### PUB (MPI) Pre-Ask 5

| Volume and<br>Chapter: | PUB (MPI) 2-42 | Page No.: |  |
|------------------------|----------------|-----------|--|
| Topic:                 |                |           |  |
| Sub Topic:             |                |           |  |
| Issue:                 |                |           |  |

### Preamble to IR (If Any):

### Question:

Please expand the responses provided to PUB (MPI) 2-42 to include the results after routine management / regulatory rate change actions (i.e., not including any routine RSR rebuilding fee actions), including disclosure of the assumed routine management / regulatory rate change actions where applicable.

## **Rationale for Question:**

### **RESPONSE:**

The line of inquiry stemming from <u>PUB (MPI) 1-75 (a)</u> asks that MPI model a base scenario in which "the forecasted Basic Total Equity at 28 February 2018 is \$442 million **and the forecasted MCT ratio stays constant over the forecast period**" [emphasis added by MPI]. This scenario results in an assumed \$305 million in transfers from the Competitive lines simply to maintain the forecasted Minimum Capital Test (MCT) ratio over the forecast period. It remains unclear to MPI how such a model could be considered as realistic or reasonable for the determination of capital targets. Also, it remains unclear to MPI why the PUB would consider a model with these assumptions rather than the proposal put forward by MPI (which reflects best estimate modeling outcomes).

Despite MPI's disagreement with the approach proposed in this request, MPI has provided answers to the questions posed below:

MPI is not currently forecasting any *routine* management or regulatory action after the FY 2018/19. Figure 1 shows the assumed management action excluding any routine Rate Stabilization Reserve (RSR) rebuilding fees. This was applied to the scenarios outlined in <u>PUB (MPI) 2-42</u>.

## Figure 1: Assumed Management and Regulatory Action for Combined Scenarios

| Line |                           |           |                  |                  |         |
|------|---------------------------|-----------|------------------|------------------|---------|
| No.  | <b>Combined Scenarios</b> | 2018/19   | 2019/20          | 2020/21          | 2021/22 |
| 1    | 2 year 1-in-20            | 2.7% Rate | 0% Rate & 1% RSR | n/a              | n/a     |
| 2    | 2 year 1-in-40            | 2.7% Rate | 2% Rate & 2% RSR | n/a              | n/a     |
| 3    | 2 year 1-in-100           | 2.7% Rate | 2% Rate & 2% RSR | n/a              | n/a     |
| 4    | 3 year 1-in-40            | 2.7% Rate | 0% Rate & 2% RSR | 2% Rate & 2% RSR | n/a     |

Please refer to <u>Appendix 1</u> for the 1-in-20-year 2-year Combined Scenario after management action. This results in an upper Rate Stabilization Reserve (RSR) target of \$274 million.

Please refer to <u>Appendix 2</u> for the 1-in-40-year 2-year Combined Scenario after management action. This results in an upper Rate Stabilization Reserve (RSR) target of \$295 million.

Please refer to <u>Appendix 3</u> for the 1-in-100-year 2-year Combined Scenario after management action. This results in an upper Rate Stabilization Reserve (RSR) target of \$311 million.

Please refer to <u>Appendix 4</u> for the 1-in-40-year 3-year Combined Scenario after management action. This results in an upper Rate Stabilization Reserve (RSR) target of \$258 million.

## Appendix 1a Combined Scenario with 61% MCT after Management Action Statement of Operations

| 000s, except where noted)                              |           |           | 46,619       48,426       50,334       69,148       71,252       73,311         (12,423)       (11,635)       (11,291)       (11,517)       (11,747)       (11,982)         888,365       923,789       997,783       1,083,113       1,138,455       1,185,541         827,701       871,174       925,950       994,660       1,054,258       1,103,310         45,787       47,606       49,265       59,702       70,196       72,277         (12,423)       (11,635)       (11,291)       (11,517)       (11,747)       (11,982)         861,065       907,145       963,924       1,042,845       1,112,707       1,163,605         20,351       20,748       22,204       24,328       26,431       28,593         881,416       927,893       986,129       1,067,173       1,139,138       1,192,198         742,604       869,023       815,056       885,220       916,618       958,189         (76,200)       (8,988)       (75,641)       44,045       39,005       1,022         666,404       860,035       739,415       929,265       955,623       959,211         118,614       120,972       134,294       137,885       140,142       14 |          |           |           |           |           |
|--|-----------|-----------|--|----------|-----------|-----------|-----------|-----------|
|  | 2015A     | 2016A     | 2017A  | 2018P    | 2019P     | 2020P     | 2021P     | 2022P     |
| SIC  |           |           |  |          |           |           |           |           |
| Motor Vehicles   | 794,052   | 854,170   | 886,998  | ,        | , ,       | 1,078,950 |           | 1,170,381 |
| Drivers  | 44,642    | ,         |  |          |           |           |           | 75,162    |
| Reinsurance Ceded                                      | (13,829)  |           |  |          |           |           |           | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365   | 923,789  | 997,783  | 1,083,113 | 1,138,455 | 1,185,541 | 1,233,321 |
| Net Premiums Earned                                    |           |           |  |          |           |           |           |           |
| Motor Vehicles   | 774,784   | 827,701   | 871,174  | 925,950  | 994,660   | 1,054,258 | 1,103,310 | 1,149,060 |
| Drivers  | 42,926    | ,         | ,  | ,        | ,         | , ,       | , ,       | 74,233    |
| Reinsurance Ceded                                      | (13.829)  | ,         | ,  |          | ,         | ,         | ,         | (12,222)  |
| Total Net Premiums Earned                              | 803.881   |           | ( ))   |          | ( )= )    |           |           | 1,211,071 |
| Service Fees & Other Revenues                          | 19,476    |           | ,  | 22.204   | 24,328    | , ,       |           | 30,915    |
| Total Earned Revenues                                  | 823,358   | 881,416   | ,  |          | 1         | ,         | ,         | 1,241,986 |
| Net Claims Incurred                                    | 623,437   | 742 604   | 869 023  | 815 056  | 885 220   | 916 618   | 958 189   | 1,009,316 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | ,         | ,  | ,        | ,         | ,         | ,         | 1,558     |
| Total Claims Incurred                                  | 745.837   |           |  |          |           | ,         |           | 1,010,874 |
|  | 140,001   | 000,404   | 000,000  | 155,415  | 323,203   | 333,023   | 333,211   | 1,010,074 |
| Claims Expense   | 116,578   | 118,614   | 120,972  | 134,294  | 137,885   | 140,142   | 143,266   | 144,663   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027    | 12,530   | 13,210   | 13,090    | 12,976    | 13,254    | 13,490    |
| Total Claims Costs                                     | 873,774   | 798,045   | 993,537  | 886,919  | 1,080,240 | 1,108,741 | 1,115,731 | 1,169,027 |
| Expenses   |           |           |  |          |           |           |           |           |
| Operating  | 74,283    | 71,641    | 72,785   | 72,563   | 74,921    | 75,617    | 77,489    | 79,500    |
| Commissions  | 32,845    | 33,862    | 35,086   | 37,655   | 40,593    | 42,873    | 44,798    | 46,584    |
| Premium Taxes  | 24,531    | 26,205    | 27,563   | 29,256   | 31,631    | 33,734    | 35,268    | 36,699    |
| Regulatory/Appeal                                      | 3,935     | 3,675     | 4,889  | 4,054    | 4,132     | 4,217     | 4,303     | 4,390     |
| Total Expenses   | 135,594   | 135,383   | 140,323  | 143,528  | 151,278   | 156,441   | 161,857   | 167,173   |
| Underwriting Income (Loss)                             | (186,011) | (52,012)  | (205,967)  | (44,318) | (164,344) | (126,045) | (85,391)  | (94,214)  |
|  | (,        | (*=,* :=) | ()   | (1.,0.0) | (101,011) | (120,010) | (00,001)  | (• .,=)   |
| Investment Income                                      | 104,184   | 48,476    | 101,645  | 101,827  | 72,847    | 69,603    | 67,532    | 66,960    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515)  | (18,748)   | (0)      | 18,480    | 26,144    | (0)       | (0)       |
| Net Investment Income                                  | 188,451   | (4,038)   | 82,897   | 101,827  | 91,327    | 95,747    | 67,532    | 66,960    |
| Net Income (Loss) from Operations                      | 2.440     | (56.050)  | (123,070)  | 45,382   | (78,940)  | (28,176)  | (14,180)  | (21,205)  |
| DPAC / Premium Deficiency writedown Adj.               | -         | -         | -  | (12,128) | (5,923)   | 2.122     | 3.678     | 6.049     |
| Net Income (Loss)                                      | 2,440     | (56,050)  | (123,070)  | 57,509   | (73,017)  | (30,298)  | (17,859)  | (27,255)  |
|  | 2,770     | (00,000)  | (120,010)  | 51,505   | (13,011)  | (00,200)  | (17,000)  | (21,233)  |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685    | (9,760)  | 75,641   | (25,564)  | (12,861)  | (1,022)   | (1,558)   |

## Appendix 1b Combined Scenario with 61% MCT after Management Action Statement of Changes in Equity

| (C\$ 000s, except where noted)                            |         |          | For       | the Years En | ded Februar | ٧,       |          |          |
|---|---------|----------|-----------|--------------|-------------|----------|----------|----------|
|   | 2015A   | 2016A    | 2017A     | 2018P        | 2019P       | 2020P    | 2021P    | 2022P    |
| Retained Earnings   |         |          |           |              |             |          |          |          |
| Beginning Balance   | 99,878  | 177,818  | 194,497   | 99,251       | 220,731     | 189,387  | 173,735  | 165,270  |
| Net Income (Loss) from annual operations                  | 2,440   | (56,050) | (123,070) | 57,509       | (73,017)    | (30,298) | (17,859) | (27,255) |
| Premium Rebate  | -       | -        | -         | -            | -           | -        | -        | -        |
| Transfer (to) / from Non-Basic Retained Earnings          | 75,500  | 72,729   | 27,824    | 63,971       | 41,673      | 14,646   | 9,394    | 13,240   |
| Total Retained Earnings                                   | 177,818 | 194,497  | 99,251    | 220,731      | 189,387     | 173,735  | 165,270  | 151,255  |
| Total Accumulated Other Comprehensive Income              |         |          |           |              |             |          |          |          |
| Beginning Balance   | -       | -        | -         | -            | -           | -        | -        | -        |
| Other Comprehensive Income for the Year                   | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Accumulated Other Comprehensive Income              | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Equity Balance                                      | -       | •        | •         | -            | -           | -        | -        | -        |
| Total Equity  |         |          |           |              |             |          |          |          |
| Rate Stabilization Reserve                                |         |          |           |              |             |          |          |          |
| Retained Earnings   | 177.818 | 194,497  | 99.251    | 220.731      | 189,387     | 173.735  | 165,270  | 151,255  |
| Accumululated Other Comprehensive Income                  | 35.262  | 36.504   | 81,749    | 63.369       | 32.869      | (1,863)  | 6.975    | 18,457   |
| Total Rate Stabilization Reserve                          | 213,080 | 231,001  | 181,000   | 284,099      | 222,256     | 171,872  | 172,245  | 169,711  |
| Retained Earnings in excess of Rate Stabilization Reserve | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Equity Balance                                      | 213,080 | 231,001  | 181,000   | 284,099      | 222,256     | 171,872  | 172,245  | 169,711  |
| RESERVE TARGETS   |         |          |           |              |             |          |          |          |
| DCAT Total Equity Lower Target                            | 213.000 | 231.000  | 231.000   | 181.000      | 181.000     | 181.000  | 181.000  | 181.000  |
| MCT Total Equity Upper Target                             | 325.000 | 325,000  | 325.000   | 366.000      | 411.000     | 462.000  | 462.000  | 462,000  |
|   | 020,000 | 020,000  | 020,000   | 000,000      | 111,000     | 102,000  | 102,000  | 102,000  |

## Appendix 1c Combined Scenario with 61% MCT after Management Action Balance Sheet

| (C\$ 000s, except where noted)                              |           |                   |                  | For the Ye | ars Ended Feb     | ruary,    |                  |                   |
|---|-----------|-------------------|------------------|------------|-------------------|-----------|------------------|-------------------|
|   | 2015A     | 2016A             | 2017A            | 2018P      | 2019P             | 2020P     | 2021P            | 2022P             |
| BASIC   |           |                   |                  |            |                   |           |                  |                   |
| Assets  |           |                   |                  |            |                   |           |                  |                   |
| Cash and investments  | 55,508    | 29,114            | 61,606           | 11,819     | 10,748            | 10,503    | 10,353           | 10,150            |
| Equity investments  | 2,061,262 | 2,083,349         | 2,189,534        | 2,380,228  | 2,463,647         | 2,532,539 | 2,630,002        | 2,736,897         |
| Investment property   | 35,087    | 35,789            | 35,615           | 36,912     | 39,457            | 39,749    | 39,799           | 39,169            |
| Due from other insurance companies                          | 108       | 25                | 16               | -          | -                 | -         | -                | -                 |
| Accounts receivable   | 348,697   | 375,262           | 355,389          | 334,047    | 358,907           | 375,794   | 390,240          | 404,940           |
| Prepaid expenses  | -         | -                 | -                | -          | -                 | -         | -                | -                 |
| Deferred policy acquisition costs                           | -         | 4,782             | -                | 3,286      | 11,137            | 10,559    | 8,189            | 3,473             |
| Reinsurers' share of unearned premiums                      | -         | -                 | -                | -          | -                 | -         | -                | -                 |
| Reinsurers' share of unearned claims                        | 2,565     | 998               | 611              | -          | -                 | -         | -                | -                 |
| Property and equipment                                      | 90,474    | 88,740            | 89,847           | 88,665     | 90,237            | 90,615    | 88,071           | 84,746            |
| Deferred development costs                                  | 56,992    | 65,414            | 72,866           | 69,306     | 68,993            | 73,025    | 74,291           | 72,540            |
|   | 2,650,693 | 2,683,473         | 2,805,484        | 2,924,261  | 3,043,126         | 3,132,784 | 3,240,945        | 3,351,914         |
| Liabilities   |           |                   |                  |            |                   |           |                  |                   |
| Due to other insurance companies                            | -         | 152               | 147              | 114        | 114               | 114       | 114              | 114               |
| Accounts payable and accrued liabilites                     | 34.157    | 38.860            | 40.443           | 31.263     | 32.225            | 32.454    | 33.083           | 33.631            |
| Financing lease obligation                                  | 3,224     | 3,278             | 3,239            | 2,983      | 2,907             | 2,826     | 2,726            | 2,618             |
| Unearned premiums and fees                                  | 426,137   | 453,389           | 472,041          | 508,231    | 551,842           | 581,214   | 607,077          | 633,583           |
| Provision for employee current benefits                     | 16,240    | 16,871            | 16,919           | 17,362     | 18,087            | 18,822    | 19,568           | 20,325            |
| Provision for employee future benefits                      | 286,581   | 281,209           | 301,245          | 310,108    | 323.746           | 338,675   | 354,155          | 370,177           |
| Provision for unpaid claims                                 | 1,671,275 | 1,658,713         | 1,790,450        | 1,770,101  | 1,891,949         | 1,986,808 | 2,051,978        | 2,121,756         |
|   | 2,437,614 | 2,452,472         | 2,624,484        | 2,640,162  | 2,820,870         | 2,960,912 | 3,068,700        | 3,182,203         |
| Fault.  |           |                   |                  |            |                   |           |                  |                   |
| Equity<br>Botained corpings                                 | 177.819   | 10/ /07           | 99,251           | 220,731    | 189,387           | 173,735   | 165 070          | 151 955           |
| Retained earnings<br>Accumulated Other Comprehensive Income | 35,262    | 194,497<br>36,504 | 99,251<br>81,749 | 63,369     | 32,869            | (1,863)   | 165,270<br>6,975 | 151,255<br>18,457 |
| •   | 213.081   | 1                 | 181.000          | 1          | 32,009<br>222.256 | ( / /     | 0,975<br>172.245 | 1                 |
| Total Equity  | 213,001   | 231,001           | 101,000          | 284,099    | 222,230           | 171,872   | 172,243          | 169,711           |
| Total Liabilities & Equity                                  | 2,650,695 | 2,683,473         | 2,805,484        | 2,924,261  | 3,043,126         | 3,132,784 | 3,240,945        | 3,351,914         |

## Appendix 1d Combined Scenario with 61% MCT after Management Action Minimum Capital Test

| (All figures in \$000s)  | -  | 2017 - 2018<br>Current<br>Year<br>(01) | 2018 - 2019<br>Forecast<br>Year<br>(02) | 2019 - 2020<br>Forecast<br>Year<br>(03) | 2020 - 2021<br>Forecast<br>Year<br>(04) | 2021 - 2022<br>Forecast<br>Year<br>(05) |
|--|----|--|---|---|---|---|
| Capital Available:   | -  | (01)                                   | (02)                                    | (00)                                    | (+)                                     | (00)                                    |
| Capital available (from page 30.62 - capital available)                      | 01 | 214,794                                | 153,263                                 | 98,847                                  | 97,954                                  | 97,171                                  |
| Phase-in of capital available  | 03 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Capital Available  | 09 | 214,794                                | 153,263                                 | 98,847                                  | 97,954                                  | 97,171                                  |
| Assets Available:  |    |  |   |   |   |   |
| Net Assets Available (from page 30.92 - net assets available)                | 11 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Phase-in of net assets available   | 13 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Net Assets Available   | 19 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Capital (Margin) Required at Target:   |    |  |   |   |   |   |
| Insurance Risk:  | ~~ | 07.050                                 | 05 400                                  | 400.044                                 | 404.400                                 | 400.000                                 |
| Premium liabilities  | 20 | 87,650                                 | 95,192                                  | 100,014                                 | 104,122                                 | 108,289                                 |
| Unpaid claims  | 22 | 186,823                                | 199,979                                 | 210,093                                 | 216,963                                 | 224,645                                 |
| Catastrophes   | 24 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Margin required for reinsurance ceded to unregistered insurers               | 26 | 0                                      | 0                                       | 0                                       | 0                                       | )                                       |
| Subtotal: Insurance risk margin  | 29 | 274,473                                | 295,171                                 | 310,107                                 | 321,085                                 | 332,934                                 |
| Market Risk:   | 20 | 4.040                                  | 00.040                                  | 00.040                                  | 00 740                                  | 05 407                                  |
| Interest rate risk   | 30 | 1,316                                  | 23,613                                  | 23,912                                  | 22,710                                  | 25,197                                  |
| Foreign exchange risk  | 32 | 16,989                                 | 19,787                                  | 17,864                                  | 18,366                                  | 21,736                                  |
| Equity risk  | 34 | 144,563                                | 168,323                                 | 154,750                                 | 159,355                                 | 175,508                                 |
| Real estate risk   | 36 | 59,632                                 | 63,097                                  | 65,426                                  | 67,381                                  | 69,284                                  |
| Other market risk exposures  | 38 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Subtotal: Market risk margin   | 39 | 222,500                                | 274,820                                 | 261,952                                 | 267,812                                 | 291,725                                 |
| Credit Risk:   | 10 | 00.400                                 | ~~~~~                                   | 07.040                                  | 00.070                                  | ~~~~~                                   |
| Counterparty default risk for balance sheet assets                           | 40 | 33,426                                 | 36,000                                  | 37,242                                  | 38,373                                  | 39,339                                  |
| Counterparty default risk for off-balance sheet exposures                    | 42 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Counterparty default risk for unregistered reinsurance collateral and SIRs   | 44 | 0                                      | 0                                       | 0                                       | 0                                       | )                                       |
| Subtotal: Credit risk margin   | 49 | 33,426                                 | 36,000                                  | 37,242                                  | 38,373                                  | 39,339                                  |
| Operational risk margin  | 50 | 70,029                                 | 78,587                                  | 80,252                                  | 82,956                                  | 87,273                                  |
| Less: Diversification credit   | 52 | 70,966                                 | 81,129                                  | 81,603                                  | 83,987                                  | 88,958                                  |
| Total Capital (Margin) Required at Target                                    | 59 | 529,462                                | 603,449                                 | 607,950                                 | 626,239                                 | 662,313                                 |
| Minimum Capital (Margin) Required (line 59 / 1.5)                            | 60 | 352,975                                | 402,300                                 | 405,300                                 | 417,492                                 | 441,542                                 |
| Phase-in of Capital (Margin) Required  | 62 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Total Minimum Capital (Margin) Required                                      | 69 | 352,975                                | 402,300                                 | 405,300                                 | 417,492                                 | 441,542                                 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | (138,181)                              | (249,037)                               | (306,453)                               | (319,538)                               | (344,371                                |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)                      | 90 | 60.85%                                 | 38.10%                                  | 24.39%                                  | 23.46%                                  | 22.01%                                  |

# Appendix 1e Combined Scenario with 61% MCT after Management Action Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19 | 2019/20 | 2020/21 | 2021/22   |
|--|---------|----------|---------|---------|---------|-----------|
| Claims Incurred before Financial Provisions          |         |          |         |         |         |           |
| Collision  | 392,497 | 417,031  | 467,363 | 492,940 | 506,701 | 541,183   |
| Comprehensive  | 117,204 | 106,810  | 113,915 | 120,047 | 126,913 | 134,216   |
| Property Damage                                      | 42,769  | 44,363   | 48,129  | 50,382  | 49,403  | 51,272    |
| Public Liability - Bl                                | 5,443   | 4,362    | 4,216   | 4,322   | 4,627   | 4,681     |
| PIPP   | 240,544 | 141,676  | 244,884 | 230,367 | 214,305 | 217,067   |
| Total  | 798,458 | 714,241  | 878,508 | 898,058 | 901,948 | 948,419   |
| Unallocated Loss Adjustment Expenses                 | 39.869  | 42,205   | 43,912  | 45,902  | 47,910  | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10.168  | (4,904)  | 12,768  | 9,542   | 5.675   | 6,211     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0       | 0       | 0       | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0       | 0       | 0       | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (5,923) | 2,122   | 3,678   | 6,049     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 929,265 | 955,623 | 959,211 | 1,010,874 |

## Appendix 1f Combined Scenario with 61% MCT after Management Action Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   |        |        |        |        | Accid  | lent Year |        |        |        |        | Selected | Selected |
|----|---|--------|--------|--------|--------|--------|-----------|--------|--------|--------|--------|----------|----------|
|    |   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017      | 2018   | 2019   | 2020   | 2021   | Undisc   | Disc     |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66% | 85.02% | 74.77% | 79.56% | 79.13% | 77.83%    | 77.84% | 74.91% | 74.64% | 74.73% |          |          |
| 2. | Trend/Rate Adjustment for Fiscal Year           |        |        |        |        |        |           |        |        |        |        |          |          |
|    | 2016  | 0.9434 | 0.9218 | 0.9370 | 0.9705 | 0.9861 |           |        |        |        |        |          |          |
|    | 2017  |        | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910    |        |        |        |        |          |          |
|    | 2018  |        |        | 0.9269 | 0.9470 | 0.9492 | 0.9645    | 0.9953 |        |        |        |          |          |
|    | 2019  |        |        |        | 0.9429 | 0.9456 | 0.9613    | 0.9925 | 1.0105 |        |        |          |          |
|    | 2020  |        |        |        |        | 0.9506 | 0.9666    | 0.9983 | 1.0167 | 1.0149 |        |          |          |
|    | 2021  |        |        |        |        |        | 0.9783    | 1.0092 | 1.0268 | 1.0240 | 1.0162 |          |          |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |        |        |        |        |        |           |        |        |        |        |          |          |
|    | 2016  | 74.21% | 78.37% | 70.06% | 77.21% | 78.03% |           |        |        |        |        | 76.49%   | 80.98%   |
|    | 2017  |        | 77.92% | 69.34% | 76.05% | 76.50% | 77.13%    |        |        |        |        | 76.56%   | 80.37%   |
|    | 2018  |        |        | 69.31% | 75.34% | 75.11% | 75.06%    | 77.47% |        |        |        | 75.17%   | 79.29%   |
|    | 2019  |        |        |        | 75.02% | 74.83% | 74.81%    | 77.25% | 75.70% |        |        | 75.19%   | 79.64%   |
|    | 2020  |        |        |        |        | 75.22% | 75.23%    | 77.70% | 76.17% | 75.76% |        | 75.72%   | 80.20%   |
|    | 2021  |        |        |        |        |        | 76.14%    | 78.56% | 76.93% | 76.43% | 75.94% | 76.50%   | 81.05%   |
|    |   |        |        |        |        |        |           |        |        |        |        |          |          |

#### B. Actual Data Other Than Losses

|      |  |                 |         |         |         | Fisc    | al Year |           |           |           |           |
|------|--|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |  | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                               | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,112,707 | 1,163,605 | 1,211,071 |
| 5.   | Operating Expenses as % of Earned Premium        | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.3%      | 8.2%      | 8.0%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]             | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.78%     | 2.72%     | 2.68%     |
|      | Selected   |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.94%     | 2.82%     | 2.73%     |
| 7.   | ILAE Ratio to Losses - Selected                  |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                        |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                             |                 |         |         |         | 437,172 | 468,021 | 508,289   | 534,037   | 555,973   | 578,223   |
| 9.   | Additional Expected Cost of Non-Proportional Re  | einsurance      |         |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(  | (8) - (9)) x (3 | 3)]     |         |         | 354,751 | 371,506 | 398,354   | 420,521   | 441,000   | 463,660   |
| 11.  | Reinsurance PFAD                                 |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                          |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,541    | 15,481    | 15,602    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row   | / 11]           |         |         |         | 65,289  | 68,357  | 73,297    | 77,376    | 81,144    | 85,313    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -   | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14 | 4))]            |         |         |         | (6,844) | 3,286   | 11,137    | 10,559    | 8,189     | 3,473     |
| 16.  | Carried Deferred Policy Acquisition Expenses     |                 |         |         |         | 29,692  | 27,695  | 29,622    | 31,167    | 32,474    | 33,808    |
| 17.  | Write Down Deferred Policy Acquisition Expense   | s [b]           |         |         |         | 29,692  | 24,409  | 18,486    | 20,608    | 24,286    | 30,335    |
|      | Change   |                 |         |         |         | 6,127   | (5,283) | (5,923)   | 2,122     | 3,678     | 6,049     |
| 18.  | Premium Deficiency [c]                           |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change   |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 1g Combined Scenario with 61% MCT after Management Action Summary of Corporate Investment Income

| _  | 2017/18  | 2018/19      | 2019/20               | 2020/21  | 2021/22  |
|--|----------|--------------|-----------------------|----------|----------|
|  |          |              | orecasted             |          |          |
| nterest Income During Period                       |          |              |                       |          |          |
| Cash/Short Term Investments                        | 93       | 0            | 0                     | 0        | 0        |
| Marketable Bonds                                   | 40,119   | 37,697       | 38,056                | 39,691   | 41,469   |
| MUSH   | 28,780   | 27,827       | 26,721                | 25,550   | 24,337   |
| otal   | 68,993   | 65,524       | 64,777                | 65,241   | 65,805   |
| ividend and other Income                           |          |              |                       |          |          |
| Canadian Equities                                  | 8,103    | 9,831        | 9,603                 | 9,441    | 10,531   |
| US Equities  | 3,149    | 3,771        | 3,699                 | 3,614    | 4,022    |
| Investment Properties (Cityplace)                  | 2,784    | 2,688        | 2,580                 | 2,508    | 2,448    |
| Infrastructure                                     | 1,645    | 2,094        | 2,257                 | 2,381    | 2,512    |
| otal   | 15,681   | 18,384       | 18,140                | 17,944   | 19,513   |
| ains During Period - Profit & Loss                 |          |              |                       |          |          |
| Marketable Bonds Unrealized Gains/(Loss)           | 261      | 25,260       | 29,609                | 2,043    | 2,142    |
| Marketable Bonds Realized Gains/(Loss)             | (261)    | (3,791)      | 747                   | (2,043)  | (2,142   |
| Amortization on Marketable Bonds (Prem) / Discount | (6,573)  | (8,686)      | (11, 187)             | (12,571) | (13, 183 |
| MUSH   | -        | -            | -                     | -        | -        |
| Canadian Equities Realized Gains                   | 26,949   | 6,885        | 1,927                 | 2,630    | 3,696    |
| US Equities Realized Gains                         | 12,775   | -            | 4,249                 | 2,699    | -        |
| Real Estate (Pooled Fund)                          | 14,507   | 15, 158      | 15,819                | 16,768   | 17,774   |
| Infrastructure                                     | 5,923    | 7,532        | 8,111                 | 8,557    | 9,027    |
| otal   | 53, 580  | 42,359       | 49,273                | 18,083   | 17,315   |
| ther   |          |              |                       |          |          |
| Investment Fees Paid                               | (4,784)  | (5,887)      | (6,177)               | (6,537)  | (6,873)  |
| Pension Expense                                    | (13,739) | (14,282)     | (14,845)              | (15,429) | (16,035  |
| Investment Write-Down                              | -        | -            | -                     | -        | -        |
| otal   | (18,523) | (20, 169)    | (21,022)              | (21,966) | (22,908) |
| otal Corporate Investment Income                   | 119,731  | 106,097      | 111,168               | 79,302   | 79,725   |
| otal Basic Investment Income                       | 101,827  | 91,327       | 95,747                | 67,532   | 66,960   |
| - Basic to Total Investment Income                 | 85%      | 86%          | 86%                   | 85%      | 84%      |
| uity Unrealized Gains/(Losses)                     |          |              |                       |          |          |
| Canadian Equities Unrealized Gains                 | 11,953   | (20,058)     | (23,281)              | 10,288   | 11,476   |
| US Equities Unrealized Gains                       | 6,645    | (9,382)      | (10,891)              | 5,396    | 6,004    |
| otal Corporate Unrealized Gains/(Losses)           | 18,598   | (29,440)     | (34,172)              | 15,683   | 17,480   |
|  |          |              |                       |          |          |
| nding Values and Allocations                       | 2017/18  | 2018/19<br>F | 2019/20<br>o recasted | 2020/21  | 2021/22  |
|  |          | -            |                       |          |          |
| Cash/Short Term Investments                        | -        | -            | -                     | -        | -        |
| Canadian Fixed Income                              | 1,287.4  | 1,277.3      | 1,426.8               | 1,549.4  | 1,638.6  |
| MUSH   | 638.7    | 631.4        | 621.9                 | 611.1    | 598.4    |
| Canadian Equities                                  | 284.6    | 330.3        | 295.0                 | 307.4    | 349.9    |
| US Equities  | 139.0    | 161.4        | 143.4                 | 148.7    | 169.0    |
| Real Estate  | 290.8    | 308.7        | 325.4                 | 342.8    | 360.4    |
| Infrastructure & Venture Capital                   | 128.4    | 149.0        | 157.1                 | 165.6    | 174.7    |
| otal Corporate Assets                              | 2,769.0  | 2,858.0      | 2,969.6               | 3,125.1  | 3,291.0  |
| otal Basic Assets                                  | 2,429.0  | 2,513.9      | 2,582.8               | 2,680.2  | 2,786.2  |
| nding Rebalanced Allocations (%)                   |          |              |                       |          |          |
| Cash/Short Term Investments                        | 0.0%     | 0.0%         | 0.0%                  | 0.0%     | 0.0%     |
| Canadian Fixed Income                              | 46.5%    | 44.7%        | 48.0%                 | 49.6%    | 49.8%    |
| MUSH   | 23.1%    | 22.1%        | 20.9%                 | 19.6%    | 18.2%    |
| Canadian Equities                                  | 10.3%    | 11.6%        | 9.9%                  | 9.8%     | 10.6%    |
| US Equities  | 5.0%     | 5.6%         | 4.8%                  | 4.8%     | 5.1%     |
| Real Estate  | 10.5%    | 10.8%        | 11.0%                 | 11.0%    | 11.0%    |
| Infrastructure & Venture Capital                   | 4.6%     | 5.2%         | 5.3%                  | 5.3%     | 5.3%     |
| otal Corporate                                     | 100.0%   | 100.0%       | 100.0%                | 100.0%   | 100.0%   |

