be posted to the MERX electronic tendering service. No telephone, facsimile or verbal inquiries will be responded to or entertained.

- 7.06** A Proposal may be modified or withdrawn by a Vendor only prior to the Due Date. Any withdrawal must be in writing and submitted in the same manner as Section 7.04 above. All modifications must otherwise comply with Manitoba Public Insurance's Service Requirements applicable to the Proposal. Modifications shall be submitted in the form of a revised Proposal, with any deletions and/or modifications highlighted.
- 7.07** If any Vendor discovers any ambiguity, conflict, discrepancy, omission or other defect or error in this RFP, such Vendor should immediately notify Manitoba Public Insurance at purchasingservices@mpi.mb.ca. Manitoba Public Insurance will reasonably endeavour to resolve same expeditiously and where Manitoba Public Insurance deems it appropriate, it will post through the Merx electronic tendering service the issues and its resolutions within three (3) business days after it is brought to the attention of Manitoba Public Insurance.

8.00 AWARD

- 8.01** Written notification of the decision will be sent to all Vendors who have submitted Proposals.
- 8.02** Proposals will be evaluated according to the following criteria:
- (a) Apparent quality, dependability, consistency and timeliness in providing the Services (25%):
- Quality of Response
 - Quality of Sample Report
 - Ability to complete reports within stated timeline

- (b) Vendor's reputation, experience and financial stability (55%):
 - Extent of experience with Canadian asset-liability studies
 - Proposed methodology
 - Education and experience of consultants
- (c) Cost competitiveness (20%).

9.00 OTHER RULES OF THE RFP PROCESS

Confidentiality and Disclosure

9.01 As a condition of reading this RFP, the Vendor agrees that this RFP is the property of Manitoba Public Insurance and is not to be disclosed, copied, distributed or made public without prior written approval obtained from the person listed in Section 7.04 (or their designate), except for the purpose of submitting a Proposal. The Vendor further agrees that it will not make any disclosure of the existence or the contents of this RFP to any person (including the Vendor's Representatives) except to those individuals to whom it is absolutely necessary for the purposes of submitting a Proposal.

9.02 Anything submitted to Manitoba Public Insurance that a Vendor considers to be confidential because of its proprietary nature should be marked "confidential". Subject to Section 9.11, Manitoba Public Insurance will not disclose such confidential documents to third parties, unless such disclosure is compelled by the terms of *The Freedom of Information and Protection of Privacy Act* (Manitoba), *The Personal Health Information Act* (Manitoba), other applicable legislation, order of a court of competent jurisdiction, or other valid legal process. By submitting any information requested in this RFP, the Vendor agrees to the use of such information by Manitoba Public Insurance, and its Representatives, as part of the evaluation process of this RFP, for any audits of this procurement process and for contract management purposes.

9.03 No Vendor shall furnish any information, make any statement or issue any document or other written or printed material concerning the acceptance of any Proposal in response to this RFP for publication in any media without the prior written approval of the person listed in Section 7.04 (or their designate).

Manitoba Public Insurance's Rights

9.04 Manitoba Public Insurance reserves the right to:

- (a) vary the timing and processes referred to in this RFP (including but not limited to, changing the decision date, provided that the

- new date remains within the ninety (90) day period after the Proposal Due Date referred to in Subsection 9.10(d));
- (b) add or remove any Vendor;
 - (c) accept and reject any or all Proposals;
 - (d) reject all Proposals if all Proposals are over budget;
 - (e) waive immaterial irregularities and formalities at its sole discretion;
 - (f) obtain clarification or additional information from Vendors for which the Vendors will bear the cost;
 - (g) modify or clarify any or all provisions of this RFP;
 - (h) provide additional information to Vendors;
 - (i) cancel the RFP competition at any time without awarding the Services;
 - (j) enter into an Agreement on terms and conditions different to those specified in this RFP;
 - (k) at its option, enter into further negotiations with its preferred Vendor;
 - (l) award the Services to multiple Vendors;
 - (m) award only a portion of the Services to a Successful Vendor; and,
 - (n) award the Services to a Vendor who has not submitted the lowest priced Proposal.

9.05 Where Manitoba Public Insurance cancels the RFP competition without awarding the Services, Manitoba Public Insurance may choose to contract with one or more persons to provide the Services, whether or not they were Vendors, on such terms as the parties may agree.

9.06 Manitoba Public Insurance may modify or clarify any or all provisions of this RFP by written addenda issued to all Vendors prior to the Due Date. All Vendors must separately acknowledge receipt of each addendum with their Proposals. All addenda issued will become part of the RFP. Vendors not submitting addenda receipts may be considered non-compliant and may have their Proposals rejected.

9.07 Where Manitoba Public Insurance has estimated any of its Service Requirements, Manitoba Public Insurance reserves the right to modify such Service Requirements prior to signing any Agreements with the Successful Vendor and Manitoba Public Insurance will have no liability to any Vendor in the event that the estimated Service Requirements are modified for any reason.

9.08 Manitoba Public Insurance will not:

- (a) be liable for any reason as a result of the rejection or withdrawal of any Proposal or the cancellation of this RFP; or,
- (b) in any way be responsible for any costs incurred in the preparation of Proposals.

