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Undertaking #6

MPI to make the correction re: on the Basic target capital upper threshold in Board Order 130-17, the Board based its finding on including only rate change actions and currently it includes building fees.

RESPONSE:

The Corporation has revised PUB 1-16 (b) and its appendices to reflect the calculation of the Basic target capital upper threshold excluding RSR fees.

Originally the lower and upper targets were 27% to 69% MCT or \$120 million to \$251 million based on the 2-year Combined scenario. The result of removing the RSR fees from the upper target calculation is that the revised lower and upper targets are now 27% to 85% MCT or \$120 million to \$303 million based on the 3-year Combined scenario. By removing the RSR fees from management action, the 3-year Combined scenario became the most adverse scenario.

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Part and Chapter:	VI RSR	Page No.:	4
PUB Approved Issue No:	7. Update of DCAT		
Topic:	Basic Total Equity Target Range Thresholds		
Sub Topic:	2018 GRA Board Approved Methodology		

Preamble to IR (If Any):

The methodology ordered by the PUB in the 2018 GRA produces a 2019 lower RSR target of \$120 million ...

Question:

- a) Please provide the usual scenario statement exhibits resulting from the Board approved **lower** threshold iterative methodology as cited here for each of the base scenario, the modified base scenario, and the selected adverse scenario (before and after routine management / regulatory actions). Please include a summary of the adverse scenario assumed routine management / regulatory actions.
- b) Please provide the usual scenario statement exhibits resulting from the Board approved **upper** threshold iterative methodology relative to the lower threshold as cited here for each of the base scenario, the modified base scenario, and the selected adverse scenario (before and after routine management / regulatory rate change actions, i.e. excluding such RSR rebuilding fee actions). Please include a summary of the adverse scenario assumed routine management / regulatory rate change actions.
- c) In reference to its approved iterative methodology, in Board Order 130/17 the PUB stated: The Board agrees that such transfers are not best estimate expectations, but rather sees these transfers as a theoretical means to an end, that "end" being the testing of Basic's resilience to adverse circumstances when operating at about

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the proposed threshold level. [p. 78] In this context, what specific concerns does the Corporation have with respect to the Board approved iterative methodology?

Rationale for Question:

To assess the Corporation's decision to deviate from the Board approved methodology.

RESPONSE:

- a) Please see Appendix 1 and Appendix 2. The assumed routine management/regulatory rate changes are outlined in *Figure 20* of *Part VI DCAT.5.1*, which has been reproduced below for convenience.

Figure DCAT- 20: Assumed Management and Regulatory Action for Combined Scenarios (Lower Target)

Line No.	Combined Scenarios	2019/20	2020/21	2021/22	2022/23
1	Base	0.1% Rate / 0% RSR			
2	1 year	0.1% Rate / 0% RSR	n/a	n/a	n/a
3	2 year	0.1% Rate / 0% RSR	0% Rate / 2% RSR	n/a	n/a
4	3 year	0.1% Rate / 0% RSR	0% Rate / 2% RSR	2% Rate / 2% RSR	n/a
5	4 year	0.1% Rate / 0% RSR	0% Rate / 2% RSR	3% Rate / 2% RSR	3% Rate / 2% RSR

- b) Please see Appendix 3 and Appendix 4. The assumed routine management/regulatory rate changes are outlined below.

Figure 1: Assumed Management and Regulatory Action for Combined Scenarios (Upper Target)

Line No.	Combined Scenarios	2019/20	2020/21	2021/22	2022/23
1	Base	0.1% Rate / 0% RSR			
2	1 year	0.1% Rate / 0% RSR	n/a	n/a	n/a
3	2 year	0.1% Rate / 0% RSR	0% Rate / 0% RSR	n/a	n/a
4	3 year	0.1% Rate / 0% RSR	0% Rate / 0% RSR	2% Rate / 0% RSR	n/a
5	4 year	0.1% Rate / 0% RSR	0% Rate / 0% RSR	3% Rate / 0% RSR	3% Rate / 0% RSR

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- c) In *Part VI RSR.4*, the Corporation articulates its justification for the use of a different lower RSR target methodology than the one in PUB Order 130/17. The Corporation elaborates on these points below:

First, the Corporation cannot support a lower RSR target that is below the minimum amount required to maintain the future satisfactory financial condition of Basic, as calculated using accepted actuarial practice in Canada. For the fiscal year 2018/19, the Board of Directors (BoD) transferred \$37.3 million from the Extension line of business to Basic, increasing the RSR balance from \$173.5 million to \$210.8 million. This transfer exceeded the amount required for satisfactory financial condition of Basic (\$201 million) by \$9.8 million.

In Order 130/17, the PUB approved \$180 million as the lower RSR target for 2018/19. Basic would have an unsatisfactory financial condition had the MPI Board of Directors been unwilling or unable to transfer funds from Extension as noted above. Further, under the present RSR framework, the Corporation could not have sought the full amount of RSR rebuilding fees to achieve satisfactory financial condition, as the lower RSR target was less than and the minimum capital required for satisfactory financial condition of Basic. The timing of a request for regulatory approval of an RSR rebuilding fee would have also been deeply problematic had the MPI Board not intervened.

The intent of the lower RSR target is to establish the level of total equity (measured as a Minimum Capital Target percentage) below which a rebuilding fee is required. From the Corporation's perspective, a lower RSR target that is below the minimum percentage required for satisfactory financial condition could compromise the financial standing of Basic. Equally important is the fact that operating with an RSR balance at or near the minimum RSR target defeats the purpose of the RSR (i.e. stable rates) and increases the likelihood that the Corporation will face the difficult regulatory scenario identified above. To prevent the occurrence of this scenario, the Corporation will bring forward a Capital Management Plan in the 2020 GRA. The Corporation anticipates that this Plan will include build/release provisions designed to ensure that Basic would operate within the limits of the established RSR range.

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Second, the Corporation does not support the use of an RSR target methodology that uses improper/inaccurate forecasting assumptions (i.e. not best estimate assumptions). The Corporation has directed its collaborative efforts to date towards developing a universally acceptable lower RSR target methodology. RSR target methodologies must be based on best estimates, which the PUB recognized in Order 162/16, stating:

*“The Board continues to favour the use of scenario testing adapted from the annual Basic DCAT investigation for purposes of setting Basic target capital levels, expressed in terms of Basic total equity. **This approach is consistent with the objective of setting Basic target capital levels to be specific to the risk profile of the Corporation’s Basic insurance operations.**”*

...

It is the Board’s expectation, and for that matter a requirement of accepted actuarial practice in Canada, that the Corporation’s Basic Application, including the rate indications, the Basic DCAT investigation and the target capital analysis, be prepared on a best estimate basis. Doing otherwise complicates the regulatory review process.” [emphasis added]

In Order 130/17, the PUB reversed its position, stating that the modelling approach did not reflect best estimate expectations, but provided no clear reasons for this conclusion. The PUB did state however that it:

“...sees these transfers as a theoretical means to an end, that “end” being the testing of Basic’s resilience to adverse circumstances when operating at about the proposed threshold level”

With respect, it is inappropriate to view the establishment and maintenance of Basic’s satisfactory financial condition as a theoretical exercise. Further, the PUB’s interest in setting a lower RSR target (in the context of testing Basic to adverse circumstances when operating around the lower RSR target) ignores the purpose of the RSR (in essence, to stabilize rates and protect ratepayers from rebuilding fees). The Corporation does not understand why the PUB now believes the

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purpose of the RSR should be something other than what it identified its purpose as in Section 5.1 of Order 162/16.

Third, the lower RSR target methodology set out in Order 130/17 relies on a 50/50 interest rate forecast methodology. The Corporation cannot demonstrate that this interest rate forecast methodology is a best estimate, given the evidence available. The Corporation cannot support the use of an RSR methodology based on biased forecasting assumptions.

The RSR methodology in Order 130/17 produces a lower RSR target of \$120 million for the 2019 GRA. This amount is well below the \$143 million required to maintain satisfactory financial condition for Basic. For this reason and the reasons above, the Corporation cannot employ this methodology. The Corporation has opted instead to seek MCT based lower and upper RSR targets, based on DCAT modeling, using best estimate assumptions.

For 2019, The Corporation requests a lower RSR target of 34% MCT (\$143 million based on current forecasts) for the 2019/20 fiscal year, as this target represents the absolute minimum MCT ratio required to maintain the financial condition of Basic.

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Appendix 2a
Base Scenario with 85% MCT
Statement of Operations

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Motor Vehicles	854,170	886,998	955,941	1,019,281	1,062,418	1,106,525	1,151,674	1,198,939
Drivers	46,619	48,426	49,946	68,902	70,903	72,885	74,723	76,565
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Written	888,366	923,789	994,593	1,076,987	1,121,901	1,167,761	1,214,516	1,263,385
Net Premiums Earned								
Motor Vehicles	827,703	871,173	922,617	991,058	1,042,463	1,086,122	1,130,789	1,177,075
Drivers	45,787	47,606	48,819	59,546	69,896	71,887	73,798	75,638
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Earned	861,066	907,144	960,142	1,039,407	1,100,939	1,146,360	1,192,705	1,240,594
Service Fees & Other Revenues	20,351	20,749	22,849	23,832	25,432	27,166	29,036	31,083
Total Earned Revenues	881,417	927,893	982,992	1,063,240	1,126,371	1,173,526	1,221,741	1,271,677
Net Claims Incurred	742,604	869,023	783,040	824,008	899,721	937,492	995,156	1,051,173
(a) Claims Incurred - Interest Rate Impact	(76,200)	(8,988)	(15,801)	(37,865)	(12,795)	(210)	7,244	5,422
Total Claims Incurred	666,404	860,035	767,239	786,143	886,926	937,282	1,002,399	1,056,595
Claims Expense	118,614	120,972	143,337	137,168	135,289	139,019	144,093	146,543
Road Safety/Loss Prevention	13,027	12,530	13,146	13,606	12,679	12,798	12,979	13,255
Total Claims Costs	798,045	993,537	923,722	936,917	1,034,894	1,089,099	1,159,471	1,216,393
Expenses								
Operating	71,641	72,785	70,201	75,060	73,539	76,216	79,880	82,788
Commissions	33,862	35,086	37,378	40,338	42,377	44,084	45,829	47,630
Premium Taxes	26,205	27,563	29,143	31,518	33,371	34,740	36,138	37,581
Regulatory/Appeal	3,675	4,889	4,443	4,669	4,839	4,998	5,114	5,233
Total Expenses	135,383	140,323	141,165	151,585	154,126	160,038	166,959	173,233
Underwriting Income (Loss)	(52,011)	(205,968)	(81,896)	(25,262)	(62,649)	(75,611)	(104,690)	(117,949)
Investment Income	48,476	101,645	111,731	192,404	87,866	92,813	97,238	100,825
(b) Investment Income - Interest Rate Impact	(52,515)	(18,748)	4,589	(23,026)	(19,216)	(8,925)	290	(1,894)
Net Investment Income	(4,038)	82,897	116,320	169,377	68,650	83,889	97,528	98,931
Net Income (Loss)	(56,049)	(123,071)	34,424	144,115	6,001	8,278	(7,163)	(19,018)
Total net Impact due to interest rate change (b) - (a)	23,685	(9,760)	20,390	14,839	(6,421)	(8,715)	(6,954)	(7,315)

