

**LEGAL APPLICATION**  
**2021 GENERAL RATE APPLICATION**  
June 17, 2020

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**MANITOBA  
PUBLIC INSURANCE**

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## Legal Application

### LA.1 Application

1 Manitoba Public Insurance (MPI) hereby applies to the Manitoba Public Utilities Board  
2 (PUB, or the Board) for approval of an overall 10.5% decrease of the premiums  
3 charged with respect to compulsory driver and vehicle insurance (rates for service),  
4 pursuant to Section 25(1) of *The Crown Corporations Governance and Accountability*  
5 *Act*, C.C.S.M. c. C336.

6 The overall rate decrease of **10.5%** results from:

7 1. a **3.0%** decrease resulting from changes to the *Automobile Insurance*  
8 *Coverage Regulation*, M.R. 290/88R (*Basic Autopac Coverage*);

9 2. a **2.5%** decrease (*provisional*) in the break-even cost of Basic vehicle  
10 premiums, which are:

11 a) calculated in accordance with Accepted Actuarial Practice (AAP);

12 b) grounded on naïve interest rate forecast as at March 31, 2020, as  
13 ordered by PUB in *Order No. 176/19, Directive 13.4*; and

14 3. a **5.0%** Capital Release (*provisional*), in accordance with the Capital  
15 Management Plan, as approved by the PUB in *Order No. 176/19, Directive*  
16 *13.6*.

17 In this Application, MPI requests approval of rates for service for the 12-month period  
18 April 1, 2021, through March 31, 2022, with no changes to:

19 1. Miscellaneous Permits and Certificates;

20 2. Driver premiums or Vehicle Premium Discounts, as determined through the  
21 Driver Safety Rating system;

22 3. Basic Autopac Service and Transaction Fees; and

1 4. Fleet Rebates and Surcharges.

## 2 LA.2 Discussion

3 Application Rate Tables presents tables detailing the requested rates and fees.  
4 Ratemaking Appendix 3 contains experience-based rate adjustments, ranging from -  
5 15% to +15%, based on adjustment rules outlined in Ratemaking RM.5. Ratemaking  
6 Appendix 2 contains combined classification offsets made for all vehicles (except off-  
7 road vehicles) to ensure revenue neutrality in the implementation of rate group, rate  
line and classification changes for 2020/21.

### 8 LA.2.1 Provisional Rate Request

9 The rate MPI requests at the time of the filing of its Application is based on fiscal-year  
10 end results and uses the naïve interest rate forecast methodology as at March 31,  
2020.

11 Prior to the hearing of its Application, MPI will update its expense, revenue,  
12 investment, and claims forecasts and assess whether an amendment to its rate  
13 request is needed. MPI will also update its position on capital and any changes to the  
14 provisional capital release (5.0%) under the Capital Management Plan. On or about  
15 October 6, 2020, MPI will file the following schedules in furtherance of this initiative:

- 16 1. **PF-1, 2, 3:** Pro Formas Statements;
- 17 2. **EPF-1, 3:** Extension Pro Formas 1 & 3;
- 18 3. **RM-1:** Indicated Rate Change;
- 19 4. **RM-12/13:** Overall and Major Class Required Rate Changes (with and without  
20 capital provisions);
- 21 5. **RM-14:** Major Class Summary Report; and
- 22 6. **INV-13:** Updates based on the naïve interest rate forecast.

23 MPI will update these schedules based on the naïve forecast, and include a narrative  
24 of the material impacts of same on its *pro forma* financial statements and in its  
25 responses to information requests. MPI anticipates that this new material, and its



1 updated rate request (should it differ from its *provisional* rate request), will be tested  
2 at the public hearing, and ultimately accepted by the PUB.

### LA.2.2 Change in Fiscal Year End

3 In the 2020 GRA, MPI calculated rates using the conventional process over a 13-  
4 month period (March 1, 2020 to March 31, 2021). As a result, the current GRA  
5 financial information – actuals – pertains to a 13-month fiscal year (March 1, 2019 to  
6 March 31, 2020). Notwithstanding this, the budgeted and forecasted years are based  
7 on a 12-month period, which means that the actual year projection (i.e. 2020A) must  
8 also be based on a 12-month period to support the forecast.

9 Therefore, in the 2021 GRA, the 2020 actual (A) is represented as a 12-month column  
10 containing months 2-13 of the 13-month period (i.e. April 2019 to March 2020), in  
11 order to align with the budget (B) and forecast (F) columns. When required, MPI will  
12 either add or adjust the column headings to ensure meaningful comparisons between  
13 historical years.

14 This is the final step MPI requires in order to align its fiscal year end with the reporting  
15 periods of the Government of Manitoba and the other provincial crown corporations.

### LA.2.3 Changes to Automobile Insurance Coverage

16 MPI provides its analysis and a discussion of the Changes to the *Automobile Insurance*  
17 *Coverage Regulation* M.R. 290/88R, specifically to *Basic Autopac Coverage*.

18 In brief, these changes allow customers greater choice in the purchase of Extension or  
19 Special Risk Extension products. The impact on the compulsory driver and vehicle  
20 insurance rate indication is a 3.0% decrease, detailed in each section hereof, as  
21 applicable.

# 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 April 1, 2021 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, include a 5% capital release per MPI's Capital Management  
12 Plan, and include the product changes from changes to the *Automobile*  
13 *Insurance Coverage Regulation*, M.R. 290/88R.

**Figure RM- 1 Indicated Rate Change**

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	\$1,184	\$1,054	-11.0%
2	Commercial	\$828	\$788	-4.8%
3	Public	\$2,141	\$2,010	-6.1%
4	Motorcycles	\$847	\$862	1.8%
5	Trailers	\$77	\$68	-11.4%
6	Off-Road Vehicles	\$7	\$7	0.0%
7	Overall	\$905	\$810	-10.5%

  
Signature of Actuary

June 16, 2020  
Date

Winnipeg, MB  
Location

**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	812,577	\$1,184	\$1,073	-9.4%	-9.3%
2	Commercial	46,597	\$828	\$811	-2.1%	-2.0%
3	Public	12,562	\$2,141	\$2,063	-3.7%	-3.7%
4	Motorcycles	17,694	\$847	\$887	4.7%	6.9%
5	Trailers	209,135	\$77	\$68	-11.3%	-11.7%
6	Off-Road Vehicles	71,939	\$7	\$7	0.0%	-3.5%
7	Overall	1,170,504	\$905	\$826	-8.8%	-8.8%
8	*Per Figure RM-13					

**RM- 1**  
**Indicated Rate Change**

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	\$1,184	\$1,073	-9.4%
2	Commercial	\$828	\$811	-2.1%
3	Public	\$2,141	\$2,063	-3.7%
4	Motorcycles	\$847	\$887	4.7%
5	Trailers	\$77	\$68	-11.3%
6	Off-Road Vehicles	\$7	\$7	0.0%
7	Overall	\$905	\$826	-8.8%

**Appendix 1:  
Figure RM-13 Rating Year 2021/22 Major Classification Required Rate Changes -  
Breakeven Rates Including Capital Release  
(Naïve Forecast and COVID-19 up to Q3 2020/21)**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	711.06	931.66	690.42	1,771.63	797.26	50.34	5.73
3	Claims Expense	124.82	163.54	121.19	310.99	139.95	8.84	1.01
4	Road Safety	11.37	15.05	15.05	15.05	15.05	0.00	0.00
5	Operating Expense	62.35	82.50	82.50	82.50	82.50	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	30.20	39.52	29.59	73.79	32.87	2.46	0.23
8	Prem Tax: Vehicle	27.79	36.37	27.23	67.90	30.25	2.26	0.22
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.26	8.29	8.29	8.29	8.29	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.62	19.74	19.74	19.74	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.28	75.79	75.79	75.79	75.79	0.00	0.00
16	Service Fees	25.70	34.00	34.00	34.00	34.00	0.00	0.00
17	Req Rate (Raw)	926.45	1,212.21	907.61	2,263.49	1,008.30	75.37	7.18
18	Req Rate (Bal)	917.58	1,200.61	898.92	2,241.82	998.64	74.65	7.11
19	20/21 Average Rate	902.85	1,181.56	825.28	2,132.98	843.75	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate							
22	without Rate Change	953.38	1,257.62	863.99	2,158.89	846.14	80.34	6.97
23	Full Cred Req Change	-3.8%	-4.5%	4.0%	3.8%	18.0%	-7.1%	2.0%
24	Applied for Change	-8.8%	-9.5%	-1.4%	-1.6%	11.9%	-11.9%	-3.3%
25	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
26	Cred Wtd Change		-9.5%	-2.2%	-3.9%	6.7%	-11.8%	-3.7%
27	Cred Wtd Req Rate		1,138.25	845.02	2,075.63	903.04	70.84	6.71
28	Cred Wtd Req Rate (Bal)	869.87	1,140.10	846.39	2,079.01	904.51	70.95	6.73
29	Cred Wtd Change (Bal)		-9.3%	-2.0%	-3.7%	6.9%	-11.7%	-3.5%

**Figure RM-17 SUMMARY OF PREMIUM INCREASES/DECREASES BY MAJOR CLASS, TERRITORY AND VEHICLE TYPE**

	<b>NO. OF VEHICLES</b>	<b>2020 AVG RATE</b>	<b>2021 AVG RATE</b>	<b>2020 PREMIUM</b>	<b>2021 PREMIUM</b>	<b>PREMIUM CHANGE \$</b>	<b>PREMIUM CHANGE %</b>	<b>% OF 2021 PREMIUM</b>
<b>MAJOR CLASS</b>								
Private Passenger	812,577	1,184	1,073	962,170,215	872,216,571	-89,953,644	-9.35	90.26
Commercial	46,597	828	811	38,585,701	37,785,176	-800,525	-2.07	3.91
Public	12,562	2,141	2,063	26,896,699	25,913,136	-983,563	-3.66	2.68
Motorcycle	17,694	847	887	14,986,833	15,693,958	707,125	4.72	1.62
Trailer	209,135	77	68	16,060,505	14,246,460	-1,814,045	-11.30	1.47
Off-Road Vehicle	71,939	7	7	503,573	503,573	0	0.00	0.05
<b>TOTAL - ALL MAJOR CLASSES</b>	<b>1,170,504</b>	<b>905</b>	<b>826</b>	<b>1,059,203,526</b>	<b>966,358,874</b>	<b>-92,844,652</b>	<b>-8.77</b>	<b>100.00</b>

	<b>NO. OF VEHICLES</b>	<b>2020 AVG RATE</b>	<b>2021 AVG RATE</b>	<b>2020 PREMIUM</b>	<b>2021 PREMIUM</b>	<b>PREMIUM CHANGE \$</b>	<b>PREMIUM CHANGE %</b>	<b>% OF 2021 PREMIUM</b>
<b>TERRITORY</b>								
1	533,754	1,112	1,024	593,625,824	546,571,867	-47,053,957	-7.93	56.56
2	553,414	681	614	376,761,313	339,907,032	-36,854,281	-9.78	35.17
3	16,126	800	725	12,908,289	11,683,622	-1,224,667	-9.49	1.21
4	26,228	711	635	18,647,477	16,663,016	-1,984,461	-10.64	1.72
Commuter	40,982	1,397	1,257	57,260,623	51,533,337	-5,727,286	-10.00	5.33
<b>TOTAL - ALL TERRITORIES</b>	<b>1,170,504</b>	<b>905</b>	<b>826</b>	<b>1,059,203,526</b>	<b>966,358,874</b>	<b>-92,844,652</b>	<b>-8.77</b>	<b>100.00</b>

	<b>NO. OF VEHICLES</b>	<b>2020 AVG RATE</b>	<b>2021 AVG RATE</b>	<b>2020 PREMIUM</b>	<b>2021 PREMIUM</b>	<b>PREMIUM CHANGE \$</b>	<b>PREMIUM CHANGE %</b>	<b>% OF 2021 PREMIUM</b>
<b>VEHICLE TYPE</b>								
BUS	4,700	1,066	1,023	5,008,942	4,805,800	-203,142	-4.06	0.50
MCYCL	16,225	891	933	14,454,812	15,130,983	676,171	4.68	1.57
MHOME	4,639	765	715	3,550,389	3,316,278	-234,111	-6.59	0.34
MOPED	1,593	344	363	547,425	577,463	30,038	5.49	0.06
ORV	71,939	7	7	503,573	503,573	0	0.00	0.05
PASVE	601,854	1,253	1,142	753,962,041	687,320,560	-66,641,481	-8.84	71.12
TRAIL	209,135	77	68	16,060,505	14,246,460	-1,814,045	-11.30	1.47
TRUCK	253,900	1,014	917	257,476,157	232,865,148	-24,611,009	-9.56	24.10
VARIA	6,519	1,172	1,165	7,639,682	7,592,609	-47,073	-0.62	0.79
<b>TOTAL - ALL VEHICLE TYPES</b>	<b>1,170,504</b>	<b>905</b>	<b>826</b>	<b>1,059,203,526</b>	<b>966,358,874</b>	<b>-92,844,652</b>	<b>-8.77</b>	<b>100.00</b>

**Figure RM -19 PERCENT DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS**

	Motorcycles - 2021			Trailers - 2021			Off-Road Vehicles - 2021		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
<b>Decreasing</b>									
20% or more	1	0.01	0.01	0	0.00	0.00	0	0.00	0.00
19 to 20%	0	0.00	0.01	0	0.00	0.00	0	0.00	0.00
18 to 19%	0	0.00	0.01	0	0.00	0.00	0	0.00	0.00
17 to 18%	0	0.00	0.01	0	0.00	0.00	0	0.00	0.00
16 to 17%	0	0.00	0.01	0	0.00	0.00	0	0.00	0.00
15 to 16%	0	0.00	0.01	6,384	3.05	3.05	0	0.00	0.00
14 to 15%	6	0.03	0.04	5,640	2.70	5.75	0	0.00	0.00
13 to 14%	1	0.01	0.05	4,346	2.08	7.83	0	0.00	0.00
12 to 13%	0	0.00	0.05	31,424	15.03	22.85	0	0.00	0.00
11 to 12%	0	0.00	0.05	793	0.38	23.23	0	0.00	0.00
10 to 11%	0	0.00	0.05	26,962	12.89	36.12	0	0.00	0.00
9 to 10%	0	0.00	0.05	16,411	7.85	43.97	0	0.00	0.00
8 to 9%	5	0.03	0.07	5,468	2.61	46.59	0	0.00	0.00
7 to 8%	7	0.04	0.11	65	0.03	46.62	0	0.00	0.00
6 to 7%	17	0.10	0.21	496	0.24	46.85	0	0.00	0.00
5 to 6%	8	0.05	0.25	1,167	0.56	47.41	0	0.00	0.00
4 to 5%	12	0.07	0.32	45	0.02	47.43	0	0.00	0.00
3 to 4%	33	0.19	0.51	167	0.08	47.51	0	0.00	0.00
2 to 3%	75	0.42	0.93	251	0.12	47.63	0	0.00	0.00
1 to 2%	183	1.03	1.97	508	0.24	47.88	0	0.00	0.00
0 to 1%	162	0.92	2.88	201	0.10	47.97	0	0.00	0.00
<b>Total Decreasing</b>	<b>510</b>	<b>2.88</b>		<b>100,328</b>	<b>47.97</b>		<b>0</b>	<b>0.00</b>	
<b>No change</b>	<b>8</b>	<b>0.05</b>	<b>2.93</b>	<b>104,884</b>	<b>50.15</b>	<b>98.12</b>	<b>71,939</b>	<b>100.00</b>	<b>100.00</b>
<b>Increasing</b>									
0 to 1%	176	0.99	3.92	51	0.02	98.15	0	0.00	100.00
1 to 2%	1,472	8.32	12.24	13	0.01	98.15	0	0.00	100.00
2 to 3%	902	5.10	17.34	0	0.00	98.15	0	0.00	100.00
3 to 4%	1,079	6.10	23.44	11	0.01	98.16	0	0.00	100.00
4 to 5%	3,606	20.38	43.82	4	0.00	98.16	0	0.00	100.00
<b>Decrease or less than + 5%</b>	<b>7,753</b>	<b>43.82</b>		<b>205,291</b>	<b>98.16</b>		<b>71,939</b>	<b>100.00</b>	
5 to 6%	5,267	29.77	73.58	0	0.00	98.16	0	0.00	100.00
6 to 7%	3,365	19.02	92.60	21	0.01	98.17	0	0.00	100.00
7 to 8%	1,265	7.15	99.75	0	0.00	98.17	0	0.00	100.00
8 to 9%	36	0.20	99.95	0	0.00	98.17	0	0.00	100.00
9 to 10%	5	0.03	99.98	0	0.00	98.17	0	0.00	100.00
<b>Decrease or less than +10%</b>	<b>17,691</b>	<b>99.98</b>		<b>205,312</b>	<b>98.17</b>		<b>71,939</b>	<b>100.00</b>	
10 to 11%	3	0.02	100.00	0	0.00	98.17	0	0.00	100.00
11 to 12%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
12 to 13%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
13 to 14%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
14 to 15%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
<b>Decrease or less than +15%</b>	<b>17,694</b>	<b>100.00</b>		<b>205,312</b>	<b>98.17</b>		<b>71,939</b>	<b>100.00</b>	
15 to 16%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
16 to 17%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
17 to 18%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
18 to 19%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
19 to 20%	0	0.00	100.00	0	0.00	98.17	0	0.00	100.00
<b>Decrease or less than +20%</b>	<b>17,694</b>	<b>100.00</b>		<b>205,312</b>	<b>98.17</b>		<b>71,939</b>	<b>100.00</b>	
20% or more	0	0.00	100.00	3,823	1.83	100.00	0	0.00	100.00
<b>Total Increasing</b>	<b>17,176</b>	<b>97.07</b>		<b>3,923</b>	<b>1.88</b>		<b>0</b>	<b>0.00</b>	
<b>Grand Total</b>	<b>17,694</b>	<b>100.00</b>		<b>209,135</b>	<b>100.00</b>		<b>71,939</b>	<b>100.00</b>	

Figure RM -18 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	All Vehicles - 2021			Private Passenger Vehicles - 2021			Commercial Vehicles - 2021			Public Vehicles - 2021		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
<b>Decreasing</b>												
\$300 or more	2,575	0.22	0.22	2,277	0.28	0.28	27	0.06	0.06	271	2.16	2.16
\$250 to \$300	15,440	1.32	1.54	14,596	1.80	2.08	57	0.12	0.18	785	6.25	8.41
\$200 to \$250	53,562	4.58	6.12	52,322	6.44	8.52	211	0.45	0.63	1,027	8.18	16.58
\$150 to \$200	148,470	12.68	18.80	147,441	18.14	26.66	336	0.72	1.35	691	5.50	22.08
\$100 to \$150	222,505	19.01	37.81	220,362	27.12	53.78	721	1.55	2.90	1,420	11.30	33.39
\$90 to \$100	46,483	3.97	41.78	45,144	5.56	59.33	1,203	2.58	5.48	134	1.07	34.45
\$80 to \$90	48,687	4.16	45.94	48,153	5.93	65.26	360	0.77	6.26	172	1.37	35.82
\$70 to \$80	46,452	3.97	49.91	46,004	5.66	70.92	111	0.24	6.49	329	2.62	38.44
\$60 to \$70	43,620	3.73	53.63	43,161	5.31	76.23	137	0.29	6.79	304	2.42	40.86
\$50 to \$60	50,493	4.31	57.95	44,560	5.48	81.72	1,852	3.97	10.76	897	7.14	48.00
\$40 to \$50	59,521	5.09	63.03	44,841	5.52	87.24	1,454	3.12	13.88	329	2.62	50.62
\$30 to \$40	50,776	4.34	67.37	27,133	3.34	90.58	10,054	21.58	35.46	1,190	9.47	60.09
\$20 to \$30	47,356	4.05	71.42	37,460	4.61	95.19	3,082	6.61	42.07	1,496	11.91	72.00
\$10 to \$20	68,370	5.84	77.26	35,157	4.33	99.51	6,076	13.04	55.11	499	3.97	75.98
\$1 to \$10	49,779	4.25	81.51	3,643	0.45	99.96	5,648	12.12	67.23	124	0.99	76.96
<b>Total Decreasing</b>	<b>954,089</b>	<b>81.51</b>		<b>812,254</b>	<b>99.96</b>		<b>31,329</b>	<b>67.23</b>		<b>9,668</b>	<b>76.96</b>	
<b>No change</b>	176,899	15.11	96.62	4	0.00	99.96	12	0.03	67.26	52	0.41	77.38
<b>Increasing</b>												
\$1 to \$10	15,553	1.33	97.95	22	0.00	99.96	9,719	20.86	88.12	1,664	13.25	90.62
\$10 to \$20	7,354	0.63	98.58	5	0.00	99.96	3,239	6.95	95.07	506	4.03	94.65
\$20 to \$30	2,377	0.20	98.78	7	0.00	99.96	500	1.07	96.14	285	2.27	96.92
\$30 to \$40	2,964	0.25	99.04	10	0.00	99.97	890	1.91	98.05	81	0.64	97.56
\$40 to \$50	3,080	0.26	99.30	19	0.00	99.97	325	0.70	98.75	58	0.46	98.03
<b>Decrease or less than \$50</b>	<b>1,162,316</b>	<b>99.30</b>		<b>812,321</b>	<b>99.97</b>		<b>46,014</b>	<b>98.75</b>		<b>12,314</b>	<b>98.03</b>	
\$50 to \$60	4,180	0.36	99.66	12	0.00	99.97	110	0.24	98.98	45	0.36	98.38
\$60 to \$70	1,967	0.17	99.83	16	0.00	99.97	99	0.21	99.20	13	0.10	98.49
\$70 to \$80	832	0.07	99.90	43	0.01	99.98	98	0.21	99.41	17	0.14	98.62
\$80 to \$90	477	0.04	99.94	41	0.01	99.98	58	0.12	99.53	6	0.05	98.67
\$90 to \$100	249	0.02	99.96	37	0.00	99.99	75	0.16	99.69	3	0.02	98.69
<b>Decrease or less than \$100</b>	<b>1,170,021</b>	<b>99.96</b>		<b>812,470</b>	<b>99.99</b>		<b>46,454</b>	<b>99.69</b>		<b>12,398</b>	<b>98.69</b>	
\$100 to \$150	348	0.03	99.99	90	0.01	100.00	127	0.27	99.97	62	0.49	99.19
\$150 to \$200	79	0.01	100.00	13	0.00	100.00	12	0.03	99.99	54	0.43	99.62
<b>Decrease or less than \$200</b>	<b>1,170,448</b>	<b>100.00</b>		<b>812,573</b>	<b>100.00</b>		<b>46,593</b>	<b>99.99</b>		<b>12,514</b>	<b>99.62</b>	
\$200 to \$250	7	0.00	100.00	2	0.00	100.00	4	0.01	100.00	1	0.01	99.63
\$250 to \$300	12	0.00	100.00	1	0.00	100.00	0	0.00	100.00	11	0.09	99.71
<b>Decrease or less than \$300</b>	<b>1,170,467</b>	<b>100.00</b>		<b>812,576</b>	<b>100.00</b>		<b>46,597</b>	<b>100.00</b>		<b>12,526</b>	<b>99.71</b>	
\$300 or more	37	0.00	100.00	1	0.00	100.00	0	0.00	100.00	36	0.29	100.00
<b>Total Increasing</b>	<b>39,516</b>	<b>3.38</b>		<b>319</b>	<b>0.04</b>		<b>15,256</b>	<b>32.74</b>		<b>2,842</b>	<b>22.62</b>	
<b>Grand Total</b>	<b>1,170,504</b>	<b>100.00</b>		<b>812,577</b>	<b>100.00</b>		<b>46,597</b>	<b>100.00</b>		<b>12,562</b>	<b>100.00</b>	



