



October 4, 2019

Via E-Mail



The Public Utilities Board
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Mr. Darren Christle, Board Secretary and Executive Director

Dear Mr. Christle:

**RE: Manitoba Public Insurance (MPI) 2020 General Rate Application (GRA)
Application to Amend Requested Rates for Service**

1. Application

In accordance with section 25(1) of *The Crown Corporations Governance and Accountability Act, C.C.S.M. c. C336* and in accordance with the Public Utilities Board (PUB) Rules of Practice and Procedure, Rule 21 - Amendments, MPI seeks leave to amend its Application for approval of the rates and premiums for compulsory driver and vehicle insurance for the 13 month period from March 1, 2020 to March 31, 2021.

2. Summary of Relief Requested

MPI requests the following amendment to its overall rate request:

June 20 th Provisional Overall Rate Increase	0.1%
September 30 th Naïve Interest Rate Update	1.5%
Removal of Net Capital Maintenance Provision	<u>-2.1%</u>
Requested Overall Rate Decrease	-0.6%

The overall rate decrease of -0.6% impacts the major class rate requests as follows:

Major Class Summary Report

Line No.	Major Class	Vehicle Count	Current Average Rate	Proposed Average Rate	Proposed Rate Change	Experience Rate Change*
1	Private Passenger	807,724	\$1,164	\$1,154	-0.9%	-0.9%
2	Commercial	46,360	\$809	\$814	0.7%	0.8%
3	Public	12,785	\$1,928	\$2,128	10.4%	10.9%
4	Motorcycles	17,585	\$810	\$851	5.1%	5.1%
5	Trailers	205,299	\$79	\$75	-5.2%	-5.1%
6	Off-Road Vehicles	71,406	\$8	\$7	-12.5%	-11.0%
7	Overall	1,161,159	\$890	\$885	-0.6%	-0.6%

3. Grounds for the Relief Requested

MPI has prepared an update to the provisional rate indication of 0.1% per the direction of the PUB in its letter dated March 28, 2019. The 10 Year Government of Canada (GoC) Bond rate at market close on September 30th was 1.36%, a decrease of 0.58%, from the 1.94% as at Feb 28, 2019.

The impact of the decrease in the 10 Yr GoC Bond rate was to increase the breakeven Accepted Actuarial Practice (AAP) rate request by 1.38%¹, from 0.1% at June 20th, 2019 to 1.5% at September 30th, 2019.

However, in contrast to the decreasing interest rate environment, the financial performance of Basic has exceeded expectations, and its overall financial health (and the financial health of MPI on the whole) has increased considerably.

At the start of fiscal year, February 28, 2019, Basic's Minimum Capital Test (MCT) ratio was 51.5%. Key results² achieved through the first two quarters of the 2019 fiscal year include:

- Basic's net income at Fiscal Q1 ending May 31, 2019 was \$65.6 million, or \$4.7 million better than budget.
- Basic's MCT ratio at May 31, 2019 was 87%.
- Basic's net income at Fiscal Q2 ending August 31st, 2019 is estimated at \$119.5 million, or \$44.4 million better than budget
- Basic's MCT ratio at August 31, 2019 is estimated to be near 100%.

In summary, Basic has nearly reached its 100% MCT capital target three years ahead of schedule. Careful management of claims and expenses, combined with limited hail, transfers of excess capital from Extension, and effective interest rate risk mitigation through Asset and Liability Management (ALM) have caused Basic to nearly achieve its capital target, and in short order.

MPI's June 20, 2019 Application included the 'Net Capital Maintenance Provision' of 2.1%, approved by the PUB in Order 159/18 for one year only, at that time, but "conditional on the Corporation bringing forward, in the 2020 GRA, a capital management plan"³.

That the Net Capital Maintenance Provision was continued in the proposed 2020 Basic rates was one of the main reasons why MPI did not include a capital build provision in the June Application. Given Basic's year to date performance, MPI's Management and Board of Directors believe it is inappropriate to request a 1.5% rate increase, predicated on a 2.1% Net Capital Maintenance provision. Basic's capital position has improved at a rate quicker than forecasted just months ago, and MPI cannot credibly request ratepayers fund a further capital provision.

As a result, MPI's Board of Directors has approved the request to amend the Application, by removing the Net Capital Maintenance Provision, from the AAP rate.

The effect removing the Net Capital Maintenance Provision is to reduce the overall rate request to -0.6%.

¹ The movement in the 10 Yr GoC bond rate impacts the new money yield, which was 3.05% based on observed GoC 10 Yr interest rates on February 28, 2019. As at September 30, 2019, the new money yield has fallen to 2.50%.

² MPI's Q1 Financial statements are pending final approval of Government before release. Q2 results are preliminary and unapproved.