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Appendix 2b
Base Scenario with 85% MCT
Statement of Changes in Equity

(C\$ 000s, except where noted)

	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
Retained Earnings								
Beginning Balance	177,818	194,498	99,251	170,975	355,133	375,031	390,827	397,484
Net Income (Loss) from annual operations	(56,049)	(123,071)	34,424	144,115	6,001	8,278	(7,163)	(19,018)
Premium Rebate	-	-	-	-	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	72,729	27,824	37,300	40,043	13,896	7,518	13,820	25,460
Total Retained Earnings	194,498	99,251	170,975	355,133	375,031	390,827	397,484	403,927
Total Accumulated Other Comprehensive Income								
Beginning Balance	35,262	36,504	81,748	39,870	(52,111)	(43,681)	(33,930)	(23,183)
Other Comprehensive Income for the Year	1,242	45,245	(41,878)	(91,981)	8,430	9,750	10,747	12,115
Total Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(43,681)	(33,930)	(23,183)	(11,068)
Total Equity Balance	231,002	181,000	210,845	303,022	331,350	356,896	374,301	392,859
Total Equity								
Rate Stabilization Reserve								
Retained Earnings	194,498	99,251	170,975	355,133	375,031	390,827	397,484	398,068
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(43,681)	(33,930)	(23,183)	(11,068)
Total Rate Stabilization Reserve	231,002	181,000	210,845	303,022	331,350	356,896	374,301	387,000
Retained Earnings in excess of Rate Stabilization Reserve	-	-	-	-	-	-	-	5,859
Total Equity Balance	231,002	181,000	210,845	303,022	331,350	356,896	374,301	392,859

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**Appendix 2c
Base Scenario with 85% MCT
Balance Sheet**

<i>(C\$ 000s, except where noted)</i>	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Assets								
Cash and investments	29,114	61,606	72,998	28,820	65,461	68,284	71,497	72,322
Equity investments	2,083,349	2,189,534	2,272,545	2,525,543	2,597,687	2,699,681	2,817,634	2,935,517
Investment property	35,789	35,615	34,720	13,906	13,548	13,553	13,760	15,246
Due from other insurance companies	25	16	2	-	-	-	-	-
Accounts receivable	375,262	355,389	389,900	354,564	369,386	383,995	398,935	414,561
Prepaid expenses	-	-	-	-	-	-	-	-
Deferred policy acquisition costs	4,782	-	-	18,443	16,113	22,062	19,174	12,521
Reinsurers' share of unearned premiums	-	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	998	611	1,269	-	-	-	-	-
Property and equipment	88,740	89,847	89,280	89,855	91,050	88,996	88,335	90,227
Deferred development costs	65,414	72,866	55,423	43,654	47,118	59,176	61,194	63,228
	2,683,473	2,805,484	2,916,137	3,074,785	3,200,363	3,335,746	3,470,528	3,603,623
Liabilities								
Due to other insurance companies	152	147	141	144	144	144	144	144
Accounts payable and accrued liabilities	38,860	40,443	39,327	40,996	40,602	41,678	43,356	44,182
Financing lease obligation	3,278	3,239	3,125	2,925	2,843	2,743	2,634	2,518
Unearned premiums and fees	453,389	472,041	508,089	547,303	571,642	596,699	622,468	649,547
Provision for employee current benefits	16,871	16,919	16,633	17,155	17,865	18,583	19,310	20,046
Provision for employee future benefits	281,209	301,245	331,910	341,796	357,169	372,680	388,919	405,317
Provision for unpaid claims	1,658,713	1,790,450	1,806,067	1,821,444	1,878,748	1,946,323	2,019,397	2,089,010
	2,452,472	2,624,484	2,705,292	2,771,763	2,869,013	2,978,849	3,096,227	3,210,764
Equity								
Retained earnings	194,499	99,251	170,975	355,133	375,031	390,827	397,484	403,927
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(43,681)	(33,930)	(23,183)	(11,068)
Total Equity	231,003	181,000	210,845	303,022	331,350	356,896	374,301	392,859
Total Liabilities & Equity	2,683,475	2,805,484	2,916,137	3,074,785	3,200,363	3,335,746	3,470,528	3,603,623

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Appendix 2d
Base Scenario with 85% MCT
Minimum Capital Test

(All figures in \$000s)

	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	
	Current	Forecast	Forecast	Forecast	Forecast	
	Year (01)	Year (02)	Year (03)	Year (04)	Year (05)	
Capital Available:						
Capital available (from page 30.62 - capital available)	01	259,368	284,232	297,721	313,107	329,630
Phase-in of capital available	03	0	0	0	0	0
Total Capital Available	09	259,368	284,232	297,721	313,107	329,630
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	94,659	98,579	102,581	106,660	110,921
Unpaid claims	22	191,890	198,315	205,748	213,771	221,492
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	286,549	296,894	308,329	320,431	332,413
Market Risk:						
Interest rate risk	30	7,840	23,712	27,657	31,691	35,756
Foreign exchange risk	32	16,342	16,001	17,052	18,607	21,604
Equity risk	34	72,823	70,956	75,737	83,343	91,532
Real estate risk	36	26,763	27,726	28,477	29,463	31,023
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	123,768	138,395	148,923	163,104	179,915
Credit Risk:						
Counterparty default risk for balance sheet assets	40	39,502	61,936	64,091	65,575	66,654
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	39,502	61,936	64,091	65,575	66,654
Operational risk margin	50	65,160	70,312	73,508	77,037	80,798
Less: Diversification credit	52	55,418	63,917	67,338	71,359	75,735
Total Capital (Margin) Required at Target	59	459,561	503,620	527,513	554,788	584,045
Minimum Capital (Margin) Required (line 59 / 1.5)	60	306,374	335,747	351,675	369,858	389,363
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
Total Minimum Capital (Margin) Required	69	306,374	335,747	351,675	369,858	389,363
Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required	79	(47,006)	(51,515)	(53,954)	(56,751)	(59,733)
MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)	90	84.66%	84.66%	84.66%	84.66%	84.66%

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Appendix 2e
Base Scenario with 85% MCT
Net Claims Incurred Summary

<i>(C\$ 000s, except where noted)</i>	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Claims Incurred before Financial Provisions						
Collision	415,906	438,817	469,648	502,881	538,527	576,737
Comprehensive	69,497	99,940	105,465	111,606	118,143	124,991
Property Damage	48,647	46,844	48,480	50,174	51,939	53,774
Public Liability - BI	4,680	5,025	5,162	5,243	5,333	5,400
PIPP	187,022	174,815	198,429	211,669	220,323	221,387
Total	726,240	765,440	827,185	881,573	934,265	982,289
Unallocated Loss Adjustment Expenses	42,252	50,135	52,371	54,921	57,537	60,210
Change in Internal Loss Adjustment Expense Provision	(2,219)	421	3,792	5,461	6,403	6,077
Change in Reinsurance Ceded Provision	(676)	0	0	0	0	0
Other Financial Adjustments	(2,722)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	4,364	(29,854)	3,578	(4,673)	4,194	8,020
Total Net Claims Incurred	767,240	786,142	886,926	937,282	1,002,399	1,056,595

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Appendix 2f
Base Scenario with 85% MCT
Deferred Policy Acquisition Expenses and Premium Deficiency

A. Claims (Including External Adjustment Expense) Data

	Accident Year										Selected Undisc	Selected Disc
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
1. Ultimate Loss Ratio - Total All Coverage	83.09%	72.79%	81.77%	81.34%	74.59%	73.25%	72.76%	73.57%	74.51%	75.51%		
2. Trend/Rate Adjustment for Fiscal Year												
2017	0.9142	0.9259	0.9555	0.9697	0.9888							
2018		0.9151	0.9384	0.9464	0.9589	0.9937						
2019			0.9361	0.9456	0.9596	0.9960	1.0114					
2020				0.9458	0.9602	0.9970	1.0128	1.0115				
2021					0.9700	1.0056	1.0199	1.0169	1.0132			
2022						1.0118	1.0257	1.0222	1.0180	1.0134		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2017	75.96%	67.39%	78.12%	78.88%	73.76%						75.95%	80.85%
2018		66.61%	76.73%	76.98%	71.52%	72.79%					73.68%	78.15%
2019			76.55%	76.91%	71.57%	72.96%	73.59%				74.37%	78.78%
2020				76.93%	71.62%	73.03%	73.70%	74.42%			73.72%	78.09%
2021					72.35%	73.66%	74.21%	74.82%	75.49%		74.23%	78.69%
2022						74.12%	74.63%	75.21%	75.84%	76.53%	75.23%	79.78%