**Figure RM -18 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS**

	Motorcycles - 2021			Trailers - 2021			Off-Road Vehicles - 2021		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
<b>Decreasing</b>									
\$300 or more	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
\$250 to \$300	2	0.01	0.01	0	0.00	0.00	0	0.00	0.00
\$200 to \$250	2	0.01	0.02	0	0.00	0.00	0	0.00	0.00
\$150 to \$200	2	0.01	0.03	0	0.00	0.00	0	0.00	0.00
\$100 to \$150	2	0.01	0.05	0	0.00	0.00	0	0.00	0.00
\$90 to \$100	2	0.01	0.06	0	0.00	0.00	0	0.00	0.00
\$80 to \$90	2	0.01	0.07	0	0.00	0.00	0	0.00	0.00
\$70 to \$80	8	0.05	0.11	0	0.00	0.00	0	0.00	0.00
\$60 to \$70	18	0.10	0.21	0	0.00	0.00	0	0.00	0.00
\$50 to \$60	17	0.10	0.31	3,167	1.51	1.51	0	0.00	0.00
\$40 to \$50	22	0.12	0.44	12,875	6.16	7.67	0	0.00	0.00
\$30 to \$40	31	0.18	0.61	12,368	5.91	13.58	0	0.00	0.00
\$20 to \$30	63	0.36	0.97	5,255	2.51	16.10	0	0.00	0.00
\$10 to \$20	128	0.72	1.69	26,510	12.68	28.77	0	0.00	0.00
\$1 to \$10	211	1.19	2.88	40,153	19.20	47.97	0	0.00	0.00
<b>Total Decreasing</b>	<b>510</b>	<b>2.88</b>		<b>100,328</b>	<b>47.97</b>		<b>0</b>	<b>0.00</b>	
<b>No change</b>	<b>8</b>	<b>0.05</b>	<b>2.93</b>	<b>104,884</b>	<b>50.15</b>	<b>98.12</b>	<b>71,939</b>	<b>100.00</b>	<b>100.00</b>
<b>Increasing</b>									
\$1 to \$10	250	1.41	4.34	3,898	1.86	99.99	0	0.00	100.00
\$10 to \$20	3,579	20.23	24.57	25	0.01	100.00	0	0.00	100.00
\$20 to \$30	1,585	8.96	33.53	0	0.00	100.00	0	0.00	100.00
\$30 to \$40	1,983	11.21	44.73	0	0.00	100.00	0	0.00	100.00
\$40 to \$50	2,678	15.14	59.87	0	0.00	100.00	0	0.00	100.00
<b>Decrease or less than \$50</b>	<b>10,593</b>	<b>59.87</b>		<b>209,135</b>	<b>100.00</b>		<b>71,939</b>	<b>100.00</b>	
\$50 to \$60	4,013	22.68	82.55	0	0.00	100.00	0	0.00	100.00
\$60 to \$70	1,839	10.39	92.94	0	0.00	100.00	0	0.00	100.00
\$70 to \$80	674	3.81	96.75	0	0.00	100.00	0	0.00	100.00
\$80 to \$90	372	2.10	98.85	0	0.00	100.00	0	0.00	100.00
\$90 to \$100	134	0.76	99.61	0	0.00	100.00	0	0.00	100.00
<b>Decrease or less than \$100</b>	<b>17,625</b>	<b>99.61</b>		<b>209,135</b>	<b>100.00</b>		<b>71,939</b>	<b>100.00</b>	
\$100 to \$150	69	0.39	100.00	0	0.00	100.00	0	0.00	100.00
\$150 to \$200	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
<b>Decrease or less than \$200</b>	<b>17,694</b>	<b>100.00</b>		<b>209,135</b>	<b>100.00</b>		<b>71,939</b>	<b>100.00</b>	
\$200 to \$250	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
\$250 to \$300	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
<b>Decrease or less than \$300</b>	<b>17,694</b>	<b>100.00</b>		<b>209,135</b>	<b>100.00</b>		<b>71,939</b>	<b>100.00</b>	
\$300 or more	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
<b>Total Increasing</b>	<b>17,176</b>	<b>97.07</b>		<b>3,923</b>	<b>1.88</b>		<b>0</b>	<b>0.00</b>	
<b>Grand Total</b>	<b>17,694</b>	<b>100.00</b>		<b>209,135</b>	<b>100.00</b>		<b>71,939</b>	<b>100.00</b>	

**Figure RM -19 PERCENT DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS**

	All Vehicles - 2021			Private Passenger Vehicles - 2021			Commercial Vehicles - 2021			Public Vehicles - 2021		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
<b>Decreasing</b>												
20% or more	9,243	0.79	0.79	9,213	1.13	1.13	27	0.06	0.06	2	0.02	0.02
19 to 20%	12,264	1.05	1.84	11,674	1.44	2.57	533	1.14	1.20	57	0.45	0.47
18 to 19%	14,595	1.25	3.08	14,574	1.79	4.36	11	0.02	1.23	10	0.08	0.55
17 to 18%	29,085	2.48	5.57	28,998	3.57	7.93	40	0.09	1.31	47	0.37	0.92
16 to 17%	38,718	3.31	8.88	38,461	4.73	12.67	226	0.49	1.80	31	0.25	1.17
15 to 16%	39,183	3.35	12.22	32,472	4.00	16.66	244	0.52	2.32	83	0.66	1.83
14 to 15%	69,109	5.90	18.13	63,250	7.78	24.45	137	0.29	2.61	76	0.60	2.44
13 to 14%	47,715	4.08	22.21	43,153	5.31	29.76	102	0.22	2.83	113	0.90	3.34
12 to 13%	66,089	5.65	27.85	34,020	4.19	33.94	57	0.12	2.96	588	4.68	8.02
11 to 12%	90,878	7.76	35.62	89,714	11.04	44.98	171	0.37	3.32	200	1.59	9.61
10 to 11%	56,463	4.82	40.44	28,864	3.55	48.54	163	0.35	3.67	474	3.77	13.38
9 to 10%	92,338	7.89	48.33	74,863	9.21	57.75	801	1.72	5.39	263	2.09	15.48
8 to 9%	55,650	4.75	53.08	49,555	6.10	63.85	449	0.96	6.35	173	1.38	16.85
7 to 8%	56,454	4.82	57.91	54,904	6.76	70.60	791	1.70	8.05	687	5.47	22.32
6 to 7%	59,942	5.12	63.03	49,262	6.06	76.67	9,791	21.01	29.06	376	2.99	25.31
5 to 6%	55,021	4.70	67.73	52,050	6.41	83.07	744	1.60	30.66	1,052	8.37	33.69
4 to 5%	27,459	2.35	70.07	25,092	3.09	86.16	1,602	3.44	34.10	708	5.64	39.32
3 to 4%	35,793	3.06	73.13	30,977	3.81	89.97	2,368	5.08	39.18	2,248	17.90	57.22
2 to 3%	24,728	2.11	75.24	20,726	2.55	92.52	2,897	6.22	45.40	779	6.20	63.42
1 to 2%	51,946	4.44	79.68	45,719	5.63	98.15	3,980	8.54	53.94	1,556	12.39	75.81
0 to 1%	21,416	1.83	81.51	14,713	1.81	99.96	6,195	13.29	67.23	145	1.15	76.96
<b>Total Decreasing</b>	<b>954,089</b>	<b>81.51</b>		<b>812,254</b>	<b>99.96</b>		<b>31,329</b>	<b>67.23</b>		<b>9,668</b>	<b>76.96</b>	
<b>No change</b>	176,899	15.11	96.62	4	0.00	99.96	12	0.03	67.26	52	0.41	77.38
<b>Increasing</b>												
0 to 1%	9,201	0.79	97.41	25	0.00	99.96	6,789	14.57	81.83	2,160	17.19	94.57
1 to 2%	6,379	0.54	97.96	25	0.00	99.97	4,419	9.48	91.31	450	3.58	98.15
2 to 3%	3,676	0.31	98.27	45	0.01	99.97	2,644	5.67	96.99	85	0.68	98.83
3 to 4%	1,747	0.15	98.42	6	0.00	99.97	617	1.32	98.31	34	0.27	99.10
4 to 5%	4,379	0.37	98.79	188	0.02	100.00	574	1.23	99.54	7	0.06	99.16
<b>Decrease or less than + 5%</b>	<b>1,156,370</b>	<b>98.79</b>		<b>812,547</b>	<b>100.00</b>		<b>46,384</b>	<b>99.54</b>		<b>12,456</b>	<b>99.16</b>	
5 to 6%	5,385	0.46	99.25	3	0.00	100.00	112	0.24	99.78	3	0.02	99.18
6 to 7%	3,484	0.30	99.55	11	0.00	100.00	67	0.14	99.93	20	0.16	99.34
7 to 8%	1,290	0.11	99.66	0	0.00	100.00	14	0.03	99.96	11	0.09	99.43
8 to 9%	69	0.01	99.67	9	0.00	100.00	5	0.01	99.97	19	0.15	99.58
9 to 10%	18	0.00	99.67	5	0.00	100.00	4	0.01	99.98	4	0.03	99.61
<b>Decrease or less than +10%</b>	<b>1,166,616</b>	<b>99.67</b>		<b>812,575</b>	<b>100.00</b>		<b>46,586</b>	<b>99.98</b>		<b>12,513</b>	<b>99.61</b>	
10 to 11%	11	0.00	99.67	1	0.00	100.00	1	0.00	99.98	6	0.05	99.66
11 to 12%	8	0.00	99.67	0	0.00	100.00	2	0.00	99.98	6	0.05	99.71
12 to 13%	5	0.00	99.67	1	0.00	100.00	3	0.01	99.99	1	0.01	99.71
13 to 14%	37	0.00	99.67	0	0.00	100.00	1	0.00	99.99	36	0.29	100.00
14 to 15%	0	0.00	99.67	0	0.00	100.00	0	0.00	99.99	0	0.00	100.00
<b>Decrease or less than +15%</b>	<b>1,166,677</b>	<b>99.67</b>		<b>812,577</b>	<b>100.00</b>		<b>46,593</b>	<b>99.99</b>		<b>12,562</b>	<b>100.00</b>	
15 to 16%	4	0.00	99.67	0	0.00	100.00	4	0.01	100.00	0	0.00	100.00
16 to 17%	0	0.00	99.67	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
17 to 18%	0	0.00	99.67	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
18 to 19%	0	0.00	99.67	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
19 to 20%	0	0.00	99.67	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
<b>Decrease or less than +20%</b>	<b>1,166,681</b>	<b>99.67</b>		<b>812,577</b>	<b>100.00</b>		<b>46,597</b>	<b>100.00</b>		<b>12,562</b>	<b>100.00</b>	
20% or more	3,823	0.33	100.00	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
<b>Total Increasing</b>	<b>39,516</b>	<b>3.38</b>		<b>319</b>	<b>0.04</b>		<b>15,256</b>	<b>32.74</b>		<b>2,842</b>	<b>22.62</b>	
<b>Grand Total</b>	<b>1,170,504</b>	<b>100.00</b>		<b>812,577</b>	<b>100.00</b>		<b>46,597</b>	<b>100.00</b>		<b>12,562</b>	<b>100.00</b>	

## 2021 GRA

## Pro Forma Statement of Operations comparative for the 2020/21 fiscal year

## Pro Forma Comparative - 2021 GRA vs October 9, 2020 revision

## Statement of Operations: 2020/21 Comparative

Line No.		2021 GRA 2020-21FB	Revised as of Oct 9 2021 GRA 2020-21P	Inc (dec)	Ref.	Increase / (Decrease) %
1	<i>(C\$ 000s, except where noted)</i>	\$	\$	\$		%
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,079,495	1,080,096	601		0.1
4	Drivers	67,146	67,146	-		-
5	Reinsurance Ceded	(13,615)	(13,721)	(106)		0.8
6	<b>Total Net Premiums Written</b>	<b>1,133,026</b>	<b>1,133,521</b>	<b>495</b>		<b>0.0</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,067,604	1,067,912	308		0.0
9	Drivers	66,781	66,781	-		-
10	Reinsurance Ceded	(13,615)	(13,721)	(106)		0.8
11	<b>Total Net Premiums Earned</b>	<b>1,120,770</b>	<b>1,120,972</b>	<b>202</b>		<b>0.0</b>
12	Service Fees & Other Revenues	28,208	27,963	(245)		(0.9)
13	<b>Total Earned Revenues</b>	<b>1,148,978</b>	<b>1,148,935</b>	<b>(43)</b>		<b>(0.0)</b>
14	<b>Net Claims Incurred</b>	820,094	794,920	(25,174)		(3.1)
15	DPAC \ Premium Deficiency Adjustment	(8,509)	(2,150)	6,359		(74.7)
16	(a) Claims Incurred - Interest rate impact	35,326	157,903	122,577		347.0
17	<b>Total Claims Incurred</b>	<b>846,911</b>	<b>950,673</b>	<b>103,762</b>	(1)	<b>12.3</b>
18	Claims Expense	143,490	139,366	(4,124)	(3)	(2.9)
19	Road Safety/Loss Prevention	11,234	9,434	(1,800)	(3)	(16.0)
20	<b>Total Claims Costs</b>	<b>1,001,635</b>	<b>1,099,473</b>	<b>97,838</b>		<b>9.8</b>
21	<b>Expenses</b>					
22	Operating	71,865	69,299	(2,566)	(3)	(3.6)
23	Commissions	43,823	43,832	9		0.0
24	Premium Taxes	32,292	32,301	9		0.0
25	Regulatory/Appeal	5,120	4,390	(730)	(3)	(14.3)
26	<b>Total Expenses</b>	<b>153,100</b>	<b>149,822</b>	<b>(3,278)</b>		<b>(2.1)</b>
27	<b>Underwriting Income (Loss)</b>	<b>(5,757)</b>	<b>(100,360)</b>	<b>(94,603)</b>		<b>1,643.3</b>
28	Investment Income	83,796	81,221	(2,575)		(3.1)
29	(b) Investment Income - Interest rate impact	575	124,523	123,948		21,556.2
30	<b>Total Investment Income</b>	<b>84,371</b>	<b>205,744</b>	<b>121,373</b>	(2)	<b>143.9</b>
31	<b>Net Income (Loss)</b>	<b>78,614</b>	<b>105,384</b>	<b>26,770</b>		<b>34.1</b>
32	<b>Total net Impact due to interest rate change (b) - (a)</b>	<b>(34,751)</b>	<b>(33,380)</b>	<b>1,371</b>		<b>(3.9)</b>

## 2021 GRA

## Pro Forma Statement of Operations comparative for the 2020/21 fiscal year

## Pro Forma Comparative Explanation - 2021 GRA vs October 9, 2020 revision

## Explanation of Significant Variances - 2020/21 Comparative

Line No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	<b>Net Claims Incurred</b>	<b>846,911</b>	2021 GRA
2			122,577	Increased Interest Rate Impact
3			(27,832)	Lower forecast for Physical Damage claims
4			6,359	Increased forecasted Write Down DPAC
5			2,649	Increased forecasted ILAE
6			9	Other
7			<u>950,673</u>	2021 GRA - Revised October 9, 2020
8	(2)	<b>Investment Income</b>	<b>84,371</b>	2021 GRA
9			123,948	Higher than expected ALM impact due to interest rate forecast
10			10,025	Recovery of Equity investment write down
11			(4,269)	Lower than expected income on pooled real estate fund
12			(3,131)	Lower than expected income on infrastructure investments
13			(1,558)	Higher than expected amortization on bonds
14			(2,031)	Lower than expected equity investment income
15			(988)	Lower than expected income on private debt
16			(585)	Lower than expected interest income on bonds
17			541	Lower than expected investment fees paid
18			(579)	Other
19			<u>205,744</u>	2021 GRA - Revised October 9, 2020
20	(3)	<b>Allocated Corporate Expenses</b>	<b>231,709</b>	2021 GRA
21			(7,000)	Lower than expected regular salaries
22			(500)	Lower than expected data processing expenses
23			(500)	Lower than expected building expenses
24			(500)	Lower than expected printing, stationery and supplies
25			(720)	Other
26			<u>222,489</u>	2021 GRA - Revised October 9, 2020

## PF-1

## Statement of Operations: -8.8% Basic rate change

## Multi-year - Statement of Operations

Line No.	2021/22 Basic overall rate change of -8.8% (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021FB	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>	<b>2019/20A</b>	<b>2020/21FB</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	Motor Vehicles	1,055,113	1,080,096	1,026,451	1,063,739	1,102,534	1,142,186
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,721)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,521</b>	<b>1,080,658</b>	<b>1,118,785</b>	<b>1,158,499</b>	<b>1,199,037</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,067,912	1,052,613	1,045,554	1,083,614	1,122,848
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,721)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,972</b>	<b>1,106,348</b>	<b>1,100,045</b>	<b>1,138,982</b>	<b>1,179,114</b>
12	Service Fees & Other Revenues	27,161	27,963	27,521	29,084	30,768	32,567
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,935</b>	<b>1,133,869</b>	<b>1,129,129</b>	<b>1,169,750</b>	<b>1,211,681</b>
14	Claims Incurred	787,799	794,920	905,402	920,450	953,868	986,376
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(2,150)	1,482	(1,038)	5,202	15,031
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	157,903	8,160	17,935	15,197	15,274
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>950,673</b>	<b>915,044</b>	<b>937,347</b>	<b>974,267</b>	<b>1,016,681</b>
18	Claims Expense	132,028	139,366	144,032	147,627	155,060	154,455
19	Road Safety/Loss Prevention	12,030	9,434	13,714	13,589	13,647	13,427
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,099,473</b>	<b>1,072,790</b>	<b>1,098,563</b>	<b>1,142,974</b>	<b>1,184,563</b>
21	<b>Expenses</b>						
22	Operating	69,859	69,299	72,421	76,299	80,310	80,310
23	Commissions	42,332	43,832	43,702	43,484	44,990	46,542
24	Premium Taxes	33,102	32,301	33,607	33,426	34,603	35,816
25	Regulatory/Appeal	4,647	4,390	5,161	5,202	5,295	5,394
26	<b>Total Expenses</b>	<b>149,940</b>	<b>149,822</b>	<b>154,891</b>	<b>158,411</b>	<b>165,198</b>	<b>168,062</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(100,360)</b>	<b>(93,812)</b>	<b>(127,845)</b>	<b>(138,422)</b>	<b>(140,944)</b>
28	<b>Investment Income</b>	54,159	81,221	87,463	86,564	85,168	84,923
29	(b) Investment Income - Interest Rate Impact	5,455	124,523	394	87	24	(21)
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>205,744</b>	<b>87,857</b>	<b>86,651</b>	<b>85,192</b>	<b>84,902</b>
31	Gain (Loss) on Sale of Property	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>105,384</b>	<b>42</b>	<b>(41,194)</b>	<b>(53,230)</b>	<b>(56,042)</b>
33	Total net Impact due to interest rate change (b) - (a)	14,393	(33,380)	(7,766)	(17,848)	(15,173)	(15,295)

PF-2

Statement of Financial Position: -8.8% Basic Rate Change

Multi-year - Statement of Financial Position

Line <i>2021/22 Basic overall rate change of -8.8%</i>		<i>For the Years Ended March 31,</i>					
No. <i>(C\$ 000s, rounding may affect totals)</i>		2020A	2021FB	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>	<b>2019/20A</b>	<b>2020/21FB</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	100,000	100,000	100,000	100,000	100,000
5	Investments	2,648,873	3,107,833	3,219,456	3,318,100	3,429,401	3,553,237
6	Investment property	20,969	20,464	20,289	19,878	19,881	19,598
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	414,220	405,768	419,157	433,136	447,455
9	Deferred policy acquisition costs	25,582	24,613	23,765	26,023	22,091	8,358
10	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
11	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
12	Deferred development costs	34,964	39,658	61,942	69,991	67,649	58,467
13	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,800,111</b>	<b>3,927,981</b>	<b>4,052,352</b>	<b>4,169,222</b>	<b>4,278,248</b>
14	<b>Liabilities</b>						
15	Due to other insurance companies	595	545	545	545	545	545
16	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
17	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
18	Unearned premiums and fees	569,706	582,751	558,608	579,014	600,320	622,170
19	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
20	Provision for employee future benefits	336,307	413,181	425,438	437,576	449,808	462,439
21	Provision for unpaid claims	2,031,336	2,207,962	2,306,514	2,395,561	2,482,457	2,565,866
22	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,299,021</b>	<b>3,387,199</b>	<b>3,511,591</b>	<b>3,637,458</b>	<b>3,755,894</b>
23	<b>Equity</b>						
24	Retained Earnings	440,522	551,083	583,864	578,880	565,484	551,663
25	Accumulated Other Comprehensive Income	(34,296)	(49,993)	(43,083)	(38,119)	(33,719)	(29,309)
26	<b>Total Equity</b>	<b>406,226</b>	<b>501,090</b>	<b>540,781</b>	<b>540,761</b>	<b>531,765</b>	<b>522,354</b>
27	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,800,111</b>	<b>3,927,980</b>	<b>4,052,352</b>	<b>4,169,223</b>	<b>4,278,248</b>

## PF-3

## Statement of Changes in Equity: -8.8% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021/22 Basic overall rate change of -8.8% (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021FB	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>	<b>2019/20A</b>	<b>2020/21FB</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	<b>Total Equity</b>						
4	<b>Retained Earnings</b>						
5	Beginning Balance	319,914	440,522	551,083	583,864	578,880	565,484
6	Net Income (Loss) from annual operations	120,607	105,384	42	(41,194)	(53,229)	(56,041)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer from Extension Retained Earnings	-	63,177	32,739	36,210	39,833	42,221
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>551,083</b>	<b>583,864</b>	<b>578,880</b>	<b>565,484</b>	<b>551,663</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(49,993)	(43,083)	(38,119)	(33,719)
12	Other Comprehensive Income for the Year	(1,857)	49,550	6,910	4,964	4,400	4,410
13	Change in Remeasurement of Employee Future Benefits	16,517	(65,247)	-	-	-	-
14	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(49,993)</b>	<b>(43,083)</b>	<b>(38,119)</b>	<b>(33,719)</b>	<b>(29,309)</b>
15	<b>Total Equity Balance</b>	<b>406,226</b>	<b>501,090</b>	<b>540,781</b>	<b>540,761</b>	<b>531,765</b>	<b>522,354</b>
16	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
17	Total Equity Balance	406,226	501,090	540,781	540,761	531,765	522,354
18	Less: Assets Requiring 100% Capital	35,532	39,658	61,942	69,991	67,649	58,467
19	Capital Available	370,694	461,432	478,839	470,770	464,116	463,887
20	Minimum Capital Required (100% MCT)	356,082	400,132	431,805	446,770	461,659	477,643
21	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>104.1%</b>	<b>115.3%</b>	<b>110.9%</b>	<b>105.4%</b>	<b>100.5%</b>	<b>97.1%</b>