- 9.09** Except as expressly and specifically permitted in this RFP, no Vendor shall have any claim for any compensation of any kind whatsoever, as a result of (i) being invited to participate in this RFP, (ii) participating in this RFP in any manner, (iii) submitting a Proposal, or (iv) any other party being invited to participate in this RFP, participating in this RFP in any manner or submitting a Proposal. By (i) participating in this RFP in any manner, or (ii) submitting a Proposal each Vendor shall be deemed to have agreed that it has no such claim.
- 9.10** The Proposal, once submitted:
- (a) becomes the property of Manitoba Public Insurance;
 - (b) becomes a formal offer capable of becoming a binding agreement upon its acceptance by Manitoba Public Insurance;
 - (c) is irrevocable and may not be amended, varied or withdrawn at any time after the Due Date without the written consent of the person listed in Section 7.04 (or their designate); and,
 - (d) remains open to acceptance by Manitoba Public Insurance for a period of ninety (90) days beyond the Proposal Due Date.
- 9.11** Manitoba Public Insurance may release the name of the Successful Vendor and the total price set out in the Successful Vendor's Proposal upon written request by interested parties. In submitting a Proposal, a Vendor is signifying its acceptance of having its name and total price released if it is chosen as the Successful Vendor.

Vendor Responsibilities

- 9.12** The Vendor shall be solely responsible for the accuracy of its Proposal. The Vendor must ensure that assumptions made in the preparation of the Proposal are specifically stated in the Proposal. The Vendor must satisfy itself as to the correctness and sufficiency of its Proposal including Proposal prices.
- 9.13** All information, whether written, oral or in any other form, which has been and may subsequently be made available to Vendors is provided on the following conditions:
- (a) in deciding to submit or not to submit a Proposal or in interpreting this RFP, Vendors are not to rely on any representation, whether oral or written, other than as expressed in this RFP;
 - (b) while the contents of this RFP are believed to be accurate, the statements, opinions, forecasts or other information in this RFP may change;

- (c) this RFP is only designed to reflect and summarize information concerning Manitoba Public Insurance's Service Requirements and is not a comprehensive description of it;
- (d) except as required by law and only to the extent required, Manitoba Public Insurance will not be liable for any loss, damage, cost or expense arising from the statements, opinions, projections, forecasts or other representations, actual or implied, contained in or omitted from this RFP; and,
- (e) Vendors should seek their own professional advice where appropriate.

9.14 Vendors are considered to have:

- (a) examined this entire RFP, any documents referenced herein and any other information made available in writing by Manitoba Public Insurance to Vendors for the purpose of submitting a Proposal; and,
- (b) examined all further information which is obtainable by the making of reasonable inquiries relevant to the risks, contingencies and other circumstances having an effect on their Proposal.

9.15 Each Vendor wishing to submit a Proposal must nominate a person for the purpose of answering inquiries which may arise during the examination of its Proposal. The name, address, telephone number, facsimile number and email address of that person should be included in the Vendor's Proposal.

9.16 Each Vendor must ensure the completion of Schedule B to this RFP, which must be signed by an individual authorized to bind the Vendor to its Proposal. Proposals that do not substantially comply with this requirement may be rejected.

9.17 Where Manitoba Public Insurance decides to award the Services to more than one Vendor, each Successful Vendor agrees to co-operate with one another.

9.18 The Successful Vendor shall not sub-contract some or all of the Services without the prior written consent of Manitoba Public Insurance which consent may be granted or withheld at Manitoba Public Insurance's sole unfettered discretion. All sub-contractors are subject to Manitoba Public Insurance's ongoing approval. Performance by sub-contractors shall meet, at a minimum, the same standards as required for performance by the Successful Vendor, and the Successful Vendor shall be responsible for such performance.

9.19 In the event that a Vendor is responding on behalf of one or more Vendors to satisfy Manitoba Public Insurance's Service Requirements,

that responding Vendor shall remain the primary contact and be solely responsible for all aspects of any and all Agreements.

- 9.20** Each Vendor must warrant that, at the time of the delivery of its Proposal, no conflict of interest exists, or is likely to arise, which would affect the performance of its obligations, or warrant that there is a conflict of interest. A conflict of interest includes, but is not limited to, (i) the Vendor has helped in the preparation of this RFP in any manner, or (ii) the Vendor will be part of the evaluation of this RFP in any manner. If a Vendor believes there could be potential for a conflict of interest, then the Vendor must notify Manitoba Public Insurance of same. In the event of a conflict of interest being identified, Manitoba Public Insurance may, at its sole discretion, exclude the Proposal from further consideration.
- 9.21** Each Vendor must warrant that neither the Vendor nor any of its Representatives has attempted to or will attempt to improperly influence a Representative of Manitoba Public Insurance in connection with the evaluation of Proposals.
- 9.22** Each Vendor must genuinely compete for the Services.
- 9.23** Each Vendor represents and warrants that:
- (a) it has the necessary power and authority to submit the Proposal;
 - (b) should the Proposal be accepted by Manitoba Public Insurance, it will enter into a binding Agreement based on the terms of this RFP and the accepted terms and conditions of the Proposal; and,
 - (c) it is not bound by any agreement, instrument, indenture, charter or by-law provision, order, judgment or law which would be breached by, or under which any default would occur as a result of the delivery of a Proposal or of the execution of an Agreement.
- 9.24** The Vendor shall comply with every federal, provincial and municipal law which is or could be applicable to its Proposal.
- 9.25** This RFP and all Agreements shall be subject to the laws of the Province of Manitoba and the laws of Canada applicable therein.
- 9.26** This RFP and the attached Schedules contain the entire RFP with respect to the subject matter hereof.