B. Actual Data Other Than Losses

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
4. Net Earned Premium	764,671	803,881	861,065	907,145	960,142	#####	1,100,939	1,146,360	1,192,705	1,240,594
5. Operating Expenses as % of Earned Premium	11.06%	11.14%	10.26%	9.94%	8.99%	8.98%	8.27%	8.20%	8.21%	8.16%
6. Maintenance Expense Rate [(5) x 1/3]	3.69%	3.71%	3.42%	3.31%	3.00%	2.99%	2.76%	2.73%	2.74%	2.72%
Selected					3.16%	2.99%	2.88%	2.75%	2.74%	2.73%
7. ILAE Ratio to Losses - Selected					18.40%	18.40%	18.40%	18.40%	18.40%	18.40%

C. Equity in Unearned Premium

8. Net Unearned Premium					468,613	506,193	527,155	548,556	570,367	593,159
9. Additional Expected Cost of Non-Proportional Reinsurance					5,598	5,710	5,824	5,941	6,059	6,059
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]					383,468	391,133	410,710	423,740	444,042	468,415
11. Reinsurance PFAD					10	-	-	-	-	-
12. Maintenance Expense [a]					13,837	14,989	14,988	14,896	15,438	16,025
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]					70,595	71,968	75,571	77,968	81,704	86,188
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement					3,950	3,950	3,950	3,950	3,950	3,950
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]					(8,845)	18,443	16,113	22,062	19,174	12,521
16. Carried Deferred Policy Acquisition Expenses					32,055	29,489	30,737	32,013	33,319	34,687
17. Write Down Deferred Policy Acquisition Expenses [b]					32,055	11,046	14,624	9,951	14,145	22,165
Change					2,363	(21,009)	3,578	(4,673)	4,194	8,020
18. Premium Deficiency [c]					8,845	-	-	-	-	-
Change					2,001	(8,845)	-	-	-	-

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

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Appendix 2g
Base Scenario with 85% MCT
Summary of Corporate Investment Income

	2019/20	2020/21	2021/22	2022/23
	Forecasted			
Interest Income During Period				
Cash/Short Term Investments	255	103	0	0
Marketable Bonds	44,346	55,451	63,167	75,306
MUSH	26,759	24,361	22,065	17,693
Total	71,361	79,915	85,232	92,999
Dividend and other Income				
Canadian Equities	9,646	5,632	4,542	5,274
Global	4,213	5,951	4,883	5,545
Global LV	-	2,886	3,214	3,693
Private Debt	-	3,853	10,278	10,262
Investment Properties (Cityplace)	4,940	1,926	2,512	2,452
Infrastructure	1,472	1,136	1,183	1,319
Total	20,271	21,384	26,611	29,859
Gains During Period - Profit & Loss				
Marketable Bonds Unrealized Gains/(Loss)	(40,474)	(49,627)	(8,961)	(903)
Marketable Bonds Realized Gains/(Loss)	13,622	29,494	(440)	1,201
MUSH	-	-	-	-
Canadian Equities Realized Gains	69,208	2,599	0	0
Global Equities Realized Gains	66,310	3,618	217	0
Global LV Realized Gains	-	458	-	-
Real Estate (Pooled Fund)	16,307	5,601	5,845	6,196
Infrastructure	5,765	4,448	4,635	4,894
Total	130,739	(3,408)	1,296	11,389
Other				
Investment Fees Paid	(5,201)	(4,708)	(4,571)	(4,851)
Pension Expense	(13,441)	(13,872)	(14,313)	(14,757)
Amortization on Marketable Bonds (Prem) / Discount	(6,209)	5,262	6,715	7,067
Investment Write-Down	-	-	-	-
Total	(24,851)	(13,318)	(12,169)	(13,142)
Total Corporate Investment Income	197,519	83,823	99,868	116,604
Total Basic Investment Income	169,377	68,650	83,889	97,528
% - Basic to Total Investment Income	85.75%	82%	84%	84%
Equity Unrealized Gains/(Losses)				
Canadian Equities Unrealized Gains/(Losses)	12,099	6,674	4,806	5,580
US Equities Unrealized Gains/(Losses)	7,529	9,278	7,287	8,274
Global LV Unrealized Gains/(Losses)	-	4,199	4,388	5,043
Total Corporate Unrealized Gains/(Losses)	19,628	15,952	12,092	13,854
Ending Asset Values for Corporate (\$Millions)				
Cash/Short Term Investments	-	-	-	-
Canadian Fixed Income	1,758.1	1,712.8	1,863.0	2,007.3
MUSH	569.3	522.8	477.0	432.3
Canadian Equities	123.3	128.6	147.0	170.6
Global Equities	166.7	173.3	188.4	216.1
Global LV Equities	96.6	114.7	129.9	149.3
Private Debt	-	188.0	186.9	186.9
Real Estate	133.5	138.1	143.9	150.7
Infrastructure & Venture Capital	78.3	82.8	87.4	92.3
Total Ending Asset Values	2,925.9	3,061.1	3,223.6	3,405.5
Total Basic Assets	2,568.3	2,676.7	2,781.5	2,902.9
Ending Rebalanced Allocations (%)				
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%
Canadian Fixed Income	60.1%	56.0%	57.8%	58.9%
MUSH	19.5%	17.1%	14.8%	12.7%
Canadian Equities	4.2%	4.2%	4.6%	5.0%
US Equities	5.7%	5.7%	5.8%	6.3%
Global LV	3.3%	3.7%	4.0%	4.4%
Private Debt	0.0%	6.1%	5.8%	5.5%
Real Estate	4.6%	4.5%	4.5%	4.4%
Infrastructure & Venture Capital	2.7%	2.7%	2.7%	2.7%
Total	100.0%	100.0%	100.0%	100.0%

Appendix 3a
Combined Scenario with 85% MCT before Management Action
Statement of Operations

<i>(C\$ 000s, except where noted)</i>	<i>For the Years Ended February,</i>							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Motor Vehicles	854,170	886,998	955,941	1,019,281	1,062,418	1,106,525	1,151,674	1,198,939
Drivers	46,619	48,426	49,946	68,902	70,903	72,885	74,723	76,565
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Written	888,366	923,789	994,593	1,076,987	1,121,901	1,167,761	1,214,516	1,263,385
Net Premiums Earned								
Motor Vehicles	827,703	871,173	922,617	991,058	1,042,463	1,086,122	1,130,789	1,177,075
Drivers	45,787	47,606	48,819	59,546	69,896	71,887	73,798	75,638
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Earned	861,066	907,144	960,142	1,039,407	1,100,939	1,146,360	1,192,705	1,240,594
Service Fees & Other Revenues	20,351	20,749	22,849	23,832	25,432	27,168	29,040	31,089
Total Earned Revenues	881,417	927,893	982,992	1,063,240	1,126,371	1,173,529	1,221,745	1,271,683
Net Claims Incurred	742,604	869,023	783,040	794,345	1,162,009	1,045,379	1,089,314	1,060,976
(a) Claims Incurred - Interest Rate Impact	(76,200)	(8,988)	(15,801)	(8,203)	(159,043)	12,390	4,224	6,035
Total Claims Incurred	666,404	860,035	767,239	786,143	1,002,966	1,057,769	1,093,538	1,067,011
Total Claims Costs	118,614	120,972	143,337	137,168	135,289	139,537	145,097	147,803
Road Safety/Loss Prevention	13,027	12,530	13,146	13,606	12,679	12,850	13,081	13,387
Total Claims Costs	798,045	993,537	923,722	936,917	1,150,934	1,210,156	1,251,716	1,228,201
Expenses								
Operating	71,641	72,785	70,201	75,060	73,539	76,472	80,381	83,431
Commissions	33,862	35,086	37,378	40,338	42,377	44,084	45,829	47,630
Premium Taxes	26,205	27,563	29,143	31,518	33,371	34,740	36,138	37,581
Regulatory/Appeal	3,675	4,889	4,443	4,669	4,839	4,999	5,114	5,233
Total Expenses	135,383	140,323	141,165	151,585	154,126	160,295	167,462	173,876
Underwriting Income (Loss)	(52,011)	(205,968)	(81,896)	(25,262)	(178,688)	(196,923)	(197,432)	(130,393)
Investment Income	48,476	101,645	111,731	192,404	80,535	82,304	80,191	78,813
(b) Investment Income - Interest Rate Impact	(52,515)	(18,748)	4,589	(23,026)	38,698	39,957	44,682	(2,359)
Net Investment Income	(4,038)	82,897	116,320	169,377	119,233	122,261	124,873	76,454
Net Income (Loss)	(56,049)	(123,071)	34,424	144,115	(59,456)	(74,662)	(72,560)	(53,940)
Total net impact due to interest rate change (b) - (a)	23,685	(9,760)	20,390	(14,824)	197,741	27,567	40,457	(8,394)

Appendix 3b
Combined Scenario with 85% MCT before Management Actio
Statement of Changes in Equity

(C\$ 000s, except where noted)

	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
Retained Earnings								
Beginning Balance	177,818	194,498	99,251	170,975	355,133	309,574	242,430	183,691
Net Income (Loss) from annual operations	(56,049)	(123,071)	34,424	144,115	(59,456)	(74,662)	(72,560)	(53,940)
Premium Rebate	-	-	-	-	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	72,729	27,824	37,300	40,043	13,896	7,518	13,820	25,460
Total Retained Earnings	194,498	99,251	170,975	355,133	309,574	242,430	183,691	155,212
Total Accumulated Other Comprehensive Income								
Beginning Balance	35,262	36,504	81,748	39,870	(52,111)	(50,382)	(47,112)	(44,436)
Other Comprehensive Income for the Year	1,242	45,245	(41,878)	(91,981)	1,730	3,270	2,676	9,551
Total Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,436)	(34,884)
Total Equity Balance	231,002	181,000	210,845	303,022	259,192	195,319	139,255	120,327
Total Equity								
Rate Stabilization Reserve								
Retained Earnings	194,498	99,251	170,975	355,133	309,574	242,430	183,691	155,212
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,436)	(34,884)
Total Rate Stabilization Reserve	231,002	181,000	210,845	303,022	259,192	195,319	139,255	120,327
Retained Earnings in excess of Rate Stabilization Reserve	-	-	-	-	-	-	-	-
Total Equity Balance	231,002	181,000	210,845	303,022	259,192	195,319	139,255	120,327