## EPF-1

## Extension Statement of Operations: -8.8% Basic Rate Change

## Multi-year - Statement of Operations

Line No.	2021/22 Basic overall rate change of -8.8% (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021FB	2022F	2023F	2024F	2025F
1							
2	<b>EXTENSION</b>	<b>2019/20A</b>	<b>2020/21FB</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	Motor Vehicles	155,063	158,800	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,903)	(1,783)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>157,017</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6	<b>Net Premiums Earned</b>						
7	Motor Vehicles	157,842	157,009	170,004	183,474	189,759	196,408
8	Reinsurance Ceded	(1,903)	(1,783)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>155,226</b>	<b>168,190</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	12,461	13,211	12,936	13,536	14,178	14,868
11	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>168,437</b>	<b>181,126</b>	<b>195,160</b>	<b>202,050</b>	<b>209,351</b>
12	<b>Net Claims Incurred</b>	69,516	60,719	82,576	96,594	97,382	98,709
13	(a) Claims Incurred - Interest Rate Impact	-	324	(282)	-	-	-
14	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>61,043</b>	<b>82,294</b>	<b>96,594</b>	<b>97,382</b>	<b>98,709</b>
15	Claims Expense	11,100	11,482	11,245	11,725	13,365	13,679
16	Road Safety/Loss Prevention	1,013	775	1,068	1,076	1,184	1,197
17	<b>Total Claims Costs</b>	<b>81,629</b>	<b>73,300</b>	<b>94,607</b>	<b>109,395</b>	<b>111,931</b>	<b>113,585</b>
18	<b>Expenses</b>						
19	Operating	8,910	7,675	7,960	8,605	9,436	9,646
20	Commissions	34,788	35,129	37,176	40,329	41,709	43,169
21	Premium Taxes	4,735	3,150	5,100	5,504	5,693	5,892
22	Regulatory/Appeal	12	7	11	11	17	22
23	<b>Total Expenses</b>	<b>48,445</b>	<b>45,961</b>	<b>50,247</b>	<b>54,449</b>	<b>56,855</b>	<b>58,729</b>
24	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>49,176</b>	<b>36,272</b>	<b>31,316</b>	<b>33,264</b>	<b>37,037</b>
25	<b>Investment Income</b>	(723)	6,536	7,241	7,947	8,289	8,745
26	(b) Investment Income - Interest Rate Impact	280	1,005	227	11	(8)	(13)
27	<b>Net Investment Income</b>	<b>(443)</b>	<b>7,541</b>	<b>7,468</b>	<b>7,958</b>	<b>8,281</b>	<b>8,732</b>
28	<b>Gain (Loss) on Sale of Property</b>	-	-	516	-	-	-
29	<b>Net Income (Loss) from Annual Operations</b>	<b>37,883</b>	<b>56,717</b>	<b>44,256</b>	<b>39,274</b>	<b>41,545</b>	<b>45,769</b>
30	<b>Total net Impact due to interest rate change (b) - (a)</b>	<b>280</b>	<b>681</b>	<b>509</b>	<b>11</b>	<b>(8)</b>	<b>(13)</b>



## EPF-3

## Extension Statement of Changes in Equity: -8.8% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021/22 Basic overall rate change of -8.8% (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021FB	2022F	2023F	2024F	2025F
1							
2	<b>EXTENSION</b>	<b>2019/20A</b>	<b>2020/21FB</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	<b>Total Equity</b>						
4	<b>Retained Earnings</b>						
5	Beginning Balance	104,983	142,866	84,405	95,922	98,985	100,698
6	Net Income (Loss) from annual operations	37,883	56,716	44,256	39,273	41,546	45,770
7	Premium Rebate	-	(52,000)	-	-	-	-
8	Transfer (to) / from Basic Retained Earnings	-	(63,177)	(32,739)	(36,210)	(39,833)	(42,221)
9	<b>Total Retained Earnings</b>	<b>142,866</b>	<b>84,405</b>	<b>95,922</b>	<b>98,985</b>	<b>100,698</b>	<b>104,247</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(3,966)	(2,367)	5,305	7,356	9,038	10,479
12	Other Comprehensive Income	1,599	7,671	2,051	1,683	1,441	1,251
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(2,367)</b>	<b>5,304</b>	<b>7,356</b>	<b>9,039</b>	<b>10,479</b>	<b>11,730</b>
14	<b>Total Equity Balance</b>	<b>140,499</b>	<b>89,710</b>	<b>103,278</b>	<b>108,023</b>	<b>111,177</b>	<b>115,978</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	140,499	89,710	103,278	108,023	111,177	115,978
17	Less: Assets Requiring 100% Capital		3,432	5,412	6,143	5,975	5,176
18	Capital Available	137,502	86,278	97,866	101,880	105,202	110,802
19							
20	Minimum Capital Required (100% MCT)	43,327	43,139	48,931	50,941	52,601	55,401
21	<b>MCT Ratio (%)</b>	<b>317%</b>	<b>200%</b>	<b>200%</b>	<b>200%</b>	<b>200%</b>	<b>200%</b>

# BASIC AUTOPAC COVERAGE

2021 GENERAL RATE APPLICATION  
June 17, 2020

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MANITOBA  
PUBLIC INSURANCE

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## Basic Autopac Coverage

### BAC.1 Introduction

1 The Manitoba Public Insurance Corporation (MPI) was established as a crown  
2 corporation in 1971, to provide and administer Basic compulsory, universally available  
3 automobile insurance coverage (referred to as Autopac) to Manitoba motorists. Basic  
4 compulsory insurance is the minimum level of coverage that is legally required to  
5 operate a vehicle on the roadway in Manitoba. Extended coverage is also provided on  
6 an optional basis, through MPI's Autopac Extension and Special Risk Extension (SRE)  
7 lines of business, in competition with private insurance companies.

8 Compulsory insurance was introduced in Manitoba in response to a number of  
9 problems that existed under the previous private auto insurance system which failed  
10 to provide Manitobans with adequate, affordable automobile insurance.

11 Compulsory, public insurance provides fair and affordable automobile insurance and  
12 addresses the issues that existed under the old system.

### BAC.2 Exceptional Coverage through Effective Public Auto Insurance

13 Manitobans continue to benefit from a public auto insurance system. The value that  
14 MPI strives to provide to all Manitobans is reflected in our Corporate Mission  
15 Statement:

16 *Exceptional coverage and service, affordable rates and safer roads*  
17 *through public auto insurance.*

18 As a public auto insurer, MPI is accountable to all Manitobans to deliver Basic  
19 compulsory insurance that provides value through:

- 20 • Guaranteed access for all Manitobans to Basic automobile insurance
- 21 ○ Guaranteed, reasonable basic level of protection (see Appendix 1)

- 1           ○ Guaranteed availability; no one can be denied the ability to insure their
- 2           vehicle, as long as they are eligible to register the vehicle for use on the
- 3           roadway
- 4           ○ Guaranteed/non-discriminatory rating; not based on age, gender, or
- 5           other personal factors but based solely on the vehicle risk (type of
- 6           vehicle, use, territory), and the driver's record (Driver Safety Rating
- 7           (DSR))
- 8           ○ Guaranteed access to injury benefits; all Manitoba residents are entitled
- 9           to Personal Injury Protection Plan (PIPP) benefits under Part 2 of The
- 10          Manitoba Public Insurance Corporation Act, regardless of fault and
- 11          whether they drive or register an automobile
- 12          ○ Guaranteed access by making Autopac services available throughout
- 13          Manitoba
- 14          • Exceptional, comprehensive, coverage
- 15           ○ Among the most comprehensive insurance coverage in Canada (see
- 16           *Comparison of Basic Policies to Other Jurisdictions*)
- 17           ○ Appropriate compensation in that Basic Autopac includes all-perils
- 18           physical damage coverage, third party liability (TPL) coverage, and no-
- 19           fault automobile accident injury coverage with most economic losses
- 20           being compensated

21 In addition to exceptional coverage, with guaranteed access, public insurance offers  
22 other fundamental advantages, including:

- 23          • Affordable rates (premiums)
- 24           ○ Motorists are required to purchase compulsory auto insurance; therefore
- 25           premiums must be affordable
- 26           ○ MPI provides rates that are consistently among the lowest in Canada for
- 27           comparable coverage and service (see *Benchmarking BMK-1*)
- 28          • Fiscal responsibility and accountability
- 29           ○ Providing cost-effective coverage and service
- 30           ○ Operating within strict guidelines and legislation, to protect public
- 31           interests

- 1           ○ Investing in Manitoba where prudent, and using investment income to
- 2           support maintenance of adequate capital
- 3           ○ Adhering to best practices in insurance
- 4           ○ As a non-profit provider, the Basic compulsory program operates on a
- 5           self-sustaining basis and policy premiums reflect the forecast cost of
- 6           insurance, with no expectation of profit
- 7           ○ Funds are held to pay claims and maintain a Basic Insurance Rate
- 8           Stabilization Reserve, used to protect motorists from rate increases due
- 9           to unexpected adverse events
- 10          ○ Evolving products and services to meet the diverse needs of Manitobans
- 11          (see BAC.4 and BAC.5)

12 A single public administrator of the public auto insurance plan delivers certain  
13 efficiencies that further contribute to realizing the mission of comprehensive coverage  
14 with affordable rates, namely:

- 15          • Consistent interpretation and application of the plan and the coverage provided
- 16          thereunder
- 17          • Avoidance of extraneous administrative costs
- 18          • The ability to improve the plan and make it more responsive to the needs of
- 19          the public with greater ease
- 20          • A better control of costs through close working relationships with repair shops,
- 21          medical clinics and other business partners.

### BAC.3      Corporate Priority Reviews

22 Last year, MPI reviewed a number of corporate priorities to ensure that it was fulfilling  
23 its mission and values, and delivering value to Manitobans. The following provides an  
24 update of these corporate priorities.

- 25          • Product Suite Review
- 26                  ○ MPI completed its Basic Compulsory insurance coverage (and related
- 27                  Autopac Extension products) review. MPI will provide new coverage

- 1 levels for Third Party Liability, Maximum Insured Value, and the Basic  
2 Autopac deductible (see BAC.4).
- 3 ○ PIPP entitlements and coverage. This review has been completed, and a  
4 number of coverage changes/enhancements have been proposed to  
5 Government. The intent of the changes are to modernize benefits,  
6 ensuring indemnities reflect economic loss. Some coverage  
7 enhancements have been proposed and additional detail will be included  
8 in future applications, following formal government approval.
- 9
- 10 • Motorcycle Product Review
- 11 MPI completed the Motorcycle Product Review which analyzed motorcycle  
12 products and licensing charges (see BAC.5).
- 13 • Appeal Process Review (PIPP and Physical Damage)
- 14 ○ In Fall 2019, the Crown Services Minister announced an expedited,  
15 independent appeals process – the Claim Dispute Tribunal (CDT)<sup>1</sup>.
- 16 ○ CDT will bring faster resolution of both physical damage claim issues  
17 (i.e., written off vehicles and coverage issues) and liability disputes for  
18 MPI customers. The CDT – which will consist of independent,  
19 government appointed adjudicators, who will make final and binding  
20 decisions – is expected to be fully operational by late 2020. Bodily  
21 injury appeals will not be impacted or handled by the CDT.
- 22 ○ A joint PIPP Appeal Process Review was completed that involved MPI,  
23 AIM Office, CAO, and AICAC. Process improvements have been  
24 implemented including standards and monitoring to promote a timely  
25 and efficient appeal process.

## BAC.4 Modernizing Basic Autopac Coverage

26 MPI is modernizing aspects of Basic and Extension insurance product coverages which  
27 have remained constant for the past 20 years. These changes intend to meet the  
28 evolving needs of customers by helping to provide more stable Basic rates, while also

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<sup>1</sup> MPI News Release: <https://www.mpi.mb.ca/Pages/nr2019nov27.aspx>



1 offering increased coverage options and greater flexibility. These changes are planned  
2 to be effective as of April 1, 2021.

3 The coverage changes are expected to be rate neutral for customers who purchase the  
4 same combined Basic and Extension coverage and will include the following:

- 5 • Increasing Basic deductibles, last adjusted in 1997.
- 6 • Increasing Basic Third Party Liability (TPL) minimum coverage from \$200,000  
7 to \$500,000 to provide more protection for Manitoba motorists. The \$200,000  
8 coverage limit was established in 1983.
- 9 • Increasing the Maximum Insured Value (MIV) limit from \$50,000 to \$70,000  
10 for all vehicles insured by Basic, to reflect the rising value of new vehicles. The  
11 \$50,000 coverage limit was last adjusted in 1998.
- 12 • Establishing new Autopac Extension reduced deductible options to allow  
13 customers more flexibility and choice in selecting their coverage.
- 14 • Related amendments to align the updated deductibles and coverage limits  
15 across all Basic and Extension products.

#### 16 **Basic Deductible**

17 A deductible is the portion of a loss that the customer is responsible to pay. Typically,  
18 the deductible is payable by the at-fault party in a collision claim or for comprehensive  
19 claims.

20 The Basic deductible will increase by 50% for all Basic eligible vehicles to which  
21 physical damage coverage applies, as follows:

<b>Type of Vehicle</b>	<b>Current Deductible</b>	<b>New Deductible</b>
Private passenger vehicles, vehicles for hire, vans, light trucks, motorhomes	\$500	\$750
Motorcycles (collision and upset coverage only)	\$500	\$750
Trailers with declared value between \$2,501 and \$50,000	\$500	\$750
Truck tractors, tankers (carrying fuel, chemicals), logging trucks, sand and gravel trucks, common carrier trucks or common carrier buses in Manitoba, buses	\$800	\$1,200
Trailers with declared value of \$2,500 or less	\$150	\$225
Mopeds	\$150	\$225

1 Rationale

2 The Basic program is facing rising costs in part because inflation has driven up the  
3 cost of repair for relatively minor losses, such as low-value claims for collision,  
4 vandalism and glass-only damage. MPI has not raised the Basic deductible in more  
5 than two decades and the 50% increase adjusts the Basic deductible for the rate of  
6 inflation since the last change was made in 1997 (\$500 in today's dollars is  
7 approximately \$760). Saskatchewan is the only other province with public compulsory  
8 all-perils auto insurance and their basic all-perils deductible for passenger vehicles is  
9 \$700 which was set in January 1998. Deductible levels offered by private insurers vary  
10 by insurer and can also vary by coverage (i.e. collision vs. comprehensive).

11 It is expected that increasing these deductibles will assist MPI in its efforts to provide  
12 stable rates going forward. Policyholders will retain the option to buy down their  
13 deductible levels by purchasing Autopac Extension or obtaining this coverage  
14 privately.

**1 Maximum Insured Value Limit (MIV)**

2 MIV is the maximum amount payable under Basic Autopac for loss or damage to an  
3 insured vehicle. The MIV limit will increase from \$50,000 to \$70,000 (with the  
4 exception of trailers valued at \$2,500 or less) and will apply to all Basic eligible vehicle  
5 types.

**6 Rationale**

7 The Basic MIV amount has not changed since 1998. This increased MIV coverage of  
8 \$70,000 provides more protection for Manitoba drivers, and reflects increased vehicle  
9 values and increased cost of repairs. The MIV amount of \$50,000 established in 1998  
10 would equate to approximately \$75,500 in 2020 when adjusted for inflation. The cost  
11 of new passenger vehicles are also increasing and as a result, the ratio of new vehicle  
12 price to MIV rose from 71% in 2013 to 83% in 2017. In addition, in 2013  
13 approximately 13% of New Vehicle Protection policies had an insurable value over  
14 \$50,000, and in 2017 that proportion increased to 31%. Drivers retain the choice to  
15 further increase their MIV limit with optional coverage.

16 In Saskatchewan vehicles are covered to the actual cash value, which is the market  
17 value of the vehicle compared to similar vehicles, with similar equipment, mileage and  
18 condition to the insured vehicle. In British Columbia the vehicle is insured for the full  
19 value.

**20 Third Party Liability (TPL)**

21 TPL covers claims made against an insured for damages to others' property or injuries  
22 caused to others in Canada or the United States. With respect to automobile injuries,  
23 the Personal Injury Protection Plan covers the automobile injury costs of Manitobans  
24 and those deemed to be residents of Manitoba.

25 Outside of Manitoba and no-fault jurisdictions, customers will rely on the TPL for  
26 protection against the injuries caused to others. An increase to Basic TPL from  
27 \$200,000 to \$500,000 will apply to all Basic-eligible vehicle types.

## 1 Rationale

2 MPI has not raised the TPL limit since 1983. When adjusted for inflation, the TPL limit  
3 would be approximately \$484,000 in 2020. Over a six year period, between 2012 and  
4 2017, there were 50 instances where a \$200,000 TPL policy limit would have been  
5 insufficient to fully protect a Manitoba motorist from the financial impact of these  
6 accidents. Of these 50 instances, 37 would have been fully covered by a \$500,000 TPL  
7 policy. Applying this change will provide additional and affordable protection to all  
8 policyholders.

9 All Canadian jurisdictions have a required minimum TPL of \$200,000 except for  
10 Quebec (\$50,000), and Nova Scotia (\$500,000).

## 11 **Extension Product Changes**

12 There will also be a number of changes to the Extension deductible product offerings  
13 to align with the updates to the Basic products. Optional deductible levels will be  
14 available at levels of \$500, \$300 and \$200. There will be two \$200 options: The \$200  
15 Plus level will include waivers for glass repair, vandalism, theft and collision with an  
16 animal, while the \$200 Standard deductible will have waivers for theft and collision  
17 with an animal. The \$100 deductible level will no longer be offered.

18 With the modifications to the deductible levels, customers will have greater choice and  
19 flexibility to select the level of coverage that best meets their needs.

## 20 **Transition Plan**

21 MPI customers will be assigned coverage that is the most comparable to their existing,  
22 previously selected coverage. Customers will receive a notification letter 45 days  
23 before their annual reassessment or renewal date, advising them of their assigned  
24 coverage. Customers wanting to change their assigned coverage can choose to do so  
25 at their convenience by visiting a MPI Service Centre or Autopac agent at any point in  
26 the 45 days prior to their annual renewal or reassessment date. Customers who do

1 not make a change to their assigned coverage will have their policy coverages  
2 transitioned automatically on their annual renewal or reassessment date.

3 It is anticipated that this transitional approach will be seamless for most customers  
4 and will not significantly increase the volume of customer visits to brokers. Customers  
5 will only be required to attend a MPI Service Centre or Autopac agent if:

- 6 • The customer is in a renewal year as customers must visit an Autopac agent or  
7 MPI Service Centre to process policy renewals
- 8 • The customer wants to make changes to their assigned coverage

### 9 **Rate Impact**

10 Overall, it is expected the product changes outlined above will result in a rate  
11 decrease (-3.0%) for Basic and a rate increase (+17.0%) for Extension. Taken  
12 together, the new product offerings will provide comparable coverage at comparable  
13 cost (i.e. rate neutral to customers who purchase the same coverage), but with  
14 greater flexibility for customers to choose the coverage that best meets their needs.

### 15 **Customer Impact and Rate Neutrality**

16 The examples below are for illustration purposes only. Actual customer impact will  
17 depend on each customer's situation and their product choices.

18 Presently, customers may choose one of four deductible options (\$500, \$300, \$200, or  
19 \$100). As indicated in the table below, the most popular option is the \$200 deductible  
20 level with approximately 73% of customers selecting this option.

	<b>Level of Coverage</b>			
<b>Deductible</b>	\$500	\$300	\$200	\$100
<b>Customer Adoption (%)</b>	14%	11%	73%	2%

1 Below is a figure illustrating the total policy cost before product changes. Total policy  
2 cost is the cost of the Basic policy plus the cost of the Extension deductible buy-down  
3 if applicable. To focus on the impacts of the deductible buy down, these costs do not  
4 include other Extension products. A vehicle with a Basic premium of \$1,085 is used in  
5 the example below.

**Figure BAC- 1 Total Policy Cost – Before Product Change**

Line No.	Level of Coverage	\$500	Deductible Buy Down Options		
			\$300	\$200	\$100
1	<b>Cost of Basic policy</b>	\$1,085	\$1,085	\$1,085	\$1,085
2	<b>Cost of Deductible buy-down</b>	n/a	\$102	\$139	\$207
3	<b>Total Policy Cost</b>	\$1,085	\$1,187	\$1,224	\$1,292

6 The total policy cost after product changes are shown in the figure below. To simplify  
7 this analysis, customers are assumed to purchase the \$200 Plus option, instead of the  
8 \$200 Standard, which offers the same coverage as the current \$200 deductible option.  
9 As shown in the figure, customers who maintain the same level of coverage will incur  
10 the same policy cost before and after the product changes (i.e. rate neutrality).

**Figure BAC- 2 Total Policy Cost - After Product Change**

Line No.	Level of Coverage	\$750	Deductible Buy Down Options		
			\$500	\$300	\$200
1	<b>Cost of Basic policy</b>	\$1,050	\$1,050	\$1,050	\$1,050
2	<b>Cost of Deductible buy-down</b>	n/a	\$35	\$137	\$174
3	<b>Total Policy Cost</b>	\$1,050	\$1,085	\$1,187	\$1,224

11 Below is a figure showing the total annual cost *before product changes* without a claim  
12 and with one at-fault claim. The total annual cost is the total policy cost plus the  
13 deductible cost as a result of one at-fault claim if applicable.

**Figure BAC- 3 Total Annual Cost – Before Product Change**

Line No.	Level of Coverage	\$500	Deductible Buy Down Options		
			\$300	\$200	\$100
1	<b>No claim</b>	\$1,085	\$1,187	\$1,224	\$1,292
2	<b>One at-fault claim</b>	\$1,585	\$1,487	\$1,424	\$1,392

1 The total annual cost, *after product changes*, without a claim and with a claim are  
2 shown in the figure below. Customers who maintain the same level of coverage will  
3 again incur the same total annual cost before and after the product changes (i.e. rate  
4 neutrality).