## Appendix 1h Combined Scenario with 61% MCT with Management Action and Premium Rebate Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Ye | ars Ended Fe | bruary,   |                   |           |
|--|-----------|----------|-----------|------------|--------------|-----------|-------------------|-----------|
|  | 2015A     | 2016A    | 2017A     | 2018P      | 2019P        | 2020P     | 2021P             | 2022P     |
| SIC  |           |          |           |            |              |           |                   |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740    | 1,025,482    | 1,078,950 | 1,124,212         | 1,170,381 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334     | 69,148       | 71,252    | 73,311            | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)     | (11,747)  | (11,982)          | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783    | 1,083,113    | 1,138,455 | 1,185,541         | 1,233,321 |
| Net Premiums Earned                                    |           |          |           |            |              |           |                   |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950    | 994,660      | 1,054,258 | 1,103,310         | 1,149,060 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265     | 59,702       | 70,196    | 72,277            | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)     | (11,747)  | (11,982)          | (12,222)  |
| Total Net Premiums Earned                              | 803,881   | 861,065  | 907,145   | 963,924    | 1,042,845    | 1,112,707 | 1,163,605         | 1,211,071 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204     | 24,328       | 26,431    | 28,593            | 30,915    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129    | 1,067,173    | 1,139,138 | 1,192,198         | 1,241,986 |
| Net Claims Incurred                                    | 623,437   | 742.604  | 869.023   | 815.056    | 885.220      | 916.617   | 958.189           | 1.009.317 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)   | 44,045       | 39,006    | 1,023             | 1,558     |
| Total Claims Incurred                                  | 745.837   | 666,404  | 860.035   | 739,415    | 929,265      | 955,623   | 959,212           | 1,010,875 |
|  | 140,001   | 000,404  | 000,000   | 155,415    | 525,205      | 333,023   | 555,212           | 1,010,013 |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294    | 137,885      | 140,142   | 143,266           | 144,663   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210     | 13,090       | 12,976    | 13,254            | 13,490    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919    | 1,080,240    | 1,108,741 | 1,115,732         | 1,169,028 |
| Expenses   |           |          |           |            |              |           |                   |           |
| Operating  | 74.283    | 71.641   | 72.785    | 72.563     | 74.921       | 75.617    | 77.489            | 79.500    |
| Commissions  | 32,845    | 33,862   | 35,086    | 37,655     | 40,593       | 42,873    | 44,798            | 46,584    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256     | 31.631       | 33,734    | 35,268            | 36,699    |
| Regulatory/Appeal                                      | 3,935     | 3,675    | 4,889     | 4,054      | 4,132        | 4,217     | 4,303             | 4,390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528    | 151,278      | 156,441   | 161,857           | 167,173   |
| Underwriting Income (Loss)                             | (186,011) | (52,012) | (205,967) | (44,318)   | (164,344)    | (126,045) | (85,392)          | (94,215)  |
|  | (100,011) | (JZ,01Z) | (203,907) | (44,310)   | (104,344)    | (120,043) | (03,392)          | (94,213)  |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827    | 72,555       | 69,315    | 67,255            | 66,687    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)        | 18,406       | 26.036    | -                 | (0        |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827    | 90,962       | 95,351    | 67,255            | 66,687    |
| Net Income (Loss) from Operations                      | 2.440     | (56.050) | (123,070) | 45.382     | (79,305)     | (28,572)  | (44 450)          | (21,478)  |
| DPAC / Premium Deficiency writedown Adj.               | 2,440     | (30,030) | (123,070) | (12,128)   | (5,923)      | 2,122     | (14,458)<br>3,678 | 6,049     |
| , , ,  | -         | -        | -         |            |              | ,         | ,                 |           |
| Net Income (Loss)                                      | 2,440     | (56,050) | (123,070) | 57,509     | (73,383)     | (30,694)  | (18,137)          | (27,528)  |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641     | (25,638)     | (12,969)  | (1,023)           | (1,558)   |

## Appendix 1i Combined Scenario with 61% MCT with Management Action and Premium Rebate Statement of Changes in Equity

| (C\$ 000s, except where noted)                            |         |          | For       | the Years En | ded Februar | v.       |          |          |
|---|---------|----------|-----------|--------------|-------------|----------|----------|----------|
|   | 2015A   | 2016A    | 2017A     | 2018P        | 2019P       | 2020P    | 2021P    | 2022P    |
| Retained Earnings   |         |          |           |              |             |          |          |          |
| Beginning Balance   | 99,878  | 177,818  | 194,497   | 99,251       | 210,845     | 179,136  | 163,088  | 154,344  |
| Net Income (Loss) from annual operations                  | 2,440   | (56,050) | (123,070) | 57,509       | (73,383)    | (30,694) | (18,137) | (27,528) |
| Premium Rebate  | -       | -        | -         | -            | -           | -        | -        | -        |
| Transfer (to) / from Non-Basic Retained Earnings          | 75,500  | 72,729   | 27,824    | 54,085       | 41,673      | 14,646   | 9,394    | 13,240   |
| Total Retained Earnings                                   | 177,818 | 194,497  | 99,251    | 210,845      | 179,136     | 163,088  | 154,344  | 140,056  |
| Total Accumulated Other Comprehensive Income              |         |          |           |              |             |          |          |          |
| Beginning Balance   | -       | -        | -         | -            | -           | -        | -        | -        |
| Other Comprehensive Income for the Year                   | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Accumulated Other Comprehensive Income              | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Equity Balance                                      | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Equity  |         |          |           |              |             |          |          |          |
| Rate Stabilization Reserve                                |         |          |           |              |             |          |          |          |
| Retained Earnings   | 177,818 | 194,497  | 99,251    | 210,845      | 179,136     | 163,088  | 154,344  | 140,056  |
| Accumululated Other Comprehensive Income                  | 35,262  | 36,504   | 81,749    | 63,369       | 32,738      | (1,855)  | 6,946    | 18,382   |
| Total Rate Stabilization Reserve                          | 213,080 | 231,001  | 181,000   | 274,214      | 211,873     | 161,232  | 161,291  | 158,438  |
| Retained Earnings in excess of Rate Stabilization Reserve | -       | -        | -         | -            | -           | -        | -        | -        |
| Total Equity Balance                                      | 213,080 | 231,001  | 181,000   | 274,214      | 211,873     | 161,232  | 161,291  | 158,438  |
| RESERVE TARGETS   |         |          |           |              |             |          |          |          |
| DCAT Total Equity Lower Target                            | 213,000 | 231,000  | 231,000   | 181,000      | 181.000     | 181,000  | 181,000  | 181,000  |
| MCT Total Equity Upper Target                             | 325.000 | 325.000  | 325.000   | 366.000      | 411.000     | 462.000  | 462.000  | 462.000  |

### Appendix 1j Combined Scenario with 61% MCT with Management Action and Premium Rebate Balance Sheet

| (C\$ 000s, except where noted)          |           |           |           | For the Ye | ars Ended Feb | ruary,    |           |           |
|---|-----------|-----------|-----------|------------|---------------|-----------|-----------|-----------|
|   | 2015A     | 2016A     | 2017A     | 2018P      | 2019P         | 2020P     | 2021P     | 2022P     |
| BASIC                                   |           |           |           |            |               |           |           |           |
| Assets                                  |           |           |           |            |               |           |           |           |
| Cash and investments                    | 55,508    | 29,114    | 61,606    | 11,771     | 10,704        | 10,460    | 10,311    | 10,109    |
| Equity investments                      | 2,061,262 | 2,083,349 | 2,189,534 | 2,370,540  | 2,453,472     | 2,522,107 | 2,619,254 | 2,725,824 |
| Investment property                     | 35,087    | 35,789    | 35,615    | 36,761     | 39,294        | 39,585    | 39,636    | 39,010    |
| Due from other insurance companies      | 108       | 25        | 16        | -          | -             | -         | -         |           |
| Accounts receivable                     | 348,697   | 375,262   | 355,389   | 334,047    | 358,907       | 375,794   | 390,240   | 404,940   |
| Prepaid expenses                        | -         | -         | -         | -          | -             | -         | -         |           |
| Deferred policy acquisition costs       | -         | 4,782     | -         | 3,286      | 11,137        | 10,559    | 8,189     | 3,473     |
| Reinsurers' share of unearned premiums  | -         | -         | -         | -          | -             | -         | -         |           |
| Reinsurers' share of unearned claims    | 2,565     | 998       | 611       | -          | -             | -         | -         |           |
| Property and equipment                  | 90,474    | 88,740    | 89,847    | 88,665     | 90,237        | 90,615    | 88,071    | 84,746    |
| Deferred development costs              | 56,992    | 65,414    | 72,866    | 69,306     | 68,993        | 73,025    | 74,291    | 72,540    |
|   | 2,650,693 | 2,683,473 | 2,805,484 | 2,914,376  | 3,032,743     | 3,122,144 | 3,229,991 | 3,340,641 |
| Liabilities                             |           |           |           |            |               |           |           |           |
|   |           | 152       | 147       | 114        | 114           | 114       | 114       | 114       |
| Due to other insurance companies        | -         |           |           |            |               |           |           |           |
| Accounts payable and accrued liabilites | 34,157    | 38,860    | 40,443    | 31,263     | 32,225        | 32,454    | 33,083    | 33,631    |
| Financing lease obligation              | 3,224     | 3,278     | 3,239     | 2,983      | 2,907         | 2,826     | 2,726     | 2,618     |
| Unearned premiums and fees              | 426,137   | 453,389   | 472,041   | 508,231    | 551,842       | 581,214   | 607,077   | 633,583   |
| Provision for employee current benefits | 16,240    | 16,871    | 16,919    | 17,362     | 18,087        | 18,822    | 19,568    | 20,325    |
| Provision for employee future benefits  | 286,581   | 281,209   | 301,245   | 310,108    | 323,746       | 338,675   | 354,155   | 370,177   |
| Provision for unpaid claims             | 1,671,275 | 1,658,713 | 1,790,450 | 1,770,101  | 1,891,949     | 1,986,808 | 2,051,978 | 2,121,756 |
|   | 2,437,614 | 2,452,472 | 2,624,484 | 2,640,162  | 2,820,870     | 2,960,912 | 3,068,701 | 3,182,203 |
| Equity                                  |           |           |           |            |               |           |           |           |
| Retained earnings                       | 177,819   | 194,497   | 99,251    | 210,845    | 179,136       | 163,088   | 154,344   | 140,056   |
| Accumulated Other Comprehensive Income  | 35,262    | 36,504    | 81,749    | 63,369     | 32,738        | (1,855)   | 6,946     | 18,382    |
| Total Equity                            | 213,081   | 231,001   | 181,000   | 274,214    | 211,873       | 161,232   | 161,291   | 158,438   |
| Total Liabilities & Equity              | 2,650,695 | 2,683,473 | 2,805,484 | 2,914,376  | 3,032,743     | 3,122,144 | 3,229,991 | 3,340,641 |

### Appendix 1k Combined Scenario with 61% MCT with Management Action and Premium Rebate Minimum Capital Test

| (All figures in \$000s)  |    | 2017 - 2018             | 2018 - 2019              | 2019 - 2020              | 2020 - 2021              | 2021 - 2022              |
|--|----|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  |    | Current<br>Year<br>(01) | Forecast<br>Year<br>(02) | Forecast<br>Year<br>(03) | Forecast<br>Year<br>(04) | Forecast<br>Year<br>(05) |
| Capital Available:   |    | (01)                    | (02)                     | (00)                     | (01)                     | (00)                     |
| Capital available (from page 30.62 - capital available)                      | 01 | 204,908                 | 142,881                  | 88,207                   | 87,000                   | 85.897                   |
| Phase-in of capital available  | 03 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Total Capital Available  | 09 | 204,908                 | 142,881                  | 88,207                   | 87,000                   | 85,897                   |
| Assets Available:  |    |                         |                          |                          |                          |                          |
| Net Assets Available (from page 30.92 - net assets available)                | 11 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Phase-in of net assets available   | 13 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Total Net Assets Available   | 19 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Capital (Margin) Required at Target:   |    |                         |                          |                          |                          |                          |
| Insurance Risk:  |    |                         |                          |                          |                          |                          |
| Premium liabilities  | 20 | 87,650                  | 95,192                   | 100,014                  | 104,122                  | 108,289                  |
| Unpaid claims  | 22 | 186,823                 | 199,979                  | 210,093                  | 216,963                  | 224,645                  |
| Catastrophes   | 24 | 0                       | 0                        | 0                        | 0                        | C                        |
| Margin required for reinsurance ceded to unregistered insurers               | 26 | 0                       | 0                        | 0                        | 0                        | C                        |
| Subtotal: Insurance risk margin  | 29 | 274,473                 | 295,171                  | 310,107                  | 321,085                  | 332,934                  |
| Market Risk:   |    |                         |                          |                          |                          |                          |
| Interest rate risk   | 30 | 2,183                   | 24,468                   | 24,821                   | 23,642                   | 26,134                   |
| Foreign exchange risk  | 32 | 16,920                  | 19,706                   | 17,790                   | 18,291                   | 21,647                   |
| Equity risk  | 34 | 143,974                 | 167,628                  | 154,113                  | 158,704                  | 174,798                  |
| Real estate risk   | 36 | 59,425                  | 62,874                   | 65,194                   | 67,142                   | 69,038                   |
| Other market risk exposures  | 38 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Subtotal: Market risk margin   | 39 | 222,502                 | 274,676                  | 261,918                  | 267,779                  | 291,617                  |
| Credit Risk:   |    |                         |                          |                          |                          |                          |
| Counterparty default risk for balance sheet assets                           | 40 | 33,360                  | 35,930                   | 37,170                   | 38,299                   | 39,263                   |
| Counterparty default risk for off-balance sheet exposures                    | 42 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Counterparty default risk for unregistered reinsurance collateral and SIRs   | 44 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Subtotal: Credit risk margin   | 49 | 33,360                  | 35,930                   | 37,170                   | 38,299                   | 39,263                   |
| Operational risk margin  | 50 | 70,023                  | 78,569                   | 80,243                   | 82,947                   | 87,257                   |
| Less: Diversification credit   | 52 | 70,957                  | 81,102                   | 81,588                   | 83,972                   | 88,933                   |
| Total Capital (Margin) Required at Target                                    | 59 | 529,401                 | 603,244                  | 607,850                  | 626,138                  | 662,138                  |
| Minimum Capital (Margin) Required (line 59 / 1.5)                            | 60 | 352,934                 | 402,163                  | 405,233                  | 417,425                  | 441,425                  |
| Phase-in of Capital (Margin) Required  | 62 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Total Minimum Capital (Margin) Required                                      | 69 | 352,934                 | 402,163                  | 405,233                  | 417,425                  | 441,425                  |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | (148,026)               | (259,282)                | (317,026)                | (330,425)                | (355,528)                |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)                      | 90 | 58.06%                  | 35.53%                   | 21.77%                   | 20.84%                   | 19.46%                   |

# Appendix 1I Combined Scenario with 61% MCT with Management Action and Premium Rebate Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19 | 2019/20 | 2020/21 | 2021/22   |
|--|---------|----------|---------|---------|---------|-----------|
| Claims Incurred before Financial Provisions          |         |          |         |         |         |           |
| Collision  | 392,497 | 417,031  | 467,363 | 492,940 | 506,701 | 541,183   |
| Comprehensive  | 117,204 | 106,810  | 113,915 | 120,047 | 126,913 | 134,216   |
| Property Damage                                      | 42,769  | 44,363   | 48,129  | 50,382  | 49,403  | 51,272    |
| Public Liability - BI                                | 5,443   | 4,362    | 4,216   | 4,322   | 4,627   | 4,681     |
| PIPP   | 240,544 | 141,676  | 244,884 | 230,367 | 214,305 | 217,067   |
| Total  | 798,458 | 714,241  | 878,508 | 898,058 | 901,948 | 948,419   |
| Unallocated Loss Adjustment Expenses                 | 39,869  | 42,205   | 43,912  | 45,902  | 47,910  | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 12,768  | 9,542   | 5,675   | 6,211     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0       | 0       | 0       | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0       | 0       | 0       | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (5,923) | 2,122   | 3,678   | 6,049     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 929,265 | 955,623 | 959,212 | 1,010,875 |

### Appendix 1m

### Combined Scenario with 61% MCT with Management Action and Premium Rebate Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   |        |        |        |        | Accid  | ent Year |        |        |        |        | Selected | Selected |
|----|---|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|----------|----------|
|    |   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017     | 2018   | 2019   | 2020   | 2021   | Undisc   | Disc     |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66% | 85.02% | 74.77% | 79.56% | 79.13% | 77.83%   | 77.84% | 74.91% | 74.64% | 74.73% |          |          |
| 2. | Trend/Rate Adjustment for Fiscal Year           |        |        |        |        |        |          |        |        |        |        |          |          |
|    | 2016  | 0.9434 | 0.9218 | 0.9370 | 0.9705 | 0.9861 |          |        |        |        |        |          |          |
|    | 2017  |        | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910   |        |        |        |        |          |          |
|    | 2018  |        |        | 0.9269 | 0.9470 | 0.9492 | 0.9645   | 0.9953 |        |        |        |          |          |
|    | 2019  |        |        |        | 0.9429 | 0.9456 | 0.9613   | 0.9925 | 1.0105 |        |        |          |          |
|    | 2020  |        |        |        |        | 0.9506 | 0.9666   | 0.9983 | 1.0167 | 1.0149 |        |          |          |
|    | 2021  |        |        |        |        |        | 0.9783   | 1.0092 | 1.0268 | 1.0240 | 1.0162 |          |          |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |        |        |        |        |        |          |        |        |        |        |          |          |
|    | 2016  | 74.21% | 78.37% | 70.06% | 77.21% | 78.03% |          |        |        |        |        | 76.49%   | 80.98%   |
|    | 2017  |        | 77.92% | 69.34% | 76.05% | 76.50% | 77.13%   |        |        |        |        | 76.56%   | 80.37%   |
|    | 2018  |        |        | 69.31% | 75.34% | 75.11% | 75.06%   | 77.47% |        |        |        | 75.17%   | 79.29%   |
|    | 2019  |        |        |        | 75.02% | 74.83% | 74.81%   | 77.25% | 75.70% |        |        | 75.19%   | 79.64%   |
|    | 2020  |        |        |        |        | 75.22% | 75.23%   | 77.70% | 76.17% | 75.76% |        | 75.72%   | 80.20%   |
|    | 2021  |        |        |        |        |        | 76.14%   | 78.56% | 76.93% | 76.43% | 75.94% | 76.50%   | 81.05%   |

#### B. Actual Data Other Than Losses

| 0.7  | ctual Data Other Than Losses                      |                 |         |         |         | Fisc    | al Year |           |           |           |           |
|------|---|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |   | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                                | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,112,707 | 1,163,605 | 1,211,071 |
| 5.   | Operating Expenses as % of Earned Premium         | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.3%      | 8.2%      | 8.0%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]              | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.78%     | 2.72%     | 2.68%     |
|      | Selected  |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.94%     | 2.82%     | 2.73%     |
| 7.   | ILAE Ratio to Losses - Selected                   |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                         |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                              |                 |         |         |         | 437,172 | 468,021 | 508,289   | 534,037   | 555,973   | 578,223   |
| 9.   | Additional Expected Cost of Non-Proportional Re   |                 | 5,646   | 5,758   | 5,874   | 5,991   | 6,111   | 6,127     |           |           |           |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(   | (8) - (9)) x (3 | 5)]     |         |         | 354,751 | 371,506 | 398,354   | 420,521   | 441,000   | 463,660   |
| 11.  | Reinsurance PFAD                                  |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                           |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,541    | 15,481    | 15,602    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row    | v 11]           |         |         |         | 65,289  | 68,357  | 73,297    | 77,376    | 81,144    | 85,313    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -    | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14) | 4))]            |         |         |         | (6,844) | 3,286   | 11,137    | 10,559    | 8,189     | 3,473     |
| 16.  | Carried Deferred Policy Acquisition Expenses      |                 |         |         |         | 29,692  | 27,695  | 29,622    | 31,167    | 32,474    | 33,808    |
| 17.  | Write Down Deferred Policy Acquisition Expense    | es [b]          |         |         |         | 29,692  | 24,409  | 18,486    | 20,608    | 24,286    | 30,335    |
|      | Change  |                 |         |         |         | 6,127   | (5,283) | (5,923)   | 2,122     | 3,678     | 6,049     |
| 18.  | Premium Deficiency [c]                            |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change  |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 1n Combined Scenario with 61% MCT with Management Action and Premium Rebate Summary of Corporate Investment Income

|  | 2017/18         | 2018/19         | 2019/20                | 2020/21                       | 2021/22         |
|--|-----------------|-----------------|------------------------|-------------------------------|-----------------|
| _  |                 | F               | orecasted              |                               |                 |
| Interest Income During Period                                    |                 |                 |                        |                               |                 |
| Cash/Short Term Investments                                      | 93              | 0               | 0                      | 0                             | 0               |
| Marketable Bonds   | 40, 119         | 37,697          | 38,056                 | 39,691                        | 41,469          |
| MUSH   | 28,780          | 27,827          | 26,721                 | 25,550                        | 24,337          |
| Total  | 68,993          | 65,524          | 64,777                 | 65,241                        | 65,805          |
| Dividend and other Income  |                 |                 |                        |                               |                 |
| Canadian Equities  | 8,103           | 9,831           | 9,603                  | 9,441                         | 10,531          |
| US Equities  | 3, 149          | 3,771           | 3,699                  | 3,614                         | 4,022           |
| Investment Properties (Cityplace)                                | 2,784           | 2,688           | 2,580                  | 2,508                         | 2,448           |
| Infrastructure   | 1,645           | 2,094           | 2,257                  | 2,381                         | 2,512           |
| Total  | 15,681          | 18,384          | 18,140                 | 17,944                        | 19,513          |
| Gains During Period - Profit & Loss                              |                 |                 |                        |                               |                 |
| Marketable Bonds Unrealized Gains/(Loss)                         | 261             | 25,260          | 29,609                 | 2,043                         | 2,142           |
| Marketable Bonds Realized Gains/(Loss)                           | (261)           | (3,791)         | 747                    | (2,043)                       | (2, 142)        |
| Amortization on Marketable Bonds (Prem) / Discount               | (6,573)         | (8,686)         | (11, 187)              | (12,571)                      | (13, 183)       |
| MUSH   | -               | -               | -                      | -                             | -               |
| Canadian Equities Realized Gains                                 | 26,949          | 6,885           | 1,927                  | 2,630                         | 3,696           |
| US Equities Realized Gains<br>Real Estate (Pooled Fund)          | 12,775          | -               | 4,249                  | 2,699                         | -               |
| Infrastructure   | 14,507          | 15,158          | 15,819                 | 16,768                        | 17,774          |
| Total  | 5,923<br>53,580 | 7,532<br>42,359 | 8,111<br><b>49,273</b> | <u>8,557</u><br><b>18,083</b> | 9,027<br>17,315 |
|  | 55,500          | 42,339          | 43,213                 | 10,005                        | 17,313          |
| Other  |                 |                 |                        |                               |                 |
| Investment Fees Paid   | (4,784)         | (5,887)         | (6,177)                | (6,537)                       | (6,873)         |
| Pension Expense<br>Investment Write-Down                         | (13,739)        | (14,282)        | (14,845)               | (15,429)                      | (16,035)        |
| Total  | - (18,523)      | - (20,169)      | (21,022)               | (21,966)                      | (22,908)        |
|  | (10, 323)       | (20, 109)       | (21,022)               | (21,900)                      | (22,900)        |
| Total Corporate Investment Income                                | 119,731         | 106,097         | 111,168                | 79,302                        | 79,725          |
| Total Basic Investment Income                                    | 101,827         | 90,962          | 95, 351                | 67,255                        | 66,687          |
| % - Basic to Total Investment Income                             | 85%             | 86%             | 86%                    | 85%                           | 84%             |
| Equity Unrealized Gains/(Losses)                                 |                 |                 |                        |                               |                 |
| Canadian Equities Unrealized Gains                               | 11,953          | (20,058)        | (23,281)               | 10,288                        | 11,476          |
| US Equities Unrealized Gains                                     | 6,645           | (9,382)         | (10,891)               | 5,396                         | 6,004           |
| Total Corporate Unrealized Gains/(Losses)                        | 18,598          | (29,440)        | (34, 172)              | 15,683                        | 17,480          |
|  |                 |                 |                        |                               |                 |
| Ending Values and Allocations                                    | 2017/18         | 2018/19         | 2019/20<br>o recasted  | 2020/21                       | 2021/22         |
| —  |                 | Γ               | orecasted              |                               |                 |
| Ending Asset Values for Corporate (\$Millions)                   |                 |                 |                        |                               |                 |
| Cash/Short Term Investments                                      | -               | -               | -                      | -                             | -               |
| Canadian Fixed Income<br>MUSH                                    | 1,287.4         | 1,277.3         | 1,426.8                | 1,549.4                       | 1,638.6         |
|  | 638.7           | 631.4           | 621.9                  | 611.1                         | 598.4           |
| Canadian Equities<br>US Equities                                 | 284.6           | 330.3           | 295.0                  | 307.4                         | 349.9           |
| Real Estate  | 139.0           | 161.4           | 143.4                  | 148.7                         | 169.0           |
| Infrastructure & Venture Capital                                 | 290.8<br>128.4  | 308.7<br>149.0  | 325.4<br>157.1         | 342.8<br>165.6                | 360.4<br>174.7  |
| Total Corporate Assets   | 2,769.0         | 2,858.0         | 2,969.6                | 3,125.1                       | 3,291.0         |
| Total Basic Assets   | 2,419.1         | 2,503.5         | 2,572.2                | 2,669.2                       | 2,774.9         |
|  |                 | _,              | _,                     | _,                            | _,              |
| Ending Rebalanced Allocations (%)<br>Cash/Short Term Investments | 0.0%            | 0.0%            | 0.0%                   | 0.0%                          | 0.0%            |
| Cash/Short Term Investments<br>Canadian Fixed Income             | 46.5%           | 44.7%           | 48.0%                  | 49.6%                         | 49.8%           |
| MUSH   | 40.5%<br>23.1%  | 44.7%<br>22.1%  | 48.0%<br>20.9%         | 49.6%                         | 49.8%           |
| Canadian Equities  | 10.3%           | 11.6%           | 9.9%                   | 9.8%                          | 10.2%           |
| US Equities  | 5.0%            | 5.6%            | 4.8%                   | 4.8%                          | 5.1%            |
| 00 -qu.100   |                 | 10.8%           | 11.0%                  | 11.0%                         | 11.0%           |
| Real Estate  | 10.5%           |                 |                        |                               |                 |
| Real Estate<br>Infrastructure & Venture Capital                  | 10.5%<br>4.6%   | 5.2%            | 5.3%                   | 5.3%                          | 5.3%            |