³ Order 159/18, page 36

Given Basic's progress towards the 100% MCT capital target, there is no requirement for a build provision⁴ under the Capital Management Plan. MPI still seeks approval of the overall Capital Management Plan, and will continue to apply the Capital Management Plan as intended in next year's GRA based on a revised 2021 GRA forecast. If favorable results continue, a capital release may be appropriate at that time.

4. Supporting Materials for the Amendment

MPI has provided the following materials in support of the amended Application, included with this letter as Appendix 1:

- i. A Certificate of the Actuary
- ii. Figure RM 12 - Rating Year 2020/21 Major Classification Required Rate Changes – Breakeven Rates
- iii. Figure RM 14 - Major Class Summary Report
- iv. Basic Pro Formas PF1 to PF3
- v. Extension Pro Formas EPF1 to EPF3
- vi. Q1 and Q2 Quarterly Reports will be filed when approved for release by Government

Please note that the Pro Formas include 2019 Q2 estimated actuals, which demonstrate Basic's year to date progress, and a revised 2019 Projection column, indicating the present expectations for Basic through the remainder of the fiscal year. The forecast of the rating years has been updated to reflect September 30th interest rates, removal of the Net CMP, and the 2019 Projection.

This requested amendment represents an 11th hour adjustment, which is unique to MPI's past practices at General Rate Applications. However, Basic's performance in the first two quarters of this fiscal year have exceeded expectations and are not forecasted to materially diminish during the remainder of the year. As per the principle behind the Capital Management Plan, these positive financial results should flow back to MPI's customers.

As the PUB and interveners are well aware, MPI submits an extensive amount of documentation to support its application at the time of the June filing. In the normal course of preparing the application this documentation takes months to compile. Unfortunately, a complete re-assessment of Basic's forecasts is unreasonable at this late date. The materials submitted herein support the application but does not provide the robust analysis that typically supports MPI's rate application.

MPI asks the PUB and interveners to consider the current process schedule and MPI's ongoing need for approval of rates in early December when requesting or considering any additional material or process related to this request for amendment. MPI witnesses will speak to the change in circumstances of Basic, to justify the amended rate request, and establish that it is in the public interest.

The PUB's letter dated March 28, 2019, approving the provisional rate indication process, and the September 30th interest rate update, also requested a number of interest rate scenarios. These scenarios could not be completed in time for this filing, but will be provided in the coming days.

⁴ Note that in in PUB (MPI) 1-11, application of MPI's proposed Capital Management Plan, when the Net Capital Maintenance Provision is removed, produces for a 0.7% capital build provision.

October 4, 2019
Mr. Darren Christle
Page 4

5. Alternative to the Amended Rate Request

Should the PUB not accept MPI's request to amend the rate application, MPI has also prepared an update to Basic's provisional rate indication of 0.1%, for interest rates as at September 30th, 2019, attached to this letter as Appendix B. As outlined above, that rate request is an overall increase of 1.5%, *including* the Net Capital Maintenance Provision.

Sincerely,



Michael Triggs
General Counsel and Corporate Secretary

MT/sk
Encl.

CC: K. McCandless, Counsel to the Board
2020 GRA Registered Interveners

October 4, 2019

2020 GENERAL RATE APPLICATION
Part V(ii) - Ratemaking

Ratemaking

RM.1 Certificate Of The Actuary

- 1 I, Luke Johnston, a Fellow of the Canadian Institute of Actuaries, certify that:
- 2 1. I have derived the indicated rate(s) in accordance with Accepted Actuarial
3 Practice (AAP) in Canada, on behalf of Manitoba Public Insurance (MPI), for the
4 Basic Autopac program (Basic) for rates effective March 1, 2020 for new and
5 renewal business.
- 6 2. I have reviewed the data underlying this rate application for reasonableness
7 and consistency, and I believe the data is reliable and sufficient for the
8 determination of the indicated rate changes.
- 9 3. The indicated rate changes, shown in the table below, have been calculated in
10 accordance with AAP in Canada. These indicated rate changes assume a 0%
11 profit provision.

Figure RM- 1 Indicated Rate Change

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	\$1,164	\$1,154	-0.9%
2	Commercial	\$809	\$814	0.7%
3	Public	\$1,928	\$2,128	10.4%
4	Motorcycles	\$810	\$851	5.1%
5	Trailers	\$79	\$75	-5.2%
6	Off-Road Vehicles	\$8	\$7	-12.5%
7	Overall	\$890	\$885	-0.6%



 Signature of Actuary

Oct 4, 2019

 Date

Winnipeg, MB

 Location

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 1

Appendix 1 Item ii:
Figure RM-12 Rating Year 2020/21 Major Classification Required Rate Changes -
Breakeven Rates

