

Attachment A  
Agenda 4.6  
March 5, 2020

# MANITOBA PUBLIC INSURANCE ANNUAL BUSINESS PLAN

2020-2021



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## 1.0 Mandate & Strategic Direction

### 1.1 Corporation's Mandate, Objects or Purposes as set out in *The Manitoba Public Insurance Corporation Act*

It is the function of the Corporation to engage in and carry out the activity of all classes of automobile insurance, to administer the universal, compulsory automobile insurance as well as Extension insurance as prescribed by regulation. It may also carry out, both within and outside of Manitoba the business of insurance and re-insurance in all classes. In carrying out these responsibilities the Corporation may also repair, salvage and dispose of any property insured by it. The Corporation also has the responsibility to administer *The Drivers and Vehicle Act*.

### 1.2 Key Principles

- The Corporation will continue to demonstrate fiscal prudence and sound financial management practices while driving cost containment, streamlining of operations and elimination of unnecessary operational expenses.
- The Basic compulsory insurance program must be operated on a self-sustaining basis with a sufficient capital reserve to absorb unforeseen variations in revenues, claims costs and investment revenues, and with insurance rates that are actuarially supported and established in accordance with accepted actuarial practice.
- The Basic compulsory insurance rates will be kept as stable, predictable and affordable as possible.
- Capital projects and major technological initiatives will focus on supporting and optimizing core business functions, including ensuring the Corporation's ability to adapt appropriately to changes in the auto insurance and registration environment.
- Suitable operational and financial performance measures will be established and will be benchmarked against best practices in the auto-insurance industry to demonstrate operational effectiveness and strong financial and investment management practices.
- Products and services will continue to evolve to address the changing needs of Manitobans, including services to Manitobans in rural, northern and remote communities.
- The Corporation will continue to be proactive in preparing for structural changes in the automobile industry and collaborating with Manitoba's vehicle collision repair industry to ensure that vehicles damaged in motor-vehicle collisions are properly repaired to original manufacturer specifications. The Corporation is also expected to evolve its business model to prepare for the anticipated introduction of both partially-automated and fully-automated vehicles into the Manitoba market.
- The Corporation will continue to invest in Manitoba where prudent, recognizing that doing so provides jobs to Manitobans and results in broader contributions to

the provincial economy through the Corporation's relationships with strategic partners.

- The Corporation will continue to hire and train employees predominantly in Manitoba with a commitment to excellent service.
- The financial affairs of the Corporation will be managed in a manner that will not impair the consolidated financial statements of the Province of Manitoba.

### 1.2.1 Key Priorities

The Corporation will continue its renewed focus on primary business lines and employ strategies aimed at strengthening core products and services. Our vision has two lenses, that of transparency and customer experience. In 2020 the Corporation has five objectives in five areas of focus:

**Finances** – Solidify MPI's financial outcomes through informed decision making to target lower insurance rates.

**Operations** – Evolve our continuous improvement program to identify, implement, track, and promote operational efficiencies.

**Culture** – Sponsor and foster a workplace environment that instills a strong sense of organizational pride in our employees.

**Users** – Enable future success by championing and aligning leadership responsibilities to meet project Nova delivery objectives.

**Stakeholders** – Drive high performance business partnerships by ensuring clear and measurable service expectations are in place.

## 1.3 Corporate Mission

Exceptional coverage and service, affordable rates and safer roads through effective public auto insurance.

## 1.4 Vision and Values

### Our Vision

The trusted auto insurance and driver services provider for every Manitoban.

## Our Values

As a public auto insurer, we hold ourselves accountable to all Manitobans to deliver value by fostering a culture of excellence. We achieve this through our four core values:

### **Striving for Excellence**

We provide exceptional coverage and service. We adapt to meet evolving customer and industry needs, focusing on continuous improvement.

### **Providing Value to Manitobans**

We maintain affordable rates and ensure accessible coverage. As a public auto insurer, fiscal responsibility is at the forefront of everything we do.

### **Doing What's Right**

We act with integrity and accountability. We strive to be open and transparent.

### **Investing in People**

We empower our employees to provide excellent service. We work together with business, community and road safety partners to fulfil our mission.

