

October 24, 2018

2019 GENERAL RATE APPLICATION
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Undertaking #5

MPI to provide a table of the continuity of the capital maintenance provision over the forecast period. And included within that a breakout in PF-1, so pro forma 1, the annual written revenue being forecast to be collected in the net capital maintenance provision.

RESPONSE:

Please refer to Appendix 1 for pro forma 1. The forecast assumes no change in capital maintenance provision throughout the 5 year forecast period.

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Pro Forma-1: Appendix 1
Statement of Operations
Multi-year - Statement of Operations

Line **2019/20 Basic Rates +0.1% Break Even & +2.1% Net Capital Maintenance Provision Rate Change**

No. (C\$ 000s, rounding may affect totals)

For the Years Ended February,

1	2019FB	2020F	2021F	2022F	2023F
2 BASIC	2018/19FB	2019/20F	2020/21F	2021/22F	2022/23F
3 Motor Vehicles excluding Capital Maintenance Provision	1,019,281	1,062,418	1,106,525	1,151,674	1,198,939
4 Capital Maintenance Provision		22,664	23,596	24,552	25,553
5 Drivers	68,902	70,903	72,885	74,723	76,565
6 Reinsurance Ceded	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
7 Total Net Premiums Written	1,076,987	1,144,565	1,191,358	1,239,068	1,288,938
8 Net Premiums Earned					
9 Motor Vehicles excluding Capital Maintenance Provision	991,058	1,042,463	1,086,122	1,130,789	1,177,075
10 Capital Maintenance Provision		12,180	23,165	24,109	25,090
11 Drivers	59,546	69,896	71,887	73,798	75,638
12 Reinsurance Ceded	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
13 Total Net Premiums Earned	1,039,408	1,113,119	1,169,526	1,216,815	1,265,684
14 Service Fees & Other Revenues	23,832	25,839	27,613	29,525	31,617
15 Total Earned Revenues	1,063,240	1,138,958	1,197,139	1,246,340	1,297,301
16 Claims Incurred	853,863	896,982	943,502	992,469	1,044,612
17 DPAC \ Premium Deficiency Adjustment	(28,521)	(5,380)	(4,243)	3,999	7,997
18 (a) Claims Incurred - Interest Rate Impact	(8,203)	8,610	11,453	10,124	10,109
19 Total Claims Incurred	817,139	900,212	950,712	1,006,592	1,062,718
20 Claims Expense	137,168	135,428	139,216	144,330	146,780
21 Road Safety/Loss Prevention	13,606	12,693	12,818	13,003	13,279
22 Total Claims Costs	967,913	1,048,333	1,102,746	1,163,925	1,222,777
23 Expenses					
24 Operating	75,060	73,606	76,313	79,998	82,908
25 Commissions	40,338	42,690	44,835	46,610	48,443
26 Premium Taxes	31,518	33,736	35,435	36,861	38,334
27 Regulatory/Appeal	4,669	4,840	4,998	5,114	5,233
28 Total Expenses	151,585	154,872	161,581	168,583	174,918
29 Underwriting Income (Loss)	(56,258)	(64,247)	(67,188)	(86,168)	(100,394)
30 Investment Income	191,814	82,148	84,863	87,773	90,599
31 (b) Investment Income - Interest Rate Impact	-	-	-	-	-
32 Net Investment Income	191,814	82,148	84,863	87,773	90,599
33 Net Income (Loss)	135,556	17,901	17,675	1,605	(9,795)
34 Total net Impact due to interest rate change (b) - (a)	8,203	(8,610)	(11,453)	(10,124)	(10,109)