Appendix 3c
Combined Scenario with 85% MCT before Management Actio
Balance Sheet

<i>(C\$ 000s, except where noted)</i>	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Assets								
Cash and investments	29,114	61,606	72,998	28,820	35,739	2,209	-	-
Equity investments	2,083,349	2,189,534	2,272,545	2,525,543	2,639,008	2,771,157	2,869,150	2,949,963
Investment property	35,789	35,615	34,720	13,906	13,548	13,553	13,760	15,246
Due from other insurance companies	25	16	2	-	-	-	-	-
Accounts receivable	375,262	355,389	389,900	354,564	369,386	383,995	398,935	414,561
Prepaid expenses	-	-	-	-	-	-	-	-
Deferred policy acquisition costs	4,782	-	-	18,443	2,231	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	998	611	1,269	-	-	-	-	-
Property and equipment	88,740	89,847	89,280	89,855	91,050	88,996	88,335	90,227
Deferred development costs	65,414	72,866	55,423	43,654	47,118	59,139	61,118	63,132
	2,683,473	2,805,484	2,916,137	3,074,785	3,198,080	3,319,049	3,431,297	3,533,129
Liabilities								
Due to other insurance companies	152	147	141	144	144	144	144	144
Accounts payable and accrued liabilities	38,860	40,443	39,327	40,996	40,602	41,678	43,356	44,182
Financing lease obligation	3,278	3,239	3,125	2,925	2,843	2,743	2,634	2,518
Unearned premiums and fees	453,389	472,041	508,089	547,303	571,642	596,699	622,468	649,547
Provision for employee current benefits	16,871	16,919	16,633	17,155	17,865	18,583	19,310	20,046
Provision for employee future benefits	281,209	301,245	331,910	341,796	357,994	373,911	389,852	406,113
Provision for unpaid claims	1,658,713	1,790,450	1,806,067	1,821,444	1,947,798	2,089,973	2,214,279	2,290,252
	2,452,472	2,624,484	2,705,292	2,771,763	2,938,888	3,123,731	3,292,042	3,412,802
Equity								
Retained earnings	194,499	99,251	170,975	355,133	309,574	242,430	183,691	155,212
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,436)	(34,884)
Total Equity	231,003	181,000	210,845	303,022	259,192	195,319	139,255	120,327
Total Liabilities & Equity	2,683,475	2,805,484	2,916,137	3,074,785	3,198,080	3,319,049	3,431,297	3,533,129

Appendix 3d
Combined Scenario with 85% MCT before Management Actio
Minimum Capital Test

(All figures in \$000s)

	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023
	Current Year (01)	Forecast Year (02)	Forecast Year (03)	Forecast Year (04)	Forecast Year (05)
Capital Available:					
Capital available (from page 30.62 - capital available)	01 259,368	212,075	136,179	78,137	57,195
Phase-in of capital available	03 0	0	0	0	0
Total Capital Available	09 259,368	212,075	136,179	78,137	57,195
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 94,659	98,579	103,554	109,057	114,810
Unpaid claims	22 191,890	205,937	220,227	232,856	239,703
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	29 286,549	304,516	323,781	341,913	354,513
Market Risk:					
Interest rate risk	30 7,840	16,385	14,059	21,107	25,339
Foreign exchange risk	32 16,342	18,722	19,577	19,472	19,681
Equity risk	34 72,823	82,030	85,658	83,673	83,101
Real estate risk	36 26,763	27,726	28,477	29,463	31,023
Other market risk exposures	38 0	0	0	0	0
Subtotal: Market risk margin	39 123,768	144,863	147,771	153,715	159,144
Credit Risk:					
Counterparty default risk for balance sheet assets	40 39,502	60,401	62,818	65,659	67,426
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 39,502	60,401	62,818	65,659	67,426
Operational risk margin	50 65,160	71,379	74,615	78,072	80,977
Less: Diversification credit	52 55,418	65,517	68,144	71,352	73,801
Total Capital (Margin) Required at Target	59 459,561	515,642	540,841	568,007	588,259
Minimum Capital (Margin) Required (line 59 / 1.5)	60 306,374	343,761	360,560	378,672	392,173
Phase-in of Capital (Margin) Required	62 0	0	0	0	0
Total Minimum Capital (Margin) Required	69 306,374	343,761	360,560	378,672	392,173
Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required	79 (47,006)	(131,686)	(224,381)	(300,535)	(334,978)
MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)	90 84.66%	61.69%	37.77%	20.63%	14.58%

Appendix 3e
Combined Scenario with 85% MCT before Management Action
Net Claims Incurred Summary

<i>(C\$ 000s, except where noted)</i>	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Claims Incurred before Financial Provisions						
Collision	415,906	438,817	517,281	524,293	566,356	576,418
Comprehensive	69,497	99,940	100,631	125,381	136,397	124,767
Property Damage	48,647	46,844	53,069	51,704	55,449	53,739
Public Liability - BI	4,680	5,025	6,453	6,033	3,535	5,398
PIPP	187,022	174,815	242,328	270,939	252,586	231,270
Total	726,240	765,440	919,763	978,350	1,014,323	991,592
Unallocated Loss Adjustment Expenses	42,252	50,135	52,371	54,921	57,537	60,210
Change in Internal Loss Adjustment Expense Provision	(2,219)	421	13,373	15,788	12,756	5,868
Change in Reinsurance Ceded Provision	(676)	0	0	0	0	0
Other Financial Adjustments	(2,722)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	4,364	(29,854)	17,460	8,710	8,922	9,342
Total Net Claims Incurred	767,240	786,142	1,002,966	1,057,770	1,093,538	1,067,010

Appendix 3f
Combined Scenario with 85% MCT before Management Actio
Deferred Policy Acquisition Expenses and Premium Deficienc

A. Claims (Including External Adjustment Expense) Data

	Accident Year										Selected Undisc	Selected Disc
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
1. Ultimate Loss Ratio - Total All Coverage	83.09%	72.79%	81.77%	81.34%	74.59%	73.25%	76.62%	77.68%	76.99%	75.51%		
2. Trend/Rate Adjustment for Fiscal Year												
2017	0.9142	0.9259	0.9555	0.9697	0.9888							
2018		0.9151	0.9384	0.9464	0.9589	0.9937						
2019			0.9464	0.9538	0.9656	1.0000	1.0132					
2020				0.9658	0.9761	1.0091	1.0207	1.0149				
2021					0.9927	1.0241	1.0337	1.0256	1.0169			
2022						1.0294	1.0398	1.0325	1.0244	1.0162		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2017	75.96%	67.39%	78.12%	78.88%	73.76%						75.95%	80.85%
2018		66.61%	76.73%	76.98%	71.52%	72.79%					73.68%	78.15%
2019			77.39%	77.58%	72.03%	73.25%	77.62%				76.07%	81.03%
2020				78.56%	72.81%	73.92%	78.20%	78.84%			76.89%	82.33%
2021					74.05%	75.02%	79.19%	79.68%	78.29%		77.50%	83.47%
2022						75.40%	79.66%	80.21%	78.88%	76.74%	78.42%	84.56%

B. Actual Data Other Than Losses

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
4. Net Earned Premium	764,671	803,881	861,065	907,145	960,142	#####	1,100,939	1,146,360	1,192,705	1,240,594
5. Operating Expenses as % of Earned Premium	11.06%	11.14%	10.26%	9.94%	8.99%	8.98%	8.27%	8.23%	8.26%	8.23%
6. Maintenance Expense Rate [(5) x 1/3]	3.69%	3.71%	3.42%	3.31%	3.00%	2.99%	2.76%	2.74%	2.75%	2.74%
Selected					3.16%	2.99%	2.88%	2.75%	2.75%	2.75%
7. ILAE Ratio to Losses - Selected					18.40%	18.40%	18.40%	18.40%	18.40%	18.40%

C. Equity in Unearned Premium

8. Net Unearned Premium					468,613	506,193	527,155	548,556	570,367	593,159
9. Additional Expected Cost of Non-Proportional Reinsurance					5,598	5,710	5,824	5,941	6,059	6,059
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]					383,468	391,133	422,434	446,747	471,001	496,459
11. Reinsurance PFAD					10	-	-	-	-	-
12. Maintenance Expense [a]					13,837	14,989	14,988	14,920	15,511	16,136
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]					70,595	71,968	77,728	82,202	86,664	91,348
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement					3,950	3,950	3,950	3,950	3,950	3,950
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]					(8,845)	18,443	2,231	(5,203)	(12,819)	(20,794)
16. Carried Deferred Policy Acquisition Expenses					32,055	29,489	30,737	32,013	33,319	34,687
17. Write Down Deferred Policy Acquisition Expenses [b]					32,055	11,046	28,506	32,013	33,319	34,687
Change					2,363	(21,009)	17,460	3,507	1,306	1,367
18. Premium Deficiency [c]					8,845	-	-	5,203	12,819	20,794
Change					2,001	(8,845)	-	5,203	7,616	7,974

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 85% MCT before Management Action
Summary of Corporate Investment Income