**Figure BAC- 4 Total Annual Cost – After Product Change**

Line No.	Level of Coverage	Deductible Buy Down Options			
		\$750	\$500	\$300	\$200
1	<b>No claim</b>	\$1,050	\$1,085	\$1,187	\$1,224
2	<b>One at-fault claim</b>	\$1,800	\$1,585	\$1,487	\$1,424

5 After product changes, customers will have new deductible options to choose from. It  
6 is anticipated that the \$200 deductible option will still be the most popular (estimated  
7 to be selected by 75% of customers).

	Level of Coverage			
<b>Deductible</b>	\$750	\$500	\$300	\$200
<b>Customer Adoption (%)</b>	11%	4%	11%	75%

8 Not all customers will keep the same coverage. It is expected that the \$100 deductible  
9 customers will select the \$200 deductible option (2.0% of all customers) and 75% of  
10 \$500 deductible customers will select the \$750 deductible option (10.5% of all  
11 customers).

12 Customers who switch coverages will be better off if they do not have a claim but  
13 customers who have an at-fault claim will be worse off, as shown in the layout below:

<b>Deductible Switching</b>	<b>\$100 to \$200</b>	<b>\$500 to \$750</b>
(% switching to new coverage level)	2.0%	10.5%
<b>With No Claim</b>	\$(68)	\$(35)
(% impacted)	1.7%	8.8%
<b>With One at Fault Claim</b>	\$32	\$215
(% impacted)	0.3%	1.7%

**1 Future Review of Basic Deductible, MIV, and TPL Levels**

2 In the future, an in-depth review of the Basic deductible, MIV, and TPL levels will be  
3 conducted when the criteria as set out below has been met. If the in-depth review  
4 indicates a change in the levels is required, a business case would be developed under  
5 the existing Value Management process.

**6 Review Criteria**

7 One of the primary rationale for adjusting the TPL, MIV, and Basic deductible levels is  
8 inflation. Therefore, the inflation rate will be used as the metric to determine when  
9 next to conduct an in-depth review.

**10 Basic Deductible**

- 11 • Every year the Basic deductible table will be adjusted for inflation. When the  
12 inflation adjusted Basic deductible exceeds the \$50 threshold, an in-depth review  
13 is triggered. It is estimated that the next in-depth review of Basic deductibles will  
14 occur in 2025.

**15 MIV**

- 16 • Every year the MIV figure will be adjusted for inflation. When the inflation adjusted  
17 MIV exceeds the \$10,000 threshold, an in-depth review is triggered. It is  
18 estimated that the next in-depth review of the MIV will occur in 2028.

**19 TPL**

- 20 • Every year the Basic TPL figure will be adjusted for inflation. When the inflation  
21 adjusted Basic TPL exceeds the \$50,000 threshold, an in-depth review is triggered.  
22 It is estimated that the next in-depth review of the Basic TPL will occur in 2026.



**Figure REV- 3 Premiums Written and Earned: -10.5% Rate Change for 2021/22 Policies**

Line No.	BASIC	For the Years Ended March,					
		2020A	2021FB	2022F	2023F	2024F	2025F
1	(C\$ 000s, except where noted)						
2	HTA Volume Change	0.41%	0.14%	1.79%	1.06%	1.06%	1.06%
3	HTA Upgrading & Other Changes	2.44%	2.55%	2.47%	2.53%	2.54%	2.51%
4	Rate Change	1.56%	(0.50%)	(10.47%)	0.00%	0.00%	0.00%
5	Premiums Unearned during Year	48.77%	48.77%	48.77%	48.77%	48.77%	48.77%
6	<b>Basic Insurance Written</b>						
7	Last Year Premiums Written	1,029,529	1,074,249	1,097,617	1,025,007	1,062,064	1,100,626
8	Volume Increase	4,170	1,504	19,647	10,865	11,258	11,667
9	<b>Total Volume Written</b>	<b>1,033,699</b>	<b>1,075,753</b>	<b>1,117,264</b>	<b>1,035,872</b>	<b>1,073,322</b>	<b>1,112,293</b>
10	Upgrading & Other Changes	25,191	27,424	27,611	26,192	27,304	27,866
11	<b>Total With Upgrading</b>	<b>1,058,890</b>	<b>1,103,177</b>	<b>1,144,875</b>	<b>1,062,064</b>	<b>1,100,626</b>	<b>1,140,158</b>
12	Impact of Rate Change	16,561	(5,560)	(119,868)	0	0	0
13	Adjustments	(1,202)	0	0	0	0	0
14	<b>Total Premium Written Before Rebates</b>	<b>1,074,249</b>	<b>1,097,617</b>	<b>1,025,007</b>	<b>1,062,064</b>	<b>1,100,626</b>	<b>1,140,158</b>
15	Fleet Rebates	(17,244)	(16,397)	(17,102)	(17,723)	(18,366)	(19,024)
16	Anti Theft & Other Charges	(1,892)	(1,725)	(1,602)	(1,480)	(1,362)	(1,362)
17	<b>Total Premiums Written</b>	<b>1,055,113</b>	<b>1,079,495</b>	<b>1,006,302</b>	<b>1,042,862</b>	<b>1,080,898</b>	<b>1,119,773</b>
18	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
19	<b>Total Net Premiums Written</b>	<b>1,041,014</b>	<b>1,065,880</b>	<b>992,415</b>	<b>1,028,696</b>	<b>1,066,451</b>	<b>1,105,036</b>
20	<b>Basic Insurance Earned</b>						
21	Beginning Unearned Premium Balance	496,106	514,568	526,459	490,763	508,593	527,143
22	Premiums Written	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
23	Unearned Premiums during Year	514,568	526,459	490,763	508,593	527,143	546,102
24	<b>Premiums Earned</b>	<b>1,036,651</b>	<b>1,067,604</b>	<b>1,041,998</b>	<b>1,025,032</b>	<b>1,062,348</b>	<b>1,100,814</b>
25	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
26	<b>Total Net Premiums Earned</b>	<b>1,022,552</b>	<b>1,053,989</b>	<b>1,028,110</b>	<b>1,010,867</b>	<b>1,047,900</b>	<b>1,086,076</b>

**REV.1.1 Volume Factor**

- 1 The volume factor represents the growth rate in Basic earned vehicle units over a
- 2 given insurance year. An earned unit represents the portion of the earning period that
- 3 a vehicle has Basic insurance. For example, a private passenger vehicle insured for 3
- 4 months of the insurance year would be approximately 0.25 earned units (i.e. 3
- 5 months / 12 months = 0.25).

**PUB (MPI) 1-21**

<b>Part and Chapter:</b>	<b>Part V Rev 1.1-1.2; Figure REV-5 Rev-6</b>	<b>Page No.:</b>	<b>7-12</b>
<b>PUB Approved Issue No:</b>	<b>4.b- Financial Forecast- Changes in Projected Financial Results</b>		
<b>Topic:</b>	<b>Motor Vehicle Premiums</b>		
<b>Sub Topic:</b>	<b>Volume and Upgrade Factors</b>		

**Preamble to IR:****Question:**

- a) Please provide restated PF.1, PF.2, PF.3, EPF-1 and EPF-3 to reflect a volume factor utilizing the Earned Year - Earned Units methodology used in prior GRAs and throughout the forecast period, and compare with those used in the Application.
- b) Please provide restated PF.1, PF.2, PF.3, EPF-1, and EPF-3 to reflect a vehicle upgrade factor of 2.70% throughout the forecast period.
- c) Please provide the impact of the changes in (a), (b), and (a) & (b) on a combined basis, on the indicated rate in accordance with Accepted Actuarial Practice.

**Rationale for Question:**

To test the forecast's sensitivity to changes in the volume and upgrade factors.

**RESPONSE:**

- a) In the 2020 GRA, Revenues Chapter states: "The HTA units are forecast to grow by 1.40% per year in 2019/20 and thereafter, based on the recent five year average and the long-term average excluding certain 'high growth' years".

*Figure 1* below shows the historical volume growth for HTA units by earned year.

**Figure 1 HTA Earned Units – 2005/06 to 2019/20**

Line No.	Year	HTA	% Change
1	<b>2005/06</b>	713,135	1.35%
2	<b>2006/07</b>	721,360	1.15%
3	<b>2007/08</b>	735,225	1.92%
4	<b>2008/09</b>	751,937	2.27%
5	<b>2009/10</b>	763,251	1.50%
6	<b>2010/11</b>	774,765	1.51%
7	<b>2011/12</b>	791,384	2.15%
8	<b>2012/13</b>	811,247	2.51%
9	<b>2013/14</b>	822,677	1.41%
10	<b>2014/15</b>	834,238	1.41%
11	<b>2015/16</b>	847,108	1.54%
12	<b>2016/17</b>	860,978	1.64%
13	<b>2017/18</b>	873,374	1.44%
14	<b>2018/19</b>	882,185	1.01%
15	<b>2019/20</b>	885,871	0.42%
16	<b>Averages</b>		
17	<b>3-Year</b>		0.95%
18	<b>5-Year</b>		1.21%
19	<b>10-Year</b>		1.50%

Based on the methodology used in the 2020 GRA and the recent five year average, MPI would select a volume growth of 1.20% per year for 2020/21 and thereafter. This reflects a 0.14% higher volume growth than that used in the 2021 GRA. To test the sensitivity of the forecast to changes in volume, MPI increased the volume growth by 0.14% per year for all forecast years per *Figure 2* below.

**Figure 2 HTA Earned Unit Forecast**

Line No.	Year	2021 GRA Part V Revenue Figure REV-7	Revised for PUB (MPI) 1-21
1	<b>2019/20(a)</b>	0.44%	0.44%
2	<b>2020/21</b>	0.14%	0.28%
3	<b>2021/22</b>	1.79%	1.93%
4	<b>2022/23 and thereafter</b>	1.06%	1.20%

Please see Appendix 1 for restated PF.1, PF.2, PF.3, EPF-1 and EPF-3 based on the requested scenario.

b) Please see Appendix 2 PF.1, PF.2, PF.3, EPF-1 and EPF-3 based on the requested scenario.

c) Figure 3 below shows the overall required rate change and the forecasted Minimum Capital Test (MCT) Ratio as of March 31, 2023 starting with the breakeven rate change, and including the application of the Capital Management Plan (CMP) for the three scenarios:

- Scenario A – Volume factor of 0.28% in 2020/21, 1.93% in 2021/22 and 1.20% in 2022/23 and thereafter
- Scenario B – Vehicle upgrade factor of 2.7% starting from fiscal year 2020/21, and throughout the forecast period
- Scenario C – Vehicle upgrade factor of 2.7% and volume factor of 0.28% in 2020/21, 1.93% in 2021/22 and 1.20% in 2022/23 and thereafter

**Figure 3 Rate Indication Table and MCT % before and after Capital Management Plan**

Line No.	Scenario	AAP Breakeven Rate Indication	Capital Build / (Release) Provision	MCT % After AAP Breakeven Rate Indication			MCT % After AAP Breakeven Rate Indication and Transfer from Extension		MCT % After AAP Breakeven Rate Indication and Transfer from Extension and Capital Build / Release	
				Breakeven Rate Indication			Breakeven Rate Indication		Breakeven Rate Indication	
				20/21	21/22	22/23	21/22	22/23	21/22	22/23
1	PUB 1-21(a)	-5.62%	-5.00%	119.1%	114.4%	111.9%	120.0%	124.6%	114.1%	106.9%
2	PUB 1-21(b)	-5.83%	-5.00%	119.3%	114.9%	112.7%	120.5%	125.4%	114.6%	107.7%
2	PUB 1-21(c)	-5.97%	-5.00%	119.3%	114.8%	112.4%	120.4%	125.2%	114.4%	107.4%

Based on Figure 1 above, the forecasted MCT ratio after the capital transfer from Extension as of March 31, 2023 is higher than the corresponding target MCT ratio in all three scenarios. As a result and in accordance with the CMP, a capped capital release provision of 5.00% is applied to reduce the forecasted MCT ratio in the direction of the target MCT ratio. The final overall required rate change reflecting breakeven rates includes the capped capital release for these scenarios.

Appendices 1, 2 and 3 support each of the three scenarios. For each scenario, MPI provided the following supporting documents:

- Basic and Extension proformas based on the overall required rate change reflecting breakeven rates including the capital release.
- Revised Figure RM-12 showing the Major Classification Required Rate Changes based on the overall required rate change reflecting breakeven rates.
- Revised Figure RM-13 showing the Major Classification Required Rate Changes based on the overall required rate change reflecting breakeven rates including the capital release.

## PF-1 Statement of Operations based on -10.6% Basic Rate Change

## Multi-year - Statement of Operations

Line No.	2021 GRA Base with PUB 1-21 (a) Scenario, -10.6% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,081,030	1,007,425	1,045,498	1,085,159	1,125,772
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,134,561</b>	<b>1,061,632</b>	<b>1,100,544</b>	<b>1,141,124</b>	<b>1,182,623</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,068,390	1,043,321	1,026,930	1,065,817	1,105,965
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,121,556</b>	<b>1,097,056</b>	<b>1,081,421</b>	<b>1,121,185</b>	<b>1,162,231</b>
12	Service Fees & Other Revenues	27,161	28,240	27,119	28,682	30,370	32,179
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,149,796</b>	<b>1,124,175</b>	<b>1,110,103</b>	<b>1,151,555</b>	<b>1,194,410</b>
14	Claims Incurred	787,799	820,892	901,785	919,154	953,711	987,390
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(8,514)	1,293	(1,809)	4,645	14,141
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	35,338	7,223	12,954	10,762	11,163
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>847,716</b>	<b>910,301</b>	<b>930,299</b>	<b>969,118</b>	<b>1,012,694</b>
18	Claims Expense	132,028	143,490	143,246	146,834	154,212	153,601
19	Road Safety/Loss Prevention	12,030	11,234	13,630	13,504	13,556	13,340
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,002,440</b>	<b>1,067,177</b>	<b>1,090,637</b>	<b>1,136,886</b>	<b>1,179,635</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	72,059	75,928	79,912	79,909
23	Commissions	42,332	43,845	43,452	42,875	44,407	45,989
24	Premium Taxes	33,102	32,315	33,328	32,868	34,069	35,309
25	Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,145</b>	<b>153,999</b>	<b>156,872</b>	<b>163,681</b>	<b>166,599</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,789)</b>	<b>(97,001)</b>	<b>(137,406)</b>	<b>(149,012)</b>	<b>(151,824)</b>
28	<b>Investment Income</b>	54,159	83,801	89,133	91,394	89,726	90,192
29	(b) Investment Income - Interest Rate Impact	5,455	575	311	167	79	11
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>84,376</b>	<b>89,444</b>	<b>91,561</b>	<b>89,805</b>	<b>90,203</b>
31	<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,587</b>	<b>(1,560)</b>	<b>(45,845)</b>	<b>(59,207)</b>	<b>(61,621)</b>
33	<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,587</b>	<b>(1,560)</b>	<b>(45,845)</b>	<b>(59,207)</b>	<b>(61,621)</b>
35	Total net Impact due to interest rate change (b) - (a)	14,393	(34,763)	(6,912)	(12,787)	(10,683)	(11,152)

**PF-2 Statement of Financial Position based on -10.6% Basic Rate Change**

**Multi-year - Statement of Financial Position**

Line No.	2021 GRA Base with PUB 1-21 (a) Scenario , -10.6% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	57,871	53,926	49,807	51,208	52,641
5	Investments	2,648,873	2,965,383	3,053,671	3,139,573	3,232,266	3,338,201
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	414,367	400,206	413,823	428,057	442,658
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	31,024	29,758	32,815	29,470	16,660
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	61,995	70,078	67,758	58,585
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,622,536</b>	<b>3,717,051</b>	<b>3,825,623</b>	<b>3,926,149</b>	<b>4,019,920</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	583,206	549,329	570,117	591,847	614,165
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
23	Provision for unpaid claims	2,031,336	2,096,964	2,181,819	2,261,311	2,340,194	2,416,234
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,123,231</b>	<b>3,187,978</b>	<b>3,303,197</b>	<b>3,421,475</b>	<b>3,533,010</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	525,789	549,160	538,547	517,360	496,084
27	Accumulated Other Comprehensive Income	(34,296)	(26,484)	(20,087)	(16,120)	(12,684)	(9,173)
28	<b>Total Equity</b>	<b>406,226</b>	<b>499,305</b>	<b>529,073</b>	<b>522,427</b>	<b>504,676</b>	<b>486,911</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,622,536</b>	<b>3,717,051</b>	<b>3,825,624</b>	<b>3,926,151</b>	<b>4,019,921</b>

## PF-3 Statement of Changes in Equity based on -10.6% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021 GRA Base with PUB 1-21 (a) Scenario , -10.6% Basic Rate change (C\$ 000s, except where noted)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	<b>Retained Earnings</b>						
5	Beginning Balance	319,914	440,522	525,789	549,160	538,547	517,360
6	Net Income (Loss) from annual operations	120,607	78,587	(1,560)	(45,842)	(59,207)	(61,620)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	64,680	24,932	35,229	38,021	40,344
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,789</b>	<b>549,160</b>	<b>538,547</b>	<b>517,360</b>	<b>496,084</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(26,484)	(20,087)	(16,120)	(12,684)
12	Other Comprehensive Income on Available for Sale Assets	14,660	7,812	6,396	3,967	3,436	3,511
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,484)</b>	<b>(20,087)</b>	<b>(16,120)</b>	<b>(12,684)</b>	<b>(9,173)</b>
14	<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,305</b>	<b>529,073</b>	<b>522,427</b>	<b>504,676</b>	<b>486,911</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	<b>Total Equity Balance</b>	406,226	499,305	529,073	522,427	504,676	486,911
17	<b>Less: Assets Requiring 100% Capital</b>	34,964	39,658	61,995	70,078	67,758	58,585
18	<b>Capital Available</b>	<b>371,262</b>	<b>459,647</b>	<b>467,078</b>	<b>452,349</b>	<b>436,918</b>	<b>428,326</b>
19	<b>Minimum Capital Required (100% MCT)</b>	<b>350,820</b>	<b>385,890</b>	<b>409,446</b>	<b>423,138</b>	<b>436,405</b>	<b>450,544</b>
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>119.1%</b>	<b>114.1%</b>	<b>106.9%</b>	<b>100.1%</b>	<b>95.1%</b>



## EPF-1 Extension Statement of Operations based on -10.6% Basic Rate Change

## Multi-year - Statement of Operations

Line No.	2021 GRA Base with PUB 1-21 (a) Scenario , -10.6% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>EXTENSION</b>						
3	Motor Vehicles	155,063	158,100	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>156,322</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6	<b>Net Premiums Earned</b>						
7	Motor Vehicles	157,842	156,644	169,669	183,474	189,759	196,408
8	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>154,866</b>	<b>167,855</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	12,461	12,065	12,942	13,541	14,182	14,870
11	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>166,931</b>	<b>180,797</b>	<b>195,165</b>	<b>202,054</b>	<b>209,353</b>
12	<b>Net Claims Incurred</b>	69,516	65,136	82,556	96,594	97,389	98,713
13	(a) Claims Incurred - Interest Rate Impact	-	(27)	(106)	-	-	-
14	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>65,109</b>	<b>82,450</b>	<b>96,594</b>	<b>97,389</b>	<b>98,713</b>
15	Claims Expense	11,100	11,745	11,678	12,165	13,840	14,165
16	Road Safety/Loss Prevention	1,013	919	1,110	1,120	1,231	1,243
17	<b>Total Claims Costs</b>	<b>81,629</b>	<b>77,773</b>	<b>95,238</b>	<b>109,879</b>	<b>112,460</b>	<b>114,121</b>
18	<b>Expenses</b>						
19	Operating	8,910	7,849	8,144	8,796	9,644	9,860
20	Commissions	34,788	35,060	37,094	40,329	41,709	43,169
21	Premium Taxes	4,735	3,139	5,090	5,504	5,693	5,892
22	Regulatory/Appeal	12	12	12	12	18	23
23	<b>Total Expenses</b>	<b>48,445</b>	<b>46,060</b>	<b>50,340</b>	<b>54,641</b>	<b>57,064</b>	<b>58,944</b>
24	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>43,098</b>	<b>35,219</b>	<b>30,645</b>	<b>32,530</b>	<b>36,288</b>
25	<b>Investment Income</b>	(723)	7,700	6,126	7,263	7,305	7,701
26	(b) Investment Income - Interest Rate Impact	280	990	163	4	(18)	(26)
27	<b>Net Investment Income</b>	<b>(443)</b>	<b>8,690</b>	<b>6,289</b>	<b>7,267</b>	<b>7,287</b>	<b>7,675</b>
28	<b>Gain (Loss) on Sale of Property</b>	-	-	516	-	-	-
29	<b>Net Income (Loss) from Operations</b>	<b>37,883</b>	<b>51,788</b>	<b>42,024</b>	<b>37,912</b>	<b>39,817</b>	<b>43,963</b>
30	<b>Premium Rebate</b>	-	(52,000)	-	-	-	-
31	<b>Net Income (Loss) after premium rebate</b>	<b>37,883</b>	<b>(211)</b>	<b>42,025</b>	<b>37,912</b>	<b>39,818</b>	<b>43,963</b>
32	Total net Impact due to interest rate change (b) - (a)	280	1,017	269	4	(18)	(26)

## EPF-3 Extension Statement of Changes in Equity based on -10.6% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021 GRA Base with PUB 1-21 (a) Scenario , -10.6% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	EXTENSION						
3	Retained Earnings						
4	Beginning Balance	104,983	142,866	77,975	95,068	97,751	99,548
5	Net Income / (Loss)	37,883	51,789	42,025	37,912	39,818	43,963
6	Premium Rebate	-	(52,000)	-	-	-	-
7	Transfer (to) / from Basic Retained Earnings	-	(64,680)	(24,932)	(35,229)	(38,021)	(40,344)
8	Total Retained Earnings	<b>142,866</b>	<b>77,975</b>	<b>95,068</b>	<b>97,751</b>	<b>99,548</b>	<b>103,167</b>
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	(3,966)	(2,367)	(1,951)	(682)	789	2,090
11	Other Comprehensive Income on Available for Sales Assets	1,599	416	1,269	1,471	1,301	1,173
12	Total Accumulated Other Comprehensive Income	<b>(2,367)</b>	<b>(1,951)</b>	<b>(682)</b>	<b>789</b>	<b>2,090</b>	<b>3,263</b>
13	Total Equity Balance	<b>140,499</b>	<b>76,024</b>	<b>94,386</b>	<b>98,540</b>	<b>101,638</b>	<b>106,431</b>
14	MINIMUM CAPITAL TEST (C\$ 000s)						
15	Total Equity Balance	140,499	76,024	94,386	98,540	101,638	106,431
16	Less: Assets Requiring 100% Capital	2,979	3,432	5,378	6,090	5,910	5,105
17	Capital Available	<b>137,520</b>	<b>72,592</b>	<b>89,008</b>	<b>92,450</b>	<b>95,728</b>	<b>101,326</b>
19	Minimum Capital Required (100% MCT)	42,340	36,296	44,504	46,227	47,865	50,663
20	MCT Ratio % (Line 17) / (Line 18)	<b>324.8%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>

