

IN THE MATTER OF:

An Application by The Manitoba Public Insurance Corporation to The Public Utilities Board of Manitoba for review and approval of its rate bases and premiums charged with respect to compulsory driver and vehicle insurance effective March 1, 2019.

SUPPLEMENTAL AFFIDAVIT OF GLENN BUNSTON

SWORN: SEPTEMBER 7, 2018

MANITOBA PUBLIC INSURANCE

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I, **GLENN BUNSTON**, of the City of Winnipeg, in the Province of Manitoba, Manager of Investments, for the applicant, The Manitoba Public Insurance Corporation (“MPI” or the “Corporation”) MAKE OATH AND SAY THAT:

- 1) I have personal knowledge of the facts and matters hereinafter deposed to by me, except where same is stated to be based upon information and belief, in which case I have stated the source of my information and do verily believe same to be true.

- 2) On August 20, 2018 I swore an affidavit in this matter and was later made aware by Mercer on August 27, 2018 that information provided in paragraphs 10, 11 (Exhibit “B”), 13(d), 14 and 15 contained an error as it concerns the spectrum of risk and return for the Minimum Risk Portfolio based upon the real liability benchmark (the benchmark ultimately rejected by MPI).

- 3) At paragraph 10 of my August 20, 2018 affidavit I indicated that the portfolio rejected by MPI had a significantly lower return of 1.9% when in fact it showed a return of 2.4%. In addition, I indicated that the rejected portfolio had a much higher risk of 3.0% when in fact it showed a risk of 0.0% (as compared against the risk (1.32%) and return (3.12%) for the portfolio selected based upon the nominal liability benchmark).

4) The error as it concerns the return (2.4% rather than 1.9%) was the result of using the standard interest rate forecast rather than the forward rate forecast. The error as it concerns the risk (0.0% rather than 3.0%) was the result of including a 3.0% liability volatility assumption in the earlier modeling, later backed out to allow for a proper comparison.

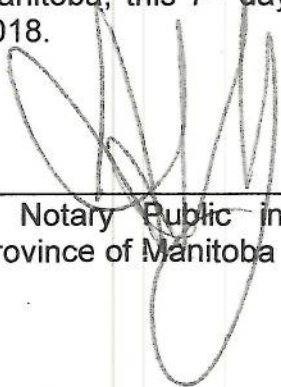
5) At paragraph 15 of my August 20, 2018 affidavit I indicated that the Basic Claims Liabilities portfolio selected by MPI had higher returns and lower risk than the rejected portfolio when in fact it had higher risk.

6) The error identified as it concerns the adjustments now needed to the risk and return of the rejected portfolio, if known at the material time, would not have changed the decision made by MPI against further modeling that included high inflation scenarios or other portfolios based upon the real liability benchmark. The inflation assumptions made by Mercer and MPI have not been refuted meaning Real Return Bonds (an investment to protect against rising inflation) are still not preferred.

I MAKE THIS SUPPLEMENTAL AFFIDAVIT BONA FIDE TO CORRECT AN ERROR IN THE AFFIDAVIT I SWORE ON AUGUST 20, 2018.

SWORN BEFORE ME at the City of)
Winnipeg, in the Province of)
Manitoba, this 7th day of September)
2018.)
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A Notary Public in and for the
Province of Manitoba



GLENN BUNSTON