## 2.0 Operating Environment

The Corporation is constantly evolving to meet the diverse needs and service expectations of our customers, while providing guaranteed access to automobile insurance at cost-effective rates. The Corporation takes a long-term view of providing sustainable and predictable Basic insurance to Manitobans at affordable rates, without compromising coverage or service. Given the growth and increasing diversity of Manitoba's population, the continuous advances in technology and the changing automobile industry, the Corporation continues to refine and adapt our products and services with our customers and business partners in mind.

### 2.1 Internal Environment

The Corporation's internal operating environment is extremely dynamic. The 2020/21 year will see a continued emphasis on building a culture of excellence, customer service and transparency, with an ongoing focus on core business and building value for all Manitobans.

#### 2.1.1 Products and Services

Over the next year and ongoing, MPI will undertake modernization of regulations, legislation, policies and procedures with the goal of enhancing products and services for customers, achieving better value for ratepayers while ensuring comprehensive coverage to Manitoba motorists at the lowest possible cost.

MPI will continue to review its current and possible future product offerings in conjunction with Project Nova. However, MPI does not anticipate making any major product changes until Project Nova is complete.

Other product and service efforts in 2020/21:

- An appropriate profit margin for Extension products will be determined and disclosed to the public as part of MPI's General Rate Application.

In conjunction with Project Nova, Special Risk Extension product pricing will continue to be reviewed and modernized to incorporate technical underwriting principles and ensure pricing methodologies are rooted in accepted actuarial practice based on industry best practices. Special Risk Extension products will be reviewed to ensure they are meeting customer needs and to determine potential growth opportunities.

## 2.2 Customer Experience (CX) Framework

The Corporation has changed the way it measures and reports on customer satisfaction or customer experience as set out in last year's business plan. Forrester was retained to provide a comparable, overall cx score of 78 for MPI which was above the insurance industry average of 68. This year, MPI has scored 77 which reflects stability in the measure and a positive external benchmark to the performance of MPI with the tools we have today.

The highest recommended area to be addressed was the development of online channels of service; this needs to be pushed to the larger legacy technology Project NOVA as requirements. Customer-centric product and distribution strategies such as online or mobile service must be adopted for Manitobans to get industry-standard service from MPI for our licensing and insurance products. Investments in systems and other initiatives will be directly informed by the evolving needs of customers.

Feedback from quarterly customer surveys will continue to flow to operational teams for continuous improvements that can be done outside Project Nova such as: emailing accident statements to avoid an in-person appointment, online salvage auctions, or telephone approval of total loss settlements to obtain faster payment.

### 2.2.1 Online and Systems Technology

Customers have informed our decision to move towards greater online service for all customers, partners and staff. Online services being offered and supported include:

- Online credit card payments for annual reassessment notices which include vehicle insurance and driver licensing fees.
- Customer and partner Internet self-service options for booking and changing Knowledge tests and Road test appointments.
- Expanded implementation of the enhanced High School Driver Education program that leverages modern on-line learning and mobile device service channel to increase young driver engagement in the program, resulting in better driver preparedness and high-risk driving behaviour awareness.
- Ongoing evaluation of future service delivery needs of Manitobans for interactions such as renewals, reassessments, claims and payments.  
Building MPI/partner capabilities to satisfy these evolving needs.

### 2.2.2 Project Nova

Project Nova is a multi-year MPI program which will be completed through a competitive RFP process. It was established with a vision to modernize and transform MPI's in-house legacy applications and technology footprint and deliver the following key business objectives:



- **Stable Technology Platform** – MPI envisions significantly lowering the downtime and technology risks to perform day-to-day service transactions by moving to modern technology and exploring customer online functionality.
- **Cost Effective** – MPI aims to bring down the current operating costs and IT risks of managing and supporting legacy systems by moving into new Commercial off-the-shelf (COTS) applications for property and casualty (P&C) insurance, and driver licensing and vehicle registration.
- **Agility to Meet Future Business Needs** – MPI will be better equipped to implement new legislation and offer new services.
- **Secured Solution** – Improved infrastructure to protect customer information from security threats.
- **Availability and Device Portability to External Partners** – MPI envisions more around-the-clock availability via desktop and mobile platforms.
- **Modernizing Commercial Insurance** – Allows MPI to modernize the manual SRE/commercial insurance products.
- **Customer Experience** – transforming customer service delivery channels resulting in enhanced customer experience.
- **Online Services** – expanding online service offerings for high volume low complexity service transactions.

