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2020 GENERAL RATE APPLICATION  
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**Undertaking #1**

MPI to provide a line-by-line comparison of the changes to Pro Forma from the original application to the update provided on October 4, 2019.

**RESPONSE:**

Please see the following Pro Forma Statement of Operations comparative for the 2019/20 fiscal year.

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## Pro Forma Comparative - 2020 GRA vs October 4, 2019 revision

## Statement of Operations: 2019/20 Comparative

Line No.		2020 GRA 2019-20FB	Revised as of Oct 4 2020 GRA 2019-20P	Inc (dec)	Ref.	Increase / (Decrease) %
	(C\$ 000s, except where noted)	\$	\$	\$		%
1						
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,064,300	1,057,941	(6,359)		-0.60%
4	Drivers	70,267	70,267	-		0.00%
5	Reinsurance Ceded	(14,150)	(14,888)	(738)		5.22%
6	<b>Total Net Premiums Written</b>	<b>1,120,417</b>	<b>1,113,320</b>	<b>(7,097)</b>	<b>(1)</b>	<b>-0.63%</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,037,678	1,034,264	(3,414)		-0.33%
9	Drivers	68,568	68,568	-		0.00%
10	Reinsurance Ceded	(14,150)	(14,217)	(67)		0.47%
11	<b>Total Net Premiums Earned</b>	<b>1,092,096</b>	<b>1,088,615</b>	<b>(3,481)</b>		<b>-0.32%</b>
12	Service Fees & Other Revenues	26,511	26,511	-		0.00%
13	<b>Total Earned Revenues</b>	<b>1,118,607</b>	<b>1,115,126</b>	<b>(3,481)</b>		<b>-0.31%</b>
14	<b>Net Claims Incurred</b>	888,941	822,574	(66,367)		-7.47%
15	DPAC \ Premium Deficiency Adjustment	(13,156)	(17,630)	(4,474)		34.01%
16	(a) Claims Incurred - Interest rate impact	(19,220)	61,401	80,621		-419.46%
17	<b>Total Claims Incurred</b>	<b>856,565</b>	<b>866,345</b>	<b>9,780</b>	<b>(2)</b>	<b>1.14%</b>
18	Claims Expense	136,851	134,257	(2,594)	(4)	-1.90%
19	Road Safety/Loss Prevention	13,977	12,329	(1,648)	(4)	-11.79%
20	<b>Total Claims Costs</b>	<b>1,007,393</b>	<b>1,012,931</b>	<b>5,538</b>		<b>0.55%</b>
21	<b>Expenses</b>					
22	Operating	73,385	72,200	(1,185)	(4)	-1.61%
23	Commissions	42,542	42,454	(88)		-0.21%
24	Premium Taxes	33,187	33,085	(102)		-0.31%
25	Regulatory/Appeal	5,315	4,671	(644)	(4)	-12.12%
26	<b>Total Expenses</b>	<b>154,429</b>	<b>152,410</b>	<b>(2,019)</b>		<b>-1.31%</b>
27	<b>Underwriting Income (Loss)</b>	<b>(43,215)</b>	<b>(50,215)</b>	<b>(7,000)</b>		<b>16.20%</b>
28	Investment Income	73,036	78,170	5,134		7.03%
29	(b) Investment Income - Interest rate impact	(144)	80,437	80,581		-55959.03%
30	<b>Total Investment Income</b>	<b>72,892</b>	<b>158,607</b>	<b>85,715</b>	<b>(3)</b>	<b>117.59%</b>
31	<b>Net Income (Loss)</b>	<b>29,677</b>	<b>108,392</b>	<b>78,715</b>		<b>265.24%</b>
32	<b>Total net Impact due to interest rate change (b) -</b>	<b>19,076</b>	<b>19,036</b>	<b>(40)</b>		<b>-0.21%</b>

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**Pro Forma Comparative Explanation - 2020 GRA vs October 4, 2019 revision**

**Explanation of Significant Variances - 2019/20 Comparative**

Line No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	<b>Net Premiums Written</b>	<b>1,120,417</b>	2020 GRA
2			(4,643)	Lower than expected premium related to volume/upgrade
3			(2,079)	Higher than expected reinsurance premiums
4			(375)	Lower motor vehicle premium upgrade, DSR, and other
5			<b>1,113,320</b>	2020 GRA - Revised October 4, 2019
6	(2)	<b>Net Claims Incurred</b>	<b>856,565</b>	2020 GRA
7			80,621	Increased Interest Rate Impact
8			(33,353)	Lower forecast for Collision + Comprehensive claims
9			(24,529)	Lower forecast for Hail claims
10			(4,474)	Lower forecasted Write Down DPAC
11			(4,261)	Lower forecasted ILAE
12			(3,095)	Lower forecasted Property Damage claims
13			(1,129)	Lower forecasted PIPP claims
14			<b>866,345</b>	2020 GRA - Revised October 4, 2019
15	(3)	<b>Investment Income</b>	<b>72,892</b>	2020 GRA
16			80,581	Higher than expected ALM impact due to interest rate forecast
17			(230)	Higher than expected amortization
18			3,788	Higher than expected equity investment income
19			1,946	Higher than expected interest income
20			(370)	Other
21			<b>158,607</b>	2020 GRA - Revised October 4, 2019
22	(4)	<b>Allocated Corporate Expenses</b>	<b>229,528</b>	2020 GRA
23			(6,500)	Lower than expected regular salaries
24			3,600	Higher than expected data processing expenses
25			(1,200)	Lower than expected building expenses
26			(1,000)	Lower than expected amortization on deferred development
27			(971)	Other
28			<b>223,457</b>	2020 GRA - Revised October 4, 2019