	2018/19	2019/20	2020/21	2021/22	2022/23
			Forecasted		
Interest Income During Period					
Cash/Short Term Investments	255	107	(0)	0	0
Marketable Bonds	44,346	53,246	56,687	58,855	61,150
MUSH	26,759	24,361	22,065	19,852	17,693
Total	71,361	77,715	78,751	78,706	78,843
Dividend and other Income					
Canadian Equities	9,646	5,913	4,692	4,832	4,855
Global	4,213	6,303	5,523	5,704	5,777
Global LV	-	3,049	3,033	3,124	3,117
Private Debt	-	3,746	10,007	10,040	10,067
Investment Properties (Cityplace)	4,940	1,926	2,512	2,452	2,312
Infrastructure	1,472	1,136	1,183	1,249	1,319
Total	20,271	22,073	26,950	27,401	27,447
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(40,474)	5,166	35,022	33,430	(7,168)
Marketable Bonds Realized Gains/(Loss)	13,622	35,896	6,696	12,952	4,741
MUSH	-	-	-	-	-
Canadian Equities Realized Gains	69,208	1,068	0	121	211
Global Equities Realized Gains	66,310	1,143	0	316	426
Global LV Realized Gains	-	307	-	291	367
Real Estate (Pooled Fund)	16,307	5,601	5,845	6,196	6,568
Infrastructure	5,765	4,448	4,635	4,894	5,168
Total	130,739	53,630	52,198	58,201	10,314
Other					
Investment Fees Paid	(5,201)	(4,767)	(4,681)	(4,858)	(4,937)
Pension Expense	(13,441)	(13,872)	(14,313)	(14,757)	(15,207)
Amortization on Marketable Bonds (Prem) / Discount	(6,209)	2,488	(726)	(4,339)	(5,709)
Investment Write-Down	-	-	-	-	-
Total	(24,851)	(16,151)	(19,720)	(23,954)	(25,853)
Total Corporate Investment Income	197,519	137,267	142,873	145,164	90,559
Total Basic Investment Income	169,377	119,233	122,261	124,873	76,454
% - Basic to Total Investment Income	85.75%	87%	86%	86%	84%
Equity Unrealized Gains/(Losses)					
Canadian Equities Unrealized Gains/(Losses)	12,099	1,105	943	1,027	5,418
US Equities Unrealized Gains/(Losses)	7,529	2,328	2,506	2,701	8,621
Global LV Unrealized Gains/(Losses)	-	1,445	1,531	1,670	4,256
Total Corporate Unrealized Gains/(Losses)	19,628	3,433	3,450	3,729	14,039
Ending Asset Values for Corporate (\$Millions)					
Cash/Short Term Investments	-	-	-	-	-
Canadian Fixed Income	1,758.1	1,701.8	1,853.6	2,037.4	2,182.2
MUSH	569.3	522.8	477.0	432.3	386.3
Canadian Equities	123.3	135.4	147.5	146.2	152.0
Global Equities	166.7	193.3	208.3	209.0	218.6
Global LV Equities	96.6	109.6	119.6	118.4	122.1
Private Debt	-	188.8	193.4	198.3	198.1
Real Estate	133.5	138.1	143.9	150.7	161.8
Infrastructure & Venture Capital	78.3	82.8	87.4	92.3	97.5
Total Ending Asset Values	2,925.9	3,072.6	3,230.7	3,384.7	3,518.4
Total Basic Assets	2,568.3	2,688.3	2,786.9	2,882.9	2,965.2
Ending Rebalanced Allocations (%)					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Fixed Income	60.1%	55.4%	57.4%	60.2%	62.0%
MUSH	19.5%	17.0%	14.8%	12.8%	11.0%
Canadian Equities	4.2%	4.4%	4.6%	4.3%	4.3%
US Equities	5.7%	6.3%	6.4%	6.2%	6.2%
Global LV	3.3%	3.6%	3.7%	3.5%	3.5%
Private Debt	0.0%	6.1%	6.0%	5.9%	5.6%
Real Estate	4.6%	4.5%	4.5%	4.5%	4.6%
Infrastructure & Venture Capital	2.7%	2.7%	2.7%	2.7%	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix 3h
Combined Scenario with 85% MCT after Management Action
Statement of Operations

(C\$ 000s, except where noted)

For the Years Ended February,

	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Motor Vehicles	854,170	886,998	955,941	1,019,281	1,062,418	1,106,525	1,175,080	1,223,300
Drivers	46,619	48,426	49,946	68,902	70,903	72,885	74,723	76,565
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Written	888,366	923,789	994,593	1,076,987	1,121,901	1,167,761	1,237,922	1,287,746
Net Premiums Earned								
Motor Vehicles	827,703	871,173	922,617	991,058	1,042,463	1,086,122	1,143,367	1,200,994
Drivers	45,787	47,606	48,819	59,546	69,896	71,887	73,798	75,638
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Earned	861,066	907,144	960,142	1,039,407	1,100,939	1,146,360	1,205,284	1,264,513
Service Fees & Other Revenues	20,351	20,749	22,849	23,832	25,432	27,168	29,503	31,596
Total Earned Revenues	881,417	927,893	982,992	1,063,240	1,126,371	1,173,529	1,234,786	1,296,109
Net Claims Incurred	742,604	869,023	783,040	794,345	1,162,009	1,045,379	1,078,986	1,060,360
(a) Claims Incurred - Interest Rate Impact	(76,200)	(8,988)	(15,801)	(8,203)	(159,043)	12,390	4,224	6,035
Total Claims Incurred	666,404	860,035	767,239	786,143	1,002,966	1,057,769	1,083,211	1,066,394
Claims Expense	118,614	120,972	143,337	137,168	135,289	139,537	145,097	147,761
Road Safety/Loss Prevention	13,027	12,530	13,146	13,606	12,679	12,850	13,081	13,383
Total Claims Costs	798,045	993,537	923,722	936,917	1,150,934	1,210,156	1,241,389	1,227,538
Expenses								
Operating	71,641	72,785	70,201	75,060	73,539	76,472	80,381	83,409
Commissions	33,862	35,086	37,378	40,338	42,377	44,084	46,151	48,405
Premium Taxes	26,205	27,563	29,143	31,518	33,371	34,740	36,515	38,299
Regulatory/Appeal	3,675	4,889	4,443	4,669	4,839	4,999	5,114	5,233
Total Expenses	135,383	140,323	141,165	151,585	154,126	160,295	168,162	175,347
Underwriting Income (Loss)	(52,011)	(205,968)	(81,896)	(25,262)	(178,688)	(196,923)	(174,764)	(106,777)
Investment Income	48,476	101,645	111,731	192,404	80,535	82,304	80,211	78,591
(b) Investment Income - Interest Rate Impact	(52,515)	(18,748)	4,589	(23,026)	38,698	39,957	44,676	(2,330)
Net Investment Income	(4,038)	82,897	116,320	169,377	119,233	122,261	124,888	76,261
Net Income (Loss)	(56,049)	(123,071)	34,424	144,115	(59,456)	(74,662)	(49,877)	(30,516)
Total net Impact due to interest rate change (b) - (a)	23,685	(9,760)	20,390	(14,824)	197,741	27,567	40,452	(8,365)

Appendix 3i
Combined Scenario with 85% MCT after Management Action
Statement of Changes in Equity

(C\$ 000s, except where noted)

	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
Retained Earnings								
Beginning Balance	177,818	194,498	99,251	170,975	355,133	309,574	242,430	206,374
Net Income (Loss) from annual operations	(56,049)	(123,071)	34,424	144,115	(59,456)	(74,662)	(49,877)	(30,516)
Premium Rebate	-	-	-	-	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	72,729	27,824	37,300	40,043	13,896	7,518	13,820	25,460
Total Retained Earnings	194,498	99,251	170,975	355,133	309,574	242,430	206,374	201,319
Total Accumulated Other Comprehensive Income								
Beginning Balance	35,262	36,504	81,748	39,870	(52,111)	(50,382)	(47,112)	(44,428)
Other Comprehensive Income for the Year	1,242	45,245	(41,878)	(91,981)	1,730	3,270	2,684	10,037
Total Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,428)	(34,391)
Total Equity Balance	231,002	181,000	210,845	303,022	259,192	195,319	161,946	166,928
Total Equity								
Rate Stabilization Reserve								
Retained Earnings	194,498	99,251	170,975	355,133	309,574	242,430	206,374	201,319
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,428)	(34,391)
Total Rate Stabilization Reserve	231,002	181,000	210,845	303,022	259,192	195,319	161,946	166,928
Retained Earnings in excess of Rate Stabilization Reserve	-	-	-	-	-	-	-	-
Total Equity Balance	231,002	181,000	210,845	303,022	259,192	195,319	161,946	166,928

Appendix 3j
Combined Scenario with 85% MCT after Management Action
Balance Sheet

(C\$ 000s, except where noted)

	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Assets								
Cash and investments	29,114	61,606	72,998	28,820	35,739	2,209	-	-
Equity investments	2,083,349	2,189,534	2,272,545	2,525,543	2,639,008	2,771,157	2,885,456	2,989,723
Investment property	35,789	35,615	34,720	13,906	13,548	13,553	13,760	15,246
Due from other insurance companies	25	16	2	-	-	-	-	-
Accounts receivable	375,262	355,389	389,900	354,564	369,386	383,995	405,143	421,022
Prepaid expenses	-	-	-	-	-	-	-	-
Deferred policy acquisition costs	4,782	-	-	18,443	2,231	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	998	611	1,269	-	-	-	-	-
Property and equipment	88,740	89,847	89,280	89,855	91,050	88,996	88,335	90,227
Deferred development costs	65,414	72,866	55,423	43,654	47,118	59,139	61,118	63,133
	2,683,473	2,805,484	2,916,137	3,074,785	3,198,080	3,319,049	3,453,812	3,579,351
Liabilities								
Due to other insurance companies	152	147	141	144	144	144	144	144
Accounts payable and accrued liabilities	38,860	40,443	39,327	40,996	40,602	41,678	43,356	44,182
Financing lease obligation	3,278	3,239	3,125	2,925	2,843	2,743	2,634	2,518
Unearned premiums and fees	453,389	472,041	508,089	547,303	571,642	596,699	633,296	660,816
Provision for employee current benefits	16,871	16,919	16,633	17,155	17,865	18,583	19,310	20,046
Provision for employee future benefits	281,209	301,245	331,910	341,796	357,994	373,911	389,852	406,113
Provision for unpaid claims	1,658,713	1,790,450	1,806,067	1,821,444	1,947,798	2,089,973	2,203,275	2,278,604
	2,452,472	2,624,484	2,705,292	2,771,763	2,938,888	3,123,731	3,291,865	3,412,423
Equity								
Retained earnings	194,499	99,251	170,975	355,133	309,574	242,430	206,374	201,319
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,428)	(34,391)
Total Equity	231,003	181,000	210,845	303,022	259,192	195,319	161,946	166,928
Total Liabilities & Equity	2,683,475	2,805,484	2,916,137	3,074,785	3,198,080	3,319,049	3,453,812	3,579,351