VENDOR'S RESPONSE CHECKLIST

Vendors are instructed to complete their Proposals in the format indicated in Article 7.00 of this RFP – “Guidelines for Submitting a Proposal”.

In order to help ensure that Vendors have submitted a valid Proposal, Vendors should be certain that they have submitted two (2) copies in paper format and two (2) copies in Portable Document Format (PDF) on a CD or USB drive of the following in a sealed envelope:

- Information as to how their Services are consistent with Manitoba Public Insurance's Corporate Values and Sustainable Development Procurement Guidelines, (Article 3.00)
- All information requested in Article 5.00
- The Vendor's pricing and all other fees and costs, (Article 6.00)
- All information requested in Article 7.00
- The name, address, telephone number, facsimile number and email address of the individual nominated to answer any questions, (Section 9.15)
- A completed Schedule B, Vendor Authorization Form, signed by an individual authorized to bind the Vendor to its Proposal, (Section 9.16)

This checklist is solely intended to aid a Vendor in the preparation of its Proposal and may not be exhaustive. It is a Vendor's sole responsibility to ensure that it has complied with all of the requirements of this RFP.

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VENDOR AUTHORIZATION

I certify that I have the authority to bind the Vendor indicated below to the specific terms and conditions of this RFP and offered in the Vendor's Proposal and that, by my signature on this document, the Vendor specifically agrees to all of the terms and conditions of this RFP, as conditions precedent to submitting this Proposal.

I further state that in making this Proposal the Vendor has not consulted with others for the purpose of restricting competition and that the Vendor has not knowingly made any false statement in its Proposal or background statement.

Name (signature)

Name (Printed in Capital Letters)

Title

Name of Vendor (full legal name)

Date

Address of Vendor (including postal code)

Phone number of Vendor

Fax number of Vendor

E-mail address of Vendor

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CORPORATE VALUES

Our Customers

Our customers' interests are at the heart of everything we do. We balance the individual customer's needs with the needs of Manitobans as a whole. We base our relationships on respect, fairness, honesty and integrity. We safeguard the confidentiality of information and personal privacy. We are committed to the highest ethical standards and excellence in service.

Our People

Our people are given the training, tools and encouragement they need to succeed. We provide a respectful, inclusive and safe environment where our staff is skilled, confident and committed to the Corporate Mission. We provide our people with clear and consistent direction. Our people have the authority they need to do their jobs, providing a sense of achievement from their work, and the opportunity for career growth and advancement. We encourage and support our people to make a positive contribution, both inside and outside the workplace.

Working Together

We work co-operatively with each other and with our business associates, sharing expertise, ideas and resources. Each of us, in our daily work, creates a team environment, drawing on one another to do the best job possible. Our communication with one another is respectful, appropriate and helpful.

Financial Responsibility

Manitoba Public Insurance holds the funds of its policyholders in trust to meet their needs into the future. We operate in a fiscally responsible and cost-effective manner, using investment income to reduce rates and provide long-term benefits to Manitobans.

Excellence and Improvement

We constantly improve our products, services and procedures. As our customers' needs and the business environment continue to change, so must we. We value initiative, creativity and a strong desire for personal, team and corporate success in everything we do. We recognize and reward excellence and improvement in our work.

Our Corporate Citizenship

We lead by example, conducting our affairs responsibly and professionally. We contribute to the social and economic well-being of our communities as well as the sustainable development of Manitoba now and into the future.

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SUSTAINABLE DEVELOPMENT PROCUREMENT GUIDELINES

The following sustainable development procurement guidelines apply to Manitoba Public Insurance and shall be considered in retaining a Vendor:

Protect Human Health and Well-Being

- Anticipate, prevent and mitigate significant adverse economic, environmental, human health and social effects of purchasing decisions.
- Where practicable, require the purchase of substitute or alternative goods, materials or services in place of goods or materials that contain, or services that use, toxic substances or are otherwise harmful to the environment or human health.
- Ensure that toxic substances are managed properly to protect the environment and human health.
- Ensure those goods, materials and services that may otherwise pose an elevated risk to human health, safety and the environment are managed properly.

Promote Environmentally Sustainable Economic Development

- Recognize economic, ecological and social interdependence among communities, provinces and nations that require the integration of economic, environmental, human health and social factors in purchasing decisions.
- Purchase decisions may assist in the development of local environmental industries and markets for environmentally preferable products and services.

Conserve Resources

- Evaluate and reduce the need to purchase goods, materials and services.
- Purchase goods, materials and services that use recycled products.
- Purchase goods and materials with structures that require less material to manufacture.
- Purchase goods and materials that require less packaging.
- Reuse, recycle and recover goods and materials.

Conserve Energy

- Purchase goods, materials and services where the consumption of energy (electricity and fossil fuels) during production, transportation, usage and delivery is minimized.
- Purchase goods, materials and services where renewable forms of energy are substituted during production, transportation, usage and delivery for non-renewable forms of energy.
- Purchase goods, materials and services that have or use a structure that facilitates energy efficiency and resource conservation.