Expected cost optimization and increased business agility will enable more online functionality options for MPI partners and customers. The program further aims to drive simplification and efficiency in its core technology systems in the near term, while setting a strong base for long-term growth and flexibility.

### 2.2.3 Creating a Culture of Excellence

Manitoba Public Insurance continues to strive in creating a culture of excellence in an effort to attract, retain and motivate top talent in out-of-scope positions. MPI launched MPILead, a leadership development program for all managers and supervisors to inspire the attitudes and behaviours of our talent that fosters our culture of excellence. MPI has introduced LEAN principles and practices across the organization to support our leaders and frontline staff to become confident problems solvers at the grassroots level and drive continuous improvement.

In September, 2019 the newly re-elected government issued its 100 day action plan. The action plan directed government entities to develop and utilize idea and learning funds with the intent to invest capital resources in order to find efficiencies and generate savings within the public service and to harness and develop talent within all government agencies. The Corporation has implemented the following programs which addresses these directives:

**Value Management** – In 2017, MPI formalized the Value Management Process with the goal to generate and evaluate ideas to support corporate objectives, address business challenges and contribute to continuous improvements. Business cases involving projects are approved by the Executive and MPI’s Board of Directors. This formal process was developed over the last three years, and has been ingrained into the culture of the Corporation, with Value Management business cases requiring many key elements of the tool kit developed for the Civil Service’s Idea Fund.

**LEAN Program** – MPI has partnered with the Canadian Manufacturers and Exporters (CME) to introduce LEAN principles and practices across all lines of business. The Corporation has an intake process that allows any employee to submit a request. The Corporation currently has close to 40 LEAN process improvement initiatives in various stages of completion. Some initiatives have resulted in:

- Reduced effort and time to complete third party letters resulting in cost savings and faster turnaround times for customers.
- Reduced administration time for driver examiners by reducing steps in confirming number or previous road tests attempted.
- Faster turnaround time of customer’s claim liability appeal process.

Currently, MPI has 16 Green Belts and 19 Yellow Belts trained throughout the Corporation.

**Educational Assistance Program** – MPI recognizes the need for continuing education where studies are judged relevant to upgrading skill levels or for preparing employees for greater responsibility within the Corporation. As a result, MPI has a well-established Educational Assistance Program where eligible employees can enroll in education programs and MPI provides financial assistance for programs that will be mutually beneficial. This program targets courses or programs of study resulting in a degree, diploma, or certificate through a post-secondary institution, including the Chartered Insurance Professional (CIP) program – and includes a return in service agreement. There are currently approximately 150 employees at various stages of completion in this program.

#### 2.2.4 Capital Reserves

MPI will continue to utilize its Capital Management Plan in 2020/21. The Capital Management Plan ensures appropriate capitalization for all lines of business, while continually moving toward capital targets in a manner that promotes rate stability. The plan utilizes the industry standard Minimum Capital Test (MCT), which was developed by the Office of the Superintendent of Financial Institutions (OSFI), to monitor all federally regulated P&C insurers.

The MCT is calculated by assessing a number of risks faced by P&C insurers including:

- Insurance risk
- Market risk
- Credit risk
- Operational risk

The Capital Management Plan includes the following components:

- Capital targets by line of business based on MCT ratios
- Basic Capital Build and Release provision
- Excess Capital Policy for Competitive Lines of Business

### 2.2.5 Asset-Liability Management (ALM)

Following the successful implementation of Corporation's new ALM strategy in 2019 in which the previously single co-mingled portfolio was dissected into five unique portfolios, the Corporation will continue to closely manage and monitor this core insurance function. ALM is generally defined as the following:

*Asset Liability Management is the ongoing process of formulating, implementing, monitoring, and revising strategies related to assets and liabilities to achieve financial objectives, for a given set of risk tolerances and constraints.* MPI's main objectives for its ALM strategy are as follows:

- Insure sufficient liquidity such that cash flows are available to pay all claims and insurance liabilities as they come due
- Manage interest rate risk and its impact on corporate financial results
- Optimize the risk efficiency of the portfolios in order to gain the highest level of return relative to the Corporations risk appetite

### 2.2.6 Cityplace Space Plan

The cityplace space plan is a 3-year project that will reduce the corporate head office footprint and right size the corporation's physical space requirements to support both business needs and align with industry space standards.