## Appendix 2a Combined Scenario with 69% MCT after Management Action Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Yea | ars Ended Fe | bruary,   |           |           |
|--|-----------|----------|-----------|-------------|--------------|-----------|-----------|-----------|
|  | 2015A     | 2016A    | 2017A     | 2018P       | 2019P        | 2020P     | 2021P     | 2022P     |
| SIC  |           |          |           |             |              |           |           |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740     | 1,025,482    | 1,089,818 | 1,135,532 | 1,182,163 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334      | 69,148       | 71,252    | 73,311    | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)    | (11,517)     | (11,747)  | (11,982)  | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783     | 1,083,113    | 1,149,323 | 1,196,861 | 1,245,103 |
| Net Premiums Earned                                    |           |          |           |             |              |           |           |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950     | 994,660      | 1,060,108 | 1,114,421 | 1,160,628 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265      | 59,702       | 70,196    | 72,277    | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)    | (11,517)     | (11,747)  | (11,982)  | (12,222)  |
| Total Net Premiums Earned                              | 803,881   | 861,065  | 907,145   | 963,924     | 1,042,845    | 1,118,556 | 1,174,716 | 1.222.639 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204      | 24,328       | 26,431    | 28,653    | 30,981    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129     | 1,067,173    | 1,144,987 | 1,203,369 | 1,253,620 |
| Net Claims Incurred                                    | 623,437   | 742,604  | 869,023   | 815,056     | 887,951      | 922,873   | 959,051   | 1,010,029 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)    | 117,656      | 420       | 2.692     | 1,010,023 |
| Total Claims Incurred                                  | 745.837   | 666,404  | 860,035   | 739,415     | 1,005,607    | 923,293   | 961,743   | 1,011,896 |
|  | 143,031   | 000,404  | 000,000   | 155,415     | 1,003,007    | 323,233   | 301,743   | 1,011,030 |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294     | 137,885      | 140,470   | 143,444   | 144,844   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210      | 13,090       | 13,007    | 13,272    | 13,508    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919     | 1,156,582    | 1,076,770 | 1,118,459 | 1,170,248 |
| Expenses   |           |          |           |             |              |           |           |           |
| Operating  | 74,283    | 71,641   | 72,785    | 72,563      | 74,921       | 75,780    | 77,579    | 79,591    |
| Commissions  | 32.845    | 33,862   | 35,086    | 37,655      | 40,593       | 43,023    | 45,158    | 46,959    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256      | 31,631       | 33,909    | 35,601    | 37,046    |
| Regulatory/Appeal                                      | 3,935     | 3,675    | 4,889     | 4,054       | 4,132        | 4,218     | 4,303     | 4,390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528     | 151,278      | 156,930   | 162,641   | 167,986   |
| Underwriting Income (Loss)                             | (186,011) | (52,012) | (205,967) | (44,318)    | (240,686)    | (88,713)  | (77,731)  | (84,614)  |
|  | (100,011) | (02,012) | (200,001) | (++,010)    | (240,000)    | (00,110)  | (11,101)  | (04,014)  |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827     | 70,149       | 66,800    | 59,552    | 62,161    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)         | 86,173       | (1,291)   | 00,002    | 0_,.01    |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827     | 156,322      | 65,509    | 59,552    | 62,161    |
| Net Income (Loss) from Operations                      | 2,440     | (56,050) | (123,070) | 45,382      | (86,663)     | (25,660)  | (14,367)  | (16,483)  |
| DPAC / Premium Deficiency writedown Adj.               | 2,440     | (30,030) | (123,010) | (12,128)    | (2,298)      | (2,456)   | 3,812     | 5,970     |
| Net Income (Loss)                                      | 2,440     | (56,050) | (123,070) | 57,509      | (84,365)     | (23,204)  | (18,179)  | (22,453)  |
|  | 2,440     | (00,000) | (123,010) | 51,503      | (04,303)     | (23,204)  | (10,173)  | (22,455)  |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641      | (31,483)     | (1,712)   | (2,692)   | (1,867)   |

## Appendix 2b Combined Scenario with 69% MCT after Management Action Statement of Changes in Equity

| (C\$ 000s, except where noted)                            | For the Years Ended February, |          |           |         |          |          |          |          |  |  |  |  |
|---|-------------------------------|----------|-----------|---------|----------|----------|----------|----------|--|--|--|--|
|   | 2015A                         | 2016A    | 2017A     | 2018P   | 2019P    | 2020P    | 2021P    | 2022P    |  |  |  |  |
| Retained Earnings   |                               |          |           |         |          |          |          |          |  |  |  |  |
| Beginning Balance   | 99,878                        | 177,818  | 194,497   | 99,251  | 251,451  | 210,185  | 202,452  | 193,776  |  |  |  |  |
| Net Income (Loss) from annual operations                  | 2,440                         | (56,050) | (123,070) | 57,509  | (84,365) | (23,204) | (18,179) | (22,453) |  |  |  |  |
| Premium Rebate  | -                             | -        | -         | -       | -        | -        | -        | -        |  |  |  |  |
| Transfer (to) / from Non-Basic Retained Earnings          | 75,500                        | 72,729   | 27,824    | 94,691  | 43,099   | 15,471   | 9,502    | 13,676   |  |  |  |  |
| Total Retained Earnings                                   | 177,818                       | 194,497  | 99,251    | 251,451 | 210,185  | 202,452  | 193,776  | 184,999  |  |  |  |  |
| Total Accumulated Other Comprehensive Income              |                               |          |           |         |          |          |          |          |  |  |  |  |
| Beginning Balance   | -                             | -        | -         | -       | -        | -        | -        | -        |  |  |  |  |
| Other Comprehensive Income for the Year                   | -                             | -        | -         | -       | -        | -        | -        | -        |  |  |  |  |
| Total Accumulated Other Comprehensive Income              | -                             | -        | -         | -       | -        | -        | -        | -        |  |  |  |  |
| Total Equity Balance                                      | -                             | •        | •         | -       | -        | -        | -        | •        |  |  |  |  |
| Total Equity  |                               |          |           |         |          |          |          |          |  |  |  |  |
| Rate Stabilization Reserve                                |                               |          |           |         |          |          |          |          |  |  |  |  |
| Retained Earnings   | 177,818                       | 194,497  | 99,251    | 251,451 | 210,185  | 202,452  | 193,776  | 184,999  |  |  |  |  |
| Accumululated Other Comprehensive Income                  | 35,262                        | 36,504   | 81,749    | 63,369  | 28,252   | (20,272) | (7,609)  | 5,025    |  |  |  |  |
| Total Rate Stabilization Reserve                          | 213,080                       | 231,001  | 181,000   | 314,820 | 238,437  | 182,180  | 186,167  | 190,024  |  |  |  |  |
| Retained Earnings in excess of Rate Stabilization Reserve | -                             | -        | -         | -       | -        | -        | -        | -        |  |  |  |  |
| Total Equity Balance                                      | 213,080                       | 231,001  | 181,000   | 314,820 | 238,437  | 182,180  | 186,167  | 190,024  |  |  |  |  |
| RESERVE TARGETS   |                               |          |           |         |          |          |          |          |  |  |  |  |
| DCAT Total Equity Lower Target                            | 213.000                       | 231.000  | 231.000   | 181.000 | 181.000  | 181.000  | 181.000  | 181.000  |  |  |  |  |
| MCT Total Equity Upper Target                             | 325,000                       | 325,000  | 325,000   | 366.000 | 411.000  | 462.000  | 462.000  | 462.000  |  |  |  |  |

## Appendix 2c Combined Scenario with 69% MCT after Management Action Balance Sheet

| (C\$ 000s, except where noted)          |                   | For the Years Ended February, |           |           |                   |           |           |                  |  |  |  |
|---|-------------------|-------------------------------|-----------|-----------|-------------------|-----------|-----------|------------------|--|--|--|
|   | 2015A             | 2016A                         | 2017A     | 2018P     | 2019P             | 2020P     | 2021P     | 2022P            |  |  |  |
| BASIC                                   |                   |                               |           |           |                   |           |           |                  |  |  |  |
| Assets                                  |                   |                               |           |           |                   |           |           |                  |  |  |  |
| Cash and investments                    | 55,508            | 29,114                        | 61,606    | 11,969    | 10,029            | 10,344    | 9,949     | 9,730            |  |  |  |
| Equity investments                      | 2,061,262         | 2,083,349                     | 2,189,534 | 2,410,331 | 2,564,853         | 2,598,459 | 2,700,512 | 2,813,018        |  |  |  |
| Investment property                     | 35,087            | 35,789                        | 35,615    | 37,378    | 39,983            | 40,330    | 40,402    | 39,787           |  |  |  |
| Due from other insurance companies      | 108               | 25                            | 16        | -         | -                 | -         | -         | -                |  |  |  |
| Accounts receivable                     | 348,697           | 375,262                       | 355,389   | 334,047   | 358,907           | 378,694   | 393,262   | 408,084          |  |  |  |
| Prepaid expenses                        | -                 | -                             | -         | -         | -                 | -         | -         | -                |  |  |  |
| Deferred policy acquisition costs       | -                 | 4,782                         | -         | 3,286     | 7,512             | 11,826    | 9,335     | 4,712            |  |  |  |
| Reinsurers' share of unearned premiums  | -                 | -                             | -         | -         | -                 | -         | -         | -                |  |  |  |
| Reinsurers' share of unearned claims    | 2,565             | 998                           | 611       | -         | -                 | -         | -         | -                |  |  |  |
| Property and equipment                  | 90,474            | 88,740                        | 89,847    | 88,665    | 90,237            | 90,615    | 88,071    | 84,746           |  |  |  |
| Deferred development costs              | 56,992            | 65,414                        | 72,866    | 69,306    | 68,993            | 73,002    | 74,257    | 72,501           |  |  |  |
|   | 2,650,693         | 2,683,473                     | 2,805,484 | 2,954,982 | 3,140,514         | 3,203,271 | 3,315,788 | 3,432,577        |  |  |  |
| Liabilities                             |                   |                               |           |           |                   |           |           |                  |  |  |  |
| Due to other insurance companies        | -                 | 152                           | 147       | 114       | 114               | 114       | 114       | 114              |  |  |  |
| Accounts payable and accrued liabilites | 34,157            | 38.860                        | 40,443    | 31,263    | 32,225            | 32,454    | 33,083    | 33,631           |  |  |  |
| Financing lease obligation              | 3,224             | 3,278                         | 3,239     | 2,983     | 2,907             | 2,826     | 2.726     | 2,618            |  |  |  |
| Unearned premiums and fees              | 426.137           | 453,389                       | 472,041   | 508,231   | 551.842           | 586,233   | 612,304   | 639,024          |  |  |  |
| Provision for employee current benefits | 16.240            | 16.871                        | 16,919    | 17,362    | 18,087            | 18.822    | 19,568    | 20,325           |  |  |  |
| Provision for employee future benefits  | 286,581           | 281,209                       | 301,245   | 310,108   | 323,746           | 338,675   | 354,155   | 370,177          |  |  |  |
| Provision for unpaid claims             | 1,671,275         | 1,658,713                     | 1,790,450 | 1,770,101 | 1,973,156         | 2,041,968 | 2,107,670 | 2,176,665        |  |  |  |
|   | 2,437,614         | 2,452,472                     | 2,624,484 | 2,640,162 | 2,902,077         | 3,021,091 | 3,129,621 | 3,242,553        |  |  |  |
| <b>F</b> aultar                         |                   |                               |           |           |                   |           |           |                  |  |  |  |
| Equity                                  | 177 010           | 101 107                       | 00.054    | 051 454   | 010 105           | 202 452   | 102 770   | 194 000          |  |  |  |
| Retained earnings                       | 177,819<br>35.262 | 194,497<br>36.504             | 99,251    | 251,451   | 210,185<br>28,252 | 202,452   | 193,776   | 184,999<br>5.025 |  |  |  |
| Accumulated Other Comprehensive Income  | , -               | 1                             | 81,749    | 63,369    | ,                 | (20,272)  | (7,609)   | - 1              |  |  |  |
| Total Equity                            | 213,081           | 231,001                       | 181,000   | 314,820   | 238,437           | 182,180   | 186,167   | 190,024          |  |  |  |
| Total Liabilities & Equity              | 2,650,695         | 2,683,473                     | 2,805,484 | 2,954,982 | 3,140,514         | 3,203,271 | 3,315,788 | 3,432,577        |  |  |  |

## Appendix 2d Combined Scenario with 69% MCT after Management Action Minimum Capital Test

| (All figures in \$000s)  | -  | 2017 - 2018<br>Current<br>Year<br>(01) | 2018 - 2019<br>Forecast<br>Year<br>(02) | 2019 - 2020<br>Forecast<br>Year<br>(03) | 2020 - 2021<br>Forecast<br>Year<br>(04) | 2021 - 2022<br>Forecast<br>Year<br>(05) |
|--|----|--|---|---|---|---|
| Capital Available:   | -  | (01)                                   | (02)                                    | (00)                                    | (04)                                    | (00)                                    |
| Capital available (from page 30.62 - capital available)                      | 01 | 245,514                                | 169,444                                 | 109,178                                 | 111,911                                 | 117,522                                 |
| Phase-in of capital available  | 03 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Capital Available  | 09 | 245,514                                | 169,444                                 | 109,178                                 | 111,911                                 | 117,522                                 |
| Assets Available:  |    |  |   |   |   |   |
| Net Assets Available (from page 30.92 - net assets available)                | 11 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Phase-in of net assets available   | 13 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Net Assets Available   | 19 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Capital (Margin) Required at Target:   |    |  |   |   |   |   |
| Insurance Risk:  |    | 07.050                                 | 05 400                                  | 400.050                                 | 405 400                                 | 400.000                                 |
| Premium liabilities  | 20 | 87,650                                 | 95,192                                  | 100,953                                 | 105,102                                 | 109,308                                 |
| Unpaid claims  | 22 | 186,823                                | 207,890                                 | 215,546                                 | 222,539                                 | 230,148                                 |
| Catastrophes   | 24 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Margin required for reinsurance ceded to unregistered insurers               | 26 | 0                                      | 0                                       | 0                                       | 0                                       | 000.450                                 |
| Subtotal: Insurance risk margin  | 29 | 274,473                                | 303,082                                 | 316,499                                 | 327,641                                 | 339,456                                 |
| Market Risk:   | 20 | 4 070                                  | 20.020                                  | 47.004                                  | 04 570                                  | 00.007                                  |
| Interest rate risk   | 30 | 1,379                                  | 32,838                                  | 17,801                                  | 21,570                                  | 23,607                                  |
| Foreign exchange risk  | 32 | 17,204                                 | 23,180                                  | 16,651                                  | 18,343                                  | 21,866                                  |
| Equity risk  | 34 | 146,391                                | 190,721                                 | 143,693                                 | 158,979                                 | 175,717                                 |
| Real estate risk   | 36 | 60,274                                 | 63,818                                  | 66,251                                  | 68,269                                  | 70,244                                  |
| Other market risk exposures  | 38 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Subtotal: Market risk margin   | 39 | 225,248                                | 310,557                                 | 244,396                                 | 267,161                                 | 291,434                                 |
| Credit Risk:   | 10 | 00.004                                 | ~~~~                                    | 07.050                                  | 00.400                                  | 10.101                                  |
| Counterparty default risk for balance sheet assets                           | 40 | 33,634                                 | 36,297                                  | 37,952                                  | 39,102                                  | 40,121                                  |
| Counterparty default risk for off-balance sheet exposures                    | 42 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Counterparty default risk for unregistered reinsurance collateral and SIRs   | 44 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Subtotal: Credit risk margin   | 49 | 33,634                                 | 36,297                                  | 37,952                                  | 39,102                                  | 40,121                                  |
| Operational risk margin  | 50 | 70,280                                 | 82,323                                  | 79,635                                  | 83,803                                  | 88,163                                  |
| Less: Diversification credit   | 52 | 71,390                                 | 86,650                                  | 79,949                                  | 84,823                                  | 89,885                                  |
| Total Capital (Margin) Required at Target                                    | 59 | 532,245                                | 645,609                                 | 598,533                                 | 632,884                                 | 669,289                                 |
| Minimum Capital (Margin) Required (line 59 / 1.5)                            | 60 | 354,830                                | 430,406                                 | 399,022                                 | 421,923                                 | 446,192                                 |
| Phase-in of Capital (Margin) Required  | 62 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Total Minimum Capital (Margin) Required                                      | 69 | 354,830                                | 430,406                                 | 399,022                                 | 421,923                                 | 446,192                                 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | (109,316)                              | (260,962)                               | (289,844)                               | (310,012)                               | (328,670                                |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)                      | 90 | 69.19%                                 | 39.37%                                  | 27.36%                                  | 26.52%                                  | 26.34%                                  |

# Appendix 2e Combined Scenario with 69% MCT after Management Action Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19   | 2019/20 | 2020/21 | 2021/22   |
|--|---------|----------|-----------|---------|---------|-----------|
| Claims Incurred before Financial Provisions          |         |          |           |         |         |           |
| Collision  | 392,497 | 417,031  | 462,014   | 488,575 | 506,773 | 541,196   |
| Comprehensive  | 117,204 | 106,810  | 106,714   | 121,353 | 126,914 | 134,218   |
| Property Damage                                      | 42,769  | 44,363   | 46,524    | 50,242  | 49,408  | 51,274    |
| Public Liability - BI                                | 5,443   | 4,362    | 5,169     | 5,752   | 4,636   | 4,669     |
| PIPP   | 240,544 | 141,676  | 319,408   | 208,790 | 216,544 | 218,228   |
| Total  | 798,458 | 714,241  | 939,830   | 874,712 | 904,275 | 949,586   |
| Unallocated Loss Adjustment Expenses                 | 39,869  | 42,205   | 43,912    | 45,902  | 47,910  | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 24,164    | 5,134   | 5,746   | 6,144     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0         | 0       | 0       | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0         | 0       | 0       | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (2,298)   | (2,456) | 3,812   | 5,970     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 1,005,607 | 923,293 | 961,743 | 1,011,896 |

## Appendix 2f Combined Scenario with 69% MCT after Management Action Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   |        |        |        |        | Accid  | ent Year |        |        |        |        | Selected | Selected |
|----|---|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|----------|----------|
|    |   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017     | 2018   | 2019   | 2020   | 2021   | Undisc   | Disc     |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66% | 85.02% | 74.77% | 79.56% | 79.13% | 77.83%   | 77.71% | 75.21% | 73.94% | 74.02% |          |          |
| 2. | Trend/Rate Adjustment for Fiscal Year           |        |        |        |        |        |          |        |        |        |        |          |          |
|    | 2016  | 0.9434 | 0.9218 | 0.9370 | 0.9705 | 0.9861 |          |        |        |        |        |          |          |
|    | 2017  |        | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910   |        |        |        |        |          |          |
|    | 2018  |        |        | 0.9265 | 0.9466 | 0.9489 | 0.9643   | 0.9952 |        |        |        |          |          |
|    | 2019  |        |        |        | 0.9350 | 0.9373 | 0.9526   | 0.9832 | 1.0061 |        |        |          |          |
|    | 2020  |        |        |        |        | 0.9429 | 0.9585   | 0.9896 | 1.0129 | 1.0151 |        |          |          |
|    | 2021  |        |        |        |        |        | 0.9699   | 1.0004 | 1.0230 | 1.0243 | 1.0164 |          |          |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |        |        |        |        |        |          |        |        |        |        |          |          |
|    | 2016  | 74.21% | 78.37% | 70.06% | 77.21% | 78.03% |          |        |        |        |        | 76.49%   | 80.98%   |
|    | 2017  |        | 77.92% | 69.34% | 76.05% | 76.50% | 77.13%   |        |        |        |        | 76.56%   | 80.37%   |
|    | 2018  |        |        | 69.28% | 75.32% | 75.09% | 75.05%   | 77.34% |        |        |        | 75.15%   | 79.90%   |
|    | 2019  |        |        |        | 74.39% | 74.17% | 74.14%   | 76.41% | 75.66% |        |        | 74.74%   | 79.46%   |
|    | 2020  |        |        |        |        | 74.61% | 74.60%   | 76.90% | 76.18% | 75.06% |        | 75.28%   | 80.05%   |
|    | 2021  |        |        |        |        |        | 75.48%   | 77.74% | 76.94% | 75.73% | 75.23% | 76.05%   | 80.89%   |
|    |   |        |        |        |        |        |          |        |        |        |        |          |          |

#### B. Actual Data Other Than Losses

|      |  |                 |         |         |         | Fisc    | al Year |           |           |           |           |
|------|--|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |  | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                               | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,118,556 | 1,174,716 | 1,222,639 |
| 5.   | Operating Expenses as % of Earned Premium        | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.3%      | 8.1%      | 8.0%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]             | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.77%     | 2.70%     | 2.66%     |
|      | Selected   |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.94%     | 2.81%     | 2.71%     |
| 7.   | ILAE Ratio to Losses - Selected                  |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                        |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                             |                 |         |         |         | 437,172 | 468,021 | 508,289   | 539,056   | 561,200   | 583,664   |
| 9.   | Additional Expected Cost of Non-Proportional Re  | insurance       |         |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(  | (8) - (9)) x (3 | 3)]     |         |         | 354,751 | 371,506 | 401,415   | 423,578   | 444,372   | 467,171   |
| 11.  | Reinsurance PFAD                                 |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                          |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,674    | 15,570    | 15,647    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row   | / 11]           |         |         |         | 65,289  | 68,357  | 73,860    | 77,938    | 81,764    | 85,960    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -   | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14 | 4))]            |         |         |         | (6,844) | 3,286   | 7,512     | 11,826    | 9,335     | 4,712     |
| 16.  | Carried Deferred Policy Acquisition Expenses     |                 |         |         |         | 29,692  | 27,695  | 29,622    | 31,481    | 32,801    | 34,148    |
| 17.  | Write Down Deferred Policy Acquisition Expense   | s [b]           |         |         |         | 29,692  | 24,409  | 22,110    | 19,654    | 23,466    | 29,437    |
|      | Change   |                 |         |         |         | 6,127   | (5,283) | (2,298)   | (2,456)   | 3,812     | 5,970     |
| 18.  | Premium Deficiency [c]                           |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change   |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 2g Combined Scenario with 69% MCT after Management Action Summary of Corporate Investment Income

| _  | 2017/18   | 2018/19  | 2019/20               | 2020/21  | 2021/22 |
|--|-----------|----------|-----------------------|----------|---------|
|  |           |          | orecasted             |          |         |
| nterest Income During Period                       |           |          |                       |          |         |
| Cash/Short Term Investments                        | 93        | (0)      | 0                     | (0)      | 0       |
| Marketable Bonds                                   | 40,119    | 35, 182  | 36,119                | 37,671   | 39,136  |
| MUSH   | 28,780    | 27,765   | 26,530                | 25,288   | 24,008  |
| otal   | 68,993    | 62,947   | 62,649                | 62,958   | 63,144  |
| ividend and other Income                           |           |          |                       |          |         |
| Canadian Equities                                  | 8,103     | 11,000   | 9,192                 | 8,983    | 10,301  |
| US Equities  | 3,149     | 4,229    | 3,537                 | 3,437    | 3,935   |
| Investment Properties (Cityplace)                  | 2,784     | 2,688    | 2,580                 | 2,508    | 2,448   |
| Infrastructure                                     | 1,645     | 2,094    | 2,257                 | 2,381    | 2,512   |
| otal   | 15,681    | 20,011   | 17,566                | 17,309   | 19,196  |
| ains During Period - Profit & Loss                 |           |          |                       |          |         |
| Marketable Bonds Unrealized Gains/(Loss)           | 261       | 67,986   | 2,282                 | 2,479    | 2,562   |
| Marketable Bonds Realized Gains/(Loss)             | (261)     | 30,907   | (3,760)               | (2,479)  | (2,562  |
| Amortization on Marketable Bonds (Prem) / Discount | (6,573)   | (11,040) | (14,043)              | (15,254) | (15,769 |
| MUSH   | -         | -        | -                     | -        | -       |
| Canadian Equities Realized Gains                   | 26,949    | 6,065    | (2,755)               | 519      | 2,407   |
| US Equities Realized Gains                         | 12,775    | -        | 10, 131               | -        | -       |
| Real Estate (Pooled Fund)                          | 14,507    | 15, 158  | 15,819                | 16,768   | 17,774  |
| Infrastructure                                     | 5,923     | 7,532    | 8,111                 | 8,557    | 9,027   |
| otal   | 53,580    | 116,607  | 15,785                | 10,590   | 13,440  |
| ther   |           |          |                       |          |         |
| Investment Fees Paid                               | (4,784)   | (5,887)  | (6,177)               | (6,537)  | (6,873  |
| Pension Expense                                    | (13,739)  | (14,282) | (14,845)              | (15,429) | (16,035 |
| Investment Write-Down                              | -         | -        | -                     | -        | -       |
|  | (18, 523) | (20,169) | (21,022)              | (21,966) | (22,908 |
| otal Corporate Investment Income                   | 119,731   | 179,396  | 74,977                | 68,891   | 72,871  |
| otal Basic Investment Income                       | 101,827   | 156,322  | 65, 509               | 59,552   | 62,161  |
| - Basic to Total Investment Income                 | 85%       | 87%      | 87%                   | 86%      | 85%     |
| quity Unrealized Gains/(Losses)                    |           |          |                       |          |         |
| Canadian Equities Unrealized Gains                 | 11,953    | (24,481) | (32,759)              | 9,789    | 11,225  |
| US Equities Unrealized Gains                       | 6,645     | (11,542) | (15,489)              | 5,131    | 5,875   |
| otal Corporate Unrealized Gains/(Losses)           | 18,598    | (36,023) | (48,249)              | 14,919   | 17,100  |
|  |           |          |                       |          |         |
| nding Values and Allocations                       | 2017/18   | 2018/19  | 2019/20<br>o recasted | 2020/21  | 2021/22 |
|  |           | •        | oroduotod             |          |         |
| Cash/Short Term Investments                        | _         |          | _                     | _        |         |
| Canadian Fixed Income                              | 1,287.4   | 1,278.6  | 1,510.2               | 1,595.5  | 1,686.9 |
| MUSH   | 638.7     | 631.4    | 621.9                 | 611.1    | 598.4   |
| Canadian Equities                                  | 284.6     | 380.8    | 261.3                 | 300.2    | 343.1   |
| US Equities  | 139.0     | 186.6    | 126.6                 | 145.3    | 165.8   |
| Real Estate  | 290.8     | 308.7    | 325.4                 | 342.8    | 360.4   |
| Infrastructure & Venture Capital                   | 128.4     | 149.0    | 157.1                 | 165.6    | 174.7   |
| otal Corporate Assets                              | 2,769.0   | 2,935.0  | 3,002.4               | 3,160.4  | 3,329.4 |
| otal Basic Assets                                  | 2,459.7   | 2,614.9  | 2,649.1               | 2,750.9  | 2,862.5 |
| nding Rebalanced Allocations (%)                   |           |          |                       |          |         |
| Cash/Short Term Investments                        | 0.0%      | 0.0%     | 0.0%                  | 0.0%     | 0.0%    |
| Canadian Fixed Income                              | 46.5%     | 43.6%    | 50.3%                 | 50.5%    | 50.7%   |
| MUSH   | 23.1%     | 21.5%    | 20.7%                 | 19.3%    | 18.0%   |
| Canadian Equities                                  | 10.3%     | 13.0%    | 8.7%                  | 9.5%     | 10.3%   |
| US Equities  | 5.0%      | 6.4%     | 4.2%                  | 4.6%     | 5.0%    |
| Real Estate  | 10.5%     | 10.5%    | 10.8%                 | 10.8%    | 10.8%   |
| Infrastructure & Venture Capital                   | 4.6%      | 5.1%     | 5.2%                  | 5.2%     | 5.2%    |
|  | 100.0%    | 100.0%   | 100.0%                | 100.0%   | 100.0%  |