**Rating Year 2021/22 Major Classification Required Rate Changes  
 Breakeven Rates**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,203,500	831,700	47,700	12,900	18,100	218,100	75,000
2	Claims	700.99	918.19	677.46	1,745.04	761.96	50.21	5.60
3	Claims Expense	121.41	159.03	117.34	302.25	131.97	8.70	0.97
4	Road Safety	11.27	14.90	14.90	14.90	14.90	0.00	0.00
5	Operating Expense	62.01	81.98	81.98	81.98	81.98	0.00	0.00
6	Regulatory/Appeal	4.30	5.69	5.69	5.69	5.69	0.00	0.00
7	Commission: Vehicle	29.71	38.87	28.98	72.53	31.34	2.45	0.23
8	Prem Tax: Vehicle	27.34	35.77	26.66	66.75	28.84	2.25	0.21
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.27	8.28	8.28	8.28	8.28	0.00	0.00
11	Reins: Casualty	1.10	1.45	1.45	1.45	1.45	0.00	0.00
12	Reins: Catastrophe	10.56	11.44	11.44	11.44	0.00	11.44	0.00
13	Fleet Rebates	14.54	19.61	19.61	19.61	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.31	75.76	75.76	75.76	75.76	0.00	0.00
16	Service Fees	25.70	33.97	33.97	33.97	33.97	0.00	0.00
17	Req Rate (Raw)	911.45	1,192.18	888.81	2,224.95	961.44	75.04	7.01
18	Req Rate (Bal)	899.89	1,177.06	877.54	2,196.73	949.25	74.09	6.92
19	20/21 Average Rate	902.31	1,180.85	824.78	2,131.69	843.24	76.50	6.97
20	Major Class Drift	5.7%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	953.44	1,256.86	863.47	2,157.59	845.62	80.34	6.97
22	Full Cred Req Change	-5.6%	-6.3%	1.6%	1.8%	12.3%	-7.8%	-0.7%
23	Applied for Change	-5.6%	-6.4%	1.6%	1.8%	12.3%	-7.8%	-0.7%
24	Credibility		99.3%	88.8%	68.3%	75.1%	97.3%	92.6%
25	Cred Wtd Change		-6.3%	0.8%	-0.5%	7.8%	-7.7%	-1.1%
26	Cred Wtd Req Rate		1,177.09	870.52	2,145.76	911.59	74.14	6.90
27	Cred Wtd Req Rate (Bal)	899.86	1,178.84	871.81	2,148.95	912.95	74.25	6.91
28	Cred Wtd Change (Bal)		-6.2%	1.0%	-0.4%	8.0%	-7.6%	-0.9%

**Rating Year 2021/22 Major Classification Required Rate Changes  
 Breakeven Rates including Capital Release Provision**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,203,500	831,700	47,700	12,900	18,100	218,100	75,000
2	Claims	700.99	918.19	677.46	1,745.04	761.96	50.21	5.60
3	Claims Expense	121.41	159.03	117.34	302.25	131.97	8.70	0.97
4	Road Safety	11.27	14.90	14.90	14.90	14.90	0.00	0.00
5	Operating Expense	62.01	81.98	81.98	81.98	81.98	0.00	0.00
6	Regulatory/Appeal	4.30	5.69	5.69	5.69	5.69	0.00	0.00
7	Commission: Vehicle	29.71	38.87	28.98	72.53	31.34	2.45	0.23
8	Prem Tax: Vehicle	27.34	35.77	26.66	66.75	28.84	2.25	0.21
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.27	8.28	8.28	8.28	8.28	0.00	0.00
11	Reins: Casualty	1.10	1.45	1.45	1.45	1.45	0.00	0.00
12	Reins: Catastrophe	10.56	11.44	11.44	11.44	0.00	11.44	0.00
13	Fleet Rebates	14.54	19.61	19.61	19.61	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.31	75.76	75.76	75.76	75.76	0.00	0.00
16	Service Fees	25.70	33.97	33.97	33.97	33.97	0.00	0.00
17	Req Rate (Raw)	911.45	1,192.18	888.81	2,224.95	961.44	75.04	7.01
18	Req Rate (Bal)	899.89	1,177.06	877.54	2,196.73	949.25	74.09	6.92
19	20/21 Average Rate	902.31	1,180.85	824.78	2,131.69	843.24	76.50	6.97
20	Major Class Drift	5.7%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	953.44	1,256.86	863.47	2,157.59	845.62	80.34	6.97
22	Full Cred Req Change	-5.6%	-6.3%	1.6%	1.8%	12.3%	-7.8%	-0.7%
23	Applied for Change	-10.6%	-11.3%	-3.8%	-3.6%	6.3%	-12.7%	-6.0%
24	Credibility		99.3%	88.8%	68.3%	75.1%	97.3%	92.6%
25	Cred Wtd Change		-11.3%	-4.5%	-5.8%	2.1%	-12.6%	-6.3%
26	Cred Wtd Req Rate		1,114.73	824.40	2,032.08	863.30	70.21	6.53
27	Cred Wtd Req Rate (Bal)	852.19	1,116.39	825.63	2,035.11	864.58	70.31	6.54
28	Cred Wtd Change (Bal)		-11.2%	-4.4%	-5.7%	2.2%	-12.5%	-6.2%

## PF-1 Statement of Operations based on -10.8% Basic Rate Change

## Multi-year - Statement of Operations

Line No.	2021 GRA Base with PUB 1-21 (b) Scenario , -10.8% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,081,108	1,005,963	1,044,286	1,084,052	1,125,212
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,134,639</b>	<b>1,060,170</b>	<b>1,099,332</b>	<b>1,140,017</b>	<b>1,182,063</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,068,430	1,042,610	1,025,596	1,064,658	1,105,139
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,121,596</b>	<b>1,096,345</b>	<b>1,080,087</b>	<b>1,120,026</b>	<b>1,161,405</b>
12	Service Fees & Other Revenues	27,161	28,241	27,088	28,655	30,344	32,164
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,149,837</b>	<b>1,123,433</b>	<b>1,108,742</b>	<b>1,150,370</b>	<b>1,193,569</b>
14	Claims Incurred	787,799	820,094	900,172	916,688	950,279	982,907
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(8,513)	1,292	(1,798)	4,642	14,132
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	35,355	7,142	12,973	10,745	11,140
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,936</b>	<b>908,606</b>	<b>927,863</b>	<b>965,666</b>	<b>1,008,179</b>
18	Claims Expense	132,028	143,490	143,233	146,819	154,181	153,570
19	Road Safety/Loss Prevention	12,030	11,234	13,628	13,502	13,553	13,337
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,660</b>	<b>1,065,467</b>	<b>1,088,184</b>	<b>1,133,400</b>	<b>1,175,086</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	72,052	75,921	79,898	79,895
23	Commissions	42,332	43,846	43,433	42,830	44,369	45,960
24	Premium Taxes	33,102	32,316	33,307	32,828	34,034	35,284
25	Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,147</b>	<b>153,952</b>	<b>156,780</b>	<b>163,594</b>	<b>166,531</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(4,970)</b>	<b>(95,986)</b>	<b>(136,222)</b>	<b>(146,624)</b>	<b>(148,048)</b>
28	<b>Investment Income</b>	54,159	83,809	89,165	91,429	89,780	90,301
29	(b) Investment Income - Interest Rate Impact	5,455	574	310	163	74	2
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>84,383</b>	<b>89,475</b>	<b>91,592</b>	<b>89,854</b>	<b>90,303</b>
31	<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>79,413</b>	<b>(514)</b>	<b>(44,630)</b>	<b>(56,770)</b>	<b>(57,745)</b>
33	<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>21,413</b>	<b>(514)</b>	<b>(44,630)</b>	<b>(56,770)</b>	<b>(57,745)</b>
35	Total net Impact due to interest rate change (b) - (a)	14,393	(34,781)	(6,832)	(12,810)	(10,671)	(11,138)

**PF-2 Statement of Financial Position based on -10.8% Basic Rate Change**

**Multi-year - Statement of Financial Position**

Line No.	2021 GRA Base with PUB 1-21 (b) Scenario , -10.8% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	57,875	53,935	49,818	51,226	52,666
5	Investments	2,648,873	2,966,013	3,054,733	3,141,701	3,236,573	3,346,197
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	414,390	399,778	413,469	427,733	442,494
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	31,025	29,716	32,770	29,431	16,648
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	61,996	70,080	67,760	58,588
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,623,194</b>	<b>3,717,653</b>	<b>3,827,365</b>	<b>3,930,113</b>	<b>4,027,768</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	583,244	548,616	569,526	591,307	613,892
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
23	Provision for unpaid claims	2,031,336	2,096,755	2,181,276	2,260,516	2,339,075	2,414,757
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,123,060</b>	<b>3,186,722</b>	<b>3,301,811</b>	<b>3,419,816</b>	<b>3,531,260</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	526,614	551,008	541,622	522,857	505,425
27	Accumulated Other Comprehensive Income	(34,296)	(26,480)	(20,078)	(16,067)	(12,558)	(8,915)
28	<b>Total Equity</b>	<b>406,226</b>	<b>500,134</b>	<b>530,930</b>	<b>525,555</b>	<b>510,299</b>	<b>496,510</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,623,194</b>	<b>3,717,652</b>	<b>3,827,366</b>	<b>3,930,115</b>	<b>4,027,770</b>

## PF-3 Statement of Changes in Equity based on -10.8% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021 GRA Base with PUB 1-21 (b) Scenario, -10.8% Basic Rate change (C\$ 000s, except where noted)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	<b>Retained Earnings</b>						
5	Beginning Balance	319,914	440,522	526,614	551,008	541,622	522,857
6	Net Income (Loss) from annual operations	120,607	79,413	(515)	(44,629)	(56,770)	(57,745)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	64,680	24,908	35,243	38,005	40,313
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>526,614</b>	<b>551,008</b>	<b>541,622</b>	<b>522,857</b>	<b>505,425</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(26,480)	(20,078)	(16,067)	(12,558)
12	Other Comprehensive Income on Available for Sale Assets	14,660	7,816	6,402	4,011	3,509	3,643
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,480)</b>	<b>(20,078)</b>	<b>(16,067)</b>	<b>(12,558)</b>	<b>(8,915)</b>
14	<b>Total Equity Balance</b>	<b>406,226</b>	<b>500,134</b>	<b>530,930</b>	<b>525,555</b>	<b>510,299</b>	<b>496,510</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	406,226	500,134	530,930	525,555	510,299	496,510
17	Less: Assets Requiring 100% Capital	34,964	39,658	61,996	70,080	67,760	58,588
18	<b>Capital Available</b>	<b>371,262</b>	<b>460,476</b>	<b>468,934</b>	<b>455,475</b>	<b>442,539</b>	<b>437,922</b>
19	<b>Minimum Capital Required (100% MCT)</b>	<b>350,820</b>	<b>385,841</b>	<b>409,308</b>	<b>423,060</b>	<b>436,390</b>	<b>450,843</b>
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>119.3%</b>	<b>114.6%</b>	<b>107.7%</b>	<b>101.4%</b>	<b>97.1%</b>

## EPF-1 Extension Statement of Operations based on -10.8% Basic Rate Change

## Multi-year - Statement of Operations

Line No.	2021 GRA Base with PUB 1-21 (b) Scenario, -10.8% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>EXTENSION</b>						
3	Motor Vehicles	155,063	158,100	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>156,322</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6	<b>Net Premiums Earned</b>						
7	Motor Vehicles	157,842	156,644	169,669	183,474	189,759	196,408
8	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>154,866</b>	<b>167,855</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	12,461	12,065	12,942	13,541	14,182	14,870
11	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>166,931</b>	<b>180,797</b>	<b>195,165</b>	<b>202,054</b>	<b>209,353</b>
12	<b>Net Claims Incurred</b>	69,516	65,136	82,556	96,594	97,389	98,713
13	(a) Claims Incurred - Interest Rate Impact	-	(27)	(106)	-	-	-
14	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>65,109</b>	<b>82,450</b>	<b>96,594</b>	<b>97,389</b>	<b>98,713</b>
15	Claims Expense	11,100	11,745	11,678	12,167	13,858	14,197
16	Road Safety/Loss Prevention	1,013	919	1,110	1,120	1,232	1,246
17	<b>Total Claims Costs</b>	<b>81,629</b>	<b>77,773</b>	<b>95,238</b>	<b>109,881</b>	<b>112,479</b>	<b>114,156</b>
18	<b>Expenses</b>						
19	Operating	8,910	7,849	8,144	8,796	9,651	9,874
20	Commissions	34,788	35,060	37,094	40,329	41,709	43,169
21	Premium Taxes	4,735	3,139	5,090	5,504	5,693	5,892
22	Regulatory/Appeal	12	12	12	12	18	23
23	<b>Total Expenses</b>	<b>48,445</b>	<b>46,060</b>	<b>50,340</b>	<b>54,641</b>	<b>57,071</b>	<b>58,958</b>
24	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>43,098</b>	<b>35,219</b>	<b>30,643</b>	<b>32,504</b>	<b>36,239</b>
25	<b>Investment Income</b>	(723)	7,700	6,127	7,268	7,308	7,704
26	(b) Investment Income - Interest Rate Impact	280	990	163	4	(18)	(26)
27	<b>Net Investment Income</b>	<b>(443)</b>	<b>8,690</b>	<b>6,290</b>	<b>7,272</b>	<b>7,290</b>	<b>7,678</b>
28	<b>Gain (Loss) on Sale of Property</b>	-	-	516	-	-	-
29	<b>Net Income (Loss) from Operations</b>	<b>37,883</b>	<b>51,788</b>	<b>42,025</b>	<b>37,915</b>	<b>39,794</b>	<b>43,917</b>
30	<b>Premium Rebate</b>	-	(52,000)	-	-	-	-
31	<b>Net Income (Loss) after premium rebate</b>	<b>37,883</b>	<b>(212)</b>	<b>42,026</b>	<b>37,915</b>	<b>39,795</b>	<b>43,918</b>
32	Total net Impact due to interest rate change (b) - (a)	280	1,017	269	4	(18)	(26)



## EPF-3 Extension Statement of Changes in Equity based on -10.8% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021 GRA Base with PUB 1-21 (b) Scenario , -10.8% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	EXTENSION						
3	Retained Earnings						
4	Beginning Balance	104,983	142,866	77,975	95,092	97,764	99,554
5	Net Income / (Loss)	37,883	51,788	42,026	37,915	39,795	43,918
6	Premium Rebate	-	(52,000)	-	-	-	-
7	Transfer (to) / from Basic Retained Earnings	-	(64,680)	(24,908)	(35,243)	(38,005)	(40,313)
8	Total Retained Earnings	<b>142,866</b>	<b>77,974</b>	<b>95,093</b>	<b>97,764</b>	<b>99,554</b>	<b>103,159</b>
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	(3,966)	(2,367)	(1,951)	(680)	792	2,094
11	Other Comprehensive Income on Available for Sales Assets	1,599	416	1,271	1,472	1,302	1,174
12	Total Accumulated Other Comprehensive Income	<b>(2,367)</b>	<b>(1,951)</b>	<b>(680)</b>	<b>792</b>	<b>2,094</b>	<b>3,268</b>
13	Total Equity Balance	<b>140,499</b>	<b>76,024</b>	<b>94,412</b>	<b>98,556</b>	<b>101,648</b>	<b>106,426</b>
14	MINIMUM CAPITAL TEST (C\$ 000s)						
15	Total Equity Balance	140,499	76,024	94,412	98,556	101,648	106,426
16	Less: Assets Requiring 100% Capital	2,979	3,432	5,378	6,090	5,910	5,104
17	Capital Available	<b>137,520</b>	<b>72,592</b>	<b>89,034</b>	<b>92,466</b>	<b>95,738</b>	<b>101,322</b>
19	Minimum Capital Required (100% MCT)	42,340	36,296	44,516	46,233	47,871	50,662
20	MCT Ratio % (Line 17) / (Line 18)	<b>324.8%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>

**Rating Year 2021/22 Major Classification Required Rate Changes  
 Breakeven Rates**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	701.28	919.31	678.48	1,747.20	764.53	50.25	5.62
3	Claims Expense	121.78	159.64	117.82	303.41	132.77	8.73	0.98
4	Road Safety	11.30	14.96	14.96	14.96	14.96	0.00	0.00
5	Operating Expense	62.17	82.26	82.26	82.26	82.26	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.74	38.93	29.03	72.65	31.46	2.45	0.23
8	Prem Tax: Vehicle	27.37	35.82	26.72	66.86	28.95	2.25	0.21
9	Comm & Prem Tax: Driver	3.60	4.76	4.76	4.76	4.76	0.00	0.00
10	Commission Flat Fee	6.28	8.31	8.31	8.31	8.31	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.58	19.68	19.68	19.68	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.96	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.46	76.02	76.02	76.02	76.02	0.00	0.00
16	Service Fees	25.79	34.12	34.12	34.12	34.12	0.00	0.00
17	Req Rate (Raw)	912.21	1,194.13	890.51	2,228.59	965.01	75.15	7.04
18	Req Rate (Bal)	900.64	1,178.98	879.22	2,200.33	952.77	74.20	6.95
19	20/21 Average Rate	902.27	1,180.80	824.75	2,131.60	843.20	76.50	6.97
20	Major Class Drift	6.0%	6.8%	5.1%	1.6%	0.7%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	956.37	1,261.62	866.74	2,165.77	848.83	80.34	6.97
22	Full Cred Req Change	-5.8%	-6.6%	1.4%	1.6%	12.2%	-7.6%	-0.4%
23	Applied for Change	-5.8%	-6.6%	1.4%	1.6%	12.2%	-7.6%	-0.4%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-6.5%	0.6%	-0.8%	7.7%	-7.6%	-0.8%
26	Cred Wtd Req Rate		1,179.01	872.13	2,148.95	914.39	74.24	6.92
27	Cred Wtd Req Rate (Bal)	900.61	1,180.78	873.44	2,152.18	915.77	74.35	6.93
28	Cred Wtd Change (Bal)		-6.4%	0.8%	-0.6%	7.9%	-7.5%	-0.6%

**Rating Year 2021/22 Major Classification Required Rate Changes  
 Breakeven Rates including Capital Release Provision**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	701.28	919.31	678.48	1,747.20	764.53	50.25	5.62
3	Claims Expense	121.78	159.64	117.82	303.41	132.77	8.73	0.98
4	Road Safety	11.30	14.96	14.96	14.96	14.96	0.00	0.00
5	Operating Expense	62.17	82.26	82.26	82.26	82.26	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.74	38.93	29.03	72.65	31.46	2.45	0.23
8	Prem Tax: Vehicle	27.37	35.82	26.72	66.86	28.95	2.25	0.21
9	Comm & Prem Tax: Driver	3.60	4.76	4.76	4.76	4.76	0.00	0.00
10	Commission Flat Fee	6.28	8.31	8.31	8.31	8.31	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.58	19.68	19.68	19.68	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.96	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.46	76.02	76.02	76.02	76.02	0.00	0.00
16	Service Fees	25.79	34.12	34.12	34.12	34.12	0.00	0.00
17	Req Rate (Raw)	912.21	1,194.13	890.51	2,228.59	965.01	75.15	7.04
18	Req Rate (Bal)	900.64	1,178.98	879.22	2,200.33	952.77	74.20	6.95
19	20/21 Average Rate	902.27	1,180.80	824.75	2,131.60	843.20	76.50	6.97
20	Major Class Drift	6.0%	6.8%	5.1%	1.6%	0.7%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	956.37	1,261.62	866.74	2,165.77	848.83	80.34	6.97
22	Full Cred Req Change	-5.8%	-6.6%	1.4%	1.6%	12.2%	-7.6%	-0.4%
23	Applied for Change	-10.8%	-11.5%	-3.9%	-3.8%	6.3%	-12.6%	-5.7%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-11.5%	-4.7%	-6.0%	2.0%	-12.5%	-6.1%
26	Cred Wtd Req Rate		1,116.41	825.82	2,034.85	865.84	70.29	6.55
27	Cred Wtd Req Rate (Bal)	852.79	1,118.09	827.06	2,037.91	867.14	70.40	6.56
28	Cred Wtd Change (Bal)		-11.4%	-4.6%	-5.9%	2.2%	-12.4%	-5.9%

## PF-1 Statement of Operations based on -11.0% Basic Rate Change

## Multi-year - Statement of Operations

Line No.	2021 GRA Base with PUB 1-21 (c) Scenario, -11.0% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,082,645	1,007,193	1,047,038	1,088,441	1,131,361
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,136,176</b>	<b>1,061,400</b>	<b>1,102,084</b>	<b>1,144,406</b>	<b>1,188,212</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,069,218	1,043,990	1,027,606	1,068,249	1,110,430
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,122,384</b>	<b>1,097,725</b>	<b>1,082,097</b>	<b>1,123,617</b>	<b>1,166,696</b>
12	Service Fees & Other Revenues	27,161	28,273	27,114	28,717	30,446	32,313
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,150,657</b>	<b>1,124,839</b>	<b>1,110,814</b>	<b>1,154,063</b>	<b>1,199,009</b>
14	Claims Incurred	787,799	820,892	901,786	919,154	953,711	987,391
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(8,518)	1,285	(1,809)	4,646	14,191
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	35,367	7,158	13,009	10,791	11,183
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>847,741</b>	<b>910,229</b>	<b>930,354</b>	<b>969,148</b>	<b>1,012,765</b>
18	Claims Expense	132,028	143,490	143,246	146,834	154,212	153,601
19	Road Safety/Loss Prevention	12,030	11,234	13,630	13,504	13,556	13,340
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,002,465</b>	<b>1,067,105</b>	<b>1,090,692</b>	<b>1,136,916</b>	<b>1,179,706</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	72,059	75,928	79,912	79,909
23	Commissions	42,332	43,867	43,479	42,892	44,481	46,128
24	Premium Taxes	33,102	32,340	33,348	32,888	34,142	35,443
25	Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,192</b>	<b>154,046</b>	<b>156,909</b>	<b>163,828</b>	<b>166,872</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,000)</b>	<b>(96,312)</b>	<b>(136,787)</b>	<b>(146,681)</b>	<b>(147,569)</b>
28	<b>Investment Income</b>	54,159	83,813	89,178	91,446	89,799	90,318
29	(b) Investment Income - Interest Rate Impact	5,455	574	310	165	74	1
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>84,387</b>	<b>89,488</b>	<b>91,611</b>	<b>89,873</b>	<b>90,319</b>
31	<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>79,387</b>	<b>(827)</b>	<b>(45,176)</b>	<b>(56,808)</b>	<b>(57,250)</b>
33	<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>21,387</b>	<b>(827)</b>	<b>(45,176)</b>	<b>(56,808)</b>	<b>(57,250)</b>
35	Total net Impact due to interest rate change (b) - (a)	14,393	(34,793)	(6,848)	(12,844)	(10,717)	(11,182)