Implementing the facility plan will provide the following additional benefits associated with the corporate goals of operational excellence and accountability:

- Reduced ongoing occupancy cost associated with reduced footprint.
- Increased revenue generation opportunities in regards to net operating income for the cityplace asset.
- Reduced ongoing capital and operating costs associated with churn and inefficient design.

- Improve environments that support, business unit re-engineering productivity/collaboration, accessibility, wellness, and workforce recruitment/retention.

### 2.2.7 Other Efforts

There are additional initiatives for 2020/21 such as:

- Implement a Salvage Management System which includes the disposal of total loss vehicles through an online capability.
- Optimize the Human Resource Management System (HRMS) to leverage full system capabilities in order to improve processing times, better secure and manage human resource data, improve reporting, and assess future functionality.

## 2.3 External Environment

Manitoba Public Insurance operates in a challenging and fast-changing external environment. Key relationships in this environment include the public and customers, government, the PUB and our delivery partners (e.g., healthcare providers, brokers, repair shops and others).

### 2.3.1 Vehicle Repair and a New Light Vehicle Accreditation Rate Card for March 2021

The Corporation will begin early industry consultation on a new agreement with Manitoba's collision repair industry, with the current agreement set to expire April 15, 2021. At over \$380 million in repair claims per year, vehicle repair is a significant cost driver for MPI customers and is only set to be rising with increasing repair costs for vehicles. Through 2020/21, MPI will be looking to other Crown best practices in how our rate cards get defined within all applicable laws for setting such rates.

During 2020, MPI will be consulting with the industry regarding how parts are used in insurance repairs. This requires industry standard software and rules on new original equipment parts, aftermarket or recycled. The effort to become more industry standard on parts has been delayed but is planned for launch in 2020.

### 2.3.2 Changing Vehicle Industry

The rapid pace of change will continue to evolve as more and more vehicles with complex materials and advanced electronic systems enter the market. The previously rapid expectations of autonomous vehicle adoption seem to be waning and expert opinions on adoption are lengthening. We will continue to work with our collision-repair industry partners in the best interests of

Manitobans to ensure all vehicles are repaired properly and the anticipated cost increases are kept at industry averages.

### 2.3.3 Broker Consultations on MPI commissions and online services

A conciliator for online service strategy will be expected to issue their recommendations during early 2020. Shortly after receipt of this, MPI will need to issue its chosen strategy regarding online services and begin broker consultations for the commissions and overall compensation for the 2021 year and beyond. The goal is to ensure that MPI customers get efficient service that they deserve in this online world, while sustaining the critical broker distribution network in Manitoba.

### 2.3.4 Traffic Safety Culture

The Province's Manitoba Road Safety Plan 2017-2020: Road to Zero, envisions Manitoba having the safest roads in Canada, and commits to one day achieving zero traffic fatalities on our roadways. MPI co-chairs this committee with Manitoba Infrastructure and will support key priority initiatives resulting from this ongoing stakeholder collaboration. For 2020, the PRSC's highest priorities include supporting the creation of a central repository for road safety data and research relating to automated speed enforcement.

As a leader in Road Safety, the Corporation will continue to identify and implement proven and promising road safety programs and research projects, primarily focused on the three major factors contributing to serious injury and death: speed, driver distraction and impaired driving. Efforts will consist of education, awareness and standardized training programs; optimized enforcement support; and potentially utilizing technology to better understand the cause of collisions at high-risk intersections.

### 2.3.5 Other Efforts

Additional initiatives for 2020/21 include:

- Pursue a reinsurance strategy and structure to further reduce cost, risk exposure, and financial volatility.