## Appendix 2h Combined Scenario with 69% MCT with Management Action and Premium Rebate Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Ye | ars Ended Fel | bruary,        |           |           |
|--|-----------|----------|-----------|------------|---------------|----------------|-----------|-----------|
|  | 2015A     | 2016A    | 2017A     | 2018P      | 2019P         | 2020P          | 2021P     | 2022P     |
| SIC  |           |          |           |            |               |                |           |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740    | 1,025,482     | 1,089,818      | 1,135,532 | 1,182,163 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334     | 69,148        | 71,252         | 73,311    | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)      | (11,747)       | (11,982)  | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783    | 1,083,113     | 1,149,323      | 1,196,861 | 1,245,103 |
| Net Premiums Earned                                    |           |          |           |            |               |                |           |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950    | 994,660       | 1,060,108      | 1,114,421 | 1,160,628 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265     | 59,702        | 70,196         | 72,277    | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)      | (11,747)       | (11,982)  | (12,222)  |
| Total Net Premiums Earned                              | 803,881   | 861,065  | 907,145   | 963,924    | 1,042,845     | 1,118,556      | 1,174,716 | 1,222,639 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204     | 24,328        | 26,431         | 28,653    | 30,981    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129    | 1,067,173     | 1,144,987      | 1,203,369 | 1,253,620 |
| Net Claims Incurred                                    | 623,437   | 742.604  | 869.023   | 815.056    | 887,951       | 922.873        | 959,051   | 1.010.029 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)   | 117,656       | 922,073<br>420 | 2.692     | 1,010,029 |
| Total Claims Incurred                                  | 745.837   | 666,404  | 860.035   | 739,415    | 1,005,607     | 923.293        | 961,743   | 1,011,896 |
|  | 140,001   | 000,404  | 000,035   | 739,413    | 1,005,007     | 923,293        | 901,743   | 1,011,090 |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294    | 137,885       | 140,470        | 143,444   | 144,844   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210     | 13,090        | 13,007         | 13,272    | 13,508    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919    | 1,156,582     | 1,076,770      | 1,118,459 | 1,170,248 |
| Expenses   |           |          |           |            |               |                |           |           |
| Operating  | 74.283    | 71.641   | 72.785    | 72.563     | 74.921        | 75.780         | 77.579    | 79.591    |
| Commissions  | 32,845    | 33,862   | 35,086    | 37,655     | 40,593        | 43,023         | 45,158    | 46,959    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256     | 31.631        | 33,909         | 35,601    | 37,046    |
| Regulatory/Appeal                                      | 3,935     | 3,675    | 4,889     | 4,054      | 4,132         | 4.218          | 4.303     | 4,390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528    | 151,278       | 156,930        | 162,641   | 167,986   |
| Underwriting Income (Loss)                             | (186,011) | (52,012) | (205,967) | (44,318)   | (240,686)     | (88,713)       | (77,731)  | (84,614)  |
|  | (100,011) | (JZ,01Z) | (203,907) | (44,310)   | (240,000)     | (00,713)       | (11,131)  | (04,014)  |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827    | 69,619        | 66,269         | 59,084    | 61,678    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)        | 85.521        | (1,281)        | (0)       | (0)       |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827    | 155,140       | 64,988         | 59,084    | 61,678    |
| Net Income (Loss) from Operations                      | 2.440     | (56.050) | (123,070) | 45.382     | (87,845)      | (26,180)       | (14,834)  | (16,965)  |
| DPAC / Premium Deficiency writedown Adj.               | -         | (30,030) | (120,010) | (12,128)   | (2,298)       | (2,456)        | 3,812     | 5,970     |
| Net Income (Loss)                                      | 2,440     | (56,050) | (123,070) | 57,509     | (85,546)      | (23,724)       | (18,646)  | (22,936)  |
|  | 2,440     | (30,030) | (123,010) | 31,309     | (03,340)      | (23,124)       | (10,040)  | (22,530)  |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641     | (32,134)      | (1,701)        | (2,692)   | (1,867)   |

## Appendix 2i Combined Scenario with 69% MCT with Management Action and Premium Rebate Statement of Changes in Equity

| (C\$ 000s, except where noted)                                    |         |               | For            | the Years En | ded Februar   | v,       |          |               |
|---|---------|---------------|----------------|--------------|---------------|----------|----------|---------------|
|   | 2015A   | 2016A         | 2017A          | 2018P        | 2019P         | 2020P    | 2021P    | 2022P         |
| Retained Earnings   |         |               |                |              |               |          |          |               |
| Beginning Balance   | 99,878  | 177,818       | 194,497        | 99,251       | 232,044       | 189,596  | 181,343  | 172,199       |
| Net Income (Loss) from annual operations<br>Premium Rebate        | 2,440   | (56,050)<br>- | (123,070)<br>- | 57,509<br>-  | (85,546)<br>- | (23,724) | (18,646) | (22,936)<br>- |
| Transfer (to) / from Non-Basic Retained Earnings                  | 75,500  | 72,729        | 27,824         | 75,284       | 43,099        | 15,471   | 9,502    | 13,676        |
| Total Retained Earnings   | 177,818 | 194,497       | 99,251         | 232,044      | 189,596       | 181,343  | 172,199  | 162,940       |
| Total Accumulated Other Comprehensive Income<br>Beginning Balance | _       | _             | _              | _            | _             | _        | _        | _             |
| Other Comprehensive Income for the Year                           |         | -             | -              | -            | -             |          |          | -             |
| Total Accumulated Other Comprehensive Income                      |         | -             | -              | -            | -             | -        | -        | -             |
| Total Equity Balance  | -       | -             | -              | -            | -             | -        | -        | •             |
| Total Equity  |         |               |                |              |               |          |          |               |
| Rate Stabilization Reserve  |         |               |                |              |               |          |          |               |
| Retained Earnings   | 177,818 | 194,497       | 99,251         | 232,044      | 189,596       | 181,343  | 172,199  | 162,940       |
| Accumululated Other Comprehensive Income                          | 35,262  | 36,504        | 81,749         | 63,369       | 28,039        | (20,111) | (7,549)  | 4,986         |
| Total Rate Stabilization Reserve                                  | 213,080 | 231,001       | 181,000        | 295,413      | 217,635       | 161,232  | 164,651  | 167,926       |
| Retained Earnings in excess of Rate Stabilization Reserve         | -       | -             | -              | -            | -             | -        | -        | -             |
| Total Equity Balance  | 213,080 | 231,001       | 181,000        | 295,413      | 217,635       | 161,232  | 164,651  | 167,926       |
| RESERVE TARGETS   |         |               |                |              |               |          |          |               |
| DCAT Total Equity Lower Target                                    | 213,000 | 231,000       | 231,000        | 181.000      | 181,000       | 181,000  | 181,000  | 181,000       |
| MCT Total Equity Upper Target                                     | 325,000 | 325,000       | 325,000        | 366,000      | 411,000       | 462,000  | 462,000  | 462,000       |

## Appendix 2j Combined Scenario with 69% MCT with Management Action and Premium Rebate Balance Sheet

| (C\$ 000s, except where noted)          |           |           |           | For the Ye | ars Ended Feb | ruary,    |           |           |
|---|-----------|-----------|-----------|------------|---------------|-----------|-----------|-----------|
|   | 2015A     | 2016A     | 2017A     | 2018P      | 2019P         | 2020P     | 2021P     | 2022P     |
| BASIC                                   |           |           |           |            |               |           |           |           |
| Assets                                  |           |           |           |            |               |           |           |           |
| Cash and investments                    | 55,508    | 29,114    | 61,606    | 11,874     | 9,949         | 10,262    | 9,871     | 9,654     |
| Equity investments                      | 2,061,262 | 2,083,349 | 2,189,534 | 2,391,314  | 2,544,449     | 2,577,912 | 2,679,389 | 2,791,302 |
| Investment property                     | 35,087    | 35,789    | 35,615    | 37,083     | 39,665        | 40,011    | 40,086    | 39,480    |
| Due from other insurance companies      | 108       | 25        | 16        | -          | -             | -         | -         | -         |
| Accounts receivable                     | 348,697   | 375,262   | 355,389   | 334,047    | 358,907       | 378,694   | 393,262   | 408,084   |
| Prepaid expenses                        | -         | -         | -         | -          | -             | -         | -         | -         |
| Deferred policy acquisition costs       | -         | 4,782     | -         | 3,286      | 7,512         | 11,826    | 9,335     | 4,712     |
| Reinsurers' share of unearned premiums  | -         | -         | -         | -          | -             | -         | -         | -         |
| Reinsurers' share of unearned claims    | 2,565     | 998       | 611       | -          | -             | -         | -         | -         |
| Property and equipment                  | 90,474    | 88,740    | 89,847    | 88,665     | 90,237        | 90,615    | 88.071    | 84,746    |
| Deferred development costs              | 56,992    | 65,414    | 72,866    | 69,306     | 68,993        | 73,002    | 74,257    | 72,501    |
|   | 2,650,693 | 2,683,473 | 2,805,484 | 2,935,575  | 3,119,712     | 3,182,323 | 3,294,271 | 3,410,479 |
| Liabilities                             |           |           |           |            |               |           |           |           |
| Due to other insurance companies        | -         | 152       | 147       | 114        | 114           | 114       | 114       | 114       |
| Accounts payable and accrued liabilites | 34,157    | 38,860    | 40,443    | 31.263     | 32,225        | 32,454    | 33,083    | 33,631    |
| Financing lease obligation              | 3,224     | 3,278     | 3,239     | 2,983      | 2,907         | 2,826     | 2,726     | 2,618     |
| Unearned premiums and fees              | 426,137   | 453,389   | 472,041   | 508,231    | 551,842       | 586,233   | 612,304   | 639,024   |
| Provision for employee current benefits | 16.240    | 16,871    | 16,919    | 17.362     | 18,087        | 18.822    | 19.568    | 20.325    |
| Provision for employee future benefits  | 286,581   | 281,209   | 301,245   | 310,108    | 323,746       | 338,675   | 354,155   | 370,177   |
| Provision for unpaid claims             | 1,671,275 | 1,658,713 | 1,790,450 | 1,770,101  | 1,973,156     | 2,041,968 | 2,107,670 | 2,176,665 |
|   | 2,437,614 | 2,452,472 | 2,624,484 | 2,640,162  | 2,902,077     | 3,021,091 | 3,129,621 | 3,242,553 |
| Equity                                  |           |           |           |            |               |           |           |           |
| Retained earnings                       | 177.819   | 194.497   | 99.251    | 232,044    | 189.596       | 181.343   | 172,199   | 162.940   |
| Accumulated Other Comprehensive Income  | 35,262    | 36,504    | 81,749    | 63,369     | 28,039        | (20,111)  | (7,549)   | 4,986     |
| Total Equity                            | 213.081   | 231,001   | 181,000   | 295,413    | 20,039        | 161,232   | 164,651   | 167,926   |
|   | 213,001   | 201,001   | 101,000   | 233,413    | 211,000       | 101,232   | 104,001   | 107,920   |
| Total Liabilities & Equity              | 2,650,695 | 2,683,473 | 2,805,484 | 2,935,575  | 3,119,712     | 3,182,323 | 3,294,271 | 3,410,479 |

## Appendix 2k Combined Scenario with 69% MCT with Management Action and Premium Rebate Minimum Capital Test

| (All figures in \$000s)   |          | 2017 - 2018<br>Current<br>Year<br>(01) | 2018 - 2019<br>Forecast<br>Year<br>(02) | 2019 - 2020<br>Forecast<br>Year<br>(03) | 2020 - 2021<br>Forecast<br>Year<br>(04) | 2021 - 2022<br>Forecast<br>Year<br>(05) |
|---|----------|--|---|---|---|---|
| Capital Available:  | •        | (01)                                   | (02)                                    | (00)                                    | (01)                                    | (00)                                    |
| Capital available (from page 30.62 - capital available)   | 01       | 226,107                                | 148,642                                 | 88,230                                  | 90,394                                  | 95,425                                  |
| Phase-in of capital available   | 03       | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Capital Available   | 09       | 226,107                                | 148,642                                 | 88,230                                  | 90,394                                  | 95,425                                  |
| Assets Available:   |          |  |   |   |   |   |
| Net Assets Available (from page 30.92 - net assets available)   | 11       | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Phase-in of net assets available  | 13       | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Net Assets Available  | 19       | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Capital (Margin) Required at Target:  |          |  |   |   |   |   |
| Insurance Risk:   | 00       | 07.050                                 | 05 400                                  | 400.050                                 | 405 400                                 | 400.000                                 |
| Premium liabilities   | 20       | 87,650                                 | 95,192                                  | 100,953                                 | 105,102                                 | 109,308                                 |
| Unpaid claims   | 22       | 186,823                                | 207,890                                 | 215,546                                 | 222,539                                 | 230,148                                 |
| Catastrophes  | 24       | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Margin required for reinsurance ceded to unregistered insurers  | 26       | 0                                      | 0                                       | 0                                       | 0                                       | 000.450                                 |
| Subtotal: Insurance risk margin   | 29       | 274,473                                | 303,082                                 | 316,499                                 | 327,641                                 | 339,456                                 |
| Market Risk:  | 20       | 204                                    | 24 550                                  | 40.070                                  | 00 454                                  | 05 404                                  |
| Interest rate risk  | 30<br>32 | 324                                    | 34,559<br>22,996                        | 19,679                                  | 23,451                                  | 25,494                                  |
| Foreign exchange risk   | 32<br>34 | 17,068                                 | ,                                       | 16,520                                  | 18,199                                  | 21,696                                  |
| Equity risk   |          | 145,235                                | 189,204                                 | 142,556                                 | 157,736                                 | 174,362                                 |
| Real estate risk  | 36       | 59,868<br>0                            | 63,382<br>0                             | 65,799<br>0                             | 67,804<br>0                             | 69,767                                  |
| Other market risk exposures   | 38<br>39 | -                                      | -                                       | -                                       | -                                       | 0                                       |
| Subtotal: Market risk margin  | 39       | 222,495                                | 310,141                                 | 244,554                                 | 267,190                                 | 291,319                                 |
| Credit Risk:  | 40       | 33,503                                 | 36,157                                  | 37,811                                  | 38,957                                  | 39,972                                  |
| Counterparty default risk for balance sheet assets<br>Counterparty default risk for off-balance sheet exposures | 40<br>42 | 33,503<br>0                            | 30,137                                  | 37,011                                  | 30,937<br>0                             | 39,972                                  |
| Counterparty default risk for unregistered reinsurance collateral and SIRs                                      | 42<br>44 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Subtotal: Credit risk margin  | 44<br>49 | 33,503                                 | 36,157                                  | 37,811                                  | 38,957                                  | 39,972                                  |
| Operational risk margin   | 49<br>50 | 70,035                                 | 82,275                                  | 79,636                                  | 83,793                                  | 88,140                                  |
| Less: Diversification credit  | 52       | 70,033                                 | 86,586                                  | 79,030                                  | 84,806                                  | 89,849                                  |
| Total Capital (Margin) Required at Target   | 52       | <b>529,529</b>                         | 645,069                                 | 598,548                                 | 632,775                                 | 669,049<br>669,038                      |
| Minimum Capital (Margin) Required (line 59 / 1.5)   | 60       | 353,019                                | 430,009                                 | 399,032                                 | 421,850                                 | 446,025                                 |
| Phase-in of Capital (Margin) Required   | 62       | 0355,019                               | 430,040                                 | 399,032<br>0                            | 421,030                                 | 440,023                                 |
| Total Minimum Capital (Margin) Required   | 69       | 353,019                                | 430,046                                 | 399,032                                 | 421,850                                 | 446,025                                 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required                                    | 79       | (126,912)                              | (281,404)                               | (310,802)                               | (331,456)                               | (350,600)                               |
|   | 90       | 64.05%                                 | 34.56%                                  | 22.11%                                  | 21.43%                                  | 21.39%                                  |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)   | 90       | 04.05%                                 | 34.36%                                  | 22.11%                                  | Z1.43%                                  | 21.39%                                  |

# Appendix 2I Combined Scenario with 69% MCT with Management Action and Premium Rebate Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19   | 2019/20 | 2020/21 | 2021/22   |
|--|---------|----------|-----------|---------|---------|-----------|
| Claims Incurred before Financial Provisions          |         |          |           |         |         |           |
| Collision  | 392,497 | 417,031  | 462,014   | 488,575 | 506,773 | 541,196   |
| Comprehensive  | 117,204 | 106,810  | 106,714   | 121,353 | 126,914 | 134,218   |
| Property Damage                                      | 42,769  | 44,363   | 46,524    | 50,242  | 49,408  | 51,274    |
| Public Liability - BI                                | 5,443   | 4,362    | 5,169     | 5,752   | 4,636   | 4,669     |
| PIPP   | 240,544 | 141,676  | 319,408   | 208,790 | 216,544 | 218,228   |
| Total  | 798,458 | 714,241  | 939,830   | 874,712 | 904,275 | 949,586   |
| Unallocated Loss Adjustment Expenses                 | 39,869  | 42,205   | 43,912    | 45,902  | 47,910  | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 24,164    | 5,134   | 5,746   | 6,144     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0         | 0       | 0       | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0         | 0       | 0       | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (2,298)   | (2,456) | 3,812   | 5,970     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 1,005,607 | 923,293 | 961,743 | 1,011,896 |

### Appendix 2m Combined Scenario with 69% MCT with Management Action and Premium Rebate Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   |        |        |        |        | Accid  | ent Year |        |        |        |        | Selected | Selected |
|----|---|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|----------|----------|
|    |   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017     | 2018   | 2019   | 2020   | 2021   | Undisc   | Disc     |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66% | 85.02% | 74.77% | 79.56% | 79.13% | 77.83%   | 77.71% | 75.21% | 73.94% | 74.02% |          |          |
| 2. | Trend/Rate Adjustment for Fiscal Year           |        |        |        |        |        |          |        |        |        |        |          |          |
|    | 2016  | 0.9434 | 0.9218 | 0.9370 | 0.9705 | 0.9861 |          |        |        |        |        |          |          |
|    | 2017  |        | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910   |        |        |        |        |          |          |
|    | 2018  |        |        | 0.9265 | 0.9466 | 0.9489 | 0.9643   | 0.9952 |        |        |        |          |          |
|    | 2019  |        |        |        | 0.9350 | 0.9373 | 0.9526   | 0.9832 | 1.0061 |        |        |          |          |
|    | 2020  |        |        |        |        | 0.9429 | 0.9585   | 0.9896 | 1.0129 | 1.0151 |        |          |          |
|    | 2021  |        |        |        |        |        | 0.9699   | 1.0004 | 1.0230 | 1.0243 | 1.0164 |          |          |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |        |        |        |        |        |          |        |        |        |        |          |          |
|    | 2016  | 74.21% | 78.37% | 70.06% | 77.21% | 78.03% |          |        |        |        |        | 76.49%   | 80.98%   |
|    | 2017  |        | 77.92% | 69.34% | 76.05% | 76.50% | 77.13%   |        |        |        |        | 76.56%   | 80.37%   |
|    | 2018  |        |        | 69.28% | 75.32% | 75.09% | 75.05%   | 77.34% |        |        |        | 75.15%   | 79.90%   |
|    | 2019  |        |        |        | 74.39% | 74.17% | 74.14%   | 76.41% | 75.66% |        |        | 74.74%   | 79.46%   |
|    | 2020  |        |        |        |        | 74.61% | 74.60%   | 76.90% | 76.18% | 75.06% |        | 75.28%   | 80.05%   |
|    | 2021  |        |        |        |        |        | 75.48%   | 77.74% | 76.94% | 75.73% | 75.23% | 76.05%   | 80.89%   |

#### B. Actual Data Other Than Losses

|      |   |                 |         |         |         | Fisc    | al Year |           |           |           |           |
|------|---|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |   | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                                | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,118,556 | 1,174,716 | 1,222,639 |
| 5.   | Operating Expenses as % of Earned Premium         | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.3%      | 8.1%      | 8.0%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]              | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.77%     | 2.70%     | 2.66%     |
|      | Selected  |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.94%     | 2.81%     | 2.71%     |
| 7.   | ILAE Ratio to Losses - Selected                   |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                         |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                              |                 |         |         |         | 437,172 | 468,021 | 508,289   | 539,056   | 561,200   | 583,664   |
| 9.   | Additional Expected Cost of Non-Proportional Re   | einsurance      |         |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(   | (8) - (9)) x (3 | 3)]     |         |         | 354,751 | 371,506 | 401,415   | 423,578   | 444,372   | 467,171   |
| 11.  | Reinsurance PFAD                                  |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                           |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,674    | 15,570    | 15,647    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row    | / 11]           |         |         |         | 65,289  | 68,357  | 73,860    | 77,938    | 81,764    | 85,960    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -    | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14) | 4))]            |         |         |         | (6,844) | 3,286   | 7,512     | 11,826    | 9,335     | 4,712     |
| 16.  | Carried Deferred Policy Acquisition Expenses      |                 |         |         |         | 29,692  | 27,695  | 29,622    | 31,481    | 32,801    | 34,148    |
| 17.  | Write Down Deferred Policy Acquisition Expense    | s [b]           |         |         |         | 29,692  | 24,409  | 22,110    | 19,654    | 23,466    | 29,437    |
|      | Change  |                 |         |         |         | 6,127   | (5,283) | (2,298)   | (2,456)   | 3,812     | 5,970     |
| 18.  | Premium Deficiency [c]                            |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change  |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 2n Combined Scenario with 69% MCT with Management Action and Premium Rebate Summary of Corporate Investment Income

| _   | 2017/18                       | 2018/19          | 2019/20               | 2020/21          | 2021/22          |
|---|-------------------------------|------------------|-----------------------|------------------|------------------|
| _   |                               | F                | orecasted             |                  |                  |
| Interest Income During Period   |                               |                  |                       |                  |                  |
| Cash/Short Term Investments   | 93                            | (0)              | 0                     | (0)              | 0                |
| Marketable Bonds  | 40,119                        | 35,182           | 36,119                | 37,671           | 39,136           |
| MUSH  | 28,780                        | 27,765           | 26,530                | 25,288           | 24,008           |
| Total   | 68,993                        | 62,947           | 62,649                | 62,958           | 63,144           |
| Dividend and other Income   |                               |                  |                       |                  |                  |
| Canadian Equities   | 8,103                         | 11,000           | 9,192                 | 8,983            | 10,301           |
| US Equities   | 3,149                         | 4,229            | 3,537                 | 3,437            | 3,935            |
| Investment Properties (Cityplace)<br>Infrastructure                           | 2,784                         | 2,688            | 2,580                 | 2,508            | 2,448            |
| Fotal   | <u>1,645</u><br><b>15,681</b> | 2,094<br>20,011  | 2,257<br>17,566       | 2,381<br>17,309  | 2,512<br>19,196  |
| _   | 13,001                        | 20,011           | 17,500                | 17,509           | 19,190           |
| Gains During Period - Profit & Loss   |                               |                  |                       |                  |                  |
| Marketable Bonds Unrealized Gains/(Loss)                                      | 261                           | 67,986           | 2,282                 | 2,479            | 2,562            |
| Marketable Bonds Realized Gains/(Loss)  | (261)                         | 30,907           | (3,760)               | (2,479)          | (2,562)          |
| Amortization on Marketable Bonds (Prem) / Discount<br>MUSH                    | (6,573)                       | (11,040)         | (14,043)              | (15,254)         | (15,769)         |
| Canadian Equities Realized Gains  | -<br>26,949                   | -<br>6,065       | - (2,755)             | -<br>519         | - 2,407          |
| US Equities Realized Gains  | 12,775                        | -                | 10,131                | 515              | 2,407            |
| Real Estate (Pooled Fund)   | 14,507                        | 15,158           | 15,819                | 16,768           | 17,774           |
| Infrastructure  | 5,923                         | 7,532            | 8,111                 | 8,557            | 9,027            |
| Total   | 53,580                        | 116,607          | 15,785                | 10,590           | 13,440           |
| <br>Dther   |                               |                  |                       |                  |                  |
| Investment Fees Paid  | (4,784)                       | (5,887)          | (6,177)               | (6,537)          | (6,873)          |
| Pension Expense   | (13,739)                      | (14,282)         | (14,845)              | (15,429)         | (16,035)         |
| Investment Write-Down   | -                             | -                | -                     | -                | (10,000)         |
| Total   | (18,523)                      | (20,169)         | (21,022)              | (21,966)         | (22,908)         |
| Total Corporate Investment Income   | 119,731                       | 179,396          | 74,977                | 68,891           | 72,871           |
| Total Basic Investment Income   | 101,827                       | 155,140          | 64,988                | 59,084           | 61,678           |
| % - Basic to Total Investment Income  | 85%                           | 86%              | 87%                   | 86%              | 85%              |
| Equity Unrealized Gains/(Losses)  |                               |                  |                       |                  |                  |
| Canadian Equities Unrealized Gains  | 11,953                        | (24,481)         | (32,759)              | 9,789            | 11,225           |
| US Equities Unrealized Gains  | 6,645                         | (11,542)         | (15,489)              | 5,131            | 5,875            |
| Total Corporate Unrealized Gains/(Losses)                                     | 18,598                        | (36,023)         | (48,249)              | 14,919           | 17,100           |
| _   |                               |                  |                       |                  |                  |
| Ending Values and Allocations   | 2017/18                       | 2018/19          | 2019/20<br>Forecasted | 2020/21          | 2021/22          |
|   |                               | 1                | orceasied             |                  |                  |
| Ending Asset Values for Corporate (\$Millions)<br>Cash/Short Term Investments |                               |                  |                       |                  |                  |
| Cash/Short Term Investments<br>Canadian Fixed Income                          | -                             | -                | -                     | -                | -                |
| MUSH  | 1,287.4<br>638.7              | 1,278.6<br>631.4 | 1,510.2<br>621.9      | 1,595.5<br>611.1 | 1,686.9<br>598.4 |
| Canadian Equities   | 284.6                         | 380.8            | 261.3                 | 300.2            | 343.1            |
| US Equities   | 139.0                         | 186.6            | 126.6                 | 145.3            | 165.8            |
| Real Estate   | 290.8                         | 308.7            | 325.4                 | 342.8            | 360.4            |
| Infrastructure & Venture Capital  | 128.4                         | 149.0            | 157.1                 | 165.6            | 174.7            |
| Total Corporate Assets  | 2,769.0                       | 2,935.0          | 3,002.4               | 3,160.4          | 3,329.4          |
| Fotal Basic Assets  | 2,440.3                       | 2,594.1          | 2,628.2               | 2,729.3          | 2,840.4          |
| Ending Rebalanced Allocations (%)   |                               |                  |                       |                  |                  |
| Cash/Short Term Investments   | 0.0%                          | 0.0%             | 0.0%                  | 0.0%             | 0.0%             |
| Canadian Fixed Income   | 46.5%                         | 43.6%            | 50.3%                 | 50.5%            | 50.7%            |
| MUSH  | 23.1%                         | 21.5%            | 20.7%                 | 19.3%            | 18.0%            |
| Canadian Equities   | 10.3%                         | 13.0%            | 8.7%                  | 9.5%             | 10.3%            |
| US Equities   | 5.0%                          | 6.4%             | 4.2%                  | 4.6%             | 5.0%             |
| Real Estate   | 10.5%                         | 10.5%            | 10.8%                 | 10.8%            | 10.8%            |
| Infrastructure & Venture Capital  | 4.6%                          | 5.1%             | 5.2%                  | 5.2%             | 5.2%             |
| Total Corporate   | 100.0%                        | 100.0%           | 100.0%                | 100.0%           | 100.0%           |

## Appendix 3a Combined Scenario with 78% MCT after Management Action Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Yea | ars Ended Fel | bruary,   |           |           |
|--|-----------|----------|-----------|-------------|---------------|-----------|-----------|-----------|
| -  | 2015A     | 2016A    | 2017A     | 2018P       | 2019P         | 2020P     | 2021P     | 2022P     |
| SIC  |           |          |           |             |               |           |           |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740     | 1,025,482     | 1,111,555 | 1,158,173 | 1,205,726 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334      | 69,148        | 71,252    | 73,311    | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)    | (11,517)      | (11,747)  | (11,982)  | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783     | 1,083,113     | 1,171,060 | 1,219,502 | 1,268,666 |
| Net Premiums Earned                                    |           |          |           |             |               |           |           |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950     | 994,660       | 1,071,806 | 1,136,645 | 1,183,766 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265      | 59,702        | 70,196    | 72,277    | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)    | (11,517)      | (11,747)  | (11,982)  | (12,222)  |
| Total Net Premiums Earned                              | 803,881   | 861,065  | 907,145   | 963,924     | 1,042,845     | 1,130,255 | 1,196,940 | 1,245,777 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204      | 24,328        | 26,431    | 28,770    | 31,108    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129     | 1,067,173     | 1,156,686 | 1,225,710 | 1,276,885 |
| Net Claims Incurred                                    | 623,437   | 742,604  | 869,023   | 815,056     | 919.203       | 864,601   | 960,302   | 1,009,871 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)    | 83,854        | 34,914    | 1,552     | 2,269     |
| Total Claims Incurred                                  | 745,837   | 666,404  | 860,035   | 739,415     | 1,003,057     | 899,515   | 961,854   | 1,012,140 |
|  | 440 570   | 110 014  | 400.070   | 124 004     | 407.005       | 140 470   | 4.40,000  | 444 704   |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294     | 137,885       | 140,470   | 143,322   | 144,734   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210      | 13,090        | 13,007    | 13,260    | 13,497    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919     | 1,154,032     | 1,052,992 | 1,118,436 | 1,170,371 |
| Expenses   |           |          |           |             |               |           |           |           |
| Operating  | 74,283    | 71,641   | 72,785    | 72,563      | 74,921        | 75,780    | 77,517    | 79,535    |
| Commissions  | 32,845    | 33,862   | 35,086    | 37,655      | 40,593        | 43,323    | 45,878    | 47,709    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256      | 31,631        | 34,260    | 36,268    | 37,740    |
| Regulatory/Appeal                                      | 3,935     | 3,675    | 4,889     | 4,054       | 4,132         | 4,218     | 4,303     | 4,390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528     | 151,278       | 157,581   | 163,965   | 169,374   |
| -<br>Underwriting Income (Loss)                        | (186,011) | (52,012) | (205,967) | (44,318)    | (238,136)     | (53,887)  | (56,692)  | (62,860)  |
| · · · ··   | 101.101   | 10.170   | 101.015   | 404 007     | 00.040        | 40.400    | 45.040    | 04.004    |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827     | 68,349        | 48,160    | 45,316    | 61,861    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)         | 61,936        | 20,797    | 0         | (0)       |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827     | 130,286       | 68,957    | 45,316    | 61,861    |
| Net Income (Loss) from Operations                      | 2,440     | (56,050) | (123,070) | 45,382      | (109,652)     | (2,282)   | (7,782)   | 4,488     |
| DPAC / Premium Deficiency writedown Adj.               | -         | -        | -         | (12,128)    | (1,801)       | (17,352)  | 3,594     | 5,487     |
| Net Income (Loss)                                      | 2,440     | (56,050) | (123,070) | 57,509      | (107,851)     | 15,070    | (11,376)  | (999)     |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641      | (21,917)      | (14,117)  | (1,552)   | (2,269)   |