Appendix 3k
Combined Scenario with 85% MCT after Management Action
Minimum Capital Test

(All figures in \$000s)

	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	
	Current Year (01)	Forecast Year (02)	Forecast Year (03)	Forecast Year (04)	Forecast Year (05)	
Capital Available:						
Capital available (from page 30.62 - capital available)	01	259,368	212,075	136,179	100,828	103,795
Phase-in of capital available	03	0	0	0	0	0
Total Capital Available	09	259,368	212,075	136,179	100,828	103,795
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	94,659	98,579	103,554	109,014	114,809
Unpaid claims	22	191,890	205,937	220,227	232,861	239,666
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	286,549	304,516	323,781	341,875	354,475
Market Risk:						
Interest rate risk	30	7,840	16,385	14,059	22,677	26,430
Foreign exchange risk	32	16,342	18,722	19,577	19,483	19,997
Equity risk	34	72,823	82,030	85,658	83,734	84,801
Real estate risk	36	26,763	27,726	28,477	29,463	31,023
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	123,768	144,863	147,771	155,357	162,251
Credit Risk:						
Counterparty default risk for balance sheet assets	40	39,502	60,401	62,818	65,987	67,751
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	39,502	60,401	62,818	65,987	67,751
Operational risk margin	50	65,160	71,379	74,615	78,822	81,875
Less: Diversification credit	52	55,418	65,517	68,144	71,748	74,493
Total Capital (Margin) Required at Target	59	459,561	515,642	540,841	570,293	591,859
Minimum Capital (Margin) Required (line 59 / 1.5)	60	306,374	343,761	360,560	380,196	394,572
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
Total Minimum Capital (Margin) Required	69	306,374	343,761	360,560	380,196	394,572
Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required	79	(47,006)	(131,686)	(224,381)	(279,368)	(290,777)
MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)	90	84.66%	61.69%	37.77%	26.52%	26.31%

Appendix 3I

Combined Scenario with 85% MCT after Management Action

Net Claims Incurred Summary

<i>(C\$ 000s, except where noted)</i>	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Claims Incurred before Financial Provisions						
Collision	415,906	438,817	517,281	524,293	566,357	576,416
Comprehensive	69,497	99,940	100,631	125,381	136,397	124,766
Property Damage	48,647	46,844	53,069	51,704	55,449	53,738
Public Liability - BI	4,680	5,025	6,453	6,033	3,535	5,397
PIPP	187,022	174,815	242,328	270,939	252,629	230,910
Total	726,240	765,440	919,763	978,350	1,014,366	991,228
Unallocated Loss Adjustment Expenses	42,252	50,135	52,371	54,921	57,537	60,210
Change in Internal Loss Adjustment Expense Provision	(2,219)	421	13,373	15,788	12,763	5,807
Change in Reinsurance Ceded Provision	(676)	0	0	0	0	0
Other Financial Adjustments	(2,722)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	4,364	(29,854)	17,460	8,710	(1,455)	9,149
Total Net Claims Incurred	767,240	786,142	1,002,966	1,057,770	1,083,211	1,066,394

Appendix 3m
Combined Scenario with 85% MCT after Management Actioi
Deferred Policy Acquisition Expenses and Premium Deficienc

A. Claims (Including External Adjustment Expense) Data

	Accident Year										Selected Undisc	Selected Disc
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
1. Ultimate Loss Ratio - Total All Coverage	83.09%	72.79%	81.77%	81.34%	74.59%	73.25%	76.62%	77.68%	76.19%	74.08%		
2. Trend/Rate Adjustment for Fiscal Year												
2017	0.9142	0.9259	0.9555	0.9697	0.9888							
2018		0.9151	0.9384	0.9464	0.9589	0.9937						
2019			0.9464	0.9538	0.9656	1.0000	1.0132					
2020				0.9658	0.9761	1.0091	1.0207	1.0149				
2021					0.9733	1.0040	1.0134	1.0055	1.0074			
2022						1.0099	1.0201	1.0130	1.0157	1.0162		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2017	75.96%	67.39%	78.12%	78.88%	73.76%						75.95%	80.85%
2018		66.61%	76.73%	76.98%	71.52%	72.79%					73.68%	78.15%
2019			77.39%	77.58%	72.03%	73.25%	77.62%				76.07%	81.03%
2020				78.56%	72.81%	73.92%	78.20%	78.84%			76.89%	82.33%
2021					72.60%	73.55%	77.64%	78.11%	76.76%		75.98%	81.83%
2022						73.98%	78.16%	78.69%	77.38%	75.28%	76.94%	82.96%

B. Actual Data Other Than Losses

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
4. Net Earned Premium	764,671	803,881	861,065	907,145	960,142	#####	1,100,939	1,146,360	1,205,284	1,264,513
5. Operating Expenses as % of Earned Premium	11.06%	11.14%	10.26%	9.94%	8.99%	8.98%	8.27%	8.23%	8.18%	8.07%
6. Maintenance Expense Rate [(5) x 1/3]	3.69%	3.71%	3.42%	3.31%	3.00%	2.99%	2.76%	2.74%	2.73%	2.69%
Selected					3.16%	2.99%	2.88%	2.75%	2.73%	2.71%
7. ILAE Ratio to Losses - Selected					18.40%	18.40%	18.40%	18.40%	18.40%	18.40%

C. Equity in Unearned Premium

8. Net Unearned Premium					468,613	506,193	527,155	548,556	581,194	604,428
9. Additional Expected Cost of Non-Proportional Reinsurance					5,598	5,710	5,824	5,941	6,059	6,059
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]					383,468	391,133	422,434	446,747	470,628	496,398
11. Reinsurance PFAD					10	-	-	-	-	-
12. Maintenance Expense [a]					13,837	14,989	14,988	14,920	15,726	16,202
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]					70,595	71,968	77,728	82,202	86,596	91,337
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement					3,950	3,950	3,950	3,950	3,950	3,950
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]					(8,845)	18,443	2,231	(5,203)	(1,765)	(9,519)
16. Carried Deferred Policy Acquisition Expenses					32,055	29,489	30,737	32,013	33,996	35,391
17. Write Down Deferred Policy Acquisition Expenses [b]					32,055	11,046	28,506	32,013	33,996	35,391
Change					2,363	(21,009)	17,460	3,507	1,983	1,395
18. Premium Deficiency [c]					8,845	-	-	5,203	1,765	9,519
Change					2,001	(8,845)	-	5,203	(3,439)	7,754

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 85% MCT after Management Action
Summary of Corporate Investment Income

	2018/19	2019/20	2020/21	2021/22	2022/23
			Forecasted		
Interest Income During Period					
Cash/Short Term Investments	255	107	(0)	(0)	0
Marketable Bonds	44,346	53,246	56,687	58,917	61,245
MUSH	26,759	24,361	22,065	19,852	17,693
Total	71,361	77,715	78,751	78,769	78,938
Dividend and other Income					
Canadian Equities	9,646	5,913	4,692	4,862	5,044
Global	4,213	6,303	5,523	5,731	5,946
Global LV	-	3,049	3,033	3,143	3,242
Private Debt	-	3,746	10,007	10,040	10,067
Investment Properties (Cityplace)	4,940	1,926	2,512	2,452	2,312
Infrastructure	1,472	1,136	1,183	1,249	1,319
Total	20,271	22,073	26,950	27,477	27,930
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(40,474)	5,166	35,022	33,498	(5,549)
Marketable Bonds Realized Gains/(Loss)	13,622	35,896	6,696	12,885	3,146
MUSH	-	-	-	-	-
Canadian Equities Realized Gains	69,208	1,068	0	120	156
Global Equities Realized Gains	66,310	1,143	0	313	315
Global LV Realized Gains	-	307	-	288	272
Real Estate (Pooled Fund)	16,307	5,601	5,845	6,196	6,568
Infrastructure	5,765	4,448	4,635	4,894	5,168
Total	130,739	53,630	52,198	58,194	10,077
Other					
Investment Fees Paid	(5,201)	(4,767)	(4,681)	(4,862)	(4,977)
Pension Expense	(13,441)	(13,872)	(14,313)	(14,757)	(15,207)
Amortization on Marketable Bonds (Prem) / Discount	(6,209)	2,488	(726)	(4,359)	(5,819)
Investment Write-Down	-	-	-	-	-
Total	(24,851)	(16,151)	(19,720)	(23,978)	(26,003)
Total Corporate Investment Income	197,519	137,267	142,873	145,271	90,749
Total Basic Investment Income	169,377	119,233	122,261	124,888	76,261
% - Basic to Total Investment Income	85.75%	87%	86%	86%	84%
Equity Unrealized Gains/(Losses)					
Canadian Equities Unrealized Gains/(Losses)	12,099	1,105	943	1,027	5,629
US Equities Unrealized Gains/(Losses)	7,529	2,328	2,506	2,701	8,873
Global LV Unrealized Gains/(Losses)	-	1,445	1,531	1,670	4,427
Total Corporate Unrealized Gains/(Losses)	19,628	3,433	3,450	3,729	14,502
Ending Asset Values for Corporate (\$Millions)					
Cash/Short Term Investments	-	-	-	-	-
Canadian Fixed Income	1,758.1	1,701.8	1,853.6	2,044.7	2,194.5
MUSH	569.3	522.8	477.0	432.3	386.3
Canadian Equities	123.3	135.4	147.5	148.5	160.8
Global Equities	166.7	193.3	208.3	211.5	228.1
Global LV Equities	96.6	109.6	119.6	120.3	129.3
Private Debt	-	188.8	193.4	198.3	198.1
Real Estate	133.5	138.1	143.9	150.7	161.8
Infrastructure & Venture Capital	78.3	82.8	87.4	92.3	97.5
Total Ending Asset Values	2,925.9	3,072.6	3,230.7	3,398.6	3,556.4
Total Basic Assets	2,568.3	2,688.3	2,786.9	2,899.2	3,005.0
Ending Rebalanced Allocations (%)					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Fixed Income	60.1%	55.4%	57.4%	60.2%	61.7%
MUSH	19.5%	17.0%	14.8%	12.7%	10.9%
Canadian Equities	4.2%	4.4%	4.6%	4.4%	4.5%
US Equities	5.7%	6.3%	6.4%	6.2%	6.4%
Global LV	3.3%	3.6%	3.7%	3.5%	3.6%
Private Debt	0.0%	6.1%	6.0%	5.8%	5.6%
Real Estate	4.6%	4.5%	4.5%	4.4%	4.5%
Infrastructure & Venture Capital	2.7%	2.7%	2.7%	2.7%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix 3o
Combined Scenario with 85% MCT after Management Action - Minimum Total Equity
Statement of Operations