### 2.3.6 Summary of Key Contract Renewal Dates

- Automotive Trade Association (ATA)/Manitoba Motor Dealers Association (MMDA) – April 15, 2021
- Insurance Brokers Association of Manitoba (IBAM) – February 28, 2021
- Manitoba Chiropractors Association (MCA) – December 31, 2021

- Manitoba Commercial Vehicle Repair Association (MCVRA) – December 31, 2021
- Manitoba Government and General Employees' Union (MGEU) Collective Agreement – September 26, 2020

## 2.4 Risks

### 2.4.1 Financial Losses from Weather or Investments

A key risk is the potential for financial loss, generally arising from weather-driven increases in claims from hail or winter accidents. An additional related risk is the depletion of financial reserves, which is possible from significant losses in the investment portfolio or increases in claims as described above. The implementation of the new ALM strategy in 2019/20 de-risked the assets backing Basic's liabilities (with no equities and alternatives), reducing interest rate risk for Basic. To mitigate claims volatility, MPI will continue to incorporate reinsurance where appropriate and ensure reserves are adequate for each line of business. MPI recently implemented a new aggregate catastrophe reinsurance program that protects the Corporation from both single large weather events and from a combination of several smaller weather events, ultimately aimed at reducing volatility for both customers and Government.

### 2.4.2 Public Support

Another risk is a loss of public support. Causes could include increased rates as outlined above, and a lack of customer-centricity in MPI products or services (including a perceived lack of appeal options for unsatisfied customers). Mitigation includes making business easy to conduct with MPI, renewing customer satisfaction measures within the CX Framework, settling claims in a fair and reasonable way, and ensuring appeal options are fair and are available within a reasonable timeframe.

### 2.4.3 Insurance Business Risk

The Corporation keeps watch on insurance technology developments and auto maker self-insurance models to mitigate potential risks from these areas.

### 2.4.4 Cyber Security

The cyber security landscape is constantly changing and evolving. The Corporation mitigates the ever increasing risks related to cyber attacks by continuously evolving its cyber defense plans, increasing its information-security maturity, advancing its risk-management program, and enhancing its cyber resiliency.

### 3.0 Performance Measures & Targets

MPI Performance Metrics					
Category	Measure	Description	Actual 2018/19	Forecast 2019/20 <sup>1</sup>	Target 2020/21
Customer	CX Index Score	Track customer satisfaction over time	78%	77%	78%
Financial	Net Premiums Earned	Net premiums earned	\$1,276M	\$1,450	\$1,394
	Claims Incurred	Net claims incurred	\$1,016M	\$1,028	\$1,044
	Loss Ratio	Tracks net claims incurred from all lines of business as % of NPE	79.6%	70.9%	74.9%
	Investment Management	Net investment yield	8.3%	5.5%	3.0%
Operational Excellence	General Expense Efficiency	Tracks combined operating expenses as % of NPE	22.6%	21.9%	22.6%
	Total FTE	Tracks all non-consultant FTE in MPI	1,784	1,838	1,862 <sup>2</sup>
Organizational Health	Employee Engagement	Engagement score	71%	70%	70% <sup>3</sup>
	Capital Adequacy	Minimum Capital Test:			
		- Basic - Extension - Special Risk Extension	52% 317% 368%	105% 200% 283%	100% 200% 300%

**Notes:**

1. In 2019/20 MPI changed its fiscal year-end from February to March. This results in a transition year of 13 months. As a result certain financial metrics may not be comparable to typical 12 month results.
2. Represents the number of budgeted FTE positions less estimated vacancies. At any point in time vacancies will impact the actual number of FTE filled so that there will be less FTE than the number of existing positions. The budget estimates a vacancy allowance to reduce the budgeted dollar amount required to actually fill the FTE positions. The number of positions actually filled will vary from day to day, this figure is an estimate, based upon historical data, as to the number of filled FTE positions on the last day of the fiscal year.
3. The next employee engagement survey is planned to be conducted in the summer of 2020.