## Appendix 3b Combined Scenario with 78% MCT after Management Action Statement of Changes in Equity

| (C\$ 000s, except where noted)                            |         |          | For       | the Years Er | nded Februar | ν,       |          |          |
|---|---------|----------|-----------|--------------|--------------|----------|----------|----------|
|   | 2015A   | 2016A    | 2017A     | 2018P        | 2019P        | 2020P    | 2021P    | 2022P    |
| Retained Earnings   |         |          |           |              |              |          |          |          |
| Beginning Balance   | 99,878  | 177,818  | 194,497   | 99,251       | 287,526      | 222,321  | 253,883  | 252,137  |
| Net Income (Loss) from annual operations                  | 2,440   | (56,050) | (123,070) | 57,509       | (107,851)    | 15,070   | (11,376) | (999)    |
| Premium Rebate  | -       | -        | -         | -            | -            | -        | -        | -        |
| Transfer (to) / from Non-Basic Retained Earnings          | 75,500  | 72,729   | 27,824    | 130,767      | 42,645       | 16,493   | 9,630    | 14,139   |
| Total Retained Earnings                                   | 177,818 | 194,497  | 99,251    | 287,526      | 222,321      | 253,883  | 252,137  | 265,278  |
| Total Accumulated Other Comprehensive Income              |         |          |           |              |              |          |          |          |
| Beginning Balance   | -       | -        | -         | -            | -            | -        | -        | -        |
| Other Comprehensive Income for the Year                   | -       | -        | -         | -            | -            | -        | -        | -        |
| Total Accumulated Other Comprehensive Income              | -       | -        | -         | -            | -            | -        | -        | -        |
| Total Equity Balance                                      | -       | -        | •         | •            | •            | •        | •        | -        |
| Total Equity  |         |          |           |              |              |          |          |          |
| Rate Stabilization Reserve                                |         |          |           |              |              |          |          |          |
| Retained Earnings   | 177,818 | 194,497  | 99,251    | 287,526      | 222,321      | 253,883  | 252,137  | 265,278  |
| Accumululated Other Comprehensive Income                  | 35,262  | 36,504   | 81,749    | 63,369       | 5,455        | (50,742) | (24,699) | (11,426) |
| Total Rate Stabilization Reserve                          | 213,080 | 231,001  | 181,000   | 350,895      | 227,776      | 203,141  | 227,437  | 253,852  |
| Retained Earnings in excess of Rate Stabilization Reserve | -       | -        | -         | -            | -            | -        | -        | -        |
| Total Equity Balance                                      | 213,080 | 231,001  | 181,000   | 350,895      | 227,776      | 203,141  | 227,437  | 253,852  |
| RESERVE TARGETS   |         |          |           |              |              |          |          |          |
| DCAT Total Equity Lower Target                            | 213.000 | 231.000  | 231.000   | 181.000      | 181.000      | 181.000  | 181.000  | 181.000  |
| .,  | 325.000 | 325.000  | 325.000   | 366.000      | 411.000      | 462.000  | 462.000  | 462.000  |
|   | 213,000 | 231,000  | 231,000   | 181,000      | 181,000      | 181,000  | 181,000  | 1        |

## Appendix 3c Combined Scenario with 78% MCT after Management Action Balance Sheet

| (C\$ 000s, except where noted)          | For the Years Ended February, |           |           |           |           |           |           |           |  |  |  |
|---|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|--|--|
|   | 2015A                         | 2016A     | 2017A     | 2018P     | 2019P     | 2020P     | 2021P     | 2022P     |  |  |  |
| BASIC                                   |                               |           |           |           |           |           |           |           |  |  |  |
| Assets                                  |                               |           |           |           |           |           |           |           |  |  |  |
| Cash and investments                    | 55,508                        | 29,114    | 61,606    | 12,144    | 10,508    | 10,568    | 10,234    | 9,954     |  |  |  |
| Equity investments                      | 2,061,262                     | 2,083,349 | 2,189,534 | 2,445,683 | 2,525,467 | 2,583,748 | 2,714,931 | 2,852,746 |  |  |  |
| Investment property                     | 35,087                        | 35,789    | 35,615    | 37,927    | 40,543    | 40,973    | 41,093    | 40,512    |  |  |  |
| Due from other insurance companies      | 108                           | 25        | 16        | -         | -         | -         | -         | -         |  |  |  |
| Accounts receivable                     | 348,697                       | 375,262   | 355,389   | 334,047   | 358,907   | 384,496   | 399,304   | 414,373   |  |  |  |
| Prepaid expenses                        | -                             | -         | -         | -         | -         | -         | -         | -         |  |  |  |
| Deferred policy acquisition costs       | -                             | 4,782     | -         | 3,286     | 7,015     | 26,853    | 24,606    | 20,493    |  |  |  |
| Reinsurers' share of unearned premiums  | -                             | -         | -         | -         | -         | -         | -         | -         |  |  |  |
| Reinsurers' share of unearned claims    | 2,565                         | 998       | 611       | -         | -         | -         | -         | -         |  |  |  |
| Property and equipment                  | 90,474                        | 88,740    | 89,847    | 88,665    | 90,237    | 90,615    | 88,071    | 84,746    |  |  |  |
| Deferred development costs              | 56,992                        | 65,414    | 72,866    | 69,306    | 68,993    | 73,002    | 74,264    | 72,511    |  |  |  |
|   | 2,650,693                     | 2,683,473 | 2,805,484 | 2,991,057 | 3,101,669 | 3,210,255 | 3,352,504 | 3,495,335 |  |  |  |
| Liabilities                             |                               |           |           |           |           |           |           |           |  |  |  |
| Due to other insurance companies        | -                             | 152       | 147       | 114       | 114       | 114       | 114       | 114       |  |  |  |
| Accounts payable and accrued liabilites | 34,157                        | 38.860    | 40,443    | 31.263    | 32,225    | 32,454    | 33.083    | 33,631    |  |  |  |
| Financing lease obligation              | 3,224                         | 3,278     | 3,239     | 2,983     | 2,907     | 2,826     | 2,726     | 2,618     |  |  |  |
| Unearned premiums and fees              | 426,137                       | 453,389   | 472,041   | 508,231   | 551,842   | 596,271   | 622,760   | 649,906   |  |  |  |
| Provision for employee current benefits | 16,240                        | 16,871    | 16,919    | 17,362    | 18,087    | 18,822    | 19,568    | 20,325    |  |  |  |
| Provision for employee future benefits  | 286,581                       | 281,209   | 301,245   | 310,108   | 323,746   | 338,675   | 354,155   | 370,177   |  |  |  |
| Provision for unpaid claims             | 1,671,275                     | 1,658,713 | 1,790,450 | 1,770,101 | 1,944,972 | 2,017,953 | 2,092,660 | 2,164,713 |  |  |  |
|   | 2,437,614                     | 2,452,472 | 2,624,484 | 2,640,162 | 2,873,893 | 3,007,114 | 3,125,066 | 3,241,483 |  |  |  |
| Fault.                                  |                               |           |           |           |           |           |           |           |  |  |  |
| Equity<br>Betained correined            | 177 010                       | 10/ /07   | 00.254    | 207 526   | 000 204   | 252 003   | 050 107   | 065 070   |  |  |  |
| Retained earnings                       | 177,819                       | 194,497   | 99,251    | 287,526   | 222,321   | 253,883   | 252,137   | 265,278   |  |  |  |
| Accumulated Other Comprehensive Income  | 35,262                        | 36,504    | 81,749    | 63,369    | 5,455     | (50,742)  | (24,699)  | (11,426)  |  |  |  |
| Total Equity                            | 213,081                       | 231,001   | 181,000   | 350,895   | 227,776   | 203,141   | 227,437   | 253,852   |  |  |  |
| Total Liabilities & Equity              | 2,650,695                     | 2,683,473 | 2,805,484 | 2,991,057 | 3,101,669 | 3,210,255 | 3,352,504 | 3,495,335 |  |  |  |

## Appendix 3d Combined Scenario with 78% MCT after Management Action Minimum Capital Test

| (All figures in \$000s)   |                 | 2017 - 2018<br>Current<br>Year<br>(01) | 2018 - 2019<br>Forecast<br>Year<br>(02) | 2019 - 2020<br>Forecast<br>Year<br>(03) | 2020 - 2021<br>Forecast<br>Year<br>(04) | 2021 - 2022<br>Forecast<br>Year<br>(05) |
|---|-----------------|--|---|---|---|---|
| Capital Available:  | •               | (01)                                   | (02)                                    | (00)                                    | (04)                                    | (00)                                    |
| Capital available (from page 30.62 - capital available)   | 01              | 281,589                                | 158,783                                 | 130,139                                 | 153,174                                 | 181,340                                 |
| Phase-in of capital available   | 03              | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Capital Available   | 09              | 281,589                                | 158,783                                 | 130,139                                 | 153,174                                 | 181,340                                 |
| Assets Available:   |                 |  |   |   |   |   |
| Net Assets Available (from page 30.92 - net assets available)   | 11              | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Phase-in of net assets available  | 13              | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Net Assets Available  | 19              | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Capital (Margin) Required at Target:  |                 |  |   |   |   |   |
| Insurance Risk:   | ~~              | 07.050                                 | 05 400                                  | 400.000                                 | 407.050                                 | 444.040                                 |
| Premium liabilities   | 20              | 87,650                                 | 95,192                                  | 102,833                                 | 107,059                                 | 111,346                                 |
| Unpaid claims   | 22              | 186,823                                | 205,640                                 | 212,819                                 | 221,015                                 | 228,949                                 |
| Catastrophes  | 24              | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Margin required for reinsurance ceded to unregistered insurers  | 26              | 0                                      | 0                                       | 0                                       | 0                                       | )                                       |
| Subtotal: Insurance risk margin<br>Market Risk:   | 29              | 274,473                                | 300,832                                 | 315,652                                 | 328,074                                 | 340,295                                 |
|   | 30              | 4 5 4 4                                | 00.004                                  | 14.000                                  | 40.047                                  | 10.040                                  |
| Interest rate risk  | 30<br>32        | 4,544<br>17,457                        | 26,201<br>20,565                        | 14,928<br>15,486                        | 13,317<br>17,358                        | 16,946<br>22,696                        |
| Foreign exchange risk   | 32<br>34        | 148,537                                | 20,565                                  | 132,766                                 | 149,618                                 | ,                                       |
| Equity risk   | 34<br>36        | ,                                      | ,                                       | ,                                       | ,                                       | 174,550                                 |
| Real estate risk  |                 | 61,028                                 | 64,585                                  | 67,163                                  | 69,286                                  | 71,370                                  |
| Other market risk exposures   | 38              | 0                                      | 0                                       | 0                                       | 0                                       | 005 500                                 |
| Subtotal: Market risk margin  | 39              | 231,566                                | 285,653                                 | 230,343                                 | 249,579                                 | 285,562                                 |
| Credit Risk:  | 40              | 22 077                                 | 36,001                                  | 20 657                                  | 41.020                                  | 10 000                                  |
| Counterparty default risk for balance sheet assets<br>Counterparty default risk for off-balance sheet exposures | 40<br>42        | 33,877<br>0                            | 30,001<br>0                             | 39,657<br>0                             | 41,039<br>0                             | 42,288                                  |
|   | 42<br>44        | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Counterparty default risk for unregistered reinsurance collateral and SIRs                                      |                 | •                                      | •                                       | •                                       | •                                       |   |
| Subtotal: Credit risk margin  | 49<br>50        | 33,877                                 | 36,001                                  | 39,657<br>79.056                        | 41,039                                  | 42,288                                  |
| Operational risk margin<br>Less: Diversification credit   | 50<br>52        | 70,838<br>72,313                       | 79,989<br>83,297                        | 79,056<br>77,949                        | 83,076<br>82,562                        | 88,508<br>89,481                        |
|   | 52<br>59        | 538,441                                | 619,178                                 | 586,759                                 | 619,206                                 | 667,172                                 |
| Total Capital (Margin) Required at Target<br>Minimum Capital (Margin) Required (line 59 / 1.5)                  | <u>59</u><br>60 | 358,961                                | 412,785                                 | 391,173                                 | 412,804                                 | 444,781                                 |
| Phase-in of Capital (Margin) Required   | 60<br>62        | 330,901<br>()                          | 412,700                                 | 391,173                                 | 412,004                                 | 444,701                                 |
|   | -               | į                                      | ļ                                       | ţ                                       | *                                       |   |
| Total Minimum Capital (Margin) Required   | 69              | 358,961                                | 412,785                                 | 391,173                                 | 412,804                                 | 444,781                                 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required                                    | 79              | (77,372)                               | (254,002)                               | (261,034)                               | (259,630)                               | (263,441)                               |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)   | 90              | 78.45%                                 | 38.47%                                  | 33.27%                                  | 37.11%                                  | 40.77%                                  |

# Appendix 3e Combined Scenario with 78% MCT after Management Action Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19   | 2019/20  | 2020/21 | 2021/22   |
|--|---------|----------|-----------|----------|---------|-----------|
| Claims Incurred before Financial Provisions          |         |          |           |          |         |           |
| Collision  | 392,497 | 417,031  | 472,533   | 470,928  | 507,004 | 541,208   |
| Comprehensive  | 117,204 | 106,810  | 128,459   | 115,815  | 126,939 | 134,222   |
| Property Damage                                      | 42,769  | 44,363   | 50,233    | 47,598   | 49,431  | 51,277    |
| Public Liability - Bl                                | 5,443   | 4,362    | 5,200     | 2,277    | 4,615   | 4,682     |
| PIPP   | 240,544 | 141,676  | 284,960   | 227,243  | 215,644 | 218,486   |
| Total  | 798,458 | 714,241  | 941,385   | 863,861  | 903,632 | 949,875   |
| Unallocated Loss Adjustment Expenses                 | 39.869  | 42,205   | 43,912    | 45,902   | 47,910  | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 19,560    | 7,104    | 6,718   | 6,584     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0         | 0        | 0       | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0         | 0        | 0       | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (1,801)   | (17,352) | 3,594   | 5,487     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 1,003,057 | 899,515  | 961,854 | 1,012,140 |

## Appendix 3f Combined Scenario with 78% MCT after Management Action Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   | Accident Year |        |        |        |        |        |        |        |        | Selected | Selected |        |
|----|---|---------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|--------|
|    |   | 2012          | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021     | Undisc   | Disc   |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66%        | 85.02% | 74.77% | 79.56% | 79.13% | 77.83% | 80.57% | 71.03% | 72.56% | 72.65%   |          |        |
| 2. | Trend/Rate Adjustment for Fiscal Year           |               |        |        |        |        |        |        |        |        |          |          |        |
|    | 2016  | 0.9434        | 0.9218 | 0.9370 | 0.9705 | 0.9861 |        |        |        |        |          |          |        |
|    | 2017  |               | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910 |        |        |        |          |          |        |
|    | 2018  |               |        | 0.9340 | 0.9527 | 0.9534 | 0.9672 | 0.9965 |        |        |          |          |        |
|    | 2019  |               |        |        | 0.9136 | 0.9166 | 0.9323 | 0.9630 | 0.9965 |        |          |          |        |
|    | 2020  |               |        |        |        | 0.9220 | 0.9380 | 0.9692 | 1.0032 | 1.0146 |          |          |        |
|    | 2021  |               |        |        |        |        | 0.9493 | 0.9797 | 1.0129 | 1.0233 | 1.0159   |          |        |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |               |        |        |        |        |        |        |        |        |          |          |        |
|    | 2016  | 74.21%        | 78.37% | 70.06% | 77.21% | 78.03% |        |        |        |        |          | 76.49%   | 80.98% |
|    | 2017  |               | 77.92% | 69.34% | 76.05% | 76.50% | 77.13% |        |        |        |          | 76.56%   | 80.37% |
|    | 2018  |               |        | 69.84% | 75.80% | 75.45% | 75.27% | 80.29% |        |        |          | 75.51%   | 79.98% |
|    | 2019  |               |        |        | 72.69% | 72.54% | 72.56% | 77.59% | 70.78% |        |          | 72.60%   | 77.18% |
|    | 2020  |               |        |        |        | 72.96% | 73.00% | 78.09% | 71.25% | 73.62% |          | 73.20%   | 77.83% |
|    | 2021  |               |        |        |        |        | 73.88% | 78.94% | 71.95% | 74.25% | 73.80%   | 73.98%   | 78.69% |
|    |   |               |        |        |        |        |        |        |        |        |          |          |        |

#### B. Actual Data Other Than Losses

|      |   | Fiscal Year     |         |         |         |         |         |           |           |           |           |
|------|---|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |   | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                                | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,130,255 | 1,196,940 | 1,245,777 |
| 5.   | Operating Expenses as % of Earned Premium         | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.2%      | 7.9%      | 7.8%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]              | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.74%     | 2.65%     | 2.61%     |
|      | Selected  |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.93%     | 2.78%     | 2.67%     |
| 7.   | ILAE Ratio to Losses - Selected                   |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                         |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                              |                 |         |         |         | 437,172 | 468,021 | 508,289   | 549,094   | 571,656   | 594,546   |
| 9.   | Additional Expected Cost of Non-Proportional Re   | einsurance      |         |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(   | (8) - (9)) x (3 | 3)]     |         |         | 354,751 | 371,506 | 401,835   | 419,159   | 440,186   | 463,003   |
| 11.  | Reinsurance PFAD                                  |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                           |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,917    | 15,711    | 15,682    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row    | / 11]           |         |         |         | 65,289  | 68,357  | 73,938    | 77,125    | 80,994    | 85,193    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -    | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14) | 4))]            |         |         |         | (6,844) | 3,286   | 7,015     | 26,853    | 24,606    | 20,493    |
| 16.  | Carried Deferred Policy Acquisition Expenses      |                 |         |         |         | 29,692  | 27,695  | 29,622    | 32,109    | 33,455    | 34,829    |
| 17.  | Write Down Deferred Policy Acquisition Expense    | s [b]           |         |         |         | 29,692  | 24,409  | 22,608    | 5,256     | 8,850     | 14,336    |
|      | Change  |                 |         |         |         | 6,127   | (5,283) | (1,801)   | (17,352)  | 3,594     | 5,487     |
| 18.  | Premium Deficiency [c]                            |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change  |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3g Combined Scenario with 78% MCT after Management Action Summary of Corporate Investment Income

|  | 2017/18        | 2018/19        | 2019/20               | 2020/21        | 2021/22        |
|--|----------------|----------------|-----------------------|----------------|----------------|
| =  |                |                | Forecasted            |                |                |
| nterest Income During Period                       |                |                |                       |                |                |
| Cash/Short Term Investments                        | 93             | 0              | (0)                   | (0)            | 0              |
| Marketable Bonds                                   | 40,119         | 36,216         | 36,639                | 37,999         | 39,329         |
| MUSH   | 28,780         | 27,793         | 26,603                | 25,357         | 24,074         |
| otal   | 68,993         | 64,009         | 63,242                | 63,357         | 63,403         |
| ividend and other Income                           |                |                |                       |                |                |
| Canadian Equities                                  | 8,103          | 9,937          | 7,956                 | 7,925          | 9,728          |
| US Equities  | 3,149          | 3,818          | 3,063                 | 3,037          | 3,729          |
| Investment Properties (Cityplace)                  | 2,784          | 2,688          | 2,580                 | 2,508          | 2,448          |
| Infrastructure                                     | 1,645          | 2,094          | 2,257                 | 2,381          | 2,512          |
| otal   | 15,681         | 18,537         | 15,856                | 15,851         | 18,417         |
| ins During Period - Profit & Loss                  |                |                |                       |                |                |
| Marketable Bonds Unrealized Gains/(Loss)           | 261            | 48,322         | 26,846                | 2,453          | 2,552          |
| Marketable Bonds Realized Gains/(Loss)             | (261)          | 21,799         | (3,408)               | (2,453)        | (2,552)        |
| Amortization on Marketable Bonds (Prem) / Discount | (6,573)        | (10,014)       | (13,701)              | (15,095)       | (15,706)       |
| MUSH   | -              | -              | -                     | -              | -              |
| Canadian Equities Realized Gains                   | 26,949         | 2,329          | (17,502)              | (15,922)       | 1,228          |
| US Equities Realized Gains                         | 12,775         | -              | 3,476                 | -              | -              |
| Real Estate (Pooled Fund)                          | 14,507         | 15,158         | 15,819                | 16,768         | 17,774         |
| Infrastructure                                     | 5,923          | 7,532          | 8,111                 | 8,557          | 9,027          |
| tal  | 53,580         | 85,126         | 19,641                | (5,693)        | 12,323         |
| her  |                |                |                       |                |                |
| nvestment Fees Paid                                | (4,784)        | (5,887)        | (6,177)               | (6,537)        | (6,873)        |
| Pension Expense                                    | (13,739)       | (14,282)       | (14,845)              | (15,429)       | (16,035        |
| nvestment Write-Down                               | -              | -              | -                     | -              | -              |
| tal  | (18,523)       | (20,169)       | (21,022)              | (21,966)       | (22,908)       |
| tal Corporate Investment Income                    | 119,731        | 147,503        | 77,717                | 51,549         | 71,235         |
| otal Basic Investment Income                       | 101,827        | 130,286        | 68,957                | 45,316         | 61,861         |
| - Basic to Total Investment Income                 | 85%            | 88%            | 89%                   | 88%            | 87%            |
| uity Unrealized Gains/(Losses)                     |                |                |                       |                |                |
| Canadian Equities Unrealized Gains                 | 11,953         | (44,623)       | (52,285)              | 8,636          | 10,601         |
| US Equities Unrealized Gains                       | 6,645          | (21,382)       | (25,105)              | 4,533          | 5,567          |
| tal Corporate Unrealized Gains/(Losses)            | 18,598         | (66,005)       | (77,391)              | 13,169         | 16,168         |
|  |                |                |                       |                |                |
| ding Values and Allocations                        | 2017/18        | 2018/19        | 2019/20<br>Forecasted | 2020/21        | 2021/22        |
| ding Asset Values for Corporate (\$Millions)       |                |                |                       |                |                |
| Cash/Short Term Investments                        | -              | -              | -                     | -              | -              |
| Canadian Fixed Income                              | 1,287.4        | 1,265.7        | 1,496.6               | 1,605.1        | 1,690.4        |
| MUSH   | 638.7          | 631.4          | 621.9                 | 611.1          | 598.4          |
| Canadian Equities                                  | 284.6          | 333.4          | 228.0                 | 269.2          | 331.4          |
| US Equities  | 139.0          | 163.2          | 110.6                 | 130.5          | 160.8          |
| Real Estate  | 290.8          | 308.7          | 325.4                 | 342.8          | 360.4          |
| Infrastructure & Venture Capital                   | 128.4          | 149.0          | 157.1                 | 165.6          | 174.7          |
| tal Corporate Assets                               | 2,769.0        | 2,851.3        | 2,939.5               | 3,124.4        | 3,316.2        |
| tal Basic Assets                                   | 2,495.8        | 2,576.5        | 2,635.3               | 2,766.3        | 2,903.2        |
| ding Rebalanced Allocations (%)                    |                |                |                       |                |                |
| Cash/Short Term Investments                        | 0.0%           | 0.0%           | 0.0%                  | 0.0%           | 0.0%           |
| Canadian Fixed Income                              | 46.5%          | 44.4%          | 50.9%                 | 51.4%          | 51.0%          |
| MUSH   | 23.1%          | 22.1%          | 21.2%                 | 19.6%          | 18.0%          |
| Canadian Equities                                  | 10.3%          | 11.7%          | 7.8%                  | 8.6%           | 10.0%          |
| US Equities  | 5.0%           | 5.7%           | 3.8%                  | 4.2%           | 4.8%           |
| Real Estate  | 10.5%          | 10.8%          | 11.1%                 | 11.0%          | 10.9%          |
|  |                |                |                       |                |                |
| Infrastructure & Venture Capital                   | 4.6%<br>100.0% | 5.2%<br>100.0% | 5.3%<br>100.0%        | 5.3%<br>100.0% | 5.3%<br>100.0% |

### Appendix 3h Combined Scenario with 78% MCT with Management Action and Premium Rebate Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Ye | ars Ended Fel | bruary,   |           |           |
|--|-----------|----------|-----------|------------|---------------|-----------|-----------|-----------|
|  | 2015A     | 2016A    | 2017A     | 2018P      | 2019P         | 2020P     | 2021P     | 2022P     |
| SIC  |           |          |           |            |               |           |           |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740    | 1,025,482     | 1,111,555 | 1,158,173 | 1,205,726 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334     | 69,148        | 71,252    | 73,311    | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)      | (11,747)  | (11,982)  | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783    | 1,083,113     | 1,171,060 | 1,219,502 | 1,268,666 |
| Net Premiums Earned                                    |           |          |           |            |               |           |           |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950    | 994,660       | 1,071,806 | 1,136,645 | 1,183,766 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265     | 59,702        | 70,196    | 72,277    | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)      | (11,747)  | (11,982)  | (12,222)  |
| Total Net Premiums Earned                              | 803,881   | 861,065  | 907,145   | 963,924    | 1,042,845     | 1,130,255 | 1,196,940 | 1,245,777 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204     | 24,328        | 26,431    | 28,770    | 31,108    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129    | 1,067,173     | 1,156,686 | 1,225,710 | 1,276,885 |
| Net Claims Incurred                                    | 623,437   | 742,604  | 869,023   | 815,056    | 919.203       | 864,601   | 960,302   | 1,009,871 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)   | 83,854        | 34,914    | 1,552     | 2,269     |
| Total Claims Incurred                                  | 745,837   | 666,404  | 860,035   | 739,415    | 1,003,057     | 899,515   | 961,854   | 1,012,140 |
|  | 145,051   | 000,404  | 000,000   | 155,415    | 1,003,037     | 033,313   | 301,034   | 1,012,140 |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294    | 137,885       | 140,470   | 143,322   | 144,734   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210     | 13,090        | 13,007    | 13,260    | 13,497    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919    | 1,154,032     | 1,052,992 | 1,118,436 | 1,170,371 |
| Expenses   |           |          |           |            |               |           |           |           |
| Operating  | 74.283    | 71.641   | 72.785    | 72.563     | 74,921        | 75,780    | 77,517    | 79,535    |
| Commissions  | 32,845    | 33,862   | 35,086    | 37,655     | 40,593        | 43,323    | 45,878    | 47,709    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256     | 31,631        | 34,260    | 36,268    | 37,740    |
| Regulatory/Appeal                                      | 3.935     | 3.675    | 4.889     | 4.054      | 4.132         | 4.218     | 4.303     | 4.390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528    | 151,278       | 157,581   | 163,965   | 169,374   |
| Underwriting Income (Loss)                             | (186,011) | (52,012) | (205,967) | (44,318)   | (238,136)     | (53,887)  | (56,692)  | (62,860)  |
|  | (100,011) | (02,012) | (200,001) | (++,010)   | (200,100)     | (00,001)  | (00,002)  | (02,000)  |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827    | 67,280        | 47,389    | 44,608    | 60,914    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)        | 60,967        | 20,464    | (0)       | 0         |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827    | 128,247       | 67,853    | 44,608    | 60,914    |
| Net Income (Loss) from Operations                      | 2.440     | (56,050) | (123,070) | 45.382     | (111,691)     | (3,385)   | (8,490)   | 3.541     |
| DPAC / Premium Deficiency writedown Adj.               | - 2,440   | -        | -         | (12,128)   | (1,801)       | (17,352)  | 3,594     | 5,487     |
| Net Income (Loss)                                      | 2.440     | (56,050) | (123,070) | 57,509     | (109,890)     | 13,966    | (12,084)  | (1,945)   |
|  | 2,440     | (00,000) | (123,010) | 51,505     | (103,030)     | 15,300    | (12,004)  | (1,945)   |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641     | (22,887)      | (14,450)  | (1,552)   | (2,269)   |

### Appendix 3i Combined Scenario with 78% MCT with Management Action and Premium Rebate Statement of Changes in Equity

| (C\$ 000s, except where noted)                                    |         |          | For            | the Years Er | nded Februar   | ν,          |               |          |
|---|---------|----------|----------------|--------------|----------------|-------------|---------------|----------|
|   | 2015A   | 2016A    | 2017A          | 2018P        | 2019P          | 2020P       | 2021P         | 2022P    |
| Retained Earnings   |         |          |                |              |                |             |               |          |
| Beginning Balance   | 99,878  | 177,818  | 194,497        | 99,251       | 247,948        | 180,703     | 211,162       | 208,709  |
| Net Income (Loss) from annual operations<br>Premium Rebate        | 2,440   | (56,050) | (123,070)<br>- | 57,509<br>-  | (109,890)<br>- | 13,966<br>- | (12,084)<br>- | (1,945)  |
| Transfer (to) / from Non-Basic Retained Earnings                  | 75,500  | 72,729   | 27,824         | 91,189       | 42,645         | 16,493      | 9,630         | 14,139   |
| Total Retained Earnings   | 177,818 | 194,497  | 99,251         | 247,948      | 180,703        | 211,162     | 208,709       | 220,903  |
| Total Accumulated Other Comprehensive Income<br>Beginning Balance | -       | -        | -              | -            | -              | -           | -             | -        |
| Other Comprehensive Income for the Year                           | -       | -        | -              | -            | -              | -           | -             | -        |
| Total Accumulated Other Comprehensive Income                      | -       | -        | -              | -            | -              | -           | -             | -        |
| Total Equity Balance  | -       | •        | •              | •            | -              | •           | -             | -        |
| Total Equity<br>Rate Stabilization Reserve                        |         |          |                |              |                |             |               |          |
| Retained Earnings   | 177,818 | 194,497  | 99,251         | 247,948      | 180,703        | 211,162     | 208,709       | 220,903  |
| Accumululated Other Comprehensive Income                          | 35,262  | 36,504   | 81,749         | 63,369       | 5,370          | (49,930)    | (24,314)      | (11,251) |
| Total Rate Stabilization Reserve                                  | 213,080 | 231,001  | 181,000        | 311,317      | 186,073        | 161,232     | 184,395       | 209,652  |
| Retained Earnings in excess of Rate Stabilization Reserve         | -       | -        | -              | -            | -              | -           | -             | -        |
| Total Equity Balance  | 213,080 | 231,001  | 181,000        | 311,317      | 186,073        | 161,232     | 184,395       | 209,652  |
| RESERVE TARGETS   |         |          |                |              |                |             |               |          |
| DCAT Total Equity Lower Target                                    | 213,000 | 231,000  | 231,000        | 181,000      | 181,000        | 181,000     | 181,000       | 181,000  |
| MCT Total Equity Upper Target                                     | 325,000 | 325,000  | 325,000        | 366,000      | 411,000        | 462,000     | 462,000       | 462,000  |