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	20/21 Units	1,210,000	835,300	47,900	13,200	18,200	219,200	76,200
2	Claims	733.78	966.46	664.42	1,787.88	704.79	54.29	5.82
3	Claims Expense	116.50	153.44	105.49	283.85	111.89	8.62	0.92
4	Road Safety	11.11	14.70	14.70	14.70	14.70	0.00	0.00
5	Operating Expense	62.34	82.48	82.48	82.48	82.48	0.00	0.00
6	Regulatory/Appeal	4.41	5.83	5.83	5.83	5.83	0.00	0.00
7	Commission: Vehicle	30.45	40.04	27.86	72.85	28.41	2.59	0.23
8	Prem Tax: Vehicle	28.20	37.08	25.80	67.45	26.30	2.39	0.22
9	Comm & Prem Tax: Driver	3.77	4.99	4.99	4.99	4.99	0.00	0.00
10	Commission Flat Fee	6.09	8.05	8.05	8.05	8.05	0.00	0.00
11	Reins: Casualty	1.07	1.41	1.41	1.41	1.41	0.00	0.00
12	Reins: Catastrophe	10.98	11.91	11.91	11.91	0.00	11.91	0.00
13	Fleet Rebates	14.14	19.08	19.08	19.08	0.00	0.00	0.00
14	Anti-Theft Discount	1.75	2.53	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	60.48	80.01	80.01	80.01	80.01	0.00	0.00
16	Service Fees	24.25	32.08	32.08	32.08	32.08	0.00	0.00
17	Req Rate (Raw)	939.85	1,235.90	859.92	2,248.39	876.75	79.80	7.19
18	Req Rate (Bal)	928.29	1,220.71	849.35	2,220.74	865.98	78.82	7.10
19	19/20 Average Rate	887.37	1,160.49	805.36	1,918.04	805.72	79.79	8.07
20	Major Class Drift	5.2%	6.3%	4.7%	-0.1%	0.6%	4.4%	0.0%
21	20/21 Average Rate							
22	without Rate Change	933.56	1,233.34	842.95	1,916.56	810.80	83.30	8.07
23	Full Cred Req Change	-0.6%	-1.0%	0.8%	15.9%	6.8%	-5.4%	-12.0%
24	Applied for Change	-0.6%	-1.0%	0.8%	15.9%	6.8%	-5.4%	-12.0%
25	Credibility		99.3%	88.9%	68.8%	75.2%	97.3%	92.7%
26	Cred Wtd Change		-1.0%	0.6%	10.7%	5.0%	-5.2%	-11.1%
27	Cred Wtd Req Rate		1,220.79	848.14	2,122.39	851.20	78.93	7.17
28	Cred Wtd Req Rate (Bal)	928.33	1,222.50	849.32	2,125.36	852.39	79.04	7.18
29	Cred Wtd Change (Bal)		-0.9%	0.8%	10.9%	5.1%	-5.1%	-11.0%

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 1

Appendix 1 Item iii:
Figure RM-14 Major Class Summary Report

Line No.	Major Class	Vehicle Count	Current Average Rate	Proposed Average Rate	Proposed Rate Change	Experience Rate Change*
1	Private Passenger	807,724	\$1,164	\$1,154	-0.9%	-0.9%
2	Commercial	46,360	\$809	\$814	0.7%	0.8%
3	Public	12,785	\$1,928	\$2,128	10.4%	10.9%
4	Motorcycles	17,585	\$810	\$851	5.1%	5.1%
5	Trailers	205,299	\$79	\$75	-5.2%	-5.1%
6	Off-Road Vehicles	71,406	\$8	\$7	-12.5%	-11.0%
7	Overall	1,161,159	\$890	\$885	-0.6%	-0.6%
8	*Per Figure RM-13					

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 1

Appendix 1 Item iv:

PF.1 STATEMENT OF OPERATIONS
Multi-year - Statement of Operations

Line No.	2020/21 Basic AAP break even rate change -0.6% without Capital Maintenance Provision (C\$ 000s, rounding may affect totals)	For the Years Ended February,					
		2019A	2020P	2021F	2022F	2023F	2024F
2	BASIC						
3	Motor Vehicles	1,003,570	1,057,941	1,101,066	1,144,765	1,190,689	1,238,609
4	Drivers	66,959	70,267	72,280	74,110	75,948	77,445
5	Reinsurance Ceded	(12,502)	(14,888)	(14,433)	(14,722)	(15,016)	(15,316)
6	Total Net Premiums Written	1,058,027	1,113,320	1,158,913	1,204,153	1,251,621	1,300,738
7	Net Premiums Earned						
8	Motor Vehicles	980,770	1,034,264	1,084,045	1,124,535	1,169,429	1,216,425
9	Drivers	58,667	68,568	71,268	73,190	75,024	76,693
10	Reinsurance Ceded	(12,502)	(14,217)	(14,433)	(14,722)	(15,016)	(15,316)
11	Total Net Premiums Earned	1,026,935	1,088,615	1,140,880	1,183,003	1,229,437	1,277,802
12	Service Fees & Other Revenues	24,568	26,511	28,211	30,203	32,395	34,804
13	Total Earned Revenues	1,051,503	1,115,126	1,169,091	1,213,206	1,261,832	1,312,606
14	Claims Incurred	864,389	822,574	927,907	965,979	1,009,297	1,055,926
15	DPAC \ Premium Deficiency Adjustment	(12,983)	(17,630)	(3,040)	3,120	3,701	6,235
16	(a) Claims Incurred - Interest Rate Impact	40,852	61,401	15,825	18,834	16,134	15,131
17	Total Claims Incurred	892,258	866,345	940,692	987,933	1,029,132	1,077,292
18	Claims Expense	126,871	134,257	139,351	139,484	138,957	148,737
19	Road Safety/Loss Prevention	11,538	12,329	13,462	13,420	13,712	13,946
20	Total Claims Costs	1,030,667	1,012,931	1,093,505	1,140,837	1,181,801	1,239,975
21	Expenses						
22	Operating	76,124	72,200	74,157	75,472	76,989	82,235
23	Commissions	40,233	42,454	44,384	45,977	47,740	49,571
24	Premium Taxes	31,183	33,085	34,659	35,932	37,334	38,794
25	Regulatory/Appeal	4,315	4,671	5,326	5,335	5,423	5,516
26	Total Expenses	151,855	152,410	158,526	162,716	167,486	176,116
27	Underwriting Income (Loss)	(131,019)	(50,215)	(82,940)	(90,347)	(87,455)	(103,485)
28	Investment Income	194,333	78,170	72,953	72,957	72,428	75,054
29	(b) Investment Income - Interest Rate Impact	14,178	80,437	(95)	(153)	(239)	(62)
30	Net Investment Income	208,511	158,607	72,858	72,804	72,189	74,992
31	Gain (Loss) on Sale of Property	1,345					
32	Net Income (Loss)	78,837	108,392	(10,082)	(17,543)	(15,266)	(28,493)
33	Total net Impact due to interest rate change (b) - (a)	(26,674)	19,036	(15,920)	(18,987)	(16,373)	(15,193)
34	MCT %	51.5%	96.4%	98.7%	98.9%	95.2%	103.6%

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 1

Appendix 1 Item iv:

PF.3 STATEMENT OF CHANGES IN EQUITY
Multi-year - Statement of Changes in Equity

Line		<i>2020/21 Basic AAP break even rate change -0.6% without Capital Maintenance Provision</i>					
No.		<i>(C\$ 000s, except where noted)</i>					
		<i>For the Years Ended February,</i>					
		2019A	2020P	2021F	2022F	2023F	2024F
1							
2	BASIC						
3	Total Equity						
4	Retained Earnings						
5	Beginning Balance	170,975	309,812	493,337	525,756	552,696	586,368
6	Net Income (Loss) from annual operations	78,837	108,392	(10,082)	(17,542)	(15,265)	(28,493)
7	Transfer (to) / from Non-Basic Retained Earnings	60,000	75,133	42,501	44,482	48,937	48,444
8	Total Retained Earnings	309,812	493,337	525,756	552,696	586,368	606,319
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	39,870	(60,120)	(103,247)	(98,117)	(96,224)	(89,659)
11	Other Comprehensive Income for the Year	(99,990)	(43,127)	9,800	10,482	12,492	11,990
12	Total Accumulated Other Comprehensive Income	(60,120)	(103,247)	(98,117)	(96,224)	(89,659)	(80,724)
13	Total Equity Balance	249,692	390,090	427,639	456,471	496,709	525,595
14	MINIMUM CAPITAL TEST (C\$ 000s)						
15	Total Equity Balance	249,692	390,090	427,639	456,471	496,709	525,595
16	Less: Assets Requiring 100% Capital	45,926	47,392	64,378	81,286	88,413	81,436
17	Capital Available	203,766	342,698	363,261	375,185	408,296	444,159
18	Minimum Capital Required (100% MCT)	395,393	355,481	367,965	379,243	428,711	428,943
19	MCT Ratio % (Line 17) / (Line 18)	51.5%	96.4%	98.7%	98.9%	95.2%	103.6%

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 1

Appendix 1 Item v:

EPF.1 STATEMENT OF OPERATIONS
Multi-year - Statement of Operations

Line No.	2020/21 Basic AAP break even rate change -0.6% without Capital Maintenance Provision (C\$ 000s, rounding may affect totals)	For the Years Ended February,					
		2019A	2020P	2021F	2022F	2023F	2024F
1							
2	EXTENSION						
3	Motor Vehicles	162,861	156,127	162,147	166,626	171,389	176,363
4	Reinsurance Ceded	(1,567)	(2,029)	(2,035)	(2,076)	(2,117)	(2,159)
5	Total Net Premiums Written	161,294	154,098	160,112	164,550	169,272	174,204
6	Net Premiums Earned						
7	Motor Vehicles	160,848	159,360	159,669	164,493	169,121	173,994
8	Reinsurance Ceded	(1,567)	(1,911)	(2,035)	(2,076)	(2,117)	(2,159)
9	Total Net Premiums Earned	159,281	157,449	157,634	162,417	167,004	171,835
10	Service Fees & Other Revenues	11,752	12,168	12,847	13,487	14,179	14,929
11	Total Earned Revenues	171,033	169,617	170,481	175,904	181,183	186,764
12	Net Claims Incurred	65,685	60,659	69,330	71,040	72,412	73,727
13	(a) Claims Incurred - Interest Rate Impact						
14	Total Claims Incurred	65,685	60,801	69,336	71,040	72,412	73,727
15	Claims Expense	10,490	11,288	10,770	10,651	10,208	10,910
16	Road Safety/Loss Prevention	908	1,038	1,037	1,020	999	1,004
17	Total Claims Costs	77,083	73,127	81,143	82,711	83,619	85,641
18	Expenses						
19	Operating	9,431	9,304	9,151	9,301	9,296	9,743
20	Commissions	35,256	34,959	34,842	35,912	36,925	37,992
21	Premium Taxes	4,824	4,781	4,790	4,935	5,074	5,220
22	Regulatory/Appeal	8	12	11	11	16	22
23	Total Expenses	49,519	49,056	48,794	50,159	51,311	52,977
24	Underwriting Income (Loss)	44,431	47,434	40,544	43,034	46,253	48,146
25	Investment Income	12,455	5,326	4,684	4,576	4,708	4,682
26	(b) Investment Income - Interest Rate Impact	(278)	2,946	(47)	(51)	(56)	(56)
27	Net Investment Income	12,177	8,272	4,637	4,525	4,652	4,626
	Gain (Loss) on Sale of Property						
28	Net Income (Loss) from Operations	56,723	55,706	45,181	47,559	50,905	52,772
29	Total net Impact due to interest rate change (b) - (a)	(278)	2,804	(53)	(51)	(56)	(56)

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 1

Appendix 1 Item v:

EPF.3 STATEMENT OF CHANGES IN EQUITY
Multi-year - Statement of Changes in Equity

Line No.		2020/21 Basic AAP break even rate change -0.6% without Capital Maintenance Provision					
		<i>(C\$ 000s, rounding may affect totals)</i>					
		For the Years Ended February,					
		2019A	2020P	2021F	2022F	2023F	2024F
1	EXTENSION						
3	Retained Earnings						
4	Beginning Balance	102,492	99,213	79,787	82,468	85,546	87,514
5	Net Income / (Loss)	56,722	55,707	45,182	47,560	50,905	52,771
6	Premium Rebate	-	-	-	-	-	-
7	Transfer (to) / from Basic Retained Earnings	(60,000)	(75,133)	(42,501)	(44,482)	(48,937)	(48,444)
8	Total Retained Earnings	99,214	79,787	82,468	85,546	87,514	91,841
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	1,097	(4,511)	(9,679)	(8,967)	(8,147)	(7,183)
11	Other Comprehensive Income for the Year	(5,608)	(1,866)	804	880	1,027	1,342
12	Total Accumulated Other Comprehensive Income	(4,511)	(6,377)	(8,875)	(8,087)	(7,120)	(5,841)
13	Total Equity Balance	94,702	70,108	73,501	77,399	80,332	85,914
14	MINIMUM CAPITAL TEST (C\$ 000s)						
15	Total Equity Balance	94,702	70,108	73,501	77,399	80,332	85,914
16	Less: Assets Requiring 100% Capital	3,910	4,091	5,739	7,355	8,079	7,574
17	Capital Available	90,792	66,017	67,762	70,044	72,253	78,340
18	Minimum Capital Required (100% MCT)	28,603	33,004	33,903	35,024	36,129	39,169
19	MCT Ratio % (Line 17) / (Line 18)	317.4%	200.0%	200.0%	200.0%	200.0%	200.0%

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 2

Appendix 2:
Figure RM-12 Rating Year 2020/21 Major Classification Required Rate Changes -
Breakeven Rates

