

October 21, 2020

MPI Exhibit #32



Revenues, Expenses and Pro Formas

Mark Giesbrecht CPA, CGA Vice President, Finance & Chief Financial Officer

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Agenda

Revenues

1. Components comprising premium revenue
2. Growth trends

Expenses

3. Adjusted for COVID impacts in 2020/21
4. Expenditure forecast holding flat (in real terms)
5. Salary expenditures expected to decrease over time
6. Conciliation Update



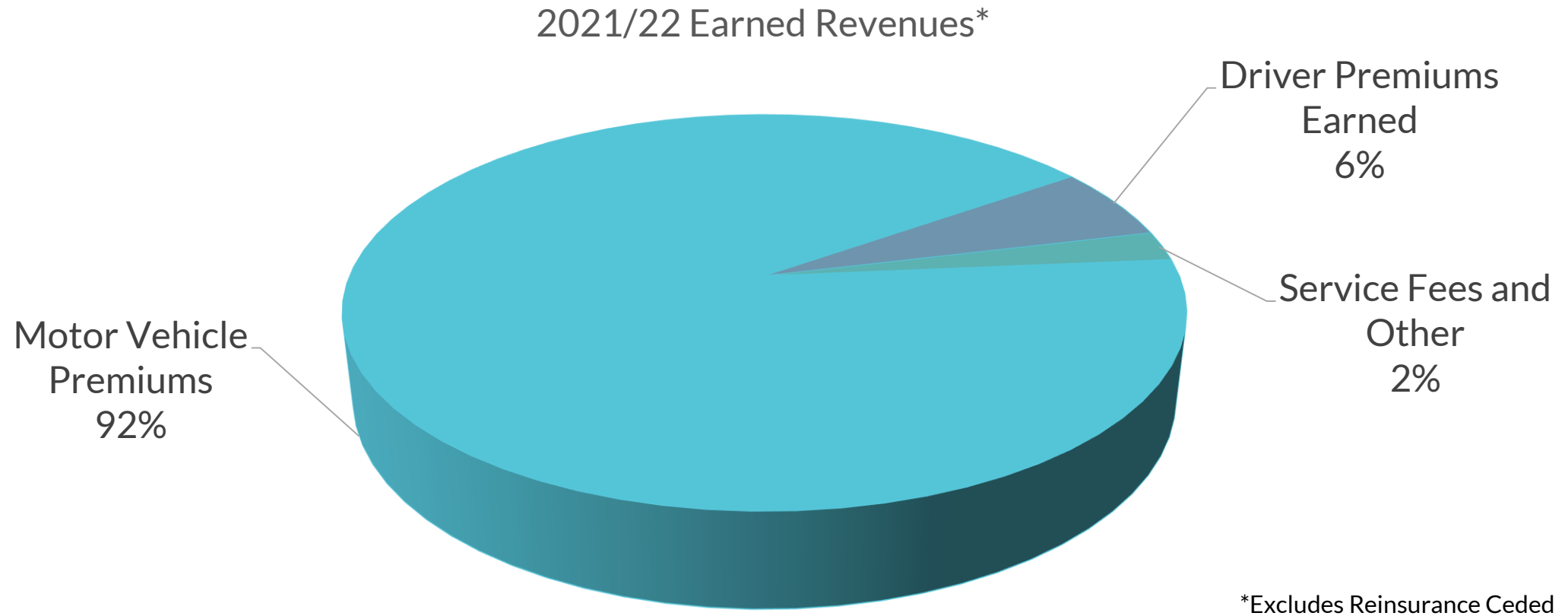
1. Revenues

Basic Premiums
Drivers Premiums
Reinsurance Premiums
Service Fees

Mark Giesbrecht CPA, CGA Vice President, Finance
& Chief Financial Officer



MPI Revenues at a Glance



Factors Impacting Revenues from Basic Premiums

Basic premiums are calculated based on the following drivers:

Rate

- Rate change ordered by the Public Utilities Board
- 2020/21 includes -0.6% increase ordered in 2020 GRA
- 2021/22 includes -10.5% applied for in the 2021 GRA, **-8.8%** updated as @ August 31, 2020

Volume

- Growth in Basic earned vehicle units
- 0.14% assumption 2020/21 (COVID adjusted), 1.79% 2021/22, 1.06% thereafter