### Appendix 3j Combined Scenario with 78% MCT with Management Action and Premium Rebate Balance Sheet

| (C\$ 000s, except where noted)          |           |                   |                  | For the Ye        | ars Ended Feb | ruary,    |           |           |
|---|-----------|-------------------|------------------|-------------------|---------------|-----------|-----------|-----------|
|   | 2015A     | 2016A             | 2017A            | 2018P             | 2019P         | 2020P     | 2021P     | 2022P     |
| BASIC                                   |           |                   |                  |                   |               |           |           |           |
| Assets                                  |           |                   |                  |                   |               |           |           |           |
| Cash and investments                    | 55,508    | 29,114            | 61,606           | 11,951            | 10,338        | 10,400    | 10,075    | 9,803     |
| Equity investments                      | 2,061,262 | 2,083,349         | 2,189,534        | 2,406,899         | 2,484,591     | 2,542,660 | 2,672,687 | 2,809,314 |
| Investment property                     | 35,087    | 35,789            | 35,615           | 37,325            | 39,887        | 40,322    | 40,454    | 39,896    |
| Due from other insurance companies      | 108       | 25                | 16               | -                 | -             | -         | -         | -         |
| Accounts receivable                     | 348,697   | 375,262           | 355,389          | 334,047           | 358,907       | 384,496   | 399,304   | 414,373   |
| Prepaid expenses                        | -         | -                 | -                | -                 | -             | -         | -         | -         |
| Deferred policy acquisition costs       | -         | 4,782             | -                | 3,286             | 7,015         | 26,853    | 24,606    | 20,493    |
| Reinsurers' share of unearned premiums  | -         | -                 | -                | -                 | -             | -         | -         | -         |
| Reinsurers' share of unearned claims    | 2,565     | 998               | 611              | -                 | -             | -         | -         | -         |
| Property and equipment                  | 90,474    | 88,740            | 89,847           | 88,665            | 90,237        | 90,615    | 88.071    | 84,746    |
| Deferred development costs              | 56,992    | 65,414            | 72,866           | 69,306            | 68,993        | 73,002    | 74,264    | 72,511    |
|   | 2,650,693 | 2,683,473         | 2,805,484        | 2,951,479         | 3,059,966     | 3,168,347 | 3,309,461 | 3,451,135 |
| Liabilities                             |           |                   |                  |                   |               |           |           |           |
| Due to other insurance companies        | -         | 152               | 147              | 114               | 114           | 114       | 114       | 114       |
| Accounts payable and accrued liabilites | 34.157    | 38,860            | 40.443           | 31.263            | 32.225        | 32,454    | 33.083    | 33.631    |
| Financing lease obligation              | 3,224     | 3,278             | 3,239            | 2,983             | 2,907         | 2,826     | 2,726     | 2,618     |
| Unearned premiums and fees              | 426,137   | 453,389           | 472,041          | 508,231           | 551,842       | 596,271   | 622,760   | 649,906   |
| Provision for employee current benefits | 16,240    | 16,871            | 16,919           | 17,362            | 18,087        | 18,822    | 19,568    | 20,325    |
| Provision for employee future benefits  | 286,581   | 281,209           | 301,245          | 310,108           | 323,746       | 338.675   | 354,155   | 370,177   |
| Provision for unpaid claims             | 1,671,275 | 1,658,713         | 1,790,450        | 1,770,101         | 1,944,972     | 2,017,953 | 2,092,660 | 2,164,713 |
| · · · · · · · · · · · · · · · · · · ·   | 2,437,614 | 2,452,472         | 2,624,484        | 2,640,162         | 2,873,893     | 3,007,115 | 3,125,066 | 3,241,483 |
| Equity                                  |           |                   |                  |                   |               |           |           |           |
|   | 177,819   | 194,497           | 99,251           | 247,948           | 180,703       | 211,162   | 208,709   | 220,903   |
| Retained earnings                       | 35,262    | 194,497<br>36,504 | 99,251<br>81,749 | 247,948<br>63.369 | 5,370         | ,         | ,         | ,         |
| Accumulated Other Comprehensive Income  | ,         | ,                 | 1                |                   | ,             | (49,930)  | (24,314)  | (11,251)  |
| Total Equity                            | 213,081   | 231,001           | 181,000          | 311,317           | 186,073       | 161,232   | 184,395   | 209,652   |
| Total Liabilities & Equity              | 2,650,695 | 2,683,473         | 2,805,484        | 2,951,479         | 3,059,966     | 3,168,347 | 3,309,461 | 3,451,135 |

### Appendix 3k Combined Scenario with 78% MCT with Management Action and Premium Rebate Minimum Capital Test

| (All figures in \$000s)  | -  | 2017 - 2018<br>Current<br>Year<br>(01) | 2018 - 2019<br>Forecast<br>Year<br>(02) | 2019 - 2020<br>Forecast<br>Year<br>(03) | 2020 - 2021<br>Forecast<br>Year<br>(04) | 2021 - 2022<br>Forecast<br>Year<br>(05) |
|--|----|--|---|---|---|---|
| Capital Available:   | -  | (0.)                                   | (02)                                    | (00)                                    | (0.)                                    | (00)                                    |
| Capital available (from page 30.62 - capital available)                      | 01 | 242,011                                | 117,081                                 | 88,230                                  | 110,131                                 | 137,140                                 |
| Phase-in of capital available  | 03 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Capital Available  | 09 | 242,011                                | 117,081                                 | 88,230                                  | 110,131                                 | 137,140                                 |
| Assets Available:  |    |  |   |   |   |   |
| Net Assets Available (from page 30.92 - net assets available)                | 11 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Phase-in of net assets available   | 13 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Net Assets Available   | 19 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Capital (Margin) Required at Target:   |    |  |   |   |   |   |
| Insurance Risk:  |    |  |   |   |   |   |
| Premium liabilities  | 20 | 87,650                                 | 95,192                                  | 102,833                                 | 107,059                                 | 111,346                                 |
| Unpaid claims  | 22 | 186,823                                | 205,640                                 | 212,819                                 | 221,015                                 | 228,949                                 |
| Catastrophes   | 24 | 0                                      | 0                                       | 0                                       | 0                                       | C                                       |
| Margin required for reinsurance ceded to unregistered insurers               | 26 | 0                                      | 0                                       | 0                                       | 0                                       | C                                       |
| Subtotal: Insurance risk margin  | 29 | 274,473                                | 300,832                                 | 315,652                                 | 328,074                                 | 340,295                                 |
| Market Risk:   |    |  |   |   |   |   |
| Interest rate risk   | 30 | 1,072                                  | 29,676                                  | 18,720                                  | 17,157                                  | 20,746                                  |
| Foreign exchange risk  | 32 | 17,180                                 | 20,232                                  | 15,240                                  | 17,088                                  | 22,354                                  |
| Equity risk  | 34 | 146,182                                | 171,481                                 | 130,654                                 | 147,290                                 | 171,893                                 |
| Real estate risk   | 36 | 60,200                                 | 63,686                                  | 66,239                                  | 68,345                                  | 70,412                                  |
| Other market risk exposures  | 38 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Subtotal: Market risk margin   | 39 | 224,634                                | 285,075                                 | 230,853                                 | 249,880                                 | 285,405                                 |
| Credit Risk:   |    |  |   |   |   |   |
| Counterparty default risk for balance sheet assets                           | 40 | 33,610                                 | 35,720                                  | 39,375                                  | 40,749                                  | 41,991                                  |
| Counterparty default risk for off-balance sheet exposures                    | 42 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Counterparty default risk for unregistered reinsurance collateral and SIRs   | 44 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Subtotal: Credit risk margin   | 49 | 33,610                                 | 35,720                                  | 39,375                                  | 40,749                                  | 41,991                                  |
| Operational risk margin  | 50 | 70,226                                 | 79,916                                  | 79,076                                  | 83,077                                  | 88,470                                  |
| Less: Diversification credit   | 52 | 71,299                                 | 83,190                                  | 77,985                                  | 82,564                                  | 89,418                                  |
| Total Capital (Margin) Required at Target                                    | 59 | 531,644                                | 618,353                                 | 586,971                                 | 619,216                                 | 666,743                                 |
| Minimum Capital (Margin) Required (line 59 / 1.5)                            | 60 | 354,429                                | 412,235                                 | 391,314                                 | 412,811                                 | 444,495                                 |
| Phase-in of Capital (Margin) Required  | 62 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Minimum Capital (Margin) Required                                      | 69 | 354,429                                | 412,235                                 | 391,314                                 | 412,811                                 | 444,495                                 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | (112,418)                              | (295,154)                               | (303,084)                               | (302,680)                               | (307,355)                               |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)                      | 90 | 68.28%                                 | 28.40%                                  | 22.55%                                  | 26.68%                                  | 30.85%                                  |

# Appendix 3I Combined Scenario with 78% MCT with Management Action and Premium Rebate Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19   | 2019/20  | 2020/21 | 2021/22   |
|--|---------|----------|-----------|----------|---------|-----------|
| Claims Incurred before Financial Provisions          |         |          |           |          |         |           |
| Collision  | 392,497 | 417,031  | 472,533   | 470,928  | 507,004 | 541,208   |
| Comprehensive  | 117,204 | 106,810  | 128,459   | 115,815  | 126,939 | 134,222   |
| Property Damage                                      | 42,769  | 44,363   | 50,233    | 47,598   | 49,431  | 51,277    |
| Public Liability - Bl                                | 5,443   | 4,362    | 5,200     | 2,277    | 4,615   | 4,682     |
| PIPP   | 240,544 | 141,676  | 284,960   | 227,243  | 215,644 | 218,486   |
| Total  | 798,458 | 714,241  | 941,385   | 863,861  | 903,632 | 949,875   |
| Unallocated Loss Adjustment Expenses                 | 39,869  | 42,205   | 43,912    | 45,902   | 47,910  | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 19,560    | 7,104    | 6,718   | 6,584     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0         | 0        | 0       | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0         | 0        | 0       | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (1,801)   | (17,352) | 3,594   | 5,487     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 1,003,057 | 899,515  | 961,854 | 1,012,140 |

### Appendix 3m Combined Scenario with 78% MCT with Management Action and Premium Rebate Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|   |  |   |   |   | Accid  | ent Year  |  |  |   |  | Selected   | Selected  |
|---|--|---|---|---|--|---|--|--|---|--|--|---|
|   | 2012   | 2013  | 2014  | 2015  | 2016   | 2017  | 2018   | 2019   | 2020  | 2021   | Undisc   | Disc  |
| Ultimate Loss Ratio - Total All Coverage        | 78.66%   | 85.02%  | 74.77%  | 79.56%  | 79.13%   | 77.83%  | 80.57%   | 71.03%   | 72.56%  | 72.65%   |  |   |
| Trend/Rate Adjustment for Fiscal Year           |  |   |   |   |  |   |  |  |   |  |  |   |
| 2016  | 0.9434   | 0.9218  | 0.9370  | 0.9705  | 0.9861   |   |  |  |   |  |  |   |
| 2017  |  | 0.9165  | 0.9273  | 0.9559  | 0.9667   | 0.9910  |  |  |   |  |  |   |
| 2018  |  |   | 0.9340  | 0.9527  | 0.9534   | 0.9672  | 0.9965   |  |   |  |  |   |
| 2019  |  |   |   | 0.9136  | 0.9166   | 0.9323  | 0.9630   | 0.9965   |   |  |  |   |
| 2020  |  |   |   |   | 0.9220   | 0.9380  | 0.9692   | 1.0032   | 1.0146  |  |  |   |
| 2021  |  |   |   |   |  | 0.9493  | 0.9797   | 1.0129   | 1.0233  | 1.0159   |  |   |
| Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |  |   |   |   |  |   |  |  |   |  |  |   |
| 2016  | 74.21%   | 78.37%  | 70.06%  | 77.21%  | 78.03%   |   |  |  |   |  | 76.49%   | 80.98%  |
| 2017  |  | 77.92%  | 69.34%  | 76.05%  | 76.50%   | 77.13%  |  |  |   |  | 76.56%   | 80.37%  |
| 2018  |  |   | 69.84%  | 75.80%  | 75.45%   | 75.27%  | 80.29%   |  |   |  | 75.51%   | 79.98%  |
| 2019  |  |   |   | 72.69%  | 72.54%   | 72.56%  | 77.59%   | 70.78%   |   |  | 72.60%   | 77.18%  |
| 2020  |  |   |   |   | 72.96%   | 73.00%  | 78.09%   | 71.25%   | 73.62%  |  | 73.20%   | 77.83%  |
| 2021  |  |   |   |   |  | 73.88%  | 78.94%   | 71.95%   | 74.25%  | 73.80%   | 73.98%   | 78.69%  |
| I   | Trend/Rate Adjustment for Fiscal Year<br>2016<br>2017<br>2018<br>2019<br>2020<br>2021<br>Adjusted Loss Ratio for Fiscal Year [(1) x (2)]<br>2016<br>2017<br>2018<br>2017<br>2018<br>2019<br>2020 | JItimate Loss Ratio - Total All Coverage         78.66%           Trend/Rate Adjustment for Fiscal Year         2016         0.9434           2017         2018         2019           2020         2021         2021           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         2016         74.21%           2017         2018         2017           2016         74.21%         2019           2017         2018         2019           2019         2020         2020 | JItimate Loss Ratio - Total All Coverage         78.66%         85.02%           Trend/Rate Adjustment for Fiscal Year         0.9434         0.9218           2017         0.9165         0.9165           2018         0.920         0.9218           2020         2021         4           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         2016         74.21%           2017         77.92%         2018           2019         2020         2021 | JItimate Loss Ratio - Total All Coverage         78.66%         85.02%         74.77%           Trend/Rate Adjustment for Fiscal Year         0.9434         0.9218         0.9370           2017         0.9434         0.9218         0.9370           2018         0.9340         2019         2020           2021         2016         74.21%         78.37%         70.06%           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         2016         74.21%         78.37%         70.06%           2017         70.18         69.84%         2019         2020         2020           2018         2019         2020         2020         2021         2018         69.84% | JItimate Loss Ratio - Total All Coverage         78.66%         85.02%         74.77%         79.56%           Trend/Rate Adjustment for Fiscal Year         0.9434         0.9218         0.9370         0.9705           2017         0.9165         0.9273         0.9559         0.9136           2019         0.9136         0.9136         0.9136           2020         2021         2016         74.21%         78.37%         70.06%         77.21%           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         2016         74.21%         78.37%         70.06%         77.21%           2017         77.92%         69.84%         75.80%         2019         20.9%           2018         69.84%         75.80%         2019         72.69%           2020         2020         2020         72.69%         2020 | 2012         2013         2014         2015         2016           78.66%         85.02%         74.77%         79.56%         79.13%           2016         0.9434         0.9218         0.9370         0.9705         0.9861           2017         0.9165         0.9273         0.9559         0.9667           2018         0.9165         0.9273         0.9527         0.9534           2019         0.9136         0.9136         0.9166           2020         2021         0.9213         0.9136         0.9120           2016         74.21%         78.37%         70.06%         77.21%         78.03%           2017         77.92%         69.34%         76.05%         76.50%           2018         69.84%         75.80%         75.45%         2019         72.54%           2019         72.69%         72.54%         2020         72.96%         72.96% | JItimate Loss Ratio - Total All Coverage         78.66%         85.02%         74.77%         79.56%         79.13%         77.83%           Trend/Rate Adjustment for Fiscal Year         2016         0.9434         0.9218         0.9370         0.9705         0.9861           2017         0.9165         0.9273         0.9559         0.9667         0.9910           2018         0.9165         0.9270         0.9527         0.9534         0.9672           2019         0.9136         0.9166         0.9323         0.9220         0.9380           2020         0.9220         0.9380         0.9220         0.9493           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         2016         74.21%         78.37%         70.06%         77.21%         78.03%           2017         78.92%         69.84%         76.05%         76.50%         77.13%           2016         74.21%         78.37%         70.06%         77.21%         78.03%           2017         79.92%         69.84%         76.05%         76.50%         75.45%         75.27%           2018         69.84%         75.80%         75.45%         75.26%         72.96%         73.00%           2020         72.96%         72 | 2012         2013         2014         2015         2016         2017         2018           JItimate Loss Ratio - Total All Coverage         78.66%         85.02%         74.77%         79.56%         79.13%         77.83%         80.57%           Trend/Rate Adjustment for Fiscal Year         0.9434         0.9218         0.9370         0.9705         0.9861           2017         0.9165         0.9273         0.9559         0.9667         0.9910           2018         0.9165         0.9273         0.9559         0.9667         0.9910           2019         0.9136         0.9166         0.9323         0.9630         0.9692           2020         0.9211         0.9136         0.9166         0.9323         0.9692           2021         0.9136         0.9166         0.9323         0.9692         0.9136         0.9493         0.9797           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         2016         74.21%         78.37%         70.06%         77.21%         78.03%           2017         77.92%         69.34%         76.05%         76.50%         77.13%           2018         69.84%         75.80%         75.45%         75.27%         80.29%           2019 | 2012         2013         2014         2015         2016         2017         2018         2019           JItimate Loss Ratio - Total All Coverage<br>Frend/Rate Adjustment for Fiscal Year         78.66%         85.02%         74.77%         79.56%         79.13%         77.83%         80.57%         71.03%           2016         0.9434         0.9218         0.9370         0.9705         0.9861         0.910         0.9105         0.9210         0.9105         0.9210         0.9105         0.9213         0.9559         0.9667         0.9910         0.9065         0.9010         0.9065         0.9010         0.9015         0.9218         0.9340         0.9527         0.9534         0.9672         0.9965         0.9065         0.9020         0.90630         0.9965         0.9020         0.9493         0.9797         1.0129         0.9136         0.9166         0.9323         0.9630         0.9965         0.9136         0.9493         0.9797         1.0129         0.9493         0.9797         1.0129         0.9493         0.9797         1.0129         0.9493         0.9797         1.0129         0.9493         0.9797         1.0129         0.9493         0.9797         1.0129         0.9493         0.9797         1.0129         0.9493         0.9797 | 2012         2013         2014         2015         2016         2017         2018         2019         2020           JItimate Loss Ratio - Total All Coverage<br>Frend/Rate Adjustment for Fiscal Year         78.66%         85.02%         74.77%         79.56%         79.13%         77.83%         80.57%         71.03%         72.56%           2016         0.9434         0.9218         0.9370         0.9705         0.9861         0.910         0.9105         0.910         0.9105         0.910         0.9105         0.910         0.9105         0.910         0.9105         0.9218         0.9165         0.9227         0.9534         0.9672         0.9965         0.9965         0.9105         0.9200         0.9136         0.9166         0.9323         0.9630         0.9965         0.9102         1.0129         1.0233         1.0146         0.9213         0.9136         0.9143         0.9197         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233         1.0129         1.0233 | 2012         2013         2014         2015         2016         2017         2018         2019         2020         2021           Jltimate Loss Ratio - Total All Coverage<br>Frend/Rate Adjustment for Fiscal Year         78.66%         85.02%         74.77%         79.56%         79.13%         77.83%         80.57%         71.03%         72.56%         72.65%           2016         0.9434         0.9218         0.9370         0.9705         0.9861         0.910         0.9105         0.910         0.910         0.9105         0.910         0.9105         0.9105         0.9218         0.9370         0.9559         0.9667         0.9910         0.9065         0.9065         0.9065         0.9065         0.9165         0.9220         0.9380         0.9692         1.0032         1.0146           2021         0.921         0.9136         0.9166         0.9323         0.9692         1.0032         1.0146           2021         0.9493         0.9797         1.0129         1.0233         1.0159           Adjusted Loss Ratio for Fiscal Year [(1) x (2)]         74.21%         78.37%         70.06%         77.21%         78.03%         71.3%           2016         74.21%         78.37%         70.65%         75.45%         75.27% | 2012         2013         2014         2015         2016         2017         2018         2019         2020         2021         Undisc           Jltimate Loss Ratio - Total All Coverage           78.66%         85.02%         74.77%         79.56%         79.13%         77.83%         80.57%         71.03%         72.56%         72.65%           2016         0.9434         0.9218         0.9370         0.9705         0.9861         0.910         0.9105         0.910         0.9105         0.910         0.9105         0.9105         0.9218         0.9273         0.9559         0.9667         0.9910         0.9065         0.9065         0.9065         0.9065         0.9065         0.9065         0.9165         0.9218         0.9166         0.9323         0.9630         0.9965         0.9065         0.9101         0.9102         0.9102         0.9103         0.9102         0.9103         0.9105         0.9965         0.9065         0.9065         0.9065         0.9065         0.9065         0.9103         0.9103         0.9102         1.0146         0.9103         0.9105         0.9103         0.9103         0.9103         0.9105         0.9105         0.9105         0.9105         0.9165         0.9105         0 |

#### B. Actual Data Other Than Losses

|      |  |                 |         |         |         | Fisc    | al Year |           |           |           |           |
|------|--|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |  | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                               | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,130,255 | 1,196,940 | 1,245,777 |
| 5.   | Operating Expenses as % of Earned Premium        | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.2%      | 7.9%      | 7.8%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]             | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.74%     | 2.65%     | 2.61%     |
|      | Selected   |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.93%     | 2.78%     | 2.67%     |
| 7.   | ILAE Ratio to Losses - Selected                  |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                        |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                             |                 |         |         |         | 437,172 | 468,021 | 508,289   | 549,094   | 571,656   | 594,546   |
| 9.   | Additional Expected Cost of Non-Proportional Re  | einsurance      |         |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(  | (8) - (9)) x (3 | 3)]     |         |         | 354,751 | 371,506 | 401,835   | 419,159   | 440,186   | 463,003   |
| 11.  | Reinsurance PFAD                                 |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                          |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,917    | 15,711    | 15,682    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row   | / 11]           |         |         |         | 65,289  | 68,357  | 73,938    | 77,125    | 80,994    | 85,193    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -   | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14 | 4))]            |         |         |         | (6,844) | 3,286   | 7,015     | 26,853    | 24,606    | 20,493    |
| 16.  | Carried Deferred Policy Acquisition Expenses     |                 |         |         |         | 29,692  | 27,695  | 29,622    | 32,109    | 33,455    | 34,829    |
| 17.  | Write Down Deferred Policy Acquisition Expense   | s [b]           |         |         |         | 29,692  | 24,409  | 22,608    | 5,256     | 8,850     | 14,336    |
|      | Change   |                 |         |         |         | 6,127   | (5,283) | (1,801)   | (17,352)  | 3,594     | 5,487     |
| 18.  | Premium Deficiency [c]                           |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change   |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3n Combined Scenario with 78% MCT with Management Action and Premium Rebate Summary of Corporate Investment Income

|   | 2017/18      | 2018/19      | 2019/20               | 2020/21      | 2021/22     |
|---|--------------|--------------|-----------------------|--------------|-------------|
| _   |              | F            | orecasted             |              |             |
| Interest Income During Period   |              |              |                       |              |             |
| Cash/Short Term Investments   | 93           | 0            | (0)                   | (0)          | 0           |
| Marketable Bonds  | 40,119       | 36,216       | 36,639                | 37,999       | 39,329      |
| MUSH  | 28,780       | 27,793       | 26,603                | 25,357       | 24,074      |
| Total   | 68,993       | 64,009       | 63,242                | 63,357       | 63,403      |
| Dividend and other Income   |              |              |                       |              |             |
| Canadian Equities   | 8,103        | 9,937        | 7,956                 | 7,925        | 9,728       |
| US Equities   | 3,149        | 3,818        | 3,063                 | 3,037        | 3,729       |
| Investment Properties (Cityplace)   | 2,784        | 2,688        | 2,580                 | 2,508        | 2,448       |
| Infrastructure  | 1,645        | 2,094        | 2,257                 | 2,381        | 2,512       |
|   | 15,681       | 18,537       | 15,856                | 15,851       | 18,417      |
| Gains During Period - Profit & Loss   |              |              |                       |              |             |
| Marketable Bonds Unrealized Gains/(Loss)                                      | 261          | 48,322       | 26,846                | 2,453        | 2,552       |
| Marketable Bonds Realized Gains/(Loss)  | (261)        | 21,799       | (3,408)               | (2,453)      | (2,552)     |
| Amortization on Marketable Bonds (Prem) / Discount<br>MUSH                    | (6,573)      | (10,014)     | (13,701)              | (15,095)     | (15,706)    |
| Canadian Equities Realized Gains  | -<br>26,949  | - 2,329      | - (17,502)            | - (15,922)   | -<br>1,228  |
| US Equities Realized Gains  | 12,775       | 2,329        | 3,476                 | (15,922)     | 1,220       |
| Real Estate (Pooled Fund)   | 14,507       | -<br>15,158  | 15,819                | 16,768       | -<br>17,774 |
| Infrastructure  | 5,923        | 7,532        | 8,111                 | 8,557        | 9,027       |
| Total   | 53,580       | 85,126       | 19,641                | (5,693)      | 12,323      |
| <br>Other   |              | ·            |                       |              |             |
| Investment Fees Paid  | (4,784)      | (5,887)      | (6,177)               | (6,537)      | (6,873)     |
| Pension Expense   | (13,739)     | (14,282)     | (14,845)              | (15,429)     | (16,035)    |
| Investment Write-Down   | (10,700)     | -            | -                     | (10,423)     | (10,000)    |
| Total   | (18,523)     | (20,169)     | (21,022)              | (21,966)     | (22,908)    |
| Fotal Corporate Investment Income   | 119,731      | 147,503      | 77,717                | 51,549       | 71,235      |
| Total Basic Investment Income   | 101,827      | 128,247      | 67,853                | 44,608       | 60,914      |
| % - Basic to Total Investment Income  | 85%          | 87%          | 87%                   | 87%          | 86%         |
| Equity Unrealized Gains/(Losses)  |              |              |                       |              |             |
| Canadian Equities Unrealized Gains  | 11,953       | (44,623)     | (52,285)              | 8,636        | 10,601      |
| US Equities Unrealized Gains  | 6,645        | (21,382)     | (25,105)              | 4,533        | 5,567       |
| Total Corporate Unrealized Gains/(Losses)                                     | 18,598       | (66,005)     | (77,391)              | 13,169       | 16,168      |
|   |              |              |                       |              |             |
| Ending Values and Allocations   | 2017/18      | 2018/19<br>F | 2019/20<br>Forecasted | 2020/21      | 2021/22     |
|   |              | •            |                       |              |             |
| Ending Asset Values for Corporate (\$Millions)<br>Cash/Short Term Investments |              |              |                       |              |             |
| Canadian Fixed Income   | -<br>1,287.4 | -<br>1,265.7 | -<br>1,496.6          | -<br>1,605.1 | - 1.690.4   |
| MUSH  | 638.7        | 631.4        | 621.9                 | 611.1        | 598.4       |
| Canadian Equities   | 284.6        | 333.4        | 228.0                 | 269.2        | 331.4       |
| US Equities   | 139.0        | 163.2        | 110.6                 | 130.5        | 160.8       |
| Real Estate   | 290.8        | 308.7        | 325.4                 | 342.8        | 360.4       |
| Infrastructure & Venture Capital  | 128.4        | 149.0        | 157.1                 | 165.6        | 174.7       |
| Fotal Corporate Assets  | 2,769.0      | 2,851.3      | 2,939.5               | 3,124.4      | 3,316.2     |
| Fotal Basic Assets  | 2,456.2      | 2,534.8      | 2,593.4               | 2,723.2      | 2,859.0     |
| Ending Rebalanced Allocations (%)   |              |              |                       |              |             |
| Cash/Short Term Investments   | 0.0%         | 0.0%         | 0.0%                  | 0.0%         | 0.0%        |
| Canadian Fixed Income   | 46.5%        | 44.4%        | 50.9%                 | 51.4%        | 51.0%       |
| MUSH  | 23.1%        | 22.1%        | 21.2%                 | 19.6%        | 18.0%       |
| Canadian Equities   | 10.3%        | 11.7%        | 7.8%                  | 8.6%         | 10.0%       |
| US Equities   | 5.0%         | 5.7%         | 3.8%                  | 4.2%         | 4.8%        |
| Real Estate   | 10.5%        | 10.8%        | 11.1%                 | 11.0%        | 10.9%       |
| Infrastructure & Venture Capital  | 4.6%         | 5.2%         | 5.3%                  | 5.3%         | 5.3%        |
|   |              |              |                       |              |             |