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	20/21 Units	1,210,000	835,300	47,900	13,200	18,200	219,200	76,200
2	Claims	733.78	966.46	664.42	1,787.88	704.79	54.29	5.82
3	Claims Expense	116.50	153.44	105.49	283.85	111.89	8.62	0.92
4	Road Safety	11.11	14.70	14.70	14.70	14.70	0.00	0.00
5	Operating Expense	62.34	82.48	82.48	82.48	82.48	0.00	0.00
6	Regulatory/Appeal	4.41	5.83	5.83	5.83	5.83	0.00	0.00
7	Commission: Vehicle	30.45	40.04	27.86	72.85	28.41	2.59	0.23
8	Prem Tax: Vehicle	28.20	37.08	25.80	67.45	26.30	2.39	0.22
9	Comm & Prem Tax: Driver	3.77	4.99	4.99	4.99	4.99	0.00	0.00
10	Commission Flat Fee	6.09	8.05	8.05	8.05	8.05	0.00	0.00
11	Reins: Casualty	1.07	1.41	1.41	1.41	1.41	0.00	0.00
12	Reins: Catastrophe	10.98	11.91	11.91	11.91	0.00	11.91	0.00
13	Fleet Rebates	14.14	19.08	19.08	19.08	0.00	0.00	0.00
14	Anti-Theft Discount	1.75	2.53	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	60.48	80.01	80.01	80.01	80.01	0.00	0.00
16	Service Fees	24.25	32.08	32.08	32.08	32.08	0.00	0.00
17	Req Rate (Raw)	939.85	1,235.90	859.92	2,248.39	876.75	79.80	7.19
18	Req Rate (Bal)	928.29	1,220.71	849.35	2,220.74	865.98	78.82	7.10
19	19/20 Average Rate	887.37	1,160.49	805.36	1,918.04	805.72	79.79	8.07
20	Major Class Drift	5.2%	6.3%	4.7%	-0.1%	0.6%	4.4%	0.0%
21	20/21 Average Rate							
22	without Rate Change	933.56	1,233.34	842.95	1,916.56	810.80	83.30	8.07
23	Full Cred Req Change	-0.6%	-1.0%	0.8%	15.9%	6.8%	-5.4%	-12.0%
24	Applied for Change	1.5%	1.0%	2.8%	18.3%	9.0%	-3.4%	-10.2%
25	Credibility		99.3%	88.9%	68.8%	75.2%	97.3%	92.7%
26	Cred Wtd Change		1.0%	2.7%	13.0%	7.1%	-3.3%	-9.3%
27	Cred Wtd Req Rate		1,245.84	865.54	2,165.93	868.66	80.55	7.32
28	Cred Wtd Req Rate (Bal)	947.37	1,247.58	866.75	2,168.96	869.87	80.66	7.33
29	Cred Wtd Change (Bal)		1.2%	2.8%	13.2%	7.3%	-3.2%	-9.2%

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 2

Appendix 2:

PF.1 STATEMENT OF OPERATIONS
Multi-year - Statement of Operations

Line No.	2020/21 Basic AAP break even rate change 1.48% with September 2019 Naïve Interest Rates (C\$ 000s, rounding may affect totals)	For the Years Ended February,					
		2019A	2020BF	2021F	2022F	2023F	2024F
2	BASIC						
3	Motor Vehicles	1,003,570	1,064,300	1,124,039	1,168,643	1,215,518	1,264,435
4	Drivers	66,960	70,267	72,280	74,110	75,948	77,445
5	Reinsurance Ceded	(12,502)	(14,150)	(14,433)	(14,722)	(15,016)	(15,316)
6	Total Net Premiums Written	1,058,028	1,120,417	1,181,886	1,228,031	1,276,450	1,326,564
7	Net Premiums Earned						
8	Motor Vehicles	980,770	1,037,678	1,096,383	1,147,994	1,193,818	1,241,789
9	Drivers	58,668	68,568	71,268	73,190	75,024	76,693
10	Reinsurance Ceded	(12,502)	(14,150)	(14,433)	(14,722)	(15,016)	(15,316)
11	Total Net Premiums Earned	1,026,936	1,092,096	1,153,218	1,206,462	1,253,826	1,303,166
12	Service Fees & Other Revenues	24,568	26,513	28,674	30,712	32,954	35,419
13	Total Earned Revenues	1,051,504	1,118,609	1,181,892	1,237,174	1,286,780	1,338,585
14	Claims Incurred	864,390	888,941	926,004	967,431	1,009,863	1,054,476
15	DPAC \ Premium Deficiency Adjustment	(12,983)	(8,844)	(13,162)	2,935	3,251	5,754
16	(a) Claims Incurred - Interest Rate Impact	40,852	73,367	18,556	17,264	16,257	15,603
17	Total Claims Incurred	892,259	953,464	931,398	987,630	1,029,371	1,075,833
18	Claims Expense	126,871	136,851	139,351	139,443	138,918	148,697
19	Road Safety/Loss Prevention	11,538	13,977	13,462	13,415	13,707	13,941
20	Total Claims Costs	1,030,668	1,104,292	1,084,211	1,140,488	1,181,996	1,238,471
21	Expenses						
22	Operating	76,124	73,385	74,157	75,452	76,968	82,214
23	Commissions	40,233	42,542	44,703	46,739	48,532	50,395
24	Premium Taxes	31,183	33,187	35,030	36,636	38,065	39,554
25	Regulatory/Appeal	4,315	5,315	5,326	5,335	5,423	5,516
26	Total Expenses	151,855	154,429	159,216	164,162	168,988	177,679
27	Underwriting Income (Loss)	(131,019)	(140,112)	(61,535)	(67,476)	(64,204)	(77,565)
28	Investment Income	194,333	68,553	73,133	72,767	73,439	75,151
29	(b) Investment Income - Interest Rate Impact	14,178	87,543	(134)	(157)	(189)	(229)
30	Net Investment Income	208,511	156,096	72,999	72,610	73,250	74,922
	Gain (Loss) on Sale of Property	1,345					
31	Net Income (Loss)	78,837	15,984	11,464	5,134	9,046	(2,643)
32	Total net impact due to interest rate change (b) - (a)	(26,674)	14,176	(18,690)	(17,421)	(16,446)	(15,832)
	MCT Ratio %	52%	72%	81%	87%	98%	105%