Promote pollution prevention, waste reduction and diversion

- Purchase goods and materials that are easy to recycle.
- Purchase goods and materials with structures that facilitate disassembly for processing, recycling and waste management.
- Purchase goods and materials packed with recycled products or materials that are recyclable.
- Purchase goods and materials with a manufacturing process that avoids the creation of waste and pollutants at source.
- Purchase goods and materials that are used or remanufactured.
- Purchase goods, materials and services that are suitable alternatives or substitutes.
- Purchase services that minimize adverse environmental impacts.
- Purchase goods and materials that have greater durability and longer life-span.
- Use goods and materials in a manner that minimizes adverse environmental impacts.

Evaluate value, performance and need

- Purchase environmentally preferable goods, materials and services that perform adequately and are available at a reasonable price, with careful consideration of full-costing.
- Purchase goods, materials and services that comply with recognized environmental standards.
- Evaluate and reduce the need to purchase goods, materials and services.
- Evaluate the appropriate scale and utilization of a good, material or service.
- Evaluate market factors for goods, materials and services, such as specifications, quality, delivery date and price.

SUSTAINABLE DEVELOPMENT PROCUREMENT GUIDELINES

Vendors should provide details under the following Sustainable Development Procurement Guidelines headings.

Protect Human Health and Well-Being

Promote Environmentally Sustainable Economic Development

Conserve Resources

Conserve Energy

Promote Pollution Prevention, Waste Reduction and Diversion

Evaluate Value, Performance and Need

Other – include documented environmental mission statements, strategic planning goals, examples of recognition, commendations, awards, etc.



TERMS AND CONDITIONS

1.00 SCOPE

- 1.01 The Vendor agrees to provide the goods, services and/or deliverables listed in this Agreement, statement of work and/or purchase order as applicable (the "Services") to Manitoba Public Insurance's reasonable satisfaction. Manitoba Public Insurance and the Vendor agree that any work performed by the Vendor outside the scope of the Services without prior written approval of Manitoba Public Insurance shall be deemed to be gratuitous on the Vendor's part, and Manitoba Public Insurance has no liability with respect to such work.
- 1.02 The Vendor agrees to be bound solely by this agreement, any schedules attached thereto, any statement of work and/or purchase order and these attached terms and conditions (collectively, the "Agreement"). If the Vendor begins the Services before the start of this Agreement's term, all Services provided by the Vendor before the start of this Agreement's term will be considered to have been provided under all of the terms and conditions of this Agreement.
- 1.03 Manitoba Public Insurance reserves the right to change, modify, delete or add to the Services, if necessary and acting reasonably. In addition to the foregoing, the Vendor shall provide to Manitoba Public Insurance any other further services, documentation or data related to the Services as may be reasonably required by Manitoba Public Insurance.
- 1.04 Unless specifically stated to the contrary, nothing in this Agreement grants the Vendor exclusivity in providing the Services to Manitoba Public Insurance.

2.00 PERFORMANCE OF VENDOR'S OBLIGATIONS

- 2.01 The Vendor represents and warrants that:
 - (a) it possess the necessary skills, expertise and experience to perform the Services in accordance with this Agreement;
 - (b) the Services shall be provided in a professional manner and as outlined in this Agreement unless Manitoba Public Insurance and the Vendor agree otherwise in writing;
 - (c) the Services shall be provided in compliance with every federal, provincial and municipal law which is or could be applicable to the Services;
 - (d) the person or persons designated to perform the Services shall devote the time, attention, abilities and expertise necessary to properly perform the Vendor's obligations;
 - (e) it shall comply with all reasonable directions and requests of Manitoba Public Insurance within the scope of the Services as set out in this Agreement;
 - (f) it shall deliver the Services in a manner that is consistent with Manitoba Public Insurance's Corporate Values and Sustainable Development Procurement Guidelines;
 - (g) all representations and warranties contained in this Agreement are true and correct and shall so remain throughout the term of this Agreement;
 - (h) Manitoba Public Insurance shall have the right of prior approval of any person or persons designated to provide the Services. Manitoba Public Insurance, acting reasonably, shall have the right to request the removal of any person or persons so designated. The Vendor shall immediately comply with all such requests for removal; and,
 - (i) it has full right and authority to enter into this Agreement.
 - 2.02 The Vendor shall provide written progress reports at such intervals as Manitoba Public Insurance may reasonably request. Such progress reports shall be in form and content satisfactory to Manitoba Public Insurance acting reasonably.
 - 2.03 If applicable, and unless otherwise stated in this Agreement to the contrary, delivery of goods and/or deliverables shall be to Manitoba Public Insurance's Mail & Warehousing Services, B100 – 234 Donald Street, Winnipeg, Manitoba. All goods/deliverables will remain at the risk of the Vendor until they are delivered to the reasonable satisfaction of Manitoba Public Insurance. All goods/deliverables supplied shall be subject to inspection and acceptance by Manitoba Public Insurance for a period of sixty (60) days after delivery. Defective or deficient goods/deliverables or goods/deliverables not conforming to specifications may be returned at the Vendor's expense. At Manitoba Public Insurance's option, such deficient or non-conforming goods/deliverables shall be returned for either exchange or full refund. In addition to the foregoing, Manitoba Public Insurance shall have the right to rely on any other warranties that are applicable to such goods/deliverables.
- 3.00 RESTRICTION ON OTHER WORK
- 3.01 For the purposes of this Agreement, "Representatives" shall mean the directors, officers, shareholders, employees, subcontractors, partners, volunteers, affiliates, agents, delegates and other representatives of a party. While this Agreement is in effect, the Vendor and its Representatives shall not provide services to any other person, corporation or entity in a manner that interferes or conflicts with the proper performance of the Vendor's obligations under this Agreement.