Upgrade

- Ranges from 2.47% to 2.51% throughout the forecast

Other

- Anti theft discounts
- Fleet rebates

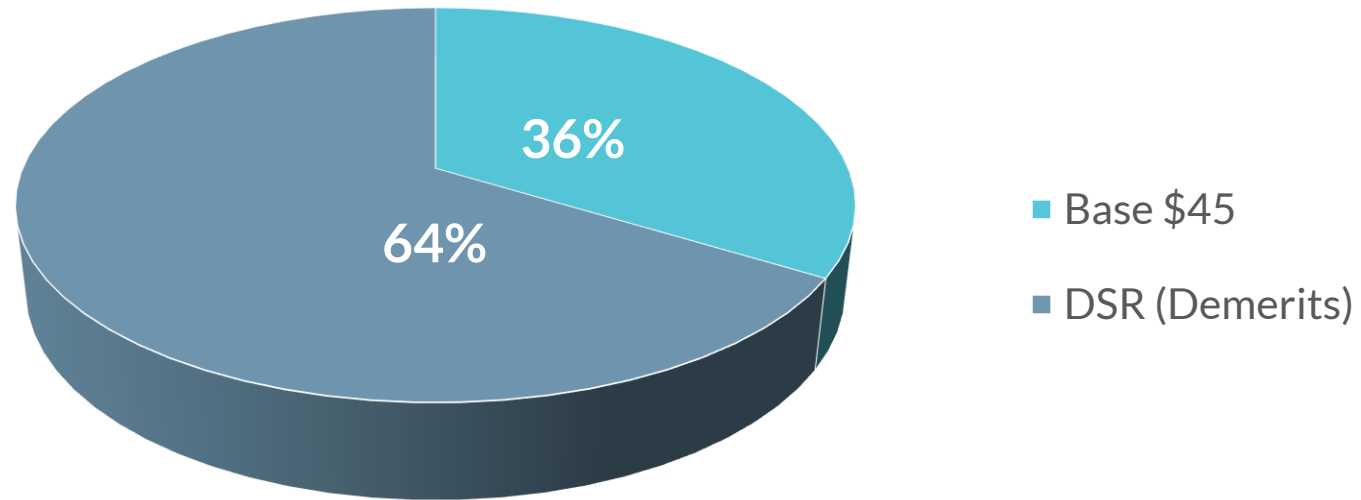


Revenues from Drivers Premiums

Drivers premiums are calculated based on the following :

- Basic driver's license insurance premium
- Drivers Safety Rating impacts

2021/22 Approximate Driver License Premium Makeup



Reinsurance Premiums

- Protection against large claims due to catastrophic events or serious bodily injury
- Premium paid to Reinsurers to accept large loss risk on MPI behalf
- We assign two types of risk to other reinsurers:
 - Catastrophic (Aggregate with \$35M stop loss and limit up to \$300M)
 - Casualty (should any one incident exceed \$10M in claims our Reinsurers will pay up to \$40M)



Service Fees & Other Revenue

- Comprised of interest revenues related to premium financing
 - Accounts for over 50% of the service fee and other revenue category
- Comprised of various service related fees
 - Approximately 25-30 basic related service fees
 - Largest service fee revenue items include short term policy fees and ownership document fees
- Service fee pricing currently under review



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2. Expenses

Mark Giesbrecht CPA, CGA Vice President, Finance & Chief Financial Officer



Prudent Fiscal Management

- Average rating year (2021/22 and 2022/23) total Basic expenses (including commissions and premium tax) are \$3.7 million less than compared to the 2020 GRA or approximately 1%
 - Including transfer of claims incurred expenses into corporate operating expenses
- Value Management Process maintained across the business
- COVID savings expected in the 2020/21 fiscal year
 - Approximately \$9.4 million reduction