October 4, 2019

2020 GENERAL RATE APPLICATION
Amended Application - Appendix 2

Appendix 2:

PF.2 STATEMENT OF FINANCIAL POSITION
Multi-year - Statement of Financial Position

Line No.	2020/21 Basic AAP break even rate change 1.48% with September 2019 Naïve Interest Rates (C\$ 000s, rounding may affect totals)	For the Years Ended February,					
		2019A	2020BF	2021F	2022F	2023F	2024F
1							
2	BASIC						
3	Assets						
4	Cash and cash equivalents	161,944	53,904	39,388	25,227	11,292	-
5	Investments	2,426,047	2,843,497	3,011,317	3,192,825	3,391,728	3,593,747
6	Investment property	41,892	20,571	20,224	20,088	20,730	21,607
7	Due from other insurance companies	1,495	-	-	-	-	-
8	Accounts receivable	422,793	369,902	388,245	402,419	417,083	432,266
10	Deferred policy acquisition costs	6,063	11,786	26,680	25,038	23,146	18,811
12	Reinsurers' share of unpaid claims	8,463	-	-	-	-	-
13	Property and equipment	88,983	92,904	95,508	96,594	98,819	102,795
14	Deferred development costs	45,926	47,392	64,383	81,296	88,428	81,455
15		3,203,606	3,439,956	3,645,745	3,843,487	4,051,226	4,250,681
16	Liabilities						
17	Due to other insurance companies	2,066	1,991	1,991	1,991	1,991	1,991
18	Accounts payable and accrued liabilities	70,281	41,259	41,594	42,006	42,211	44,902
19	Financing lease obligation	3,081	2,843	2,743	2,634	2,518	2,401
20	Unearned premiums and fees	543,416	572,810	605,099	630,584	657,446	685,427
21	Provision for employee current benefits	17,098	17,824	18,500	19,184	19,911	20,648
22	Provision for employee future benefits	342,046	386,990	401,931	416,927	432,057	447,716
23	Provision for unpaid claims	1,975,925	2,098,877	2,191,767	2,286,438	2,380,016	2,472,825
24		2,953,913	3,122,594	3,263,625	3,399,764	3,536,150	3,675,910
25	Equity						
26	Retained Earnings	309,813	387,097	442,056	492,148	550,595	595,491
27	Accumulated Other Comprehensive Income	(60,119)	(69,735)	(59,935)	(48,425)	(35,519)	(20,720)
28	Total Equity	249,694	317,362	382,121	443,723	515,076	574,771
29	Total Liabilities & Equity	3,203,607	3,439,956	3,645,746	3,843,487	4,051,226	4,250,681

Appendix 2:

PF.3 STATEMENT OF CHANGES IN EQUITY
Multi-year - Statement of Changes in Equity

Line No.		For the Years Ended February,					
2020/21 Basic AAP break even rate change 1.48% with September 2019 Naïve Interest Rates (C\$ 000s, except where noted)		2019A	2020BF	2021F	2022F	2023F	2024F
1	BASIC						
3	Total Equity						
4	Retained Earnings						
5	Beginning Balance	170,975	309,813	387,097	442,056	492,148	550,595
6	Net Income (Loss) from annual operations	78,838	15,984	11,465	5,134	9,045	(2,644)
7	Transfer (to) / from Non-Basic Retained Earnings	60,000	61,300	43,494	44,958	49,402	47,540
8	Total Retained Earnings	309,813	387,097	442,056	492,148	550,595	595,491
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	39,870	(60,119)	(69,735)	(59,935)	(48,425)	(35,519)
11	Other Comprehensive Income for the Year	(99,989)	(9,616)	9,800	11,510	12,906	14,799
12	Total Accumulated Other Comprehensive Income	(60,119)	(69,735)	(59,935)	(48,425)	(35,519)	(20,720)
13	Total Equity Balance	249,693	317,362	382,121	443,723	515,077	574,772
14	MINIMUM CAPITAL TEST (C\$ 000s)						
15	Total Equity Balance	249,693	317,362	382,121	443,723	515,077	574,772
16	Less: Assets Requiring 100% Capital	45,926	47,392	64,383	81,296	88,428	81,455
17	Capital Available	203,767	269,970	317,738	362,427	426,649	493,317
18	Minimum Capital Required (100% MCT)	395,393	373,409	394,428	414,948	437,423	468,287
19	MCT Ratio % (Line 17) / (Line 18)	51.5%	72.3%	80.6%	87.3%	97.5%	105.4%