4.00 INDEPENDENT CONTRACTOR

- 4.01 The Vendor is an independent contractor, and this Agreement does not create the relationship of employer and employee, of principal and agent, of joint venture, or of partnership between Manitoba Public Insurance and the Vendor or between Manitoba Public Insurance and any Representatives of the Vendor.
- 4.02 The Representatives of one party shall not be deemed or construed to be the Representatives of the other party for any purpose whatsoever.
- 4.03 The Vendor is responsible for any deductions or remittances, which may be required by law.
- 4.04 Except as authorized in this Agreement, the Vendor shall not incur any expenses or debts on behalf of, nor make any commitments for Manitoba Public Insurance without first obtaining written permission from Manitoba Public Insurance.

5.00 VENDOR'S FEES

- 5.01 The Vendor shall provide invoices to Manitoba Public Insurance. All Services listed on an invoice must have been completed by the Vendor prior to that invoice being submitted to Manitoba Public Insurance. All invoices shall be in writing and satisfactory to Manitoba Public Insurance, acting reasonably, in both form and content. The Vendor shall also provide to Manitoba Public Insurance such supporting documents, vouchers, statements and receipts as may be requested by Manitoba Public Insurance acting reasonably.
- 5.02 Manitoba Public Insurance shall pay the Vendor invoices due within thirty (30) days after the receipt and approval of an invoice and any supporting materials requested under Section 5.01. In the event any invoice is not satisfactory, Manitoba Public Insurance shall notify the Vendor of the problem within seven (7) days of receipt of invoice.
- 5.03 Those invoiced amounts not paid by Manitoba Public Insurance within thirty (30) days of receipt and approval, shall bear interest from the thirty-first (31st) day at the prime rate in effect on that day at the Winnipeg main branch of the Bank of Montreal.
- 5.04 Where not tax-exempt, Manitoba Public Insurance shall also pay all applicable sales and use taxes. Where tax-exempt, Manitoba Public Insurance shall provide the Vendor with the applicable exemption number and/or certificate as required.
- 5.05 Manitoba Public Insurance shall reimburse the Vendor for reasonable out-of-pocket expenses relating to the provision of the Services if:
 - (a) prior written permission to incur such expenses was first obtained from Manitoba Public Insurance;
 - (b) the Vendor uses the most economical rates possible for the expenses;
 - (c) the Vendor provides receipts and/or supporting documents to the satisfaction of Manitoba Public Insurance, unless it is agreed that submission of receipts for certain categories of expenses is not required (i.e.; per diem approach); and,
 - (d) reimbursement to the Vendor for out-of-pocket expenses shall be in accordance with the amounts and guidelines set out in the Manitoba Public Insurance Corporate Directives.

Manitoba Public Insurance shall not be responsible for payment of any other expenses incurred by the Vendor in the performance of this Agreement.
- 5.06 The Vendor shall advise Manitoba Public Insurance if any non-resident of Canada will be, or has performed any of the Services in Canada. Manitoba Public Insurance may withhold and/or remit any taxes or duties required by federal, provincial or municipal law in relation to the purchase or performance of the Services.

6.00 DISCLOSURE OF INFORMATION

- 6.01 The Vendor acknowledges that *The Freedom of Information and Protection of Privacy Act* ("FIPPA") and *The Personal Health Information Act* ("PHIA") each impose obligations on Manitoba Public Insurance to collect, use or disclose "personal information" and "personal health information", as those terms are defined in FIPPA and PHIA (collectively called "Personal Information"), in the strictest of confidence, and in accordance with those Acts.
- 6.02 While this Agreement is in effect, and at all times thereafter, the Vendor agrees to treat as confidential all information and materials acquired by it, or to which it has been given access, in the course of the performance of this Agreement (collectively called "Confidential Information"), excluding information that is in the public domain (for greater certainty, this does not include information in the public domain which was made public as a result of an unauthorized disclosure by a third party). For the purposes of this Agreement, Personal Information shall be considered to be Confidential Information.
- 6.03 The Vendor agrees that during the term of this Agreement and at all times thereafter:

- (a) the Personal Information disclosed to the Vendor by Manitoba Public Insurance may only be used by the Vendor in a manner expressly permitted by FIPPA or PHIA (as the case may be);
 - (b) it shall not disclose or permit the disclosure of Confidential Information, or any copies of it, in any format, to any third party without the express prior written consent of Manitoba Public Insurance;
 - (c) it shall comply with all directives given to it by Manitoba Public Insurance with respect to safeguarding, or otherwise ensuring the confidentiality, of any Confidential Information disclosed to it by Manitoba Public Insurance;
 - (d) it shall ensure that access to the Confidential Information by the Representatives of the Vendor is on a "need-to-know" basis, and that access, when given, shall be to the minimum amount of Confidential Information necessary to accomplish the task;
 - (e) it shall use the Confidential Information only for those purposes that have been expressly permitted by Manitoba Public Insurance;
 - (f) it shall not reproduce Confidential Information, in any format, without the express prior written consent of Manitoba Public Insurance;
 - (g) it shall ensure that it, or its Representatives, do not transport or store any Confidential Information outside of Canada without the express prior written consent of Manitoba Public Insurance; and,
 - (h) after the Confidential Information has been used for its authorized purpose, or where destruction of the Confidential Information is requested by Manitoba Public Insurance or is required by this Agreement, the Vendor shall destroy the Confidential Information (and all copies of the Confidential Information in any form) in a manner which adequately protects the confidentiality of the Confidential Information.
- 6.04 On expiration or termination of this Agreement for any reason, the Vendor shall, unless otherwise directed by Manitoba Public Insurance, destroy the Confidential Information (including all copies in any form) in a manner which adequately protects the confidentiality of the Confidential Information.
- 6.05 During the term of this Agreement and at all times thereafter, the Vendor shall take reasonable precautions to prevent any unauthorized disclosure of the Confidential Information. The standard of such precautions taken by the Vendor shall be the greater of:
- (a) the standards the Vendor has in place to protect its own confidential information; or,
 - (b) the standards imposed on the Vendor by Manitoba Public Insurance.
- 6.06 The Vendor shall immediately notify Manitoba Public Insurance in writing upon becoming aware of any unauthorized use of, access to, disclosure of, or destruction of Confidential Information (a "Confidentiality Breach"). The written notification must include full details of the Confidentiality Breach. The Vendor shall immediately take all reasonable steps to prevent the recurrence of any such Confidentiality Breach and shall notify Manitoba Public Insurance in writing of the steps taken.
- 6.07 The Vendor shall inform its Representatives of the obligations imposed upon it in this Agreement with respect to Confidential Information, and shall take whatever steps are necessary to ensure that all of its Representatives comply with those obligations.
- 6.08 The Vendor acknowledges that monetary damages may not be a sufficient remedy for a Confidentiality Breach, and that Manitoba Public Insurance may, without waiving any other rights or remedies, seek appropriate injunctive or equitable relief from a court of competent jurisdiction.
- 6.09 If the Vendor receives a subpoena or other validly issued administrative or judicial order seeking Confidential Information, the Vendor shall provide prompt notice to Manitoba Public Insurance and deliver to Manitoba Public Insurance a copy of its proposed response to the demand. Unless the demand has been time-limited, quashed or extended, the Vendor shall thereafter be entitled to comply with the demand to the extent permitted or required by law. If so requested by Manitoba Public Insurance, and at the expense of Manitoba Public Insurance, the Vendor shall cooperate with Manitoba Public Insurance in the defence of the demand.
- 6.10 The Vendor undertakes not to publish any public statement or advertisement with respect to this Agreement and further undertakes not to seek publicity of this Agreement without the express prior written consent of Manitoba Public Insurance, except as otherwise required by law or by this Agreement.
- 6.11 The Vendor shall cooperate with Manitoba Public Insurance so that Manitoba Public Insurance can verify that the Vendor has complied, and is complying, with the provisions of this Article 6.00.

7.00 OWNERSHIP OF INFORMATION

- 7.01 Upon payment of all amounts due under this Agreement, all data and materials collected or originally produced by the Vendor or any of its Representatives, in the performance of this Agreement, and all copyright therein (collectively referred to as "Data") shall be the exclusive property of

Manitoba Public Insurance and shall be forthwith delivered to Manitoba Public Insurance, at no cost to Manitoba Public Insurance. The Vendor agrees to execute all documents that may be necessary to transfer ownership of the Data to Manitoba Public Insurance.

- 7.02 While this Agreement is in effect, and at all times thereafter, the Vendor and its Representatives shall not use or disclose outside the scope of this Agreement, any Data without first obtaining written permission from Manitoba Public Insurance.
- 7.03 Any equipment, materials, and supplies provided by Manitoba Public Insurance to the Vendor for use in the performance of this Agreement shall remain the property of Manitoba Public Insurance and shall be returned, without cost, to Manitoba Public Insurance upon request.
- 7.04 The Vendor hereby waives all of its moral rights under the Copyright Act (Canada) in the Data in favour of Manitoba Public Insurance and agrees to execute any additional documents, in a form satisfactory to Manitoba Public Insurance, which may be required to evidence this waiver. The Vendor further agrees to obtain from each of its Representatives written waivers, in a form satisfactory to Manitoba Public Insurance, of all their moral rights in the Data in favour of Manitoba Public Insurance.

8.00 USE OF MANITOBA PUBLIC INSURANCE'S PREMISES

- 8.01 In the event that the Vendor or its Representatives use any of Manitoba Public Insurance's premises, the Vendor and such Representatives shall comply with all of such premises' security regulations in effect from time to time.

9.00 INDEMNIFICATION OF MANITOBA PUBLIC INSURANCE

- 9.01 The Vendor shall indemnify and save harmless Manitoba Public Insurance and its Representatives from all losses, damages, costs, causes of action, claims, liabilities or demands of any kind with respect to any injury to persons (including, without limitation, death), damage to or loss of property, economic loss or incidental or consequential damages or infringement of rights (including, without limitation, privacy rights) caused by, or arising directly or indirectly from:

- (a) the default of the Vendor or its Representatives of any term of this Agreement; or,
- (b) any negligent or willful act or omission of the Vendor or its Representatives.