# Appendix 4a Combined Scenario with 75% MCT after Management Action Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Yea | ars Ended Fel | 19P         2020P         2021P           82         1,089,818         1,182,181           48         71,252         73,311           17)         (11,747)         (11,982)           13         1,149,323         1,243,510           60         1,060,108         1,139,528           02         70,196         72,277           17)         (11,747)         (11,982)           45         1,118,556         1,199,823           28         26,431         28,653           73         1,144,987         1,228,475           53         963,993         961,232           17         27,061         27,384           70         991,054         988,616           85         140,005         143,307           90         12,963         13,258           45         1,144,022         1,145,181           21         75,550         77,510           93         43,023         45,801           31         33,909         36,354           32         4,217         4,303           78         156,699         163,969           49)         (155,734)         (80,674) </th <th></th> |           |           |
|--|-----------|----------|-----------|-------------|---------------|--|-----------|-----------|
|  | 2015A     | 2016A    | 2017A     | 2018P       | 2019P         | 2020P  | 2021P     | 2022P     |
| SIC  |           |          |           |             |               |  |           |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740     | 1,025,482     | , ,  |           | 1,230,713 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334      | 69,148        |  |           | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)    | (11,517)      |  |           | (12,222)  |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783     | 1,083,113     | 1,149,323  | 1,243,510 | 1,293,653 |
| Net Premiums Earned                                    |           |          |           |             |               |  |           |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950     | 994,660       | 1,060,108  | 1,139,528 | 1,208,301 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265      | 59,702        | 70,196   | 72,277    | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)    | (11,517)      | ,  | ,         | (12,222)  |
| Total Net Premiums Earned                              | 803.881   | 861,065  | 907,145   | 963,924     | 1.042.845     |  |           | 1.270.311 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204      | 24,328        | , ,  | , ,       | 31,238    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129     | 1,067,173     | ,  | ,         | 1,301,549 |
| Net Claims Incurred                                    | 623,437   | 742,604  | 869,023   | 815,056     | 867,953       | 063 003  | 061 232   | 1,007,928 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)    | 32,717        |  |           | 229       |
| Total Claims Incurred                                  | 745.837   | 666,404  | 860.035   | 739.415     | 900.670       |  |           | 1.008.157 |
|  | 140,001   | 000,404  | 000,000   | 155,415     | 300,070       | 331,034  | 300,010   | 1,000,137 |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294     | 137,885       | 140,005  | 143,307   | 144,814   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210      | 13,090        | 12,963   | 13,258    | 13,506    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919     | 1,051,645     | 1,144,022  | 1,145,181 | 1,166,477 |
| Expenses   |           |          |           |             |               |  |           |           |
| Operating  | 74,283    | 71.641   | 72,785    | 72.563      | 74,921        | 75.550   | 77.510    | 79,577    |
| Commissions  | 32,845    | 33,862   | 35,086    | 37,655      | 40,593        | ,  |           | 48,504    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256      | 31,631        | 33,909   | 36,354    | 38,476    |
| Regulatory/Appeal                                      | 3,935     | 3,675    | 4,889     | 4,054       | 4,132         | 4.217  | 4.303     | 4,390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528     | 151,278       |  |           | 170,947   |
| Underwriting Income (Loss)                             | (186,011) | (52,012) | (205,967) | (44,318)    | (135,749)     | (155 734)  | (80 674)  | (35,875)  |
|  | (100,011) | (02,012) | (200,001) | (++,010)    | (100,140)     | (100,104)  | (00,014)  | (00,010)  |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827     | 77,112        | 78.148   | 70.001    | 68,526    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)         | 18,060        | 15,539   | 21,357    | 0         |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827     | 95,172        | 93,687   | 91,358    | 68,526    |
| Net Income (Loss) from Operations                      | 2.440     | (56,050) | (123,070) | 45,382      | (48,138)      | (61,401)   | (281)     | 38,470    |
| DPAC / Premium Deficiency writedown Adj.               | 2,440     | (30,030) | (123,070) | (12,128)    | (7,560)       | 646  | (10,965)  | 5,819     |
| Net Income (Loss)                                      | 2,440     | (56,050) | (123,070) | 57,509      | (40,578)      | (62,047)   | 10,684    | 32,651    |
|  | 2,440     | (30,030) | (123,010) | 51,509      | (40,310)      | (02,047)   | 10,004    | 52,001    |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641      | (14,657)      | (11,522)   | (6,027)   | (229)     |

## Appendix 4b Combined Scenario with 75% MCT after Management Action Statement of Changes in Equity

| <b>2015A</b><br>99,878<br>2,440 | <b>2016A</b><br>177,818  | 2017A   | the Years En<br>2018P  | 2019P  | 2020P  | 2021P  | 2022P  |
|---------------------------------|--|---|--|--|--|--|--|
|                                 | 177,818  |   |  |  |  |  |  |
|                                 | 177,818  |   |  |  |  |  |  |
| 2,440                           |  | 194,497   | 99,251   | 273,608  | 275,934  | 230,026  | 250,275  |
|                                 | (56,050)   | (123,070)   | 57,509   | (40,578)   | (62,047)   | 10,684   | 32,651   |
| -                               | -  | -   | -  | -  | -  | -  | -  |
| 75,500                          | 72,729   | 27,824  | 116,848  | 42,904   | 16,139   | 9,565  | 13,932   |
| 77,818                          | 194,497  | 99,251  | 273,608  | 275,934  | 230,026  | 250,275  | 296,858  |
|                                 |  |   |  |  |  |  |  |
| -                               | -  | -   | -  | -  | -  | -  | -  |
| -                               | -  | -   | -  | -  | -  | -  | -  |
| -                               | -  | -   | -  | -  | -  | -  | -  |
| -                               | -  | -   | -  | -  | -  | -  | <u> </u>   |
|                                 |  |   |  |  |  |  |  |
|                                 |  |   |  |  |  |  |  |
| 77.818                          | 194.497  | 99.251  | 273.608  | 275.934  | 230.026  | 250.275  | 296.858  |
| 35.262                          | ,  | 81,749  | 63.369   | 44.298   | 18,438   | (727)  | 12,964   |
| 1                               | 231,001  | 181,000   | 336,977  | 320,232  | 248,465  | 249,547  | 309,822  |
| -                               | -  | -   | -  | -  | -  | -  | -  |
| 13,080                          | 231,001  | 181,000   | 336,977  | 320,232  | 248,465  | 249,547  | 309,822  |
|                                 |  |   |  |  |  |  |  |
| 13.000                          | 231.000  | 231.000   | 181.000  | 181.000  | 181.000  | 181.000  | 181.000  |
| - ,                             | 325.000  | 325.000   | 366.000  | 411.000  | 462.000  | 462.000  | 462,000  |
|                                 | 75,500<br>77,818<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | 177,818         194,497           -         -      -         -         -           -      -         -     < | 177,818         194,497         99,251           -         -         -           -         - | 177,818         194,497         99,251         273,608           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -           -         -         -         -         -         -           177,818         194,497         99,251         273,608         -         -           13,080         231,001         181,000         336,977         -         -           -         -         -         -         -         < | 177,818         194,497         99,251         273,608         275,934           - <td< td=""><td>177,818         194,497         99,251         273,608         275,934         230,026           -</td><td>177,818       194,497       99,251       273,608       275,934       230,026       250,275         -</td></td<> | 177,818         194,497         99,251         273,608         275,934         230,026           - | 177,818       194,497       99,251       273,608       275,934       230,026       250,275         - |

# Appendix 4c Combined Scenario with 75% MCT after Management Action Balance Sheet

| (C\$ 000s, except where noted)          |                   |                   |           | For the Ye | ars Ended Feb | ruary,    |                  |           |
|---|-------------------|-------------------|-----------|------------|---------------|-----------|------------------|-----------|
| · · · · · · ·                           | 2015A             | 2016A             | 2017A     | 2018P      | 2019P         | 2020P     | 2021P            | 2022P     |
| BASIC                                   |                   |                   |           |            |               |           |                  |           |
| Assets                                  |                   |                   |           |            |               |           |                  |           |
| Cash and investments                    | 55,508            | 29,114            | 61,606    | 12,076     | 11,184        | 11,016    | 10,819           | 10,715    |
| Equity investments                      | 2,061,262         | 2,083,349         | 2,189,534 | 2,432,044  | 2,546,322     | 2,615,835 | 2,722,175        | 2,881,551 |
| Investment property                     | 35,087            | 35,789            | 35,615    | 37,715     | 40,369        | 40,698    | 40,835           | 40,289    |
| Due from other insurance companies      | 108               | 25                | 16        | -          | -             | -         | -                | -         |
| Accounts receivable                     | 348,697           | 375,262           | 355,389   | 334,047    | 358,907       | 378,694   | 405,712          | 421,042   |
| Prepaid expenses                        | -                 | -                 | -         | -          | -             | -         | -                | -         |
| Deferred policy acquisition costs       | -                 | 4,782             | -         | 3,286      | 12,774        | 13,987    | 27,619           | 23,203    |
| Reinsurers' share of unearned premiums  | -                 | -                 | -         | -          | -             | -         | -                | -         |
| Reinsurers' share of unearned claims    | 2,565             | 998               | 611       | -          | -             | -         | -                | -         |
| Property and equipment                  | 90,474            | 88,740            | 89,847    | 88,665     | 90,237        | 90,615    | 88,071           | 84,746    |
| Deferred development costs              | 56,992            | 65,414            | 72,866    | 69,306     | 68,993        | 73,035    | 74,298           | 72,543    |
|   | 2,650,693         | 2,683,473         | 2,805,484 | 2,977,139  | 3,128,785     | 3,223,879 | 3,369,529        | 3,534,089 |
| Liabilities                             |                   |                   |           |            |               |           |                  |           |
| Due to other insurance companies        | -                 | 152               | 147       | 114        | 114           | 114       | 114              | 114       |
| Accounts payable and accrued liabilites | 34,157            | 38,860            | 40,443    | 31,263     | 32,225        | 32,454    | 33.083           | 33,631    |
| Financing lease obligation              | 3,224             | 3,278             | 3,239     | 2,983      | 2,907         | 2,826     | 2.726            | 2,618     |
| Unearned premiums and fees              | 426.137           | 453,389           | 472,041   | 508,231    | 551.842       | 586,233   | 633,847          | 661,445   |
| Provision for employee current benefits | 16.240            | 16,871            | 16,919    | 17,362     | 18,087        | 18.822    | 19,568           | 20,325    |
| Provision for employee future benefits  | 286,581           | 281,209           | 301,245   | 310,108    | 323,746       | 338,675   | 354,155          | 370,177   |
| Provision for unpaid claims             | 1,671,275         | 1,658,713         | 1,790,450 | 1,770,101  | 1,879,633     | 1,996,291 | 2,076,488        | 2,135,958 |
|   | 2,437,614         | 2,452,472         | 2,624,484 | 2,640,162  | 2,808,554     | 2,975,414 | 3,119,981        | 3,224,267 |
| Fault                                   |                   |                   |           |            |               |           |                  |           |
| Equity                                  | 177 010           | 104 407           | 00.054    | 072 600    | 075 024       | 220.020   | 250 275          | 206 959   |
| Retained earnings                       | 177,819<br>35.262 | 194,497<br>36.504 | 99,251    | 273,608    | 275,934       | 230,026   | 250,275<br>(727) | 296,858   |
| Accumulated Other Comprehensive Income  | , -               | ]                 | 81,749    | 63,369     | 44,298        | 18,438    | 249.547          | 12,964    |
| Total Equity                            | 213,081           | 231,001           | 181,000   | 336,977    | 320,232       | 248,465   | 249,347          | 309,822   |
| Total Liabilities & Equity              | 2,650,695         | 2,683,473         | 2,805,484 | 2,977,139  | 3,128,785     | 3,223,879 | 3,369,529        | 3,534,089 |

# Appendix 4d Combined Scenario with 75% MCT after Management Action Minimum Capital Test

| (All figures in \$000s)  |    | 2017 - 2018<br>Current<br>Year<br>(01) | 2018 - 2019<br>Forecast<br>Year<br>(02) | 2019 - 2020<br>Forecast<br>Year<br>(03) | 2020 - 2021<br>Forecast<br>Year<br>(04) | 2021 - 2022<br>Forecast<br>Year<br>(05) |
|--|----|--|---|---|---|---|
| Capital Available:   | •  | (01)                                   | (02)                                    | (00)                                    | (01)                                    | (00)                                    |
| Capital available (from page 30.62 - capital available)                      | 01 | 267,671                                | 251,239                                 | 175,430                                 | 175,249                                 | 237,278                                 |
| Phase-in of capital available  | 03 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Capital Available  | 09 | 267,671                                | 251,239                                 | 175,430                                 | 175,249                                 | 237,278                                 |
| Assets Available:  |    |  |   |   |   |   |
| Net Assets Available (from page 30.92 - net assets available)                | 11 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Phase-in of net assets available   | 13 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Net Assets Available   | 19 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Capital (Margin) Required at Target:   |    |  |   |   |   |   |
| Insurance Risk:  | ~~ | 07.070                                 | 0= 100                                  | (00.070                                 |   |   |
| Premium liabilities  | 20 | 87,650                                 | 95,192                                  | 100,953                                 | 109,135                                 | 113,506                                 |
| Unpaid claims  | 22 | 186,823                                | 198,412                                 | 211,320                                 | 219,933                                 | 226,118                                 |
| Catastrophes   | 24 | 0                                      | 0                                       | 0                                       | 0                                       | (                                       |
| Margin required for reinsurance ceded to unregistered insurers               | 26 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Subtotal: Insurance risk margin  | 29 | 274,473                                | 293,604                                 | 312,273                                 | 329,068                                 | 339,624                                 |
| Market Risk:   | 20 | 2 202                                  | 47.007                                  | 40.005                                  | 40.057                                  | 45 000                                  |
| Interest rate risk   | 30 | 3,323                                  | 17,237                                  | 19,835                                  | 18,057                                  | 15,388                                  |
| Foreign exchange risk  | 32 | 17,359                                 | 21,054                                  | 19,504                                  | 19,217                                  | 25,305                                  |
| Equity risk  | 34 | 147,710                                | 177,487                                 | 169,546                                 | 166,860                                 | 187,084                                 |
| Real estate risk   | 36 | 60,737                                 | 64,347                                  | 66,771                                  | 68,906                                  | 71,023                                  |
| Other market risk exposures  | 38 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Subtotal: Market risk margin   | 39 | 229,129                                | 280,125                                 | 275,656                                 | 273,040                                 | 298,800                                 |
| Credit Risk:   |    | ~~~~~                                  | ~~ ~~~                                  | ~~~~~                                   |   | 10 100                                  |
| Counterparty default risk for balance sheet assets                           | 40 | 33,783                                 | 36,732                                  | 38,303                                  | 41,722                                  | 43,102                                  |
| Counterparty default risk for off-balance sheet exposures                    | 42 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Counterparty default risk for unregistered reinsurance collateral and SIRs   | 44 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Subtotal: Credit risk margin   | 49 | 33,783                                 | 36,732                                  | 38,303                                  | 41,722                                  | 43,102                                  |
| Operational risk margin  | 50 | 70,623                                 | 78,967                                  | 81,963                                  | 85,813                                  | 90,271                                  |
| Less: Diversification credit   | 52 | 71,960                                 | 81,658                                  | 83,899                                  | 86,211                                  | 91,306                                  |
| Total Capital (Margin) Required at Target                                    | 59 | 536,048                                | 607,770                                 | 624,296                                 | 643,432                                 | 680,491                                 |
| Minimum Capital (Margin) Required (line 59 / 1.5)                            | 60 | 357,365                                | 405,180                                 | 416,198                                 | 428,955                                 | 453,661                                 |
| Phase-in of Capital (Margin) Required  | 62 | 0                                      | 0                                       | 0                                       | 0                                       | 0                                       |
| Total Minimum Capital (Margin) Required                                      | 69 | 357,365                                | 405,180                                 | 416,198                                 | 428,955                                 | 453,661                                 |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | (89,694)                               | (153,941)                               | (240,768)                               | (253,706)                               | (216,383)                               |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)                      | 90 | 74.90%                                 | 62.01%                                  | 42.15%                                  | 40.85%                                  | 52.30%                                  |

# Appendix 4e Combined Scenario with 75% MCT after Management Action Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19 | 2019/20 | 2020/21  | 2021/22   |
|--|---------|----------|---------|---------|----------|-----------|
| Claims Incurred before Financial Provisions          |         |          |         |         |          |           |
| Collision  | 392,497 | 417,031  | 453,717 | 502,973 | 527,780  | 540,889   |
| Comprehensive  | 117,204 | 106,810  | 109,684 | 133,911 | 139,556  | 134,040   |
| Property Damage                                      | 42,769  | 44,363   | 45,237  | 49,034  | 48,948   | 51,279    |
| Public Liability - Bl                                | 5,443   | 4,362    | 5,815   | 4,487   | 6,798    | 4,678     |
| PIPP   | 240,544 | 141,676  | 238,716 | 242,370 | 220,614  | 216,311   |
| Total  | 798,458 | 714,241  | 853,169 | 932,775 | 943,697  | 947,196   |
| Lingliggeted Loop Adjustment Expenses                | 00.000  | 10.005   | 10.010  | 15 000  | 17 0 1 0 | 50.405    |
| Unallocated Loss Adjustment Expenses                 | 39,869  | 42,205   | 43,912  | 45,902  | 47,910   | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 11,149  | 11,732  | 7,974    | 4,947     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0       | 0       | 0        | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0       | 0       | 0        | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (7,560) | 646     | (10,965) | 5,819     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 900,670 | 991,054 | 988,616  | 1,008,157 |

## Appendix 4f Combined Scenario with 75% MCT after Management Action Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   |        |        |        |        | Accid  | lent Year |        |        |        |        | Selected | Selected |
|----|---|--------|--------|--------|--------|--------|-----------|--------|--------|--------|--------|----------|----------|
|    |   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017      | 2018   | 2019   | 2020   | 2021   | Undisc   | Disc     |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66% | 85.02% | 74.77% | 79.56% | 79.13% | 77.83%    | 76.39% | 78.50% | 74.01% | 71.24% |          |          |
| 2. | Trend/Rate Adjustment for Fiscal Year           |        |        |        |        |        |           |        |        |        |        |          |          |
|    | 2016  | 0.9434 | 0.9218 | 0.9370 | 0.9705 | 0.9861 |           |        |        |        |        |          |          |
|    | 2017  |        | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910    |        |        |        |        |          |          |
|    | 2018  |        |        | 0.9231 | 0.9439 | 0.9469 | 0.9630    | 0.9946 |        |        |        |          |          |
|    | 2019  |        |        |        | 0.9409 | 0.9420 | 0.9561    | 0.9855 | 1.0071 |        |        |          |          |
|    | 2020  |        |        |        |        | 0.9152 | 0.9285    | 0.9566 | 0.9771 | 0.9981 |        |          |          |
|    | 2021  |        |        |        |        |        | 0.9407    | 0.9687 | 0.9890 | 1.0098 | 1.0176 |          |          |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |        |        |        |        |        |           |        |        |        |        |          |          |
|    | 2016  | 74.21% | 78.37% | 70.06% | 77.21% | 78.03% |           |        |        |        |        | 76.49%   | 80.98%   |
|    | 2017  |        | 77.92% | 69.34% | 76.05% | 76.50% | 77.13%    |        |        |        |        | 76.56%   | 80.37%   |
|    | 2018  |        |        | 69.02% | 75.10% | 74.94% | 74.95%    | 75.98% |        |        |        | 75.00%   | 79.01%   |
|    | 2019  |        |        |        | 74.86% | 74.55% | 74.41%    | 75.29% | 79.06% |        |        | 74.90%   | 79.12%   |
|    | 2020  |        |        |        |        | 72.43% | 72.26%    | 73.08% | 76.71% | 73.87% |        | 73.12%   | 77.47%   |
|    | 2021  |        |        |        |        |        | 73.21%    | 74.00% | 77.64% | 74.73% | 72.50% | 73.98%   | 78.38%   |
|    |   |        |        |        |        |        |           |        |        |        |        |          |          |

#### B. Actual Data Other Than Losses

|      |  |                 |         |         |         | Fisc    | al Year |           |           |           |           |
|------|--|-----------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |  | 2012            | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                               | 756,751         | 764,671 | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,118,556 | 1,199,823 | 1,270,311 |
| 5.   | Operating Expenses as % of Earned Premium        | 10.82%          | 11.06%  | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.3%      | 7.9%      | 7.7%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]             | 3.61%           | 3.69%   | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.76%     | 2.64%     | 2.56%     |
|      | Selected   |                 |         |         |         | 3.46%   | 3.26%   | 3.10%     | 2.94%     | 2.78%     | 2.65%     |
| 7.   | ILAE Ratio to Losses - Selected                  |                 |         |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. E | quity in Unearned Premium                        |                 |         |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                             |                 |         |         |         | 437,172 | 468,021 | 508,289   | 539,056   | 582,743   | 606,084   |
| 9.   | Additional Expected Cost of Non-Proportional Re  | einsurance      |         |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(  | (8) - (9)) x (3 | 3)]     |         |         | 354,751 | 371,506 | 396,972   | 421,766   | 446,722   | 470,260   |
| 11.  | Reinsurance PFAD                                 |                 |         |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                          |                 |         |         |         | 14,279  | 15,065  | 15,579    | 15,659    | 16,045    | 15,920    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row   | / 11]           |         |         |         | 65,289  | 68,357  | 73,043    | 77,605    | 82,197    | 86,528    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -   | PIPP Enhan      | cement  |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (14 | 4))]            |         |         |         | (6,844) | 3,286   | 12,774    | 13,987    | 27,619    | 23,203    |
| 16.  | Carried Deferred Policy Acquisition Expenses     |                 |         |         |         | 29,692  | 27,695  | 29,622    | 31,481    | 34,149    | 35,551    |
| 17.  | Write Down Deferred Policy Acquisition Expense   | s [b]           |         |         |         | 29,692  | 24,409  | 16,849    | 17,494    | 6,530     | 12,348    |
|      | Change   |                 |         |         |         | 6,127   | (5,283) | (7,560)   | 646       | (10,965)  | 5,819     |
| 18.  | Premium Deficiency [c]                           |                 |         |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change   |                 |         |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 4g Combined Scenario with 75% MCT after Management Action Summary of Corporate Investment Income

|  | 2017/18     | 2018/19      | 2019/20               | 2020/21    | 2021/22     |
|--|-------------|--------------|-----------------------|------------|-------------|
| _  |             |              | Forecasted            |            |             |
| Interest Income During Period                      |             |              |                       |            |             |
| Cash/Short Term Investments                        | 93          | (0)          | (0)                   | (0)        | (0          |
| Marketable Bonds                                   | 40,119      | 38,187       | 39,048                | 40,684     | 42,438      |
| MUSH   | 28,780      | 27,837       | 26,767                | 25,625     | 24,404      |
| Total  | 68,993      | 66,024       | 65,815                | 66,309     | 66,841      |
| Dividend and other Income                          |             |              |                       |            |             |
| Canadian Equities                                  | 8,103       | 10,111       | 10,400                | 9,981      | 10,908      |
| US Equities  | 3,149       | 3,878        | 4,008                 | 3,829      | 4,171       |
| Investment Properties (Cityplace)                  | 2,784       | 2,688        | 2,580                 | 2,508      | 2,448       |
| Infrastructure                                     | 1,645       | 2,094        | 2,257                 | 2,381      | 2,512       |
| Fotal  | 15,681      | 18,772       | 19,244                | 18,699     | 20,039      |
| Gains During Period - Profit & Loss                |             |              |                       |            |             |
| Marketable Bonds Unrealized Gains/(Loss)           | 261         | 17,293       | 20,648                | 22,484     | 2,229       |
| Marketable Bonds Realized Gains/(Loss)             | (261)       | 3,237        | (3,019)               | 1,958      | (2,229      |
| Amortization on Marketable Bonds (Prem) / Discount | (6,573)     | (8,276)      | (9,995)               | (12,393)   | (13,718     |
| MUSH<br>Canadian Equities Realized Gains           | -<br>26,949 | -<br>8,618   | -<br>6,445            | -<br>1,522 | -<br>2,273  |
| US Equities Realized Gains                         | 12,775      | -            | 4,241                 | 2,617      | 2,213       |
| Real Estate (Pooled Fund)                          | 14,507      | -<br>15, 158 | 15,819                | 16,768     | -<br>17,774 |
| Infrastructure                                     | 5,923       | 7,532        | 8,111                 | 8,557      | 9,027       |
| Total  | 53,580      | 43,562       | 42,250                | 41,512     | 15,357      |
| Other  |             |              |                       |            |             |
| Investment Fees Paid                               | (4,784)     | (5,887)      | (6, 177)              | (6,537)    | (6,873      |
| Pension Expense                                    | (13,739)    | (14,282)     | (14,845)              | (15,429)   | (16,035     |
| Investment Write-Down                              | -           | -            | -                     | -          | -           |
| lotal  | (18,523)    | (20, 169)    | (21,022)              | (21,966)   | (22,908     |
| Total Corporate Investment Income                  | 119,731     | 108,189      | 106,288               | 104,555    | 79,329      |
| Total Basic Investment Income                      | 101,827     | 95,172       | 93,687                | 91,358     | 68,526      |
| % - Basic to Total Investment Income               | 85%         | 88%          | 88%                   | 87%        | 86%         |
| Equity Unrealized Gains/(Losses)                   |             |              |                       |            |             |
| Canadian Equities Unrealized Gains                 | 11,953      | (10,717)     | (12,935)              | (12, 167)  | 11,887      |
| US Equities Unrealized Gains                       | 6,645       | (4,818)      | (5,817)               | (5,445)    | 6,227       |
| Total Corporate Unrealized Gains/(Losses)          | 18,598      | (15,536)     | (18,752)              | (17,612)   | 18,114      |
|  |             |              |                       |            |             |
| Ending Values and Allocations                      | 2017/18     | 2018/19      | 2019/20<br>Forecasted | 2020/21    | 2021/22     |
| Ending Asset Values for Corporate (\$Millions)     |             |              |                       |            |             |
| Cash/Short Term Investments                        | -           | -            | -                     | -          | -           |
| Canadian Fixed Income                              | 1,287.4     | 1,286.4      | 1,410.8               | 1,563.7    | 1,689.9     |
| MUSH   | 638.7       | 631.4        | 621.9                 | 611.1      | 598.4       |
| Canadian Equities                                  | 284.6       | 343.5        | 323.1                 | 315.9      | 366.7       |
| US Equities  | 139.0       | 167.8        | 157.1                 | 153.0      | 177.4       |
| Real Estate  | 290.8       | 308.7        | 325.4                 | 342.8      | 360.4       |
| Infrastructure & Venture Capital                   | 128.4       | 149.0        | 157.1                 | 165.6      | 174.7       |
| otal Corporate Assets                              | 2,769.0     | 2,886.7      | 2,995.3               | 3,152.1    | 3,367.5     |
| otal Basic Assets                                  | 2,481.8     | 2,597.9      | 2,667.5               | 2,773.8    | 2,932.6     |
| Ending Rebalanced Allocations (%)                  |             |              |                       |            |             |
| Cash/Short Term Investments                        | 0.0%        | 0.0%         | 0.0%                  | 0.0%       | 0.0%        |
| Canadian Fixed Income                              | 46.5%       | 44.6%        | 47.1%                 | 49.6%      | 50.2%       |
|  | 23.1%       | 21.9%        | 20.8%                 | 19.4%      | 17.8%       |
| MUSH   |             |              | 10.8%                 | 10.0%      | 10.9%       |
| Canadian Equities                                  | 10.3%       | 11.9%        |                       |            |             |
| Canadian Equities<br>US Equities                   | 5.0%        | 5.8%         | 5.2%                  | 4.9%       | 5.3%        |
| Canadian Equities                                  |             |              |                       |            |             |