Claims Incurred Expenses

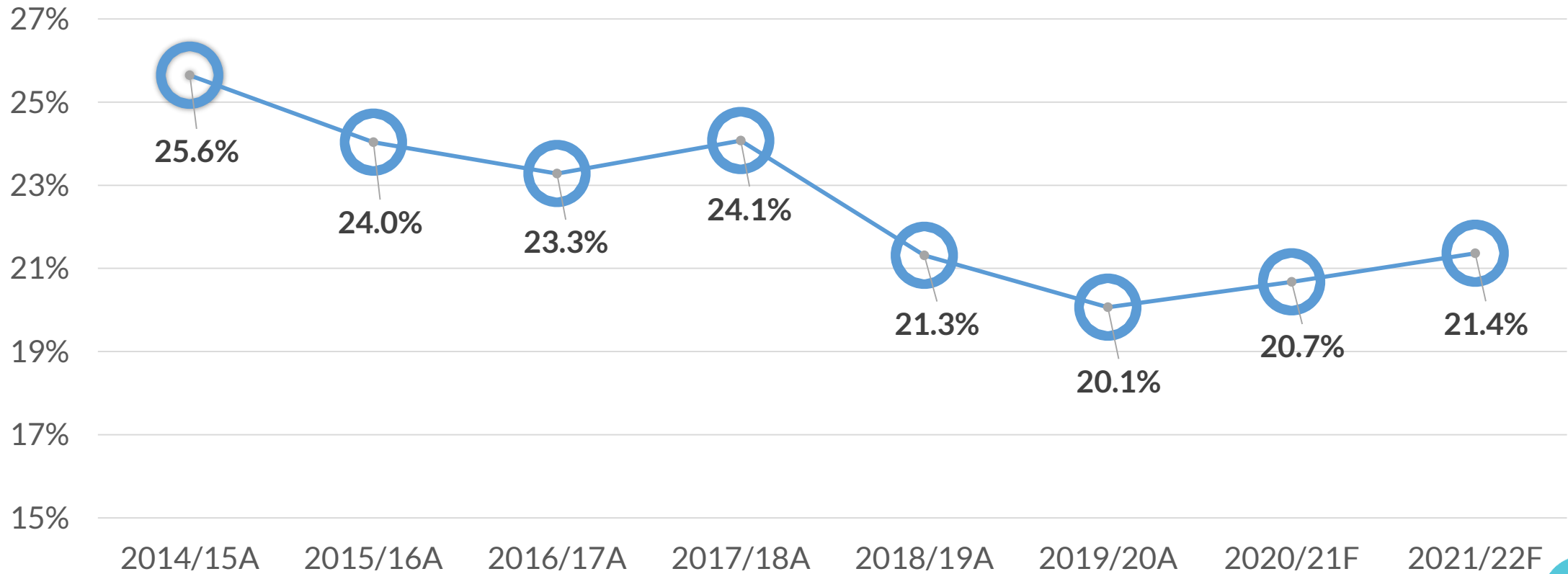
Claims Incurred Expenses reclassified to Operational Expenses

Line No.	Expense Description	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
1	<i>(\$dollars)</i>					
2	Automated Estimating	5,882,244	5,882,244	5,882,244	5,999,889	6,119,887
3	Security Services	751,490	891,490	891,490	909,320	927,506
4	Collection Agency Fees	338,100	338,100	338,100	344,862	351,759
5	Apprenticeship Grant Level IV	154,000	154,000	154,000	157,080	160,222
6	Apprenticeship Grant Level II	28,000	28,000	28,000	28,560	29,131
7	Tool Allowance Level IV	145,000	145,000	145,000	147,900	150,858
8	Tool Allowance Level II	25,300	25,300	25,300	25,806	26,322
9	Crown Prosecutor	-	-	-	-	-
10	Investigations	663,641	900,000	900,000	918,000	936,360
11	Total	7,987,775	8,364,134	8,364,134	8,531,417	8,702,045



Prudent Fiscal Management (cont'd)