The above includes all costs and expenses associated therewith, including reasonable solicitors' fees.

10.00 SUSPENSION OR EXTENSION

- 10.01 Manitoba Public Insurance may, at its sole option, from time to time, delay or suspend the Services being provided under this Agreement, in whole or in part, for such period of time as may, in the opinion of Manitoba Public Insurance, be necessary. Manitoba Public Insurance shall provide five (5) days prior written notice to the Vendor of its intention to delay or suspend the Services. Manitoba Public Insurance shall not be obliged to make payments to the Vendor except with respect to those Services already satisfactorily performed.

- 10.02 Manitoba Public Insurance may, at its sole option, extend in writing the time in which the Services are to be provided if it deems necessary.

- 10.03 Where there is a delay or suspension under Section 10.01 or an extension of time under Section 10.02, all terms and conditions of this Agreement shall continue in full force and effect against the Vendor. The Vendor shall not be entitled to make any claim for damages by reason of the delay, suspension or extension.

11.00 TERMINATION

- 11.01 Manitoba Public Insurance may terminate this Agreement at any time by giving fourteen (14) days prior written notice to the Vendor.

- 11.02 Neither party shall be responsible for any failure to comply with or for any delay in performance of the terms of this Agreement where such failure or delay is directly or indirectly caused by or results from events of force majeure beyond the control of either party. The time in which the Services are to be provided shall be extended by a period of time at least equal to the length of the force majeure event, provided that in the event the extended period of time exceeds, or is reasonably anticipated to exceed a period of fourteen (14) days, then Manitoba Public Insurance may terminate this Agreement and pay the Vendor for all work performed to that point in time.

- 11.03 In addition to its rights under Sections 10.01, 11.01 and 11.02 above, and without restricting any other remedies available, Manitoba Public Insurance may immediately terminate or immediately suspend this Agreement in writing if:

- (a) the Vendor makes an assignment for the benefit of creditors or takes any other action for the benefit of creditors, becomes bankrupt or insolvent, or takes the benefit of or becomes subject to any legislation in force relating to bankruptcy and insolvency;

October 4, 2017
Request for Proposal #2785

- (b) in the opinion of Manitoba Public Insurance, the Services provided by the Vendor or its Representatives are unsatisfactory, inadequate, or are improperly performed; or,
- (c) in the opinion of Manitoba Public Insurance, the Vendor or its Representatives have failed to comply with or breached any term or condition of this Agreement.

11.04 Upon termination of this Agreement, the Vendor shall cease to perform any further Services. Manitoba Public Insurance shall be under no obligation to the Vendor other than to pay, upon receipt of an invoice or statement and supporting documentation satisfactory to Manitoba Public Insurance acting reasonably, such compensation as the Vendor may be entitled to receive under this Agreement for work satisfactorily completed up to the date of termination.

12.00 GENERAL TERMS

- 12.01 The terms and conditions contained in this Agreement that by their sense and context are intended to survive the performance of this Agreement by the parties shall so survive the completion and performance, suspension or termination of this Agreement.
- 12.02 The Vendor shall not assign or transfer this Agreement or any of its rights or obligations under this Agreement without first obtaining written permission from Manitoba Public Insurance. This Agreement shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the parties.
- 12.03 This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. There are no undertakings, representations, or promises, express or implied, other than those contained in this Agreement and none have been relied on.
- 12.04 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.
- 12.05 This Agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba and the laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Manitoba and all courts competent to hear appeals therefrom.
- 12.06 Any failure or delay by either party to exercise or partially exercise any right hereunder shall not be deemed a waiver of any of the rights under this Agreement. The waiver by either party of a breach of any provision of this Agreement shall not operate as, or be construed as, a waiver of any subsequent breach thereof.
- 12.07 The election of any one or more remedies by either party shall not constitute a waiver of that party's right to pursue other available remedies.
- 12.08 The Vendor agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.
- 12.09 Where there is a conflict between these terms and conditions and any other part of this Agreement, the provisions of these terms and conditions shall govern.
- 12.10 Any notice or communication:
- (a) sent by registered mail shall be deemed to have been received on the third business day following the date of mailing;
 - (b) sent by facsimile or other electronic transmission (including email) shall be deemed to have been received on the next business day following the date of transmission; and,
 - (c) sent by courier or personal delivery shall be deemed to have been received on the day that it was delivered.