**PF-2 Statement of Financial Position based on -11.0% Basic Rate Change**

**Multi-year - Statement of Financial Position**

Line No.	2021 GRA Base with PUB 1-21 (c) Scenario, -11.0% Basic Rate change (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	57,879	53,938	49,820	51,228	52,671
5	Investments	2,648,873	2,966,497	3,055,097	3,142,070	3,237,550	3,348,465
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	414,840	400,138	414,274	429,017	444,292
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	31,077	29,769	32,884	29,594	16,809
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	61,995	70,078	67,758	58,585
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,624,184</b>	<b>3,718,432</b>	<b>3,828,653</b>	<b>3,932,537</b>	<b>4,031,997</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	583,994	549,216	570,868	593,448	616,891
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
23	Provision for unpaid claims	2,031,336	2,096,993	2,181,784	2,261,331	2,340,243	2,416,304
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,124,048</b>	<b>3,187,830</b>	<b>3,303,968</b>	<b>3,423,125</b>	<b>3,535,806</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	526,614	550,677	540,760	521,987	505,105
27	Accumulated Other Comprehensive Income	(34,296)	(26,478)	(20,075)	(16,076)	(12,573)	(8,912)
28	<b>Total Equity</b>	<b>406,226</b>	<b>500,136</b>	<b>530,602</b>	<b>524,684</b>	<b>509,414</b>	<b>496,193</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,624,184</b>	<b>3,718,432</b>	<b>3,828,652</b>	<b>3,932,539</b>	<b>4,031,999</b>

## PF-3 Statement of Changes in Equity based on -11.0% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line No.	2021 GRA Base with PUB 1-21 (c) Scenario, -11.0% Basic Rate change (C\$ 000s, except where noted)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	<b>Retained Earnings</b>						
5	Beginning Balance	319,914	440,522	526,614	550,677	540,760	521,987
6	Net Income (Loss) from annual operations	120,607	79,387	(827)	(45,175)	(56,808)	(57,251)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	64,705	24,891	35,258	38,035	40,369
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>526,614</b>	<b>550,677</b>	<b>540,760</b>	<b>521,987</b>	<b>505,105</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(26,478)	(20,075)	(16,076)	(12,573)
12	Other Comprehensive Income on Available for Sale Assets	14,660	7,818	6,403	3,999	3,503	3,661
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,478)</b>	<b>(20,075)</b>	<b>(16,076)</b>	<b>(12,573)</b>	<b>(8,912)</b>
14	<b>Total Equity Balance</b>	<b>406,226</b>	<b>500,136</b>	<b>530,603</b>	<b>524,684</b>	<b>509,414</b>	<b>496,193</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	406,226	500,136	530,603	524,684	509,414	496,193
17	Less: Assets Requiring 100% Capital	34,964	39,658	61,995	70,078	67,758	58,585
18	<b>Capital Available</b>	<b>371,262</b>	<b>460,478</b>	<b>468,608</b>	<b>454,606</b>	<b>441,656</b>	<b>437,608</b>
19	Minimum Capital Required (100% MCT)	350,820	386,005	409,509	423,389	436,851	451,509
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>119.3%</b>	<b>114.4%</b>	<b>107.4%</b>	<b>101.1%</b>	<b>96.9%</b>

**EPF-1 Extension Statement of Operations based on -11.0% Basic Rate Change**

**Multi-year - Statement of Operations**

Line No.		For the Years Ended March 31,					
2021 GRA Base with PUB 1-21 (c) Scenario, -11.0% Basic Rate change		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2		<b>EXTENSION</b>					
3	Motor Vehicles	155,063	158,100	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>156,322</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6		<b>Net Premiums Earned</b>					
7	Motor Vehicles	157,842	156,644	169,669	183,474	189,759	196,408
8	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>154,866</b>	<b>167,855</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	12,461	12,065	12,942	13,541	14,182	14,871
11	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>166,931</b>	<b>180,797</b>	<b>195,165</b>	<b>202,054</b>	<b>209,354</b>
12		<b>Net Claims Incurred</b>					
13	(a) Claims Incurred - Interest Rate Impact	-	(27)	(106)	-	-	-
14	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>65,109</b>	<b>82,450</b>	<b>96,594</b>	<b>97,389</b>	<b>98,713</b>
15		<b>Claims Expense</b>					
16	Road Safety/Loss Prevention	1,013	919	1,110	1,120	1,231	1,243
17	<b>Total Claims Costs</b>	<b>81,629</b>	<b>77,773</b>	<b>95,238</b>	<b>109,879</b>	<b>112,460</b>	<b>114,121</b>
18		<b>Expenses</b>					
19	Operating	8,910	7,849	8,144	8,796	9,644	9,860
20	Commissions	34,788	35,060	37,094	40,329	41,709	43,169
21	Premium Taxes	4,735	3,139	5,090	5,504	5,693	5,892
22	Regulatory/Appeal	12	12	12	12	18	23
23	<b>Total Expenses</b>	<b>48,445</b>	<b>46,060</b>	<b>50,340</b>	<b>54,641</b>	<b>57,064</b>	<b>58,944</b>
24	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>43,098</b>	<b>35,219</b>	<b>30,645</b>	<b>32,530</b>	<b>36,289</b>
25		<b>Investment Income</b>					
26	(b) Investment Income - Interest Rate Impact	280	991	162	4	(18)	(25)
27	<b>Net Investment Income</b>	<b>(443)</b>	<b>8,690</b>	<b>6,284</b>	<b>7,267</b>	<b>7,280</b>	<b>7,664</b>
28	<b>Gain (Loss) on Sale of Property</b>	<b>-</b>	<b>-</b>	<b>516</b>	<b>-</b>	<b>-</b>	<b>-</b>
29	<b>Net Income (Loss) from Operations</b>	<b>37,883</b>	<b>51,788</b>	<b>42,019</b>	<b>37,912</b>	<b>39,810</b>	<b>43,953</b>
30	<b>Premium Rebate</b>	<b>-</b>	<b>(52,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
31	<b>Net Income (Loss) after premium rebate</b>	<b>37,883</b>	<b>(211)</b>	<b>42,020</b>	<b>37,912</b>	<b>39,811</b>	<b>43,953</b>
32	Total net Impact due to interest rate change (b) - (a)	280	1,018	268	4	(18)	(25)

## EPF-3 Extension Statement of Changes in Equity based on -11.0% Basic Rate Change

## Multi-year - Statement of Changes in Equity

Line 2021 GRA Base with PUB 1-21 (c) Scenario, -11.0% Basic Rate change

No. (C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2020A	2021BF	2022F	2023F	2024F	2025F
1						
2	<b>EXTENSION</b>					
3	<b>Retained Earnings</b>					
4	104,983	142,866	77,950	95,079	97,733	99,508
5	37,883	51,789	42,020	37,912	39,811	43,953
6	-	(52,000)	-	-	-	-
7	-	(64,705)	(24,891)	(35,258)	(38,035)	(40,369)
8	<b>142,866</b>	<b>77,950</b>	<b>95,079</b>	<b>97,733</b>	<b>99,509</b>	<b>103,092</b>
9	<b>Total Accumulated Other Comprehensive Income</b>					
10	(3,966)	(2,367)	(1,954)	(684)	786	2,084
11	1,599	413	1,270	1,470	1,298	1,168
12	<b>(2,367)</b>	<b>(1,954)</b>	<b>(684)</b>	<b>786</b>	<b>2,084</b>	<b>3,252</b>
13	<b>140,499</b>	<b>75,996</b>	<b>94,394</b>	<b>98,518</b>	<b>101,592</b>	<b>106,345</b>
14	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>					
15	140,499	75,996	94,394	98,518	101,592	106,345
16	2,979	3,432	5,378	6,090	5,910	5,105
17	<b>137,520</b>	<b>72,564</b>	<b>89,016</b>	<b>92,428</b>	<b>95,682</b>	<b>101,240</b>
19	42,340	36,282	44,509	46,216	47,842	50,620
20	<b>324.8%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>



**Rating Year 2021/22 Major Classification Required Rate Changes  
 Breakeven Rates**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,203,500	831,700	47,700	12,900	18,100	218,100	75,000
2	Claims	700.99	918.19	677.46	1,745.04	761.96	50.21	5.60
3	Claims Expense	121.41	159.03	117.34	302.25	131.97	8.70	0.97
4	Road Safety	11.27	14.90	14.90	14.90	14.90	0.00	0.00
5	Operating Expense	62.01	81.98	81.98	81.98	81.98	0.00	0.00
6	Regulatory/Appeal	4.30	5.69	5.69	5.69	5.69	0.00	0.00
7	Commission: Vehicle	29.71	38.86	28.97	72.53	31.34	2.45	0.23
8	Prem Tax: Vehicle	27.34	35.76	26.66	66.74	28.84	2.25	0.21
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.27	8.28	8.28	8.28	8.28	0.00	0.00
11	Reins: Casualty	1.10	1.45	1.45	1.45	1.45	0.00	0.00
12	Reins: Catastrophe	10.56	11.44	11.44	11.44	0.00	11.44	0.00
13	Fleet Rebates	14.54	19.61	19.61	19.61	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.31	75.76	75.76	75.76	75.76	0.00	0.00
16	Service Fees	25.80	34.10	34.10	34.10	34.10	0.00	0.00
17	Req Rate (Raw)	911.34	1,192.04	888.67	2,224.81	961.30	75.04	7.01
18	Req Rate (Bal)	899.79	1,176.92	877.40	2,196.60	949.11	74.09	6.92
19	20/21 Average Rate	902.23	1,180.63	824.63	2,131.30	843.08	76.94	7.01
20	Major Class Drift	6.1%	6.8%	5.1%	1.6%	0.7%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	956.95	1,261.45	866.62	2,165.46	848.71	80.81	7.01
22	Full Cred Req Change	-6.0%	-6.7%	1.2%	1.4%	11.8%	-8.3%	-1.3%
23	Applied for Change	-6.0%	-6.7%	1.2%	1.4%	11.8%	-8.3%	-1.3%
24	Credibility		99.3%	88.8%	68.3%	75.1%	97.3%	92.6%
25	Cred Wtd Change		-6.7%	0.4%	-0.9%	7.4%	-8.2%	-1.6%
26	Cred Wtd Req Rate		1,177.04	870.45	2,145.73	911.53	74.15	6.90
27	Cred Wtd Req Rate (Bal)	899.82	1,178.79	871.74	2,148.92	912.88	74.26	6.91
28	Cred Wtd Change (Bal)		-6.6%	0.6%	-0.8%	7.6%	-8.1%	-1.5%

**Rating Year 2021/22 Major Classification Required Rate Changes  
 Breakeven Rates including Capital Release Provision**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,203,500	831,700	47,700	12,900	18,100	218,100	75,000
2	Claims	700.99	918.19	677.46	1,745.04	761.96	50.21	5.60
3	Claims Expense	121.41	159.03	117.34	302.25	131.97	8.70	0.97
4	Road Safety	11.27	14.90	14.90	14.90	14.90	0.00	0.00
5	Operating Expense	62.01	81.98	81.98	81.98	81.98	0.00	0.00
6	Regulatory/Appeal	4.30	5.69	5.69	5.69	5.69	0.00	0.00
7	Commission: Vehicle	29.71	38.86	28.97	72.53	31.34	2.45	0.23
8	Prem Tax: Vehicle	27.34	35.76	26.66	66.74	28.84	2.25	0.21
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.27	8.28	8.28	8.28	8.28	0.00	0.00
11	Reins: Casualty	1.10	1.45	1.45	1.45	1.45	0.00	0.00
12	Reins: Catastrophe	10.56	11.44	11.44	11.44	0.00	11.44	0.00
13	Fleet Rebates	14.54	19.61	19.61	19.61	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.31	75.76	75.76	75.76	75.76	0.00	0.00
16	Service Fees	25.80	34.10	34.10	34.10	34.10	0.00	0.00
17	Req Rate (Raw)	911.34	1,192.04	888.67	2,224.81	961.30	75.04	7.01
18	Req Rate (Bal)	899.79	1,176.92	877.40	2,196.60	949.11	74.09	6.92
19	20/21 Average Rate	902.23	1,180.63	824.63	2,131.30	843.08	76.94	7.01
20	Major Class Drift	6.1%	6.8%	5.1%	1.6%	0.7%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	956.95	1,261.45	866.62	2,165.46	848.71	80.81	7.01
22	Full Cred Req Change	-6.0%	-6.7%	1.2%	1.4%	11.8%	-8.3%	-1.3%
23	Applied for Change	-11.0%	-11.7%	-4.1%	-4.0%	5.9%	-13.2%	-6.5%
24	Credibility		99.3%	88.8%	68.3%	75.1%	97.3%	92.6%
25	Cred Wtd Change		-11.7%	-4.9%	-6.2%	1.7%	-13.1%	-6.8%
26	Cred Wtd Req Rate		1,114.45	824.16	2,031.63	863.06	70.20	6.53
27	Cred Wtd Req Rate (Bal)	851.98	1,116.11	825.39	2,034.66	864.34	70.31	6.54
28	Cred Wtd Change (Bal)		-11.5%	-4.8%	-6.0%	1.8%	-13.0%	-6.7%

**CAC (MPI) 1-44**

<b>Part and Chapter:</b>	<b>Part V, REV</b>	<b>Page No.:</b>	<b>Page 7,8, Figure REV-6</b>
<b>PUB Approved Issue No:</b>	<b>4.b)</b>		
<b>Topic:</b>	<b>Revenue Forecast</b>		
<b>Sub Topic:</b>	<b>Volume Growth Factor</b>		

**Preamble to IR:**

At Part V REV page 7, MPI states:

*Further, for the current GRA, the volume growth is forecasted using Policy Year Earned Units (PY-EU), rather than Earned Year Earned units (EY-EU) used in prior GRAs. The primary reason for the change in methodology is PY-EU is a leading indicator of volume growth when compared to EY-EU.*

**Question:**

- a) Please provide a narrative description of the difference between 'Policy Year Earned Units' and 'Earned Year Earned Units'.
- b) Please explain and demonstrate why PY-EU is a leading indicator of volume growth.
- c) Please quantify the impact of this methodology change on the volume growth forecast.

**Rationale for Question:**

To understand the change in methodology, and its impact on the forecast.

**RESPONSE:**

- a) To illustrate the difference between the terms *Policy Year Earned Units* (PY-EU) and *Earned Year Earned Units* (EY-EU), assume a customer renews their one-year policy on August 1, 2020 for the following one year based on 2020 rates. In the fiscal year 2020/21, the PY-EU reflects the 8 months of earnings from August 1, 2020 to March 31, 2021 (i.e. from the date of renewal to fiscal year end date). The EY-EU then reflects 12 months of earnings from April 1, 2020 to March 31, 2021 (i.e. the entire fiscal year, as the customer insured their vehicle for the entire fiscal year).
- b) PY-EU is a leading indicator of volume growth because it captures changes in new and renewal patterns earlier than other indicators. For example, assume the customer in the response to (a) above does not renew their policy. In the fiscal year 2020/21, the PY-EU would be zero while the 4-month EY-EU would not (i.e. only the PY-EU captures the decision not to renew).
- c) Please see *PUB (MPI) 1-21(a)*.

## PF- 6 Statement of Operations - 2021/22 Comparative

Line No.	2020 GRA 2021-22F	2021 GRA 2021-22F	Inc (dec)	Ref.	Increase / (Decrease) %
1	<i>(C\$ 000s, except where noted)</i>				
	\$	\$	\$		%
2	<b>Net Premiums Written</b>				
3	1,151,987	1,006,302	(145,685)		(12.65)
4	74,110	68,094	(6,016)		(8.12)
5	(14,722)	(13,887)	835		(5.67)
6	<b>1,211,375</b>	<b>1,060,509</b>	<b>(150,866)</b>	(1)	<b>(12.45)</b>
7	<b>Net Premiums Earned</b>				
8	1,131,630	1,041,998	(89,632)		(7.92)
9	73,190	67,623	(5,567)		(7.61)
10	(14,722)	(13,888)	834		(5.66)
11	<b>1,190,098</b>	<b>1,095,733</b>	<b>(94,365)</b>		<b>(7.93)</b>
12	30,355	27,095	(3,260)		(10.74)
13	<b>1,220,453</b>	<b>1,122,828</b>	<b>(97,625)</b>		<b>(8.00)</b>
14	<b>Net Claims Incurred</b>				
15	964,431	900,171	(64,260)		(6.66)
16	2,601	1,300	(1,301)		(50.02)
17	12,682	7,209	(5,473)		(43.16)
18	<b>979,714</b>	<b>908,680</b>	<b>(71,034)</b>	(2)	<b>(7.25)</b>
19	139,041	143,233	4,192	(4)	3.01
20	13,371	13,628	257	(4)	1.92
21	<b>1,132,126</b>	<b>1,065,541</b>	<b>(66,585)</b>		<b>(5.88)</b>
22	<b>Expenses</b>				
23	75,258	72,052	(3,206)	(4)	(4.26)
24	46,208	43,408	(2,800)		(6.06)
25	36,145	33,289	(2,856)		(7.90)
26	5,334	5,160	(174)	(4)	(3.26)
27	<b>162,945</b>	<b>153,909</b>	<b>(9,036)</b>		<b>(5.55)</b>
28	<b>Underwriting Income (Loss)</b>				
29	<b>(74,618)</b>	<b>(96,622)</b>	<b>(22,004)</b>		<b>29.49</b>
30	<b>Investment Income</b>				
31	75,735	89,121	13,386		17.67
32	(315)	311	626		(198.73)
33	<b>75,420</b>	<b>89,432</b>	<b>14,012</b>	(3)	<b>18.58</b>
34	<b>Gain on Sale of Property</b>				
35	-	5,997	5,997		
36	<b>802</b>	<b>(1,193)</b>	<b>(1,995)</b>		<b>(248.75)</b>
37	<b>Allocated Corporate Expenses</b>				
38	139,041	143,233	4,192		3.01
39	13,371	13,628	257		1.92
40	75,258	72,052	(3,206)		(4.26)
41	5,334	5,160	(174)		(3.26)
42	<b>233,004</b>	<b>234,073</b>	<b>1,069</b>		<b>0.46</b>
43	<b>Allocated Corporate Expenses</b>				
44	225,418	229,077	3,659	(4)	1.62
45	750	2,058	1,308	(4)	174.53
46	6,836	2,938	(3,898)	(4)	(57.02)
47	<b>233,004</b>	<b>234,073</b>	<b>1,069</b>		<b>0.46</b>
48	<b>*Total impact due to interest rates</b>				
49	<b>(12,997)</b>	<b>(6,898)</b>	<b>6,099</b>		<b>(46.93)</b>

Explanation of Significant Variances - 2021/22 Comparative

Line No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	Net Premiums Written	<b>1,211,375</b>	2020 GRA
2			(119,868)	Applied 2021/22 rate change (-10.5% )
3			(29,168)	Lower than expected 2020/21 premiums
4			(6,016)	Lower than expected Drivers Premiums
5			(970)	Lower than expected premium related to upgrade
6			3,872	Higher than expected premium related to volume
7			835	Lower than expected reinsurance premiums
8			449	Other
9			<b>1,060,509</b>	2021 GRA
10		*detailed explanations along with commentary found in <u>Part IV Revenues</u>		
11	(2)	Net Claims Incurred	<b>979,714</b>	2020 GRA
12			(36,203)	Lower forecast for Collision + Comprehensive claims
13			(15,076)	CERP Impact
14			(12,228)	Lower forecasted ULAE from Expense Reclassification
15			(5,473)	Lower forecasted Interest Rate Impact
16			(4,814)	Lower forecasted Property Damage claims
17			(1,301)	Lower forecasted Write Down DPAC
18			3,701	Increased forecast for PIPP and Liability claims
19			360	Increased forecasted ILAE
20			<b>908,680</b>	2021 GRA
21		*detailed explanations along with commentary found in <u>Part IV Claims Incurred</u>		
22	(3)	Investment Income	<b>75,420</b>	2020 GRA
23			938	Higher than expected interest income
24			7,090	Higher than expected equity investment income
25			13,692	Higher than expected alternative investment income
26			(2,154)	Higher than expected investment manager fees
27			4,868	Lower than expected amortization of bond premium
28			(10,994)	Higher than expected pension expense
29			571	Other
30			<b>89,432</b>	2021 GRA
31		*detailed explanations along with commentary found in <u>Part V Investments</u>		
32	(4)	Allocated Corporate Expenses	<b>225,418</b>	2020 GRA
33		(Normal Operations)	(5,322)	Lower than expected salary expense
34			1,277	Higher than expected benefit expense
35			6,184	Higher than expected data processing expense
36			2,022	Higher than expected special services
37			(1,332)	Lower than expected building expense
38			770	Higher than expected safety/loss prevention expense
39			528	Higher than expected furniture & equipment expense
40			(943)	Lower than expected merchant fees
41			549	Higher than expected amortization of deferred development
42			(74)	Other
43			<b>229,077</b>	2021 GRA
43	(4)	Allocated Corporate Expenses	<b>750</b>	2020 GRA
44		(Initiatives Implementation)	318	Higher than expected salary expense
45			979	Higher than expected data processing expense
46			11	Other
47			<b>2,058</b>	2021 GRA
48	(4)	Allocated Corporate Expenses	<b>6,836</b>	2020 GRA
49		(Initiatives Ongoing)	(173)	Lower than expected salary expense
50			(210)	Lower than expected data processing expense
51			(3,515)	Lower than expected amortization of deferred development
52			<b>2,938</b>	2021 GRA
53		*detailed explanations along with commentary found in <u>Part IV Expenses</u>		