September 15, 2020

DRAFT

2021 GENERAL RATE APPLICATION  
Part VIII – AR Appendix 4 - Draft

**Manitoba Public Insurance  
Statement of Operations**

In thousands of Canadian dollars (\$000's)	Actual for the year ended February 28, 2019	Forecast for the year ending March 31, 2020*	Budget for the year ended March 31, 2021
<b>Earned Revenues</b>			
Gross premiums written	\$ 1,332,345	\$ 1,524,437	\$ 1,430,291
Premiums ceded to reinsurers	(16,733)	(20,668)	(17,147)
Net premiums written	1,315,612	1,503,769	1,413,144
Net premiums earned	1,276,217	1,450,332	1,393,978
Service fees & other revenue	36,982	43,720	42,536
The Drivers and Vehicles Act operations recovery	30,250	33,126	30,250
<b>Total Earned Revenues</b>	<b>1,343,449</b>	<b>1,527,178</b>	<b>1,466,764</b>
<b>Claims Costs</b>			
Net claims incurred	1,015,925	1,028,236	1,043,509
Claims expense	143,832	164,547	166,469
Loss prevention/Road safety	13,146	13,867	16,050
<b>Total Claims Costs</b>	<b>1,172,903</b>	<b>1,206,650</b>	<b>1,226,028</b>
<b>Expenses</b>			
Operating	126,971	133,647	127,729
Commissions	85,638	97,000	89,864
Premium taxes	38,788	44,130	42,334
Regulatory/Appeal	4,329	4,992	5,143
<b>Total Expenses</b>	<b>255,726</b>	<b>279,769</b>	<b>265,070</b>
Underwriting income (loss)	(85,180)	40,759	(24,334)
Investment income (loss)	244,325	177,687	104,729
<b>Net income (loss) from operations</b>	<b>\$ 159,145</b>	<b>\$ 218,446</b>	<b>\$ 80,395</b>

\* 2019/20 includes 13 months due to a change in the Corporations fiscal year-end

Note: For additional information on the financials of MPI, please refer to the 2018/19 Annual Report, available at [www.mpi.mb.ca](http://www.mpi.mb.ca).



### 3.1 Key Planning Assumptions

Key assumptions include:

- Forecasts based upon data up to and including December 2019 month-end.
- The 2020/21 PUB Ordered Basic rate decrease of 0.6%.
- A lower trend in Basic revenue growth based on continued 2019/20 experienced volume and upgrade growth decreases.
- The results of the recent Valuation of Policy Liabilities.
- Flat interest rates over the entire forecast period based on December 2019 actuals.
- Improving collision frequency based upon recent experience
- Slight decrease in Extension pricing (-0.05%).
- No change to DVA government funding and no changes to DVA transaction fees.
- No significant changes to operations that would impact long term fleet growth, vehicle upgrade or claims trends over the outlook period.

### 3.2 Sensitivity Analysis

Due to the nature of its business, MPI's primary risks relate to trends in claiming experience on its insured book of business and impacts on investment income stemming from fluctuations in the marketplace.

The following table depicts MPI's sensitivity to various scenarios stated on the basis of impact to net income.

<b>Scenario Analysis - 2020/21 Budget Base to Scenario</b>			
<b>Summary - CORPORATE</b>			
(\$000's)			
Scenario	2020/21 Net Income	\$ Change from Base Scenario	% Change from Base Scenario
1. 2019-20 Budget Base	80,395	0	0%
2. Collision Frequency +1%	73,451	-6,944	-9%
3. Collision Severity +1%	73,451	-6,944	-9%
4. Interest Rates +50 bps	78,405	-1,990	-2%
5. Interest Rates -50 bps	83,833	3,438	4%
6. 1-in-40 Adverse Winter Collision Frequency	-15,115	-95,510	-119%
7. 1-in-40 Favourable Winter Collision Frequency	157,345	76,950	96%
8. 1-in-40 Adverse Hail <sup>1</sup>	56,893	-23,502	-29%
9. 1-in-40 Favourable Hail	105,367	24,972	31%
10. 1-in-40 Adverse Loss Ratio	-44,070	-124,465	-155%
11. 1-in-40 Favourable Loss Ratio	170,146	89,751	112%
12. 1-in-40 Decreasing Interest Rates <sup>2</sup>	95,633	15,238	19%
13. 1-in-40 Increasing Interest Rates <sup>2</sup>	73,313	-7,082	-9%
14. 1-in-40 Adverse Equities <sup>3</sup>	-3,644	-84,039	-105%
15. 1-in-40 Favourable Equities <sup>3</sup>	124,274	43,879	55%

1. Hail: Assumed \$35M retention and fully placed reinsurance coverage up to \$300M based on current structure. Probable maximum loss (PML) as per Aon Benfield's use of RMS RiskLink 2018 modelling is \$196M at a 1-in-50 year interval and \$320M at a 1-in-100 year interval.