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VENDOR INSERTS

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Appendix E

Recommendations of Mr. Valter Viola to be addressed in updated ALM Study

1. **Clarity of Accounting Choices:** MPI should clarify what flexibility it has regarding the accounting for assets and liabilities, while remaining GAAP-compliant, and the factors it takes into account in electing to use one method/assumption over others.
2. **Adoption of More Comparable Accounting Principles:** In measuring its investment portfolio and liabilities, MPI should consider adopting accounting principles, where GAAP allows MPI to make such elections, that reduce the discrepancy between net income and comprehensive income (as these terms are currently defined by MPI), to improve comparability across all assets as well as liabilities. Comparability would be improved, for example, by accounting for more assets in a way that is consistent with the treatment of financial assets and liabilities at fair value through profit or loss ("FVTPL").
3. **AFS and HTM Accounting:** Unrealized gains and losses for AFS assets (~ 20% of assets), for example, are reported as "other comprehensive income (OCI)" and are excluded from net income until realized, making the net income recognition for unrealized gains on equities (~ 18% of assets) inconsistent with FVTPL assets. The treatment of HTM Bonds (25%), recorded at amortized cost, should also be re-considered.
4. **Pension Liability Accounting:** Reconsideration should also include the re-measurement of employee benefits (~ 15% of liabilities and equities) which is considered OCI. The re-measurement of employee benefits is large (given the long duration of pension liabilities), but OCI arising from changing interest rates that impact the value of pension liabilities is not recognized through transfers to net income under current practices.
5. **Return/Risk Definitions for Asset Mix Decision:** MPI should re-define return/risk used to inform its long-term asset mix decisions to be based on valuations that reflect market values, rather than accounting ones (which may be materially different). At a minimum, net income should be replaced by comprehensive income in the numerator (return) and retained earnings should be expanded to include accumulated other comprehensive

income (AOCI) in the denominator (risk). In the long term, market returns and market risks will determine average long-term premium rates, regardless of how assets and liabilities are accounted for under GAAP.

6. **De-Linking Discount Rates:** For purposes of long-term asset allocation decision-making, MPI should consider “breaking the link” (recursive) between liability valuations and the yield on some of its assets. Economic theory suggests this approach is more appropriate.
7. **Minimum/Maximum Asset Class Constraints:** The minimum/maximum and other constraints imposed on the portfolio (e.g., when asset-liability studies are conducted) should be reviewed and relaxed, to avoid costly constraints (lower risk-adjusted returns). The rationale for imposing any such constraints should be made explicit.
8. **Evolved Risk Framework:** An evolved risk framework should be considered to improve portfolio/risk measurement, management and/or governance.
9. **Explicit Risk Management Goals:** Among other things, the risk framework could include explicit goals related to market risk management (as well as goals related to other types of risk if those require enhancement). One goal might be to avoid “undue risk”, which is risk that is taken:
 - unknowingly, not having been identified (unaware); or
 - knowingly, but which:
 - cannot be managed prudently, given current capacities (ineffective);
 - exceeds risk tolerances (prohibited);
 - is higher than it needs to be (inefficient); or
 - is not understood (uninformed).

Another goal might be to get paid better/well for those risks that are desired, with incentive systems that encourage desired behaviours that achieve desired outcomes

and controls that monitor compliance with limits that discourage/prevent undesired behaviours and prevent undesired outcomes.

10. **Minimum Risk Portfolio:** A minimum risk portfolio (for market risk) should be clearly defined. It should be aligned with the interests of relevant stakeholders, with clarity regarding the short-term and long-term factors that impact rate sustainability and other important outcomes.
11. **Canadian Equities' 10% Minimum Allocation:** The appropriateness and prudence of having a 10% minimum weight to Canadian Equities ("to retain a meaningful exposure to home markets") should be reconsidered, given the different interests of different stakeholders (e.g., employees through the pension plan), the concentrated nature of Canada's equity market, and other such relevant considerations.
12. **No International Equities:** The appropriateness and prudence of having no exposure to International Equities should be reconsidered, given the large size of non-US foreign markets, the return opportunities that are potentially available from those missed opportunities and the effects of increased international diversification on long-term market risks.
13. **No Over-Reliance on Quantitative Modeling:** MPI should be vigilant about its potential over-reliance on quantitative considerations, given the high sensitivity of optimal asset allocations to seemingly small changes in capital market assumptions (returns, volatilities and correlations) and the large number of inputs.
14. **Exclusion of Real Return Bonds:** The role that RRBs can play in effectively managing relevant risks should be discussed, with consensus achieved regarding the effectiveness of RRBs from a risk management perspective (i.e., independent of the cost of any "insurance" as measured by RRB yields and their expected returns).
15. **Effectiveness of Duration Policy:** The effectiveness of the duration policy should be reviewed, given the inherent risks of changing real interest rates and unexpected inflation arising from MPI's liabilities, and exposure to changes in nominal interest rates in the MPI portfolio (i.e., nominal bonds without inflation protection). More specifically,

MPI should re-assess the effectiveness of its duration-matching strategy since inflation (actual and/or expected) may differ from current expectations.

16. **Integration of Real Estate/Infrastructure Liabilities in Duration Management:** MPI should consider the liabilities arising from all sources (i.e., including real estate and infrastructure) in its interest rate risk management practices (duration), to be consistent with its management of risks arising from insurance, pension and other liabilities. The financial leverage assumptions used in Asset-Liability Studies that support long-term asset mix decisions should be made consistent with the leverage actually used in the portfolio, removing the ~ 4% difference related to real estate debt.
17. **Removal of 105% Rule in Investment Policies:** MPI should remove from its Investment Policies the ability to request external managers to realize gains (losses) (“105% Rule”), which MPI says “is no longer relevant”. This would remove an ability by MPI to cause a manager to realize gains (losses) for the sole purpose of having an impact on net income, without yielding any economic value, reducing risk or otherwise conferring another benefit on MPI.
18. **Pension Fund:** The interests of all relevant stakeholders should inform decisions regarding both the accounting for and management of the assets and liabilities related to the pension plan and other employee benefits. A desirable outcome is to have greater clarity around the appropriateness and prudence of maintaining different types of assets and liabilities commingled in one fund.