**PF- 7 Statement of Operations - 2022/23 Comparative**

Line No.		2020 GRA 2022-23F	2021 GRA 2022-23F	Inc (dec)	Ref.	Increase / (Decrease)
	(C\$ 000s, except where noted)	\$	\$	\$		%
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,198,198	1,042,862	(155,336)		(12.96)
4	Drivers	75,948	69,212	(6,736)		(8.87)
5	Reinsurance Ceded	(15,016)	(14,166)	850		(5.66)
6	<b>Total Net Premiums Written</b>	<b>1,259,130</b>	<b>1,097,908</b>	<b>(161,222)</b>	(1)	<b>(12.80)</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,176,806	1,025,032	(151,774)		(12.90)
9	Drivers	75,024	68,656	(6,368)		(8.49)
10	Reinsurance Ceded	(15,016)	(14,165)	851		(5.67)
11	<b>Total Net Premiums Earned</b>	<b>1,236,814</b>	<b>1,079,523</b>	<b>(157,291)</b>		<b>(12.72)</b>
12	Service Fees & Other Revenues	32,562	28,623	(3,939)		(12.10)
13	<b>Total Earned Revenues</b>	<b>1,269,376</b>	<b>1,108,146</b>	<b>(161,230)</b>		<b>(12.70)</b>
14	<b>Net Claims Incurred</b>	1,006,842	916,689	(90,153)		(8.95)
15	DPAC \ Premium Deficiency Adjustment	3,113	(1,800)	(4,913)		(157.82)
16	(a) Claims Incurred - Interest rate impact	11,913	12,917	1,004		8.43
17	<b>Total Claims Incurred</b>	<b>1,021,868</b>	<b>927,806</b>	<b>(94,062)</b>	(2)	<b>(9.20)</b>
18	Claims Expense	138,507	146,819	8,312	(4)	6.00
19	Road Safety/Loss Prevention	13,660	13,502	(158)	(4)	(1.16)
20	<b>Total Claims Costs</b>	<b>1,174,035</b>	<b>1,088,127</b>	<b>(85,908)</b>		<b>(7.32)</b>
21	<b>Expenses</b>					
22	Operating	76,765	75,921	(844)	(4)	(1.10)
23	Commissions	47,979	42,817	(5,162)		(10.76)
24	Premium Taxes	37,555	32,811	(4,744)		(12.63)
25	Regulatory/Appeal	5,423	5,201	(222)	(4)	(4.09)
26	<b>Total Expenses</b>	<b>167,722</b>	<b>156,750</b>	<b>(10,972)</b>		<b>(6.54)</b>
27	<b>Underwriting Income (Loss)</b>	<b>(72,381)</b>	<b>(136,731)</b>	<b>(64,350)</b>		<b>88.90</b>
28	<b>Investment Income</b>	77,770	91,381	13,611		17.50
29	(b) Investment Income - Interest rate impact	(388)	165	553		(142.53)
30	<b>Total Investment Income</b>	<b>77,382</b>	<b>91,546</b>	<b>14,164</b>	(3)	<b>18.30</b>
31	<b>Net Income (Loss)</b>	<b>5,001</b>	<b>(45,185)</b>	<b>(50,186)</b>		<b>(1,003.52)</b>
32	<b>Allocated Corporate Expenses</b>					
33	Claims Expense	138,507	146,819	8,312		6.00
34	Road Safety/Loss Prevention	13,660	13,502	(158)		(1.16)
35	Operating	76,765	75,921	(844)		(1.10)
36	Regulatory/Appeal	5,423	5,201	(222)		(4.09)
37	<b>Total Allocated Corporate Expenses</b>	<b>234,355</b>	<b>241,443</b>	<b>7,088</b>		<b>3.02</b>
38	<b>Allocated Corporate Expenses</b>					
39	Normal Operations	225,463	227,960	2,497	(4)	1.11
40	Initiatives Implementation	782	397	(385)	(4)	(49.36)
41	Initiatives Ongoing	8,110	13,086	4,976	(4)	61.36
42	<b>Total Allocated Corporate Expenses</b>	<b>234,355</b>	<b>241,443</b>	<b>7,088</b>		<b>3.02</b>
43	<b>*Total net positive impact due to interest rates</b>	<b>(12,301)</b>	<b>(12,752)</b>	<b>(451)</b>		<b>3.67</b>

## Explanation of Significant Variances - 2022/23 Comparative

Line

No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	Net Premiums Written	<b>1,259,130</b>	2020 GRA
2			(146,134)	Lower than expected 2021/22 premiums
3			(5,531)	Lower than expected premiums related to volume
4			(6,736)	Lower than expected Drivers Premiums
5			(4,063)	Lower than expected premium related to upgrade
6			850	Lower than expected reinsurance premiums
7			392	Other
8			<b>1,097,908</b>	2021 GRA
9		*detailed explanations along with commentary found in <u>Part IV Revenues</u>		
10	(2)	Net Claims Incurred	<b>1,021,868</b>	2020 GRA
11			(44,855)	Lower forecast for Collision + Comprehensive claims
12			(30,402)	CERP Impact
13			(13,666)	Lower forecasted ULAE from Expense Reclassification
14			(5,601)	Lower forecasted Property Damage claims
15			(4,913)	Lower forecasted Write Down DPAC
16			4,285	Increased forecast for PIPP and Liability claims
17			1,004	Increased forecasted Interest Rate Impact
18			85	Increased forecasted ILAE
19			<b>927,806</b>	2021 GRA
20		*detailed explanations along with commentary found in <u>Part IV Claims Incurred</u>		
21	(3)	Investment Income	<b>77,382</b>	2020 GRA
22			(4,165)	Lower than expected interest income
23			9,111	Higher than expected equity investment income
24			17,660	Higher than expected alternative investment income
25			(2,257)	Higher than expected investment manager fees
26			4,581	Lower than expected amortization of bond premium
27			(11,265)	Higher than expected pension expense
28			498	Other
29			<b>91,546</b>	2021 GRA
30		*detailed explanations along with commentary found in <u>Part V Investments</u>		
30	(4)	Allocated Corporate Expenses	<b>225,463</b>	2020 GRA
31		(Normal Operations)	(5,878)	Lower than expected salary expense
32			1,362	Higher than expected benefit expense
33			5,760	Higher than expected data processing expense
34			1,800	Higher than expected special services
35			(1,605)	Lower than expected building expense
36			561	Higher than expected furniture & equipment expense
37			868	Higher than expected amortization of deferred development
38			(371)	Other
39			<b>227,960</b>	2021 GRA
40	(4)	Allocated Corporate Expenses	<b>782</b>	2020 GRA
41		(Initiatives Implementation)	(385)	Lower than expected data processing expense
42			<b>397</b>	2021 GRA
43	(4)	Allocated Corporate Expenses	<b>8,110</b>	2020 GRA
44		(Initiatives Ongoing)	(218)	Lower than expected salary expense
45			8,722	Higher than expected data processing expense
46			(3,528)	Lower than expected amortization of deferred development
47			<b>13,086</b>	2021 GRA
48		*detailed explanations along with commentary found in <u>Part IV Expenses</u>		



## CI.12.1.1 Accident Year Ultimate Forecast

- 1 The figure below shows the historical (5 year) and forecasted Basic ultimate losses,  
2 along with a comparison to the forecast of the previous year.

**Figure CI- 72 Total Basic Ultimate Incurred**

Line No.	Accident Year	CERP Impact (\$000)	Ultimate (\$000)	Annual % Change	Last Year's Forecast (\$000)	Variance to Forecast (\$000)
1	2015/16		\$708,154	19.79%	\$708,443	(\$288)
2	2016/17		\$766,485	8.24%	\$764,360	\$2,125
3	2017/18		\$741,938	-3.20%	\$734,503	\$7,434
4	2018/19		\$777,029	4.73%	\$774,460	\$2,569
5	2019/20*		\$793,357	2.10%	\$805,662	(\$12,305)
6	2020/21	\$0	\$750,109	-5.45%	\$838,786	(\$88,677)
7	2021/22	(\$15,076)	\$822,206	9.61%	\$875,249	(\$53,043)
8	2022/23	(\$30,402)	\$836,649	1.76%	\$913,681	(\$77,031)
9	2023/24	(\$30,651)	\$867,539	3.69%	\$954,127	(\$86,588)
10	2024/25	(\$30,896)	\$899,870	3.73%		

11 \*13 month period ending March 31, 2020

- 3 The 2021/22 Total Basic Ultimate Incurred forecast is \$53.0 million or 6.06% lower  
4 than the forecast of the previous year:

- 5 • Collision: \$31.8 million decrease
- 6 • Comprehensive Hail: \$2.4 million decrease;
- 7 • Comprehensive Vandalism: \$2.3 million decrease;
- 8 • Comprehensive Other: \$0.9 million decrease;
- 9 • Comprehensive Glass: \$0.3 million decrease;
- 10 • Comprehensive Theft: \$0.1 million decrease;
- 11 • Comprehensive Rodents: \$1.3 million increase;
- 12 • PD All Other: \$2.0 million decrease;
- 13 • PD Third Party Loss of Use: \$1.2 million decrease;
- 14 • PD Third Party Deductible Transfer: \$1.7 million decrease;
- 15 • PIPP and BI: \$3.5 million increase
- 16 • Impact from CERP: \$15.1 million decrease

1 aforementioned changes were then calculated and applied to the ultimate forecasts in  
 2 the corresponding sections. The impacts were determined based on a review of  
 3 affected claims over the last 7 accident years (i.e. accident years 2013 to 2019). For  
 4 these claims, MPI determined the change in claims costs resulting from changes to the  
 5 Basic product on a claim-by-claim basis. The results of the review were then  
 6 extrapolated to determine the savings/additional loss costs for the forecast years as  
 7 follows:

- 8 • Increasing the Basic deductible: This change affects both the Collision and  
 9 Comprehensive coverages. The impact of this change for the forecast years  
 10 was determined by multiplying the average savings per claim based on the  
 11 review with the forecasted number of claims. The impact was determined at  
 12 the peril level e.g. glass repair, hail, collision, etc., and then aggregated at the  
 13 coverage level.
- 14 • Increasing the Basic TPL limit: This change affects both BI and PD coverages.  
 15 The impact of this change for the forecast years was determined by trending  
 16 forward the historical additional loss costs.
- 17 • Increasing the Basic MIV: This change affects both the Collision and  
 18 Comprehensive coverages. The impact of this change for the forecast years  
 19 was determined by trending forward the historical additional loss costs.

20 The figure below outlines the impacts in each of the accident years from the changes  
 21 to the Basic product. It is assumed that only half of the policies in 2021/22 will be  
 22 under the new Basic product which is why the impact is less than future years.

**Figure CI- 7 Assumed Impacts to Ultimates from CERP**

Line No.	Accident Year	Public Liability	Collision	Comprehensive	Property Damage	Total
1	<i>(\$000)</i>					
2	2020/21	\$0	\$0	\$0	\$0	\$0
3	2021/22	\$630	(\$7,835)	(\$7,990)	\$120	(\$15,076)
4	2022/23	\$1,260	(\$15,554)	(\$16,348)	\$240	(\$30,402)
5	2023/24	\$1,260	(\$15,425)	(\$16,726)	\$240	(\$30,651)
6	2024/25	\$1,260	(\$15,282)	(\$17,114)	\$240	(\$30,896)

**PUB (MPI) 1-22**

<b>Part and Chapter:</b>	<b>Part V- Pro Formas</b>	<b>Page No.:</b>	<b>4-6</b>
<b>PUB Approved Issue No:</b>	<b>4.b- Financial Forecast- Changes in Projected Financial Results 2. Rate indication based on Accepted Actuarial Practice in Canada</b>		
<b>Topic:</b>	<b>Interest Rate Forecast</b>		
<b>Sub Topic:</b>			

**Preamble to IR:****Question:**

- a) Please provide an updated PF.1, PF.2, PF.3 and actuarially indicated rate (with supporting schedules) based on a 25-basis point increase in interest rates in 2020/21.
- b) Please provide an updated PF.1, PF.2, PF.3 and actuarially indicated rate (with supporting schedules) based on a 25-basis point decrease in interest rates in 2020/21.
- c) Please provide the impact of a 25-basis point decrease in interest rates in 2020/21 on the AOCI impact of the pension obligation.

**Rationale for Question:**

To understand the impact of changing interest rates on actuarially indicated rate and forecasted financial results.

**RESPONSE:**

- a) Please see Figure 1 below which shows the breakeven rate indication and capital release provision based on the scenarios requested.

**Figure 1 Overall Required Rate Change and Forecasted MCT Ratio**

Line No.	Scenario	New Money Yield	AAP Breakeven Rate Indication	Capital Build / (Release) Provision	MCT % After AAP Breakeven Rate Indication			MCT % After AAP Breakeven Rate Indication and Transfer from Extension		MCT % After AAP Breakeven Rate Indication and Transfer from Extension and Capital Build / Release	
					20/21	21/22	22/23	21/22	22/23	21/22	22/23
1	+25 bps Interest Rates	2.80%	-6.03%	-5.00%	125.6%	120.3%	117.9%	126.0%	130.9%	120.0%	113.0%
2	-25 bps Interest Rates	2.35%	-4.90%	-4.20%	112.7%	108.8%	106.8%	114.3%	119.5%	109.9%	104.2%

The following supporting schedules are based on a 25-basis point increase in interest rates in 2020/21.

**Figure 2 PF-1 Statement of Operations based on -11.0% Basic Rate Change**

**Multi-year - Statement of Operations**

Line No.	2021 GRA Base with +25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,079,495	999,891	1,036,219	1,074,014	1,112,641
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,054,098</b>	<b>1,091,265</b>	<b>1,129,979</b>	<b>1,169,492</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,067,604	1,038,713	1,018,502	1,055,582	1,093,803
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,092,448</b>	<b>1,072,993</b>	<b>1,110,950</b>	<b>1,150,069</b>
12	Service Fees & Other Revenues	27,161	28,248	27,032	28,597	30,289	32,102
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,149,018</b>	<b>1,119,480</b>	<b>1,101,590</b>	<b>1,141,239</b>	<b>1,182,171</b>
14	Claims Incurred	787,799	820,094	899,026	915,519	949,099	981,752
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(10,448)	1,213	(1,277)	3,848	13,787
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	(4,009)	5,194	11,234	9,156	9,676
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>805,637</b>	<b>905,433</b>	<b>925,476</b>	<b>962,103</b>	<b>1,005,215</b>
18	Claims Expense	132,028	143,490	143,044	146,615	153,959	153,327
19	Road Safety/Loss Prevention	12,030	11,234	13,608	13,481	13,529	13,312
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>960,361</b>	<b>1,062,085</b>	<b>1,085,572</b>	<b>1,129,591</b>	<b>1,171,854</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	71,965	75,827	79,795	79,782
23	Commissions	42,332	43,823	43,318	42,604	44,078	45,597
24	Premium Taxes	33,102	32,292	33,190	32,615	33,762	34,944
25	Regulatory/Appeal	4,647	5,120	5,160	5,200	5,293	5,391
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,633</b>	<b>156,246</b>	<b>162,928</b>	<b>165,714</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>35,557</b>	<b>(96,238)</b>	<b>(140,228)</b>	<b>(151,280)</b>	<b>(155,397)</b>
28	Investment Income	54,159	82,498	92,247	95,653	94,384	95,218
29	(b) Investment Income - Interest Rate Impact	5,455	(38,332)	300	178	83	4
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>44,166</b>	<b>92,547</b>	<b>95,831</b>	<b>94,467</b>	<b>95,222</b>
31	Gain (Loss) on Sale of Property	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>79,723</b>	<b>2,306</b>	<b>(44,397)</b>	<b>(56,813)</b>	<b>(60,175)</b>
33	Premium Rebate	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>21,723</b>	<b>2,306</b>	<b>(44,397)</b>	<b>(56,813)</b>	<b>(60,175)</b>
35	<b>Total net Impact due to interest rate change (b) - (a)</b>	<b>14,393</b>	<b>(34,323)</b>	<b>(4,894)</b>	<b>(11,056)</b>	<b>(9,073)</b>	<b>(9,672)</b>

**Figure 3 PF-2 Statement of Financial Position based on -11.0% Basic Rate Change****Multi-year - Statement of Financial Position**

Line No.	2021 GRA Base with +25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	58,814	54,883	50,090	51,744	53,450
5	Investments	2,648,873	2,921,815	3,009,448	3,095,063	3,186,049	3,289,739
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	413,919	398,003	411,111	424,799	438,819
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	32,911	31,537	34,005	31,397	18,877
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	62,009	70,101	67,788	58,618
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,581,350</b>	<b>3,673,375</b>	<b>3,779,897</b>	<b>3,879,167</b>	<b>3,970,678</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	582,458	545,655	565,592	586,411	607,761
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	333,397	345,654	357,792	370,024	382,656
23	Provision for unpaid claims	2,031,336	2,057,391	2,138,819	2,215,151	2,290,940	2,364,003
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,068,373</b>	<b>3,126,767</b>	<b>3,237,975</b>	<b>3,352,248</b>	<b>3,459,839</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	528,460	555,748	546,948	528,414	508,745
27	Accumulated Other Comprehensive Income	(34,296)	(15,484)	(9,140)	(5,025)	(1,496)	2,095
28	<b>Total Equity</b>	<b>406,226</b>	<b>512,976</b>	<b>546,608</b>	<b>541,923</b>	<b>526,918</b>	<b>510,840</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,581,349</b>	<b>3,673,375</b>	<b>3,779,898</b>	<b>3,879,166</b>	<b>3,970,679</b>

**Figure 4 PF-3 Statement of Changes in Equity based on -11.0% Basic Rate Change****Multi-year - Statement of Changes in Equity**

Line No.	2021 GRA Base with +25 bps Interest Rates with RI and CMP	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	Retained Earnings						
5	Beginning Balance	319,914	440,522	528,460	555,748	546,948	528,414
6	Net Income (Loss) from annual operations	120,607	79,723	2,306	(44,397)	(56,814)	(60,176)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	66,215	24,982	35,597	38,280	40,506
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>528,460</b>	<b>555,748</b>	<b>546,948</b>	<b>528,414</b>	<b>508,745</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(15,484)	(9,140)	(5,025)	(1,496)
12	Other Comprehensive Income on Available for Sale Assets	14,660	18,812	6,343	4,115	3,529	3,591
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(15,484)</b>	<b>(9,140)</b>	<b>(5,025)</b>	<b>(1,496)</b>	<b>2,095</b>
14	<b>Total Equity Balance</b>	<b>406,226</b>	<b>512,976</b>	<b>546,607</b>	<b>541,923</b>	<b>526,919</b>	<b>510,840</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	406,226	512,976	546,607	541,923	526,919	510,840
17	Less: Assets Requiring 100% Capital	34,964	39,658	62,009	70,101	67,788	58,618
18	<b>Capital Available</b>	<b>371,262</b>	<b>473,318</b>	<b>484,598</b>	<b>471,822</b>	<b>459,131</b>	<b>452,222</b>
19	<b>Minimum Capital Required (100% MCT)</b>	<b>350,820</b>	<b>376,970</b>	<b>403,822</b>	<b>417,503</b>	<b>430,494</b>	<b>444,313</b>
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>125.6%</b>	<b>120.0%</b>	<b>113.0%</b>	<b>106.7%</b>	<b>101.8%</b>

**Figure 5 EPF-1 Extension Statement of Operations based on -11.0% Basic Rate Change****Multi-year - Statement of Operations**

Line No.	2021 GRA Base with +25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1	<b>EXTENSION</b>						
2	Motor Vehicles	155,063	158,100	180,316	186,381	192,868	199,666
3	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,924)
4	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>156,322</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
5	<b>Net Premiums Earned</b>						
6	Motor Vehicles	157,842	156,644	169,669	183,474	189,759	196,408
7	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,925)
8	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>154,866</b>	<b>167,855</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
9	Service Fees & Other Revenues	12,461	12,225	13,122	13,744	14,409	15,124
10	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>167,091</b>	<b>180,977</b>	<b>195,368</b>	<b>202,281</b>	<b>209,607</b>
11	<b>Net Claims Incurred</b>	69,516	65,135	82,550	96,595	97,392	98,715
12	(a) Claims Incurred - Interest Rate Impact	-	(134)	(84)	-	-	-
13	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>65,001</b>	<b>82,466</b>	<b>96,595</b>	<b>97,392</b>	<b>98,715</b>
14	<b>Claims Expense</b>	11,100	11,745	11,803	12,292	14,001	14,345
15	Road Safety/Loss Prevention	1,013	919	1,123	1,132	1,246	1,260
16	<b>Total Claims Costs</b>	<b>81,629</b>	<b>77,665</b>	<b>95,392</b>	<b>110,019</b>	<b>112,639</b>	<b>114,320</b>
17	<b>Expenses</b>						
18	Operating	8,910	7,849	8,198	8,851	9,714	9,938
19	Commissions	34,788	35,060	37,094	40,329	41,709	43,169
20	Premium Taxes	4,735	3,139	5,090	5,504	5,693	5,892
21	Regulatory/Appeal	12	12	12	12	18	23
22	<b>Total Expenses</b>	<b>48,445</b>	<b>46,060</b>	<b>50,394</b>	<b>54,696</b>	<b>57,134</b>	<b>59,022</b>
23	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>43,366</b>	<b>35,191</b>	<b>30,653</b>	<b>32,508</b>	<b>36,265</b>
24	<b>Investment Income</b>	(723)	7,433	6,217	7,588	7,551	7,867
25	(b) Investment Income - Interest Rate Impact	280	911	173	15	(12)	(25)
26	<b>Net Investment Income</b>	<b>(443)</b>	<b>8,344</b>	<b>6,390</b>	<b>7,603</b>	<b>7,539</b>	<b>7,842</b>
27	Gain (Loss) on Sale of Property	-	-	516	-	-	-
28	<b>Net Income (Loss) from Operations</b>	<b>37,883</b>	<b>51,710</b>	<b>42,097</b>	<b>38,256</b>	<b>40,047</b>	<b>44,107</b>
29	Premium Rebate	-	(52,000)	-	-	-	-
30	<b>Net Income (Loss) after premium rebate</b>	<b>37,883</b>	<b>(290)</b>	<b>42,098</b>	<b>38,256</b>	<b>40,048</b>	<b>44,108</b>
31	<b>Total net Impact due to interest rate change (b) - (a)</b>	280	1,045	257	15	(12)	(25)



**Figure 6 EPF-3 Extension Statement of Changes in Equity based on -11.0% Basic Rate Change****Multi-year - Statement of Changes in Equity**

Line No.	2021 GRA Base with +25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>EXTENSION</b>						
3	Retained Earnings						
4	Beginning Balance	104,983	142,866	76,361	93,478	96,137	97,905
5	Net Income / (Loss)	37,883	51,710	42,098	38,256	40,048	44,108
6	Premium Rebate	-	(52,000)	-	-	-	-
7	Transfer (to) / from Basic Retained Earnings	-	(66,215)	(24,982)	(35,597)	(38,280)	(40,506)
8	<b>Total Retained Earnings</b>	<b>142,866</b>	<b>76,361</b>	<b>93,477</b>	<b>96,137</b>	<b>97,905</b>	<b>101,507</b>
9	Total Accumulated Other Comprehensive Income						
10	Beginning Balance	(3,966)	(2,367)	(962)	261	1,744	3,072
11	Other Comprehensive Income on Available for Sales Assets	1,599	1,405	1,223	1,483	1,328	1,215
12	<b>Total Accumulated Other Comprehensive Income</b>	<b>(2,367)</b>	<b>(962)</b>	<b>261</b>	<b>1,744</b>	<b>3,072</b>	<b>4,287</b>
13	<b>Total Equity Balance</b>	<b>140,499</b>	<b>75,400</b>	<b>93,739</b>	<b>97,881</b>	<b>100,977</b>	<b>105,794</b>
14	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
15	Total Equity Balance	140,499	75,400	93,739	97,881	100,977	105,794
16	Less: Assets Requiring 100% Capital	2,979	3,432	5,369	6,075	5,891	5,084
17	<b>Capital Available</b>	<b>137,520</b>	<b>71,968</b>	<b>88,370</b>	<b>91,806</b>	<b>95,086</b>	<b>100,710</b>
18	<b>Minimum Capital Required (100% MCT)</b>	<b>42,340</b>	<b>35,984</b>	<b>44,184</b>	<b>45,905</b>	<b>47,544</b>	<b>50,355</b>
19	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>324.8%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>