2. Interest Rates: +145 bps increase and -70 bps decrease to GOC 10 Year Bond. Assumed interest rate floor of 1.00%.

3. Equities: The results only include realized gains/losses. Adverse Scenario: -26.0% return and \$54M in unrealized losses, Favourable Scenario: 46.4% return and \$120M in unrealized gains.

## 4.0 Human Resources

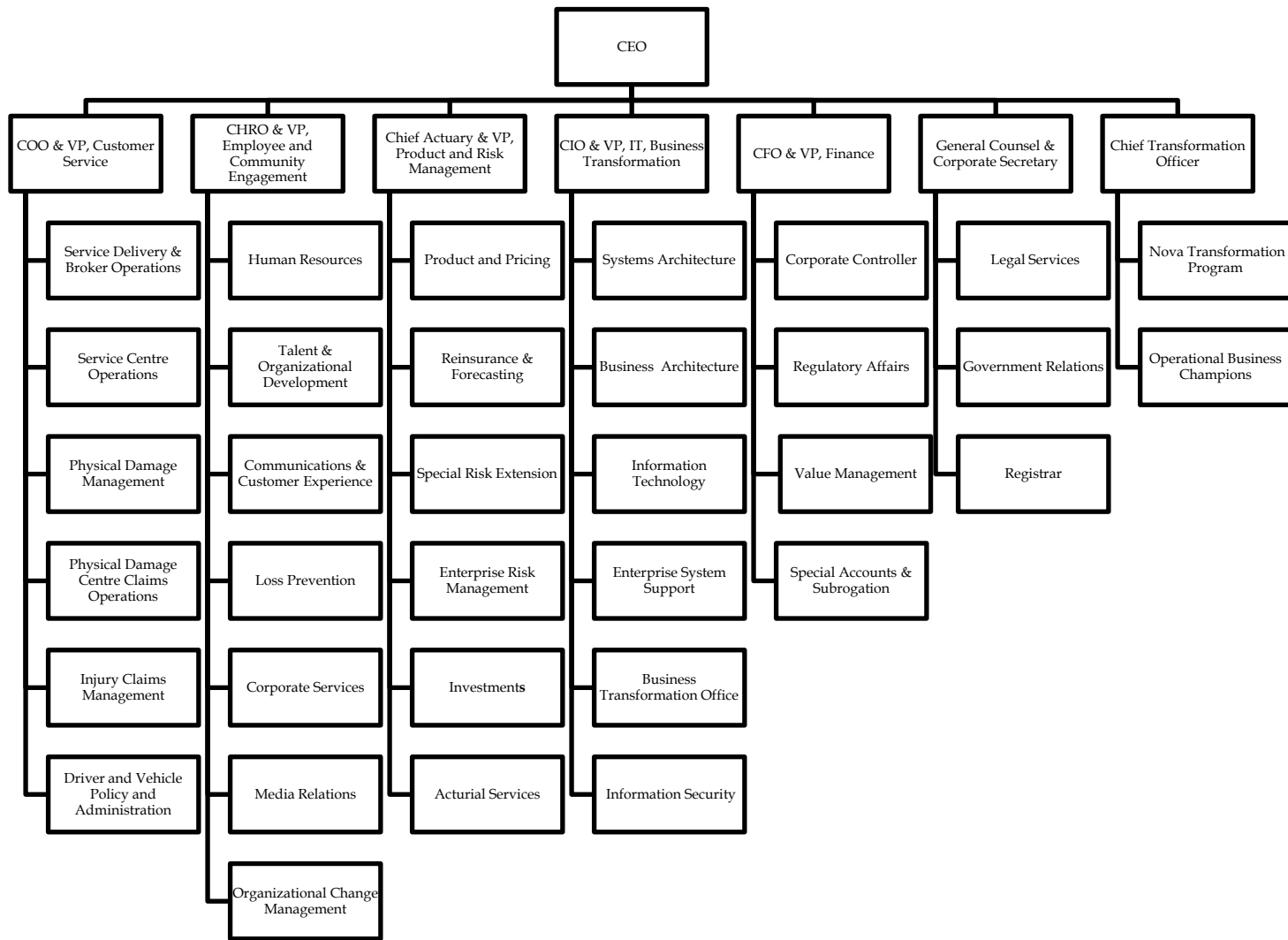
### 4.1 Full-Time Employees

	Actuals as at		
	February 28, 2019	Budget	Budget
	2018/19	2019/20	2020/21
Senior Management (1)	29.0	30.0	37.0
Management (2)	94.0	99.3	104.0
Employees (3)	1,660.5	1,798.6	1,812.5
<b>Total</b>	<b>1,783.5</b>	<b>1,927.9</b>	<b>1,953.5*</b>

1. Senior Management - Executives & directors
2. Management - Managers & assistant managers
3. Employees - Remaining employees not included in above

\* 1,953.5 includes 1,900.0 (2018/19 – 1,899.5) from normal operations and 42.5 from improvement initiatives and 11.0 from specialty programs. The increase is due to improvement initiative implementations with a larger presence of internal staff. Nova Program estimated FTE's include 7 Senior Management, 4 Management and 18 Employees (29.0 out of 42.5 improvement initiative FTE).

4.2 Organizational Chart (as at February 2020)



### 4.3 Factors That May Affect Compensation and Staffing

The proposed 2020/21 plan includes 1,954 full-time employees (FTEs) with a total compensation budget of \$180.9 million. Management will continue to manage its FTE counts with a focus on operational efficiencies and vacancy management to ensure proper workforce composition to meet operational demands. Approximately 85 per cent of MPI's employees are represented by the MGEU labour union with its four-year contract expiring September 26, 2020. Wages will be determined through bargaining however Bill 28 sets a general wage increase of 0% for 2020.

## 5.0 Capital Plans

The Corporation does not debt finance any of its project initiatives. All of MPI's capital projects will be financed through cash generated from operations and ultimate project costs will be recovered by insurance rate payers as programs are amortized over time and included in future years' base expenses for purposes of rate setting (to the extent the projects relate to the Corporation's Basic, Extension, SRE and DVA lines of business).