(C\$ 000s, except where noted)

For the Years Ended February,

	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Motor Vehicles	854,170	886,998	955,941	1,019,281	1,062,418	1,106,525	1,175,080	1,223,300
Drivers	46,619	48,426	49,946	68,902	70,903	72,885	74,723	76,565
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Written	888,366	923,789	994,593	1,076,987	1,121,901	1,167,761	1,237,922	1,287,746
Net Premiums Earned								
Motor Vehicles	827,703	871,173	922,617	991,058	1,042,463	1,086,122	1,143,367	1,200,994
Drivers	45,787	47,606	48,819	59,546	69,896	71,887	73,798	75,638
Reinsurance Ceded	(12,423)	(11,635)	(11,294)	(11,196)	(11,420)	(11,648)	(11,881)	(12,119)
Total Net Premiums Earned	861,066	907,144	960,142	1,039,407	1,100,939	1,146,360	1,205,284	1,264,513
Service Fees & Other Revenues	20,351	20,749	22,849	23,832	25,432	27,168	29,503	31,596
Total Earned Revenues	881,417	927,893	982,992	1,063,240	1,126,371	1,173,529	1,234,786	1,296,109
Net Claims Incurred	742,604	869,023	783,040	794,345	1,162,009	1,045,379	1,078,986	1,060,360
(a) Claims Incurred - Interest Rate Impact	(76,200)	(8,988)	(15,801)	(8,203)	(159,043)	12,390	4,224	6,035
Total Claims Incurred	666,404	860,035	767,239	786,143	1,002,966	1,057,769	1,083,211	1,066,394
Claims Expense	118,614	120,972	143,337	137,168	135,289	139,537	145,097	147,761
Road Safety/Loss Prevention	13,027	12,530	13,146	13,606	12,679	12,850	13,081	13,383
Total Claims Costs	798,045	993,537	923,722	936,917	1,150,934	1,210,156	1,241,389	1,227,538
Expenses								
Operating	71,641	72,785	70,201	75,060	73,539	76,472	80,381	83,409
Commissions	33,862	35,086	37,378	40,338	42,377	44,084	46,151	48,405
Premium Taxes	26,205	27,563	29,143	31,518	33,371	34,740	36,515	38,299
Regulatory/Appeal	3,675	4,889	4,443	4,669	4,839	4,999	5,114	5,233
Total Expenses	135,383	140,323	141,165	151,585	154,126	160,295	168,162	175,347
Underwriting Income (Loss)	(52,011)	(205,968)	(81,896)	(25,262)	(178,688)	(196,923)	(174,764)	(106,777)
Investment Income	48,476	101,645	111,731	192,404	80,535	82,304	80,211	78,591
(b) Investment Income - Interest Rate Impact	(52,515)	(18,748)	4,589	(23,026)	38,698	39,957	44,676	(2,330)
Net Investment Income	(4,038)	82,897	116,320	169,377	119,233	122,261	124,888	76,261
Net Income (Loss)	(56,049)	(123,071)	34,424	144,115	(59,456)	(74,662)	(49,877)	(30,516)
Total net Impact due to interest rate change (b) - (a)	23,685	(9,760)	20,390	(14,824)	197,741	27,567	40,452	(8,365)

Appendix 3p
Combined Scenario with 85% MCT after Management Action - Minimum Total Equity
Statement of Changes in Equity

(C\$ 000s, except where noted)

	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
Retained Earnings								
Beginning Balance	177,818	194,498	99,251	170,975	355,133	309,574	242,430	206,374
Net Income (Loss) from annual operations	(56,049)	(123,071)	34,424	144,115	(59,456)	(74,662)	(49,877)	(30,516)
Premium Rebate	-	-	-	-	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	72,729	27,824	37,300	40,043	13,896	7,518	13,820	25,460
Total Retained Earnings	194,498	99,251	170,975	355,133	309,574	242,430	206,374	201,319
Total Accumulated Other Comprehensive Income								
Beginning Balance	35,262	36,504	81,748	39,870	(52,111)	(50,382)	(47,112)	(44,428)
Other Comprehensive Income for the Year	1,242	45,245	(41,878)	(91,981)	1,730	3,270	2,684	10,037
Total Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,428)	(34,391)
Total Equity Balance	231,002	181,000	210,845	303,022	259,192	195,319	161,946	166,928
Total Equity								
Rate Stabilization Reserve								
Retained Earnings	194,498	99,251	170,975	355,133	309,574	242,430	206,374	201,319
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,428)	(34,391)
Total Rate Stabilization Reserve	231,002	181,000	210,845	303,022	259,192	195,319	161,946	166,928
Retained Earnings in excess of Rate Stabilization Reserve	-	-	-	-	-	-	-	-
Total Equity Balance	231,002	181,000	210,845	303,022	259,192	195,319	161,946	166,928

Appendix 3q
Combined Scenario with 85% MCT after Management Action - Minimum Total Equit
Balance Sheet

<i>(C\$ 000s, except where noted)</i>	For the Years Ended February,							
	2016A	2017A	2018A	2019P	2020P	2021P	2022P	2023P
BASIC								
Assets								
Cash and investments	29,114	61,606	72,998	28,820	35,739	2,209	-	-
Equity investments	2,083,349	2,189,534	2,272,545	2,525,543	2,639,008	2,771,157	2,885,456	2,989,723
Investment property	35,789	35,615	34,720	13,906	13,548	13,553	13,760	15,246
Due from other insurance companies	25	16	2	-	-	-	-	-
Accounts receivable	375,262	355,389	389,900	354,564	369,386	383,995	405,143	421,022
Prepaid expenses	-	-	-	-	-	-	-	-
Deferred policy acquisition costs	4,782	-	-	18,443	2,231	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	998	611	1,269	-	-	-	-	-
Property and equipment	88,740	89,847	89,280	89,855	91,050	88,996	88,335	90,227
Deferred development costs	65,414	72,866	55,423	43,654	47,118	59,139	61,118	63,133
	2,683,473	2,805,484	2,916,137	3,074,785	3,198,080	3,319,049	3,453,812	3,579,351
Liabilities								
Due to other insurance companies	152	147	141	144	144	144	144	144
Accounts payable and accrued liabilities	38,860	40,443	39,327	40,996	40,602	41,678	43,356	44,182
Financing lease obligation	3,278	3,239	3,125	2,925	2,843	2,743	2,634	2,518
Unearned premiums and fees	453,389	472,041	508,089	547,303	571,642	596,699	633,296	660,816
Provision for employee current benefits	16,871	16,919	16,633	17,155	17,865	18,583	19,310	20,046
Provision for employee future benefits	281,209	301,245	331,910	341,796	357,994	373,911	389,852	406,113
Provision for unpaid claims	1,658,713	1,790,450	1,806,067	1,821,444	1,947,798	2,089,973	2,203,275	2,278,604
	2,452,472	2,624,484	2,705,292	2,771,763	2,938,888	3,123,731	3,291,865	3,412,423
Equity								
Retained earnings	194,499	99,251	170,975	355,133	309,574	242,430	206,374	201,319
Accumulated Other Comprehensive Income	36,504	81,749	39,870	(52,111)	(50,382)	(47,112)	(44,428)	(34,391)
Total Equity	231,003	181,000	210,845	303,022	259,192	195,319	161,946	166,928
Total Liabilities & Equity	2,683,475	2,805,484	2,916,137	3,074,785	3,198,080	3,319,049	3,453,812	3,579,351

Appendix 3r

Combined Scenario with 85% MCT after Management Action - Minimum Total Equity Minimum Capital Test