### Appendix 4h Combined Scenario with 75% MCT with Management Action and Premium Rebate Statement of Operations

| 000s, except where noted)                              |           |          |           | For the Ye | ars Ended Fe | bruary,         |           |           |
|--|-----------|----------|-----------|------------|--------------|-----------------|-----------|-----------|
| -  | 2015A     | 2016A    | 2017A     | 2018P      | 2019P        | 2020P           | 2021P     | 2022F     |
| SIC  |           |          |           |            |              |                 |           |           |
| Motor Vehicles   | 794,052   | 854,170  | 886,998   | 958,740    | 1,025,482    | 1,089,818       | 1,182,181 | 1,230,713 |
| Drivers  | 44,642    | 46,619   | 48,426    | 50,334     | 69,148       | 71,252          | 73,311    | 75,162    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)     | (11,747)        | (11,982)  | (12,222   |
| Total Net Premiums Written                             | 824,865   | 888,365  | 923,789   | 997,783    | 1,083,113    | 1,149,323       | 1,243,510 | 1,293,653 |
| Net Premiums Earned                                    |           |          |           |            |              |                 |           |           |
| Motor Vehicles   | 774,784   | 827,701  | 871,174   | 925,950    | 994,660      | 1,060,108       | 1,139,528 | 1,208,301 |
| Drivers  | 42,926    | 45,787   | 47,606    | 49,265     | 59,702       | 70,196          | 72,277    | 74,233    |
| Reinsurance Ceded                                      | (13,829)  | (12,423) | (11,635)  | (11,291)   | (11,517)     | (11,747)        | (11,982)  | (12,222   |
|  | 803,881   | 861,065  | 907,145   | 963,924    | 1,042,845    | 1,118,556       | 1,199,823 | 1,270,311 |
| Service Fees & Other Revenues                          | 19,476    | 20,351   | 20,748    | 22,204     | 24,328       | 26,431          | 28,653    | 31,238    |
| Total Earned Revenues                                  | 823,358   | 881,416  | 927,893   | 986,129    | 1,067,173    | 1,144,987       | 1,228,475 | 1,301,549 |
| Net Claims Incurred                                    | 623,437   | 742,604  | 869.023   | 815,056    | 867,953      | 963,993         | 961,233   | 1,007,928 |
| (a) Claims Incurred - Interest Rate Impact             | 122,400   | (76,200) | (8,988)   | (75,641)   | 32,717       | 27,061          | 27,383    | 229       |
| Total Claims Incurred                                  | 745,837   | 666,404  | 860,035   | 739,415    | 900,670      | 991,054         | 988,616   | 1,008,157 |
|  | 143,031   | 000,404  | 000,033   | 155,415    | 900,070      | 331,034         | 900,010   | 1,000,137 |
| Claims Expense   | 116,578   | 118,614  | 120,972   | 134,294    | 137,885      | 140,005         | 143,307   | 144,814   |
| Road Safety/Loss Prevention                            | 11,359    | 13,027   | 12,530    | 13,210     | 13,090       | 12,963          | 13,258    | 13,506    |
| Total Claims Costs                                     | 873,774   | 798,045  | 993,537   | 886,919    | 1,051,645    | 1,144,022       | 1,145,181 | 1,166,477 |
| Expenses   |           |          |           |            |              |                 |           |           |
| Operating  | 74,283    | 71,641   | 72,785    | 72,563     | 74,921       | 75,550          | 77,510    | 79,577    |
| Commissions  | 32,845    | 33,862   | 35,086    | 37,655     | 40,593       | 43,023          | 45,801    | 48,504    |
| Premium Taxes  | 24,531    | 26,205   | 27,563    | 29,256     | 31,631       | 33,909          | 36,354    | 38,476    |
| Regulatory/Appeal                                      | 3,935     | 3,675    | 4,889     | 4,054      | 4,132        | 4.217           | 4,303     | 4,390     |
| Total Expenses   | 135,594   | 135,383  | 140,323   | 143,528    | 151,278      | 156,699         | 163,969   | 170,947   |
| Underwriting Income (Loss)                             | (186,011) | (52,012) | (205,967) | (44,318)   | (135,749)    | (155,734)       | (80,674)  | (35,875   |
|  | (100,011) | (52,012) | (200,001) | (++,510)   | (155,145)    | (100,704)       | (00,014)  | (55,675   |
| Investment Income                                      | 104,184   | 48,476   | 101,645   | 101,827    | 74,710       | 75,617          | 67,763    | 66,391    |
| (b) Investment Income - Interest Rate Impact           | 84,267    | (52,515) | (18,748)  | (0)        | 17,498       | 15,036          | 20,674    | (0        |
| Net Investment Income                                  | 188,451   | (4,038)  | 82,897    | 101,827    | 92,208       | 90,653          | 88,438    | 66,391    |
| Net Income (Loss) from Operations                      | 2.440     | (56,050) | (123,070) | 45,382     | (51,101)     | (64,436)        | (3,201)   | 36,335    |
| DPAC / Premium Deficiency writedown Adj.               | 2,440     | (30,030) | (123,010) | (12,128)   | (7,560)      | (04,430)<br>646 | (10,965)  | 5,819     |
| Net Income (Loss)                                      | 2,440     | (56,050) | (123,070) | 57,509     | (43,542)     | (65,081)        | 7,764     | 30,516    |
|  | 2,440     | (30,030) | (123,070) | 57,509     | (43,34Z)     | (00,001)        | 1,104     | 30,310    |
| Total net Impact due to interest rate change (b) - (a) | (38,133)  | 23,685   | (9,760)   | 75,641     | (15,220)     | (12,025)        | (6,709)   | (229      |

### Appendix 4i Combined Scenario with 75% MCT with Management Action and Premium Rebate Statement of Changes in Equity

| (C\$ 000s, except where noted)                             |         |               | For       | the Years Er | nded Februa | ry,      |            |             |
|--|---------|---------------|-----------|--------------|-------------|----------|------------|-------------|
|  | 2015A   | 2016A         | 2017A     | 2018P        | 2019P       | 2020P    | 2021P      | 2022P       |
| Retained Earnings  |         |               |           |              |             |          |            |             |
| Beginning Balance  | 99,878  | 177,818       | 194,497   | 99,251       | 194,188     | 193,550  | 144,608    | 161,936     |
| Net Income (Loss) from annual operations<br>Premium Rebate | 2,440   | (56,050)<br>- | (123,070) | 57,509<br>-  | (43,542)    | (65,081) | 7,764<br>- | 30,516<br>- |
| Transfer (to) / from Non-Basic Retained Earnings           | 75,500  | 72,729        | 27,824    | 37,428       | 42,904      | 16,139   | 9,565      | 13,932      |
| Total Retained Earnings                                    | 177,818 | 194,497       | 99,251    | 194,188      | 193,550     | 144,608  | 161,936    | 206,384     |
| Total Accumulated Other Comprehensive Income               |         |               |           |              |             |          |            |             |
| Beginning Balance  | -       | -             | -         | -            | -           | -        | -          | -           |
| Other Comprehensive Income for the Year                    | -       | -             | -         | -            | -           | -        | -          | -           |
| Total Accumulated Other Comprehensive Income               | -       | -             | -         | -            | -           | -        | -          | -           |
| Total Equity Balance                                       | -       | -             | -         | -            | -           | -        | -          | -           |
| Total Equity   |         |               |           |              |             |          |            |             |
| Rate Stabilization Reserve                                 |         |               |           |              |             |          |            |             |
| Retained Earnings  | 177,818 | 194,497       | 99,251    | 194,188      | 193,550     | 144,608  | 161,936    | 206,384     |
| Accumululated Other Comprehensive Income                   | 35,262  | 36,504        | 81,749    | 63,369       | 42,918      | 17,841   | (704)      | 12,560      |
| Total Rate Stabilization Reserve                           | 213,080 | 231,001       | 181,000   | 257,556      | 236,468     | 162,449  | 161,232    | 218,944     |
| Retained Earnings in excess of Rate Stabilization Reserve  | -       | -             | -         | -            | -           | -        | -          | -           |
| Total Equity Balance                                       | 213,080 | 231,001       | 181,000   | 257,556      | 236,468     | 162,449  | 161,232    | 218,944     |
| RESERVE TARGETS  |         |               |           |              |             |          |            |             |
| DCAT Total Equity Lower Target                             | 213,000 | 231,000       | 231,000   | 181,000      | 181.000     | 181,000  | 181,000    | 181,000     |
| MCT Total Equity Upper Target                              | 325,000 | 325,000       | 325,000   | 366,000      | 411,000     | 462,000  | 462,000    | 462,000     |

### Appendix 4j Combined Scenario with 75% MCT with Management Action and Premium Rebate Balance Sheet

| (C\$ 000s, except where noted)                              |           |           |                  | For the Ye | ars Ended Feb | oruary,   |           |           |
|---|-----------|-----------|------------------|------------|---------------|-----------|-----------|-----------|
|   | 2015A     | 2016A     | 2017A            | 2018P      | 2019P         | 2020P     | 2021P     | 2022F     |
| BASIC   |           |           |                  |            |               |           |           |           |
| Assets  |           |           |                  |            |               |           |           |           |
| Cash and investments  | 55,508    | 29,114    | 61,606           | 11,690     | 10,824        | 10,661    | 10,474    | 10,383    |
| Equity investments  | 2,061,262 | 2,083,349 | 2,189,534        | 2,354,217  | 2,464,221     | 2,531,487 | 2,635,504 | 2,792,254 |
| Investment property   | 35,087    | 35,789    | 35,615           | 36,508     | 39,067        | 39,385    | 39,535    | 39,041    |
| Due from other insurance companies                          | 108       | 25        | 16               | -          | -             | -         | -         |           |
| Accounts receivable   | 348,697   | 375,262   | 355,389          | 334,047    | 358,907       | 378,694   | 405,712   | 421,042   |
| Prepaid expenses  | -         | -         | -                | -          | -             | -         | -         | -         |
| Deferred policy acquisition costs                           | -         | 4,782     | -                | 3,286      | 12,774        | 13,987    | 27,619    | 23,203    |
| Reinsurers' share of unearned premiums                      | -         | -         | -                | -          | -             | -         | -         |           |
| Reinsurers' share of unearned claims                        | 2,565     | 998       | 611              | -          | -             | -         | -         |           |
| Property and equipment                                      | 90,474    | 88,740    | 89,847           | 88,665     | 90,237        | 90,615    | 88,071    | 84,746    |
| Deferred development costs                                  | 56,992    | 65,414    | 72,866           | 69,306     | 68,993        | 73,035    | 74,298    | 72,543    |
|   | 2,650,693 | 2,683,473 | 2,805,484        | 2,897,718  | 3,045,022     | 3,137,863 | 3,281,213 | 3,443,211 |
| Liabilities   |           |           |                  |            |               |           |           |           |
| Due to other insurance companies                            | -         | 152       | 147              | 114        | 114           | 114       | 114       | 114       |
| Accounts payable and accrued liabilites                     | 34,157    | 38,860    | 40,443           | 31,263     | 32,225        | 32,454    | 33,083    | 33,631    |
| Financing lease obligation                                  | 3,224     | 3,278     | 3,239            | 2,983      | 2,907         | 2,826     | 2.726     | 2,618     |
| Unearned premiums and fees                                  | 426,137   | 453,389   | 472,041          | 508,231    | 551,842       | 586,233   | 633,847   | 661,445   |
| Provision for employee current benefits                     | 16,240    | 16.871    | 16,919           | 17.362     | 18.087        | 18.822    | 19.568    | 20,325    |
| Provision for employee future benefits                      | 286,581   | 281.209   | 301,245          | 310,108    | 323,746       | 338.675   | 354,155   | 370,177   |
| Provision for unpaid claims                                 | 1,671,275 | 1,658,713 | 1,790,450        | 1,770,101  | 1,879,633     | 1,996,291 | 2,076,488 | 2,135,958 |
|   | 2,437,614 | 2,452,472 | 2,624,484        | 2,640,162  | 2,808,554     | 2,975,414 | 3,119,981 | 3,224,267 |
| Fauity  |           |           |                  |            |               |           |           |           |
| Equity<br>Retained earnings                                 | 177.819   | 194,497   | 99,251           | 194,188    | 193,550       | 144,608   | 161,936   | 206,384   |
| Retained earnings<br>Accumulated Other Comprehensive Income | 35.262    | 36,504    | 99,251<br>81,749 | 63,369     | 42,918        | 144,608   | (704)     | 206,384   |
| •   | , .       | ,         | ,                | ,          | 236,468       | ,         | 161,232   | ,         |
| Total Equity  | 213,081   | 231,001   | 181,000          | 257,556    | 230,408       | 162,449   | 101,232   | 218,944   |
| Total Liabilities & Equity                                  | 2,650,695 | 2,683,473 | 2,805,484        | 2,897,718  | 3,045,022     | 3,137,863 | 3,281,213 | 3,443,211 |

## Appendix 4k Combined Scenario with 75% MCT with Management Action and Premium Rebate Minimum Capital Test

| (All figures in \$000s)  |    | 2017 - 2018             |                          | 2019 - 2020              | 2020 - 2021              | 2021 - 2022              |
|--|----|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  |    | Current<br>Year<br>(01) | Forecast<br>Year<br>(02) | Forecast<br>Year<br>(03) | Forecast<br>Year<br>(04) | Forecast<br>Year<br>(05) |
| Capital Available:   |    |                         |                          |                          |                          |                          |
| Capital available (from page 30.62 - capital available)                      | 01 | 188,250                 | 167,475                  | 89,414                   | 86,934                   | 146,401                  |
| Phase-in of capital available  | 03 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Total Capital Available  | 09 | 188,250                 | 167,475                  | 89,414                   | 86,934                   | 146,401                  |
| Assets Available:  |    |                         |                          |                          |                          |                          |
| Net Assets Available (from page 30.92 - net assets available)                | 11 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Phase-in of net assets available   | 13 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Total Net Assets Available   | 19 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Capital (Margin) Required at Target:   |    |                         |                          |                          |                          |                          |
| Insurance Risk:  |    |                         |                          |                          |                          |                          |
| Premium liabilities  | 20 | 87,650                  | 95,192                   | 100,953                  | 109,135                  | 113,506                  |
| Unpaid claims  | 22 | 186,823                 | 198,412                  | 211,320                  | 219,933                  | 226,118                  |
| Catastrophes   | 24 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Margin required for reinsurance ceded to unregistered insurers               | 26 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Subtotal: Insurance risk margin  | 29 | 274,473                 | 293,604                  | 312,273                  | 329,068                  | 339,624                  |
| Market Risk:   |    |                         |                          |                          |                          |                          |
| Interest rate risk   | 30 | 3,644                   | 24,069                   | 27,023                   | 25,548                   | 22,934                   |
| Foreign exchange risk  | 32 | 16,804                  | 20,375                   | 18,875                   | 18,605                   | 24,533                   |
| Equity risk  | 34 | 142,982                 | 171,765                  | 164,078                  | 161,547                  | 181,286                  |
| Real estate risk   | 36 | 59,077                  | 62,563                   | 64,911                   | 66,993                   | 69,085                   |
| Other market risk exposures  | 38 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Subtotal: Market risk margin   | 39 | 222,507                 | 278,772                  | 274,887                  | 272,693                  | 297,838                  |
| Credit Risk:   |    |                         |                          |                          |                          |                          |
| Counterparty default risk for balance sheet assets                           | 40 | 33,247                  | 36,167                   | 37,724                   | 41,127                   | 42,491                   |
| Counterparty default risk for off-balance sheet exposures                    | 42 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Counterparty default risk for unregistered reinsurance collateral and SIRs   | 44 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Subtotal: Credit risk margin   | 49 | 33,247                  | 36,167                   | 37,724                   | 41,127                   | 42,491                   |
| Operational risk margin  | 50 | 70,014                  | 78,804                   | 81,848                   | 85,733                   | 90,137                   |
| Less: Diversification credit   | 52 | 70,942                  | 81,421                   | 83,719                   | 86,078                   | 91,096                   |
| Total Capital (Margin) Required at Target                                    | 59 | 529,299                 | 605,926                  | 623,013                  | 642,543                  | 678,994                  |
| Minimum Capital (Margin) Required (line 59 / 1.5)                            | 60 | 352,866                 | 403,951                  | 415,342                  | 428,362                  | 452,662                  |
| Phase-in of Capital (Margin) Required  | 62 | 0                       | 0                        | 0                        | 0                        | 0                        |
| Total Minimum Capital (Margin) Required                                      | 69 | 352,866                 | 403,951                  | 415,342                  | 428,362                  | 452,662                  |
| Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required | 79 | (164,616)               | (236,476)                | (325,928)                | (341,428)                | (306,261                 |
| MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)                      | 90 | 53.35%                  | 41.46%                   | 21.53%                   | 20.29%                   | 32.34%                   |

# Appendix 4I Combined Scenario with 75% MCT with Management Action and Premium Rebate Net Claims Incurred Summary

| (C\$ 000s, except where noted)                       | 2016/17 | 2017/18  | 2018/19 | 2019/20 | 2020/21  | 2021/22   |
|--|---------|----------|---------|---------|----------|-----------|
| Claims Incurred before Financial Provisions          |         |          |         |         |          |           |
| Collision  | 392,497 | 417,031  | 453,717 | 502,973 | 527,780  | 540,889   |
| Comprehensive  | 117,204 | 106,810  | 109,684 | 133,911 | 139,556  | 134,040   |
| Property Damage                                      | 42,769  | 44,363   | 45,237  | 49,034  | 48,948   | 51,279    |
| Public Liability - Bl                                | 5,443   | 4,362    | 5,815   | 4,487   | 6,798    | 4,678     |
| PIPP   | 240,544 | 141,676  | 238,716 | 242,370 | 220,614  | 216,310   |
| Total  | 798,458 | 714,241  | 853,169 | 932,775 | 943,696  | 947,196   |
| Unallocated Loss Adjustment Expenses                 | 39,869  | 42,205   | 43,912  | 45,902  | 47,910   | 50,195    |
| Change in Internal Loss Adjustment Expense Provision | 10,168  | (4,904)  | 11,149  | 11,732  | 7,974    | 4,947     |
| Change in Reinsurance Ceded Provision                | 786     | 0        | 0       | 0       | 0        | 0         |
| Other Financial Adjustments                          | (2,217) | 0        | 0       | 0       | 0        | 0         |
| Change in DPAC / Premium Deficiency Provision        | 12,971  | (12,128) | (7,560) | 646     | (10,965) | 5,819     |
| Total Net Claims Incurred                            | 860,035 | 739,415  | 900,670 | 991,054 | 988,616  | 1,008,157 |

#### Appendix 4m

### Combined Scenario with 75% MCT with Management Action and Premium Rebate Deferred Policy Acquisition Expenses and Premium Deficiency

#### A. Claims (Including External Adjustment Expense) Data

|    |   |        |        |        |        | Accid  | lent Year |        |        |        |        | Selected | Selected |
|----|---|--------|--------|--------|--------|--------|-----------|--------|--------|--------|--------|----------|----------|
|    |   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017      | 2018   | 2019   | 2020   | 2021   | Undisc   | Disc     |
| 1. | Ultimate Loss Ratio - Total All Coverage        | 78.66% | 85.02% | 74.77% | 79.56% | 79.13% | 77.83%    | 76.39% | 78.50% | 74.01% | 71.24% |          |          |
| 2. | Trend/Rate Adjustment for Fiscal Year           |        |        |        |        |        |           |        |        |        |        |          |          |
|    | 2016  | 0.9434 | 0.9218 | 0.9370 | 0.9705 | 0.9861 |           |        |        |        |        |          |          |
|    | 2017  |        | 0.9165 | 0.9273 | 0.9559 | 0.9667 | 0.9910    |        |        |        |        |          |          |
|    | 2018  |        |        | 0.9231 | 0.9439 | 0.9469 | 0.9630    | 0.9946 |        |        |        |          |          |
|    | 2019  |        |        |        | 0.9409 | 0.9420 | 0.9561    | 0.9855 | 1.0071 |        |        |          |          |
|    | 2020  |        |        |        |        | 0.9152 | 0.9285    | 0.9566 | 0.9771 | 0.9981 |        |          |          |
|    | 2021  |        |        |        |        |        | 0.9407    | 0.9687 | 0.9890 | 1.0098 | 1.0176 |          |          |
| 3. | Adjusted Loss Ratio for Fiscal Year [(1) x (2)] |        |        |        |        |        |           |        |        |        |        |          |          |
|    | 2016  | 74.21% | 78.37% | 70.06% | 77.21% | 78.03% |           |        |        |        |        | 76.49%   | 80.98%   |
|    | 2017  |        | 77.92% | 69.34% | 76.05% | 76.50% | 77.13%    |        |        |        |        | 76.56%   | 80.37%   |
|    | 2018  |        |        | 69.02% | 75.10% | 74.94% | 74.95%    | 75.98% |        |        |        | 75.00%   | 79.01%   |
|    | 2019  |        |        |        | 74.86% | 74.55% | 74.41%    | 75.29% | 79.06% |        |        | 74.90%   | 79.12%   |
|    | 2020  |        |        |        |        | 72.43% | 72.26%    | 73.08% | 76.71% | 73.87% |        | 73.12%   | 77.47%   |
|    | 2021  |        |        |        |        |        | 73.21%    | 74.00% | 77.64% | 74.73% | 72.50% | 73.98%   | 78.38%   |
|    | 2020  |        |        |        | 74.86% |        | 72.26%    | 73.08% | 76.71% |        | 72.50% | 73.12%   | 77.47%   |

#### B. Actual Data Other Than Losses

|      |  |              |          |         |         | Fisc    | al Year |           |           |           |           |
|------|--|--------------|----------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|      |  | 2012         | 2013     | 2014    | 2015    | 2016    | 2017    | 2018      | 2019      | 2020      | 2021      |
| 4.   | Net Earned Premium                               | 756,751      | 764,671  | 803,881 | 861,065 | 904,850 | 963,924 | 1,042,845 | 1,118,556 | 1,199,823 | 1,270,311 |
| 5.   | Operating Expenses as % of Earned Premium        | 10.82%       | 11.06%   | 11.1%   | 10.3%   | 9.8%    | 9.3%    | 8.8%      | 8.3%      | 7.9%      | 7.7%      |
| 6.   | Maintenance Expense Rate [(5) x 1/3]             | 3.61%        | 3.69%    | 3.71%   | 3.42%   | 3.25%   | 3.11%   | 2.95%     | 2.76%     | 2.64%     | 2.56%     |
|      | Selected   |              |          |         |         | 3.46%   | 3.26%   | 3.10%     | 2.94%     | 2.78%     | 2.65%     |
| 7.   | ILAE Ratio to Losses - Selected                  |              |          |         |         | 18.40%  | 18.40%  | 18.40%    | 18.40%    | 18.40%    | 18.40%    |
| C. I | Equity in Unearned Premium                       |              |          |         |         |         |         |           |           |           |           |
| 8.   | Net Unearned Premium                             |              |          |         |         | 437,172 | 468,021 | 508,289   | 539,056   | 582,743   | 606,084   |
| 9.   | Additional Expected Cost of Non-Proportional Rei | insurance    |          |         |         | 5,646   | 5,758   | 5,874     | 5,991     | 6,111     | 6,127     |
| 10.  | Expected Claims (Including Ext Adj Expenses) [(  | (8) - (9)) x | (3)]     |         |         | 354,751 | 371,506 | 396,972   | 421,766   | 446,722   | 470,260   |
| 11.  | Reinsurance PFAD                                 |              |          |         |         | 4       | -       | -         | -         | -         | -         |
| 12.  | Maintenance Expense [a]                          |              |          |         |         | 14,279  | 15,065  | 15,579    | 15,659    | 16,045    | 15,920    |
| 13.  | Internal Loss Adjustment Expense [Sheet 1, Row   | v 11]        |          |         |         | 65,289  | 68,357  | 73,043    | 77,605    | 82, 197   | 86,528    |
| 14.  | Expected Claims (Including Ext Adj Expenses) -   | PIPP Enha    | incement |         |         | 4,048   | 4,048   | 4,048     | 4,048     | 4,048     | 4,048     |
| 15.  | Equity in Unearned Premium [(8) - Sum((9) to (1  | 4))]         |          |         |         | (6,844) | 3,286   | 12,774    | 13,987    | 27,619    | 23,203    |
| 16.  | Carried Deferred Policy Acquisition Expenses     |              |          |         |         | 29,692  | 27,695  | 29,622    | 31,481    | 34, 149   | 35,551    |
| 17.  | Write Down Deferred Policy Acquisition Expenses  | s [b]        |          |         |         | 29,692  | 24,409  | 16,849    | 17,494    | 6,530     | 12,348    |
|      | Change   |              |          |         |         | 6,127   | (5,283) | (7,560)   | 646       | (10,965)  | 5,819     |
| 18.  | Premium Deficiency [c]                           |              |          |         |         | 6,844   | -       | -         | -         | -         | -         |
|      | Change   |              |          |         |         | 6,844   | (6,844) | -         | -         | -         | -         |

#### Notes:

[a]  $((8) - (9)) \times (6) \times$  Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 4n Combined Scenario with 75% MCT with Management Action and Premium Rebate Summary of Corporate Investment Income

|  | 2017/18          | 2018/19      | 2019/20               | 2020/21         | 2021/22        |
|--|------------------|--------------|-----------------------|-----------------|----------------|
| _  |                  |              | orecasted             |                 |                |
| Interest Income During Period                      |                  |              |                       |                 |                |
| Cash/Short Term Investments                        | 93               | (0)          | (0)                   | (0)             | (0             |
| Marketable Bonds                                   | 40, 119          | 38, 187      | 39,048                | 40,684          | 42,438         |
| MUSH   | 28,780           | 27,837       | 26,767                | 25,625          | 24,404         |
| Total  | 68,993           | 66,024       | 65,815                | 66,309          | 66,841         |
| Dividend and other Income                          |                  |              |                       |                 |                |
| Canadian Equities                                  | 8, 103           | 10, 111      | 10,400                | 9,981           | 10,908         |
| US Equities  | 3, 149           | 3,878        | 4,008                 | 3,829           | 4,171          |
| Investment Properties (Cityplace)                  | 2,784            | 2,688        | 2,580                 | 2,508           | 2,448          |
|  | 1,645            | 2,094        | 2,257                 | 2,381           | 2,512          |
| Fotal  | 15,681           | 18,772       | 19,244                | 18,699          | 20,039         |
| Gains During Period - Profit & Loss                |                  |              |                       |                 |                |
| Marketable Bonds Unrealized Gains/(Loss)           | 261              | 17,293       | 20,648                | 22,484          | 2,229          |
| Marketable Bonds Realized Gains/(Loss)             | (261)            | 3,237        | (3,019)               | 1,958           | (2,229         |
| Amortization on Marketable Bonds (Prem) / Discount | (6,573)          | (8,276)      | (9,995)               | (12,393)        | (13,718        |
| MUSH<br>Canadian Equities Realized Gains           | -                | -            | -                     | -               | -              |
| US Equities Realized Gains                         | 26,949           | 8,618        | 6,445                 | 1,522           | 2,273          |
| Real Estate (Pooled Fund)                          | 12,775<br>14,507 | -<br>15,158  | 4,241<br>15,819       | 2,617<br>16,768 | -<br>17,774    |
| Infrastructure                                     | 5,923            | 7,532        | 8,111                 | 8,557           | 9,027          |
| Total  | 53,580           | 43,562       | 42,250                | 41,512          | 15,357         |
|  | 00,000           | .0,002       | ,                     | ,•.=            | ,              |
| Other<br>Investment Fees Paid                      | (1 70 ()         | (5.007)      | (0.477)               | (0.507)         | (0.070         |
|  | (4,784)          | (5,887)      | (6,177)               | (6,537)         | (6,873         |
| Pension Expense<br>Investment Write-Down           | (13,739)         | (14,282)     | (14,845)              | (15,429)        | (16,035        |
| Fotal  | (18,523)         | - (20, 169)  | - (21,022)            | (21,966)        | (22,908        |
|  |                  | · · ·        | · · ·                 |                 |                |
| Total Corporate Investment Income                  | 119,731          | 108,189      | 106,288               | 104,555         | 79,329         |
| Total Basic Investment Income                      | 101,827          | 92,208       | 90,653                | 88,438          | 66,391         |
| 6 - Basic to Total Investment Income               | 85%              | 85%          | 85%                   | 85%             | 84%            |
| Equity Unrealized Gains/(Losses)                   |                  |              |                       |                 |                |
| Canadian Equities Unrealized Gains                 | 11,953           | (10,717)     | (12,935)              | (12, 167)       | 11,887         |
| US Equities Unrealized Gains                       | 6,645            | (4,818)      | (5,817)               | (5,445)         | 6,227          |
| Total Corporate Unrealized Gains/(Losses)          | 18,598           | (15,536)     | (18,752)              | (17,612)        | 18,114         |
|  |                  |              |                       |                 |                |
| Ending Values and Allocations                      | 2017/18          | 2018/19<br>F | 2019/20<br>o recasted | 2020/21         | 2021/22        |
|  |                  |              |                       |                 |                |
| Cash/Short Term Investments                        | -                | -            | -                     | -               | -              |
| Canadian Fixed Income                              | 1,287.4          | 1,286.4      | 1,410.8               | 1,563.7         | 1,689.9        |
| MUSH   | 638.7            | 631.4        | 621.9                 | 611.1           | 598.4          |
| Canadian Equities                                  | 284.6            | 343.5        | 323.1                 | 315.9           | 366.7          |
| US Equities  | 139.0            | 167.8        | 157.1                 | 153.0           | 177.4          |
| Real Estate  | 290.8            | 308.7        | 325.4                 | 342.8           | 360.4          |
| Infrastructure & Venture Capital                   | 128.4            | 149.0        | 157.1                 | 165.6           | 174.7          |
| Total Corporate Assets                             | 2,769.0          | 2,886.7      | 2,995.3               | 3,152.1         | 3,367.5        |
| otal Basic Assets                                  | 2,402.4          | 2,514.1      | 2,581.5               | 2,685.5         | 2,841.7        |
| Ending Rebalanced Allocations (%)                  |                  |              |                       |                 |                |
| Cash/Short Term Investments                        | 0.0%             | 0.0%         | 0.0%                  | 0.0%            | 0.0%           |
| Canadian Fixed Income                              | 46.5%            | 44.6%        | 47.1%                 | 49.6%           | 50.2%          |
| MUSH   | 23.1%            | 21.9%        | 20.8%                 | 19.4%           | 17.8%          |
| Canadian Equities                                  | 10.3%            | 11.9%        | 10.8%                 | 10.0%           | 10.9%          |
| US Equities  | 5.0%             | 5.8%         | 5.2%                  | 4.9%            | 5.3%           |
| Real Estate  | 10.5%            | 10.7%        | 10.9%                 | 10.9%           | 10.7%          |
| Infrastructure & Venture Capital                   | 4.6%<br>100.0%   | 5.2%         | 5.2%                  | 5.3%            | 5.2%<br>100.0% |
| Total Corporate                                    |                  | 100.0%       | 100.0%                | 100.0%          |                |