Appendix 2:

EPF.1 STATEMENT OF OPERATIONS
Multi-year - Statement of Operations

2020/21 Basic AAP break even rate change 1.48% with September 2019 Naïve Interest Rates							
(C\$ 000s, rounding may affect totals)		For the Years Ended February,					
		2019A	2020BF	2021F	2022F	2023F	2024F
1	EXTENSION						
3	Motor Vehicles	162,861	156,944	162,147	166,626	171,389	176,363
4	Reinsurance Ceded	(1,567)	(1,995)	(2,035)	(2,076)	(2,117)	(2,159)
5	Total Net Premiums Written	161,294	154,949	160,112	164,550	169,272	174,204
6	Net Premiums Earned						
7	Motor Vehicles	160,848	159,787	159,669	164,493	169,121	173,994
8	Reinsurance Ceded	(1,567)	(1,995)	(2,035)	(2,076)	(2,117)	(2,159)
9	Total Net Premiums Earned	159,281	157,792	157,634	162,417	167,004	171,835
10	Service Fees & Other Revenues	11,752	12,262	12,844	13,485	14,180	14,931
11	Total Earned Revenues	171,033	170,054	170,478	175,902	181,184	186,766
12	Net Claims Incurred	65,685	68,224	69,333	71,041	72,413	73,730
13	(a) Claims Incurred - Interest Rate Impact		151	(7)	(7)	8	(2)
14	Total Claims Incurred	65,685	68,375	69,326	71,034	72,421	73,728
15	Claims Expense	10,490	11,387	10,770	10,669	10,235	10,925
16	Road Safety/Loss Prevention	908	1,163	1,037	1,021	1,002	1,006
17	Total Claims Costs	77,083	80,925	81,133	82,724	83,658	85,659
18	Expenses						
19	Operating	9,431	9,307	9,151	9,308	9,310	9,750
20	Commissions	35,256	35,037	34,842	35,912	36,925	37,992
21	Premium Taxes	4,824	4,794	4,790	4,935	5,074	5,220
22	Regulatory/Appeal	8	12	11	11	16	22
23	Total Expenses	49,519	49,150	48,794	50,166	51,325	52,984
24	Underwriting Income (Loss)	44,431	39,979	40,551	43,012	46,201	48,123
25	Investment Income	12,455	6,163	4,648	4,487	4,670	4,575
26	(b) Investment Income - Interest Rate Impact	(278)	2,874	(48)	(54)	(57)	(56)
27	Net Investment Income	12,177	9,037	4,600	4,433	4,613	4,519
	Gain (Loss) on Sale of Property						
28	Net Income (Loss) from Operations	56,723	49,016	45,151	47,445	50,814	52,642
29	Total net Impact due to interest rate change (b) - (a)	(278)	2,724	(41)	(47)	(65)	(54)

Appendix 2:

EPF.3 STATEMENT OF CHANGES IN EQUITY
Multi-year - Statement of Changes in Equity

Line No.	2020/21 Basic AAP break even rate change 1.48% with September 2019 Naive Interest Rates (C\$ 000s, rounding may affect totals)	For the Years Ended February,					
		2019A	2020BF	2021F	2022F	2023F	2024F
2	EXTENSION						
3	Retained Earnings						
4	Beginning Balance	102,492	99,213	86,930	88,587	91,076	92,488
5	Net Income / (Loss)	56,722	49,017	45,152	47,447	50,814	52,643
6	Premium Rebate	-	-	-	-	-	-
7	Transfer (to) / from Other Lines Retained Earnings	(60,000)	(61,300)	(43,494)	(44,958)	(49,402)	(47,540)
8	Total Retained Earnings	99,213	86,930	88,587	91,076	92,488	97,591
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	1,097	(4,511)	(6,383)	(5,590)	(4,710)	(3,713)
11	Other Comprehensive Income for the Year	(5,608)	(1,872)	793	880	997	1,327
12	Total Accumulated Other Comprehensive Income	(4,511)	(6,383)	(5,590)	(4,710)	(3,713)	(2,386)
13	Total Equity Balance	94,702	80,547	82,997	86,367	88,775	95,205
14	MINIMUM CAPITAL TEST (C\$ 000s)						
15	Total Equity Balance	94,702	80,547	82,997	86,367	88,775	95,205
16	Less: Assets Requiring 100% Capital	3,910	4,091	5,736	7,349	8,072	7,566
17	Capital Available	90,792	76,456	77,261	79,018	80,703	87,639
18	Minimum Capital Required (100% MCT)	28,603	38,219	38,624	39,498	40,347	43,767
19	MCT Ratio % (Line 17) / (Line 18)	317.4%	200.1%	200.0%	200.1%	200.0%	200.2%