<i>(All figures in \$000s)</i>	2018 - 2019 2019 - 2020 2020 - 2021 2021 - 2022 2022 - 2023					
	Current Forecast Forecast Forecast Forecast					
	Year Year Year Year Year					
	(01) (02) (03) (04) (05)					
Capital Available:						
Capital available (from page 30.62 - capital available)	01	259,368	212,075	136,179	100,828	103,795
Phase-in of capital available	03	0	0	0	0	0
Total Capital Available	09	259,368	212,075	136,179	100,828	103,795
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	94,659	98,579	103,554	109,014	114,809
Unpaid claims	22	191,890	205,937	220,227	232,861	239,666
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	286,549	304,516	323,781	341,875	354,475
Market Risk:						
Interest rate risk	30	7,840	16,385	14,059	22,677	26,430
Foreign exchange risk	32	16,342	18,722	19,577	19,483	19,997
Equity risk	34	72,823	82,030	85,658	83,734	84,801
Real estate risk	36	26,763	27,726	28,477	29,463	31,023
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	123,768	144,863	147,771	155,357	162,251
Credit Risk:						
Counterparty default risk for balance sheet assets	40	39,502	60,401	62,818	65,987	67,751
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	39,502	60,401	62,818	65,987	67,751
Operational risk margin	50	65,160	71,379	74,615	78,822	81,875
Less: Diversification credit	52	55,418	65,517	68,144	71,748	74,493
Total Capital (Margin) Required at Target	59	459,561	515,642	540,841	570,293	591,859
Minimum Capital (Margin) Required (line 59 / 1.5)	60	306,374	343,761	360,560	380,196	394,572
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
Total Minimum Capital (Margin) Required	69	306,374	343,761	360,560	380,196	394,572
Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required	79	(47,006)	(131,686)	(224,381)	(279,368)	(290,777)
MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)	90	84.66%	61.69%	37.77%	26.52%	26.31%

Appendix 3s
Combined Scenario with 85% MCT after Management Action - Minimum Total Equity
Net Claims Incurred Summary

<i>(C\$ 000s, except where noted)</i>	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Claims Incurred before Financial Provisions						
Collision	415,906	438,817	517,281	524,293	566,357	576,416
Comprehensive	69,497	99,940	100,631	125,381	136,397	124,766
Property Damage	48,647	46,844	53,069	51,704	55,449	53,738
Public Liability - BI	4,680	5,025	6,453	6,033	3,535	5,397
PIPP	187,022	174,815	242,328	270,939	252,629	230,910
Total	726,240	765,440	919,763	978,350	1,014,366	991,228
Unallocated Loss Adjustment Expenses	42,252	50,135	52,371	54,921	57,537	60,210
Change in Internal Loss Adjustment Expense Provision	(2,219)	421	13,373	15,788	12,763	5,807
Change in Reinsurance Ceded Provision	(676)	0	0	0	0	0
Other Financial Adjustments	(2,722)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	4,364	(29,854)	17,460	8,710	(1,455)	9,149
Total Net Claims Incurred	767,240	786,142	1,002,966	1,057,770	1,083,211	1,066,394

Appendix 3t
Combined Scenario with 85% MCT after Management Action - Minimum Total Equity
Deferred Policy Acquisition Expenses and Premium Deficiency

A. Claims (Including External Adjustment Expense) Data

	Accident Year										Selected Undisc	Selected Disc
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
1. Ultimate Loss Ratio - Total All Coverage	83.09%	72.79%	81.77%	81.34%	74.59%	73.25%	76.62%	77.68%	76.19%	74.08%		
2. Trend/Rate Adjustment for Fiscal Year												
2017	0.9142	0.9259	0.9555	0.9697	0.9888							
2018		0.9151	0.9384	0.9464	0.9589	0.9937						
2019			0.9464	0.9538	0.9656	1.0000	1.0132					
2020				0.9658	0.9761	1.0091	1.0207	1.0149				
2021					0.9733	1.0040	1.0134	1.0055	1.0074			
2022						1.0099	1.0201	1.0130	1.0157	1.0162		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2017	75.96%	67.39%	78.12%	78.88%	73.76%						75.95%	80.85%
2018		66.61%	76.73%	76.98%	71.52%	72.79%					73.68%	78.15%
2019			77.39%	77.58%	72.03%	73.25%	77.62%				76.07%	81.03%
2020				78.56%	72.81%	73.92%	78.20%	78.84%			76.89%	82.33%
2021					72.60%	73.55%	77.64%	78.11%	76.76%		75.98%	81.83%
2022						73.98%	78.16%	78.69%	77.38%	75.28%	76.94%	82.96%

B. Actual Data Other Than Losses

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
4. Net Earned Premium	764,671	803,881	861,065	907,145	960,142	#####	1,100,939	1,146,360	1,205,284	1,264,513
5. Operating Expenses as % of Earned Premium	11.06%	11.14%	10.26%	9.94%	8.99%	8.98%	8.27%	8.23%	8.18%	8.07%
6. Maintenance Expense Rate [(5) x 1/3]	3.69%	3.71%	3.42%	3.31%	3.00%	2.99%	2.76%	2.74%	2.73%	2.69%
Selected					3.16%	2.99%	2.88%	2.75%	2.73%	2.71%
7. ILAE Ratio to Losses - Selected					18.40%	18.40%	18.40%	18.40%	18.40%	18.40%

C. Equity in Unearned Premium

8. Net Unearned Premium					468,613	506,193	527,155	548,556	581,194	604,428
9. Additional Expected Cost of Non-Proportional Reinsurance					5,598	5,710	5,824	5,941	6,059	6,059
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]					383,468	391,133	422,434	446,747	470,628	496,398
11. Reinsurance PFAD					10	-	-	-	-	-
12. Maintenance Expense [a]					13,837	14,989	14,988	14,920	15,726	16,202
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]					70,595	71,968	77,728	82,202	86,596	91,337
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement					3,950	3,950	3,950	3,950	3,950	3,950
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]					(8,845)	18,443	2,231	(5,203)	(1,765)	(9,519)
16. Carried Deferred Policy Acquisition Expenses					32,055	29,489	30,737	32,013	33,996	35,391
17. Write Down Deferred Policy Acquisition Expenses [b]					32,055	11,046	28,506	32,013	33,996	35,391
Change					2,363	(21,009)	17,460	3,507	1,983	1,395
18. Premium Deficiency [c]					8,845	-	-	5,203	1,765	9,519
Change					2,001	(8,845)	-	5,203	(3,439)	7,754

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 3u
Combined Scenario with 85% MCT after Management Action - Minimum Total Equity
Summary of Corporate Investment Income

	2018/19	2019/20	2020/21	2021/22	2022/23
			Forecasted		
Interest Income During Period					
Cash/Short Term Investments	255	107	(0)	(0)	0
Marketable Bonds	44,346	53,246	56,687	58,917	61,245
MUSH	26,759	24,361	22,065	19,852	17,693
Total	71,361	77,715	78,751	78,769	78,938
Dividend and other Income					
Canadian Equities	9,646	5,913	4,692	4,862	5,044
Global	4,213	6,303	5,523	5,731	5,946
Global LV	-	3,049	3,033	3,143	3,242
Private Debt	-	3,746	10,007	10,040	10,067
Investment Properties (Cityplace)	4,940	1,926	2,512	2,452	2,312
Infrastructure	1,472	1,136	1,183	1,249	1,319
Total	20,271	22,073	26,950	27,477	27,930
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(40,474)	5,166	35,022	33,498	(5,549)
Marketable Bonds Realized Gains/(Loss)	13,622	35,896	6,696	12,885	3,146
MUSH	-	-	-	-	-
Canadian Equities Realized Gains	69,208	1,068	0	120	156
Global Equities Realized Gains	66,310	1,143	0	313	315
Global LV Realized Gains	-	307	-	288	272
Real Estate (Pooled Fund)	16,307	5,601	5,845	6,196	6,568
Infrastructure	5,765	4,448	4,635	4,894	5,168
Total	130,739	53,630	52,198	58,194	10,077
Other					
Investment Fees Paid	(5,201)	(4,767)	(4,681)	(4,862)	(4,977)
Pension Expense	(13,441)	(13,872)	(14,313)	(14,757)	(15,207)
Amortization on Marketable Bonds (Prem) / Discount	(6,209)	2,488	(726)	(4,359)	(5,819)
Investment Write-Down	-	-	-	-	-
Total	(24,851)	(16,151)	(19,720)	(23,978)	(26,003)
Total Corporate Investment Income	197,519	137,267	142,873	145,271	90,749
Total Basic Investment Income	169,377	119,233	122,261	124,888	76,261
% - Basic to Total Investment Income	85.75%	87%	86%	86%	84%
Equity Unrealized Gains/(Losses)					
Canadian Equities Unrealized Gains/(Losses)	12,099	1,105	943	1,027	5,629
US Equities Unrealized Gains/(Losses)	7,529	2,328	2,506	2,701	8,873
Global LV Unrealized Gains/(Losses)	-	1,445	1,531	1,670	4,427
Total Corporate Unrealized Gains/(Losses)	19,628	3,433	3,450	3,729	14,502
Ending Asset Values for Corporate (\$Millions)					
Cash/Short Term Investments	-	-	-	-	-
Canadian Fixed Income	1,758.1	1,701.8	1,853.6	2,044.7	2,194.5
MUSH	569.3	522.8	477.0	432.3	386.3
Canadian Equities	123.3	135.4	147.5	148.5	160.8
Global Equities	166.7	193.3	208.3	211.5	228.1
Global LV Equities	96.6	109.6	119.6	120.3	129.3
Private Debt	-	188.8	193.4	198.3	198.1
Real Estate	133.5	138.1	143.9	150.7	161.8
Infrastructure & Venture Capital	78.3	82.8	87.4	92.3	97.5
Total Ending Asset Values	2,925.9	3,072.6	3,230.7	3,398.6	3,556.4
Total Basic Assets	2,568.3	2,688.3	2,786.9	2,899.2	3,005.0
Ending Rebalanced Allocations (%)					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Fixed Income	60.1%	55.4%	57.4%	60.2%	61.7%
MUSH	19.5%	17.0%	14.8%	12.7%	10.9%
Canadian Equities	4.2%	4.4%	4.6%	4.4%	4.5%
US Equities	5.7%	6.3%	6.4%	6.2%	6.4%
Global LV	3.3%	3.6%	3.7%	3.5%	3.6%
Private Debt	0.0%	6.1%	6.0%	5.8%	5.6%
Real Estate	4.6%	4.5%	4.5%	4.4%	4.5%
Infrastructure & Venture Capital	2.7%	2.7%	2.7%	2.7%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%