Operating Expenses / NPE

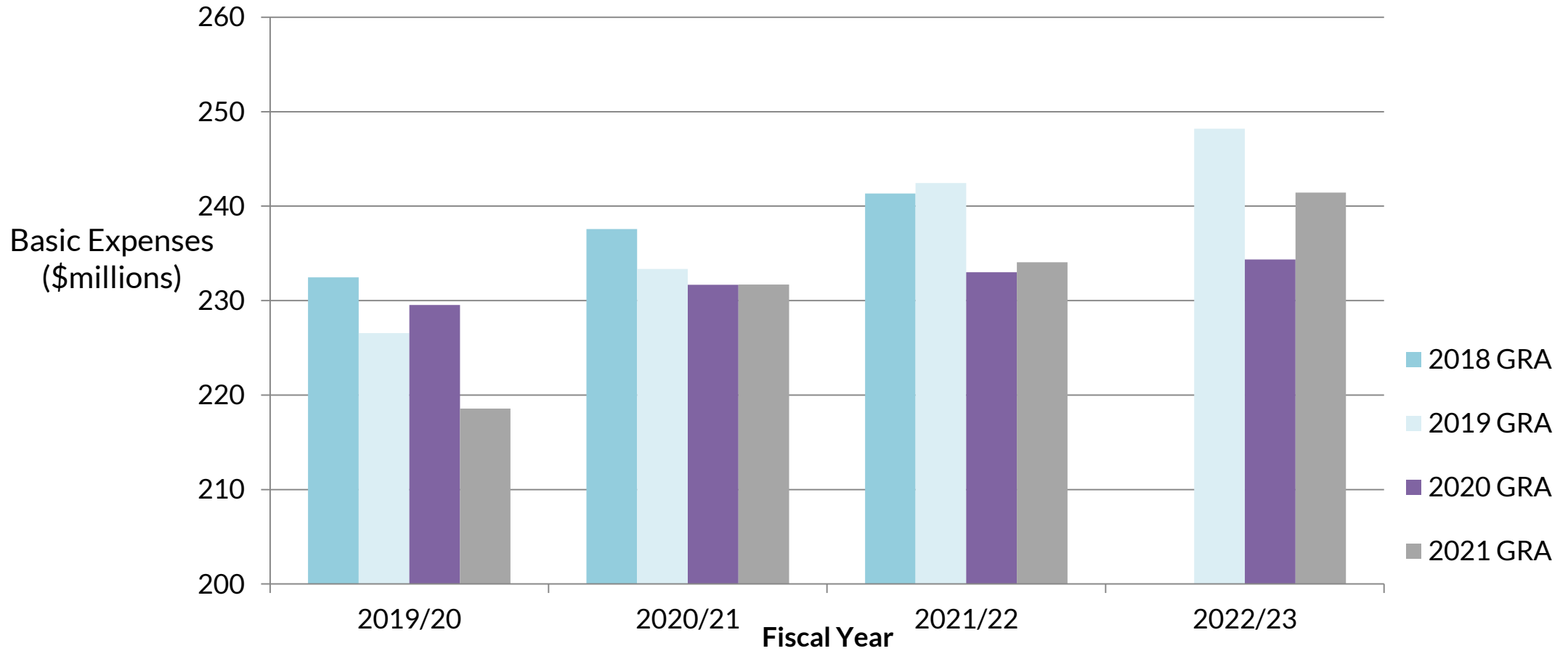


Prudent Fiscal Management (cont'd)

	2021 GRA Avg. of Rating Yrs	2020 GRA Avg. of Rating Yrs	Percent Change (2021-2020)
<i>(C\$ 000s, unless otherwise noted)</i>			
Basic Allocated Corporate Expenses			
Claims Expense	145,026	138,774	4.51%
Road Safety/Loss Prevention	13,565	13,516	0.36%
Operating	73,987	76,011	-2.66%
Regulatory/Appeal	5,181	5,378	-3.68%
Expenses	237,758	233,680	1.75%
Basic Direct Expenses			
Commissions	43,113	47,094	-8.45%
Premium Taxes	33,050	36,850	-10.31%
Total Basic Direct Expenses	76,163	83,944	-9.27%
Total Basic Expenses	313,921	317,623	-1.17%



Prudent Fiscal Management (cont'd)



Compensation

- Largest expense category comprising of approximately 58% of all corporate operating expenses
- Compounded annual growth of -0.6% for basic salary expense from 2020/21 to 2024/25
- Mandatory annual increases related to economic and merit
 - Per negotiations with MGEU



Compensation – Basic Expense Forecast

Expense	2020/21FB	2021/22F	2022/23F	2023/24F	2024/25F
<i>(\$000's, except where noted)</i>					
Compensation - Salaries	103,828	105,121	106,638	105,415	101,468
Compensation - Overtime	1,412	1,432	1,436	1,433	1,442
Compensation - Benefits	26,325	26,816	27,478	28,025	28,979
Compensation - H & E Tax	2,338	2,375	2,421	2,454	2,508
Total - Compensation	133,903	135,744	137,973	137,327	134,397
% increase over prior year	4.45%	1.37%	1.64%	-0.47%	-2.13%



Broker Conciliation Update

- The conciliation process is still in progress
- Upon conclusion, MPI will inform the PUB about any agreement details that have been reached