### 2020/2021 Capital Projects

(spend for 2020/21 and beyond is currently under review by MPI)

(\$000's)	Forecasted LTD Spend to March 31 2020	Proposed Budget 2020/21	Remaining Spend for Future Years	Total Forecast at Completion
<b>Nova Program</b>	4,268	25,000	77,532*	106,800*

Nova Program (formerly Legacy Systems Modernization) is a multi-year program, established with a vision to modernize and transform MPI's in-house legacy applications and technology footprint, to deliver MPI services to its customers in the areas of personal and commercial automobile insurance, driver licensing, vehicle registration and associated registries, and physical damage claims.

\*Project approval including 25% contingency = \$106.8M

\*Legacy Systems Modernization assessment = \$2M (not included in the total 106.8M above)

<b>Information Security Maturity</b>	1,161	3,406	1,273	5,840
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Implement the necessary system, process and administrative changes to achieve the cyber security target state.

<b>HRMS Optimization</b>	-	1,206	-	1,206
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Improve HRMS by leveraging Infor capabilities to improve processing time of staff changes, improve tracking and reporting and enable future phases to turn on additional functionality.

### Other IT Projects

There are seven other IT projects related to IT security, PUB rate setting, International Registration Plan Data Standardization, new products and regulatory changes.

<b>Aggregate of all other IT Projects</b>	4,915	8,801	26,254	39,970
<b>Sub-Total IT Projects</b>	10,344	38,413	105,059	153,816
Administrative Capital <sup>^</sup>	29,935	12,620	30,281	72,836
Investment Capital	8,209	1,200	3,998	13,407
<b>Grand Total</b>	48,488	52,233	139,338	240,059

<sup>^</sup> includes cityplace space plan initiative