**Figure 7 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	698.22	915.44	674.74	1,739.53	754.33	50.21	5.58
3	Claims Expense	120.92	158.54	116.86	301.26	130.64	8.70	0.97
4	Road Safety	11.29	14.93	14.93	14.93	14.93	0.00	0.00
5	Operating Expense	62.14	82.22	82.22	82.22	82.22	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.60	38.75	28.86	72.31	31.03	2.45	0.23
8	Prem Tax: Vehicle	27.24	35.66	26.56	66.54	28.55	2.25	0.21
9	Comm & Prem Tax: Driver	3.60	4.76	4.76	4.76	4.76	0.00	0.00
10	Commission Flat Fee	6.29	8.32	8.32	8.32	8.32	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.56	19.66	19.66	19.66	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.96	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.52	76.11	76.11	76.11	76.11	0.00	0.00
16	Service Fees	25.79	34.12	34.12	34.12	34.12	0.00	0.00
17	Req Rate (Raw)	907.90	1,188.66	885.33	2,217.95	951.73	75.09	6.99
18	Req Rate (Bal)	895.42	1,172.32	873.16	2,187.47	938.65	74.05	6.89
19	20/21 Average Rate	902.35	1,180.90	824.82	2,131.80	843.28	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	952.86	1,256.92	863.51	2,157.69	845.66	80.34	6.97
22	Full Cred Req Change	-6.0%	-6.7%	1.1%	1.4%	11.0%	-7.8%	-1.2%
23	Applied for Change	-6.0%	-6.7%	1.1%	1.4%	11.0%	-7.8%	-1.2%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-6.7%	0.3%	-1.0%	6.7%	-7.8%	-1.5%
26	Cred Wtd Req Rate		1,172.36	866.22	2,136.41	902.64	74.09	6.87
27	Cred Wtd Req Rate (Bal)	895.40	1,174.07	867.49	2,139.53	903.96	74.20	6.88
28	Cred Wtd Change (Bal)		-6.6%	0.5%	-0.8%	6.9%	-7.6%	-1.4%

**Figure 8 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates including Capital Release Provision**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	698.22	915.44	674.74	1,739.53	754.33	50.21	5.58
3	Claims Expense	120.92	158.54	116.86	301.26	130.64	8.70	0.97
4	Road Safety	11.29	14.93	14.93	14.93	14.93	0.00	0.00
5	Operating Expense	62.14	82.22	82.22	82.22	82.22	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.60	38.75	28.86	72.31	31.03	2.45	0.23
8	Prem Tax: Vehicle	27.24	35.66	26.56	66.54	28.55	2.25	0.21
9	Comm & Prem Tax: Driver	3.60	4.76	4.76	4.76	4.76	0.00	0.00
10	Commission Flat Fee	6.29	8.32	8.32	8.32	8.32	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.56	19.66	19.66	19.66	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.96	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.52	76.11	76.11	76.11	76.11	0.00	0.00
16	Service Fees	25.79	34.12	34.12	34.12	34.12	0.00	0.00
17	Req Rate (Raw)	907.90	1,188.66	885.33	2,217.95	951.73	75.09	6.99
18	Req Rate (Bal)	895.42	1,172.32	873.16	2,187.47	938.65	74.05	6.89
19	20/21 Average Rate	902.35	1,180.90	824.82	2,131.80	843.28	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	952.86	1,256.92	863.51	2,157.69	845.66	80.34	6.97
22	Full Cred Req Change	-6.0%	-6.7%	1.1%	1.4%	11.0%	-7.8%	-1.2%
23	Applied for Change	-11.0%	-11.7%	-4.3%	-4.0%	5.1%	-12.7%	-6.4%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-11.7%	-5.0%	-6.3%	1.1%	-12.7%	-6.8%
26	Cred Wtd Req Rate		1,109.98	820.13	2,022.73	854.61	70.15	6.50
27	Cred Wtd Req Rate (Bal)	847.76	1,111.60	821.33	2,025.69	855.86	70.25	6.51
28	Cred Wtd Change (Bal)		-11.6%	-4.9%	-6.1%	1.2%	-12.6%	-6.6%

b) The following supporting schedules are based on a 25-basis point decrease in interest rates in 2020/21.

**Figure 9 PF-1 Statement of Operations based on -9.1% Basic Rate Change**

**Multi-year - Statement of Operations**

Line No.	2021 GRA Base with -25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,079,495	1,021,996	1,059,123	1,097,750	1,137,230
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,076,203</b>	<b>1,114,169</b>	<b>1,153,715</b>	<b>1,194,081</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,067,604	1,050,038	1,041,016	1,078,912	1,117,976
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,103,773</b>	<b>1,095,507</b>	<b>1,134,280</b>	<b>1,174,242</b>
12	Service Fees & Other Revenues	27,161	28,168	27,354	28,860	30,480	32,208
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,938</b>	<b>1,131,127</b>	<b>1,124,367</b>	<b>1,164,760</b>	<b>1,206,450</b>
14	Claims Incurred	787,799	820,094	901,336	917,931	951,516	984,113
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(6,530)	1,503	(1,721)	4,818	14,390
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	75,462	11,168	14,069	12,174	12,578
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>889,026</b>	<b>914,007</b>	<b>930,279</b>	<b>968,508</b>	<b>1,011,081</b>
18	Claims Expense	132,028	143,490	143,439	147,025	154,419	153,813
19	Road Safety/Loss Prevention	12,030	11,234	13,650	13,524	13,578	13,361
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,043,750</b>	<b>1,071,096</b>	<b>1,090,828</b>	<b>1,136,505</b>	<b>1,178,255</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	72,146	76,016	80,008	80,007
23	Commissions	42,332	43,823	43,628	43,337	44,837	46,384
24	Premium Taxes	33,102	32,292	33,530	33,290	34,462	35,669
25	Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,392
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>154,464</b>	<b>157,844</b>	<b>164,601</b>	<b>167,452</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(47,912)</b>	<b>(94,433)</b>	<b>(124,305)</b>	<b>(136,346)</b>	<b>(139,257)</b>
28	Investment Income	54,159	85,156	85,944	86,709	85,467	85,915
29	(b) Investment Income - Interest Rate Impact	5,455	41,096	444	39	28	(21)
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>126,252</b>	<b>86,388</b>	<b>86,748</b>	<b>85,495</b>	<b>85,894</b>
31	Gain (Loss) on Sale of Property	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,340</b>	<b>(2,048)</b>	<b>(37,557)</b>	<b>(50,851)</b>	<b>(53,363)</b>
33	Premium Rebate	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,340</b>	<b>(2,048)</b>	<b>(37,557)</b>	<b>(50,851)</b>	<b>(53,363)</b>
35	<b>Total net Impact due to interest rate change (b) - (a)</b>	<b>14,393</b>	<b>(34,366)</b>	<b>(10,724)</b>	<b>(14,030)</b>	<b>(12,146)</b>	<b>(12,599)</b>

**Figure 10 PF-2 Statement of Financial Position based on -9.1% Basic Rate Change****Multi-year - Statement of Financial Position**

Line No.	2021 GRA Base with -25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	56,846	52,998	49,671	50,891	52,118
5	Investments	2,648,873	3,009,939	3,105,367	3,200,942	3,304,529	3,421,344
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	413,919	404,466	417,807	431,738	446,008
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	28,993	27,724	30,652	27,089	13,981
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	61,982	70,057	67,731	58,556
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,663,588</b>	<b>3,770,032</b>	<b>3,888,656</b>	<b>3,999,368</b>	<b>4,103,182</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	582,458	556,435	576,762	597,987	619,753
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	362,471	374,727	386,866	399,097	411,729
23	Provision for unpaid claims	2,031,336	2,136,863	2,226,575	2,308,154	2,389,379	2,467,704
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,176,919</b>	<b>3,254,376</b>	<b>3,371,222</b>	<b>3,491,336</b>	<b>3,604,605</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	524,004	546,912	544,096	530,964	517,669
27	Accumulated Other Comprehensive Income	(34,296)	(37,335)	(31,256)	(26,662)	(22,931)	(19,091)
28	<b>Total Equity</b>	<b>406,226</b>	<b>486,669</b>	<b>515,656</b>	<b>517,434</b>	<b>508,033</b>	<b>498,578</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,663,588</b>	<b>3,770,032</b>	<b>3,888,656</b>	<b>3,999,369</b>	<b>4,103,183</b>

**Figure 11 PF-3 Statement of Changes in Equity based on -9.1% Basic Rate Change****Multi-year - Statement of Changes in Equity**

Line No.	2021 GRA Base with -25 bps Interest Rates with RI and CMP	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	Retained Earnings						
5	Beginning Balance	319,914	440,522	524,004	546,912	544,096	530,964
6	Net Income (Loss) from annual operations	120,607	78,341	(2,049)	(37,555)	(50,851)	(53,365)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	63,142	24,957	34,739	37,718	40,070
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>524,004</b>	<b>546,912</b>	<b>544,096</b>	<b>530,964</b>	<b>517,669</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(37,335)	(31,256)	(26,662)	(22,931)
12	Other Comprehensive Income on Available for Sale Assets	14,660	(3,039)	6,078	4,595	3,731	3,840
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(37,335)</b>	<b>(31,256)</b>	<b>(26,662)</b>	<b>(22,931)</b>	<b>(19,091)</b>
14	<b>Total Equity Balance</b>	<b>406,226</b>	<b>486,669</b>	<b>515,656</b>	<b>517,435</b>	<b>508,033</b>	<b>498,578</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	406,226	486,669	515,656	517,435	508,033	498,578
17	Less: Assets Requiring 100% Capital	34,964	39,658	61,982	70,057	67,731	58,556
18	<b>Capital Available</b>	<b>371,262</b>	<b>447,011</b>	<b>453,674</b>	<b>447,378</b>	<b>440,302</b>	<b>440,022</b>
19	<b>Minimum Capital Required (100% MCT)</b>	<b>350,820</b>	<b>396,742</b>	<b>413,011</b>	<b>429,279</b>	<b>443,605</b>	<b>458,915</b>
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>112.7%</b>	<b>109.9%</b>	<b>104.2%</b>	<b>99.3%</b>	<b>95.9%</b>

**Figure 12 EPF-1 Extension Statement of Operations based on -9.1% Basic Rate Change****Multi-year - Statement of Operations**

Line No.	2021 GRA Base with -25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>EXTENSION</b>						
3	Motor Vehicles	155,063	158,100	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>156,322</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6	Net Premiums Earned						
7	Motor Vehicles	157,842	156,644	169,669	183,474	189,759	196,408
8	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>154,866</b>	<b>167,855</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	12,461	11,906	12,761	13,338	13,955	14,616
11	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>166,772</b>	<b>180,616</b>	<b>194,962</b>	<b>201,827</b>	<b>209,099</b>
12	Net Claims Incurred	69,516	65,136	82,563	96,594	97,386	98,711
13	(a) Claims Incurred - Interest Rate Impact	-	87	(135)	-	-	-
14	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>65,223</b>	<b>82,428</b>	<b>96,594</b>	<b>97,386</b>	<b>98,711</b>
15	Claims Expense	11,100	11,745	11,564	12,039	13,714	14,036
16	Road Safety/Loss Prevention	1,013	919	1,100	1,107	1,218	1,231
17	<b>Total Claims Costs</b>	<b>81,629</b>	<b>77,887</b>	<b>95,092</b>	<b>109,740</b>	<b>112,318</b>	<b>113,978</b>
18	Expenses						
19	Operating	8,910	7,849	8,096	8,742	9,589	9,803
20	Commissions	34,788	35,060	37,094	40,329	41,709	43,169
21	Premium Taxes	4,735	3,139	5,090	5,504	5,693	5,892
22	Regulatory/Appeal	12	12	12	12	17	23
23	<b>Total Expenses</b>	<b>48,445</b>	<b>46,060</b>	<b>50,292</b>	<b>54,587</b>	<b>57,008</b>	<b>58,887</b>
24	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>42,825</b>	<b>35,232</b>	<b>30,635</b>	<b>32,501</b>	<b>36,234</b>
25	Investment Income	(723)	7,962	5,995	6,906	7,093	7,545
26	(b) Investment Income - Interest Rate Impact	280	1,070	151	(8)	(22)	(26)
27	<b>Net Investment Income</b>	<b>(443)</b>	<b>9,032</b>	<b>6,146</b>	<b>6,898</b>	<b>7,071</b>	<b>7,519</b>
28	Gain (Loss) on Sale of Property	-	-	516	-	-	-
29	<b>Net Income (Loss) from Operations</b>	<b>37,883</b>	<b>51,857</b>	<b>41,894</b>	<b>37,533</b>	<b>39,572</b>	<b>43,753</b>
30	Premium Rebate	-	(52,000)	-	-	-	-
31	<b>Net Income (Loss) after premium rebate</b>	<b>37,883</b>	<b>(142)</b>	<b>41,895</b>	<b>37,533</b>	<b>39,573</b>	<b>43,754</b>
32	<b>Total net Impact due to interest rate change (b) - (a)</b>	<b>280</b>	<b>983</b>	<b>286</b>	<b>(8)</b>	<b>(22)</b>	<b>(26)</b>

**Figure 13 EPF-3 Extension Statement of Changes in Equity based on -9.1% Basic Rate Change****Multi-year - Statement of Changes in Equity**

Line No.	2021 GRA Base with -25 bps Interest Rates with RI and CMP (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>EXTENSION</b>						
3	<b>Retained Earnings</b>						
4	Beginning Balance	104,983	142,866	79,582	96,520	99,314	101,169
5	Net Income / (Loss)	37,883	51,858	41,895	37,533	39,573	43,754
6	Premium Rebate	-	(52,000)	-	-	-	-
7	Transfer (to) / from Basic Retained Earnings	-	(63,142)	(24,957)	(34,739)	(37,718)	(40,070)
8	<b>Total Retained Earnings</b>	<b>142,866</b>	<b>79,582</b>	<b>96,520</b>	<b>99,314</b>	<b>101,169</b>	<b>104,853</b>
9	<b>Total Accumulated Other Comprehensive Income</b>						
10	Beginning Balance	(3,966)	(2,367)	(2,925)	(1,604)	(150)	1,121
11	Other Comprehensive Income on Available for Sales Assets	1,599	(558)	1,321	1,453	1,271	1,133
12	<b>Total Accumulated Other Comprehensive Income</b>	<b>(2,367)</b>	<b>(2,925)</b>	<b>(1,604)</b>	<b>(151)</b>	<b>1,121</b>	<b>2,254</b>
13	<b>Total Equity Balance</b>	<b>140,499</b>	<b>76,658</b>	<b>94,917</b>	<b>99,163</b>	<b>102,290</b>	<b>107,107</b>
14	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
15	Total Equity Balance	140,499	76,658	94,917	99,163	102,290	107,107
16	Less: Assets Requiring 100% Capital	2,979	3,432	5,387	6,105	5,928	5,124
17	<b>Capital Available</b>	<b>137,520</b>	<b>73,226</b>	<b>89,530</b>	<b>93,058</b>	<b>96,362</b>	<b>101,983</b>
18	<b>Minimum Capital Required (100% MCT)</b>	<b>42,340</b>	<b>36,613</b>	<b>44,765</b>	<b>46,527</b>	<b>48,180</b>	<b>50,991</b>
19	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>324.8%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>



**Figure 14 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	704.64	923.55	682.58	1,755.60	775.74	50.28	5.66
3	Claims Expense	122.36	160.38	118.53	304.86	134.71	8.73	0.98
4	Road Safety	11.32	14.98	14.98	14.98	14.98	0.00	0.00
5	Operating Expense	62.20	82.30	82.30	82.30	82.30	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.89	39.12	29.21	73.01	31.93	2.45	0.23
8	Prem Tax: Vehicle	27.50	36.00	26.88	67.19	29.38	2.26	0.21
9	Comm & Prem Tax: Driver	3.59	4.75	4.75	4.75	4.75	0.00	0.00
10	Commission Flat Fee	6.28	8.30	8.30	8.30	8.30	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.60	19.70	19.70	19.70	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.96	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.39	75.94	75.94	75.94	75.94	0.00	0.00
16	Service Fees	25.60	33.87	33.87	33.87	33.87	0.00	0.00
17	Req Rate (Raw)	916.74	1,199.87	896.08	2,239.54	979.46	75.19	7.08
18	Req Rate (Bal)	906.14	1,185.99	885.72	2,213.63	968.13	74.32	7.00
19	20/21 Average Rate	902.35	1,180.90	824.82	2,131.80	843.28	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	952.86	1,256.92	863.51	2,157.69	845.66	80.34	6.97
22	Full Cred Req Change	-4.9%	-5.6%	2.6%	2.6%	14.5%	-7.5%	0.4%
23	Applied for Change	-4.9%	-5.6%	2.6%	2.6%	14.5%	-7.5%	0.4%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-5.6%	1.7%	0.2%	9.6%	-7.4%	0.0%
26	Cred Wtd Req Rate		1,186.10	878.51	2,162.09	927.18	74.38	6.97
27	Cred Wtd Req Rate (Bal)	906.17	1,187.93	879.87	2,165.43	928.61	74.50	6.99
28	Cred Wtd Change (Bal)		-5.5%	1.9%	0.4%	9.8%	-7.3%	0.2%

**Figure 15 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates including Capital Release Provision**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	704.64	923.55	682.58	1,755.60	775.74	50.28	5.66
3	Claims Expense	122.36	160.38	118.53	304.86	134.71	8.73	0.98
4	Road Safety	11.32	14.98	14.98	14.98	14.98	0.00	0.00
5	Operating Expense	62.20	82.30	82.30	82.30	82.30	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.89	39.12	29.21	73.01	31.93	2.45	0.23
8	Prem Tax: Vehicle	27.50	36.00	26.88	67.19	29.38	2.26	0.21
9	Comm & Prem Tax: Driver	3.59	4.75	4.75	4.75	4.75	0.00	0.00
10	Commission Flat Fee	6.28	8.30	8.30	8.30	8.30	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.60	19.70	19.70	19.70	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.96	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.39	75.94	75.94	75.94	75.94	0.00	0.00
16	Service Fees	25.60	33.87	33.87	33.87	33.87	0.00	0.00
17	Req Rate (Raw)	916.74	1,199.87	896.08	2,239.54	979.46	75.19	7.08
18	Req Rate (Bal)	906.14	1,185.99	885.72	2,213.63	968.13	74.32	7.00
19	20/21 Average Rate	902.35	1,180.90	824.82	2,131.80	843.28	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	952.86	1,256.92	863.51	2,157.69	845.66	80.34	6.97
22	Full Cred Req Change	-4.9%	-5.6%	2.6%	2.6%	14.5%	-7.5%	0.4%
23	Applied for Change	-9.1%	-9.8%	-2.0%	-1.9%	9.4%	-11.6%	-4.0%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-9.8%	-2.8%	-4.2%	4.8%	-11.5%	-4.4%
26	Cred Wtd Req Rate		1,133.72	839.71	2,066.60	886.23	71.10	6.67
27	Cred Wtd Req Rate (Bal)	866.15	1,135.47	841.01	2,069.79	887.60	71.21	6.68
28	Cred Wtd Change (Bal)		-9.7%	-2.6%	-4.1%	5.0%	-11.4%	-4.3%

- c) The impact of a 25-basis point decrease in interest rates in 2020/21 on the Accumulated Other Comprehensive Income impact of the pension obligation is a reduction to AOCI of -\$19.4 million with Basic's share representing approximately -\$14.5 million.

**PUB (MPI) 2-11**

<b>Part and Chapter:</b>	<b>MPI (PUB) 1-15 Part I – Legal Application</b>	<b>Page No.:</b>	<b>4</b>
<b>PUB Approved Issue No:</b>	<b>Requested Rate Change Rate indication based on Accepted Actuarial Practice in Canada</b>		
<b>Topic:</b>	<b>Provisional Rate Request</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

As a sensitivity test, MPI provided the results of an alternate analysis of the Basic rate requirement which reflects market interest rates as of June 30, 2020.

MPI indicated that based on the market interest rates as of June 30, 2020, the updated investment return for discounting costs and revenue for rating year 2021/22 is 2.43%. This reflects a 15-basis point decrease from the 2.58% used in the GRA filing, which is based on information as of March 31, 2020.

MPI indicated that the estimated impact of changes in interest rates on the Accumulated Other Comprehensive income (AOCI) based on the estimated revaluation of the Pension obligation and the resulting impact on the Capital Management Plan is - \$9.9 million.

In MPI (PUB) 1-34, Figure 2 provides changes in 10-year bond yields for Corporate BBB (-1.30%), Corporate A (-1.02%), Provincial (-0.59%), and GCAN 10 year (-0.17%).

**Question:**

- a) Please provide MPI's understanding of whether corporate or provincial spreads should be updated for market changes when estimating AAP, both in general, and

for the planned update to the indication based on August month-end market information.

- b) Please provide a breakdown of the expected yield by asset class, weighted together to generate the 2.43% provided. In the event that changes in corporate and provincial yields were not reflected in the 2.43%, please also provide a calculation of the indicated investment return for discounting costs and revenue for rating year 2021/22, reflecting changes observed in corporate and provincial spreads, to June 30, 2020.
- c) Please indicate whether or not the estimated impact of changes in interest rates on the AOCI based on the estimated revaluation of the Pension obligation and the resulting impact on the Capital Management Plan reflected movements in corporate yields to June 30, 2020. In the event that changes in corporate yields were not reflected in the impact on AOCI, please estimate the impact including these changes.
- d) Please provide the results of an alternate analysis of the Basic rate requirement (overall and by Major Use classification) which reflects market interest rates as of June 30, 2020, taking into account changes in corporate and provincial spreads. Please include alternate AAP rate indications, alternate Basic and Extension Pro-Formas, alternate application of the proposed Capital Management Plan, and alternate rate requirements, with supporting schedules as appropriate. Please incorporate the impact on AOCI of c) above.

**Rationale for Question:**

To monitor the impact on the rate requirements from changing market interest rates.

**RESPONSE:**

- a) Yes, MPI believes that both corporate and provincial bond spreads should be updated for market changes when estimating rate indication based on Accepted

Actuarial Practice, both in general, and for the planned update to the rate indication based on August 31, 2020 market information.

b) Please see the breakdown of the expected yield below:

**Figure 1 New Money Yield Calculation**

Line No.	Provincial Bond Exposure (%)	Corporate Bond Exposure (%)	Provincial Bond YTM	Corporate Bond YTM	New Money Yield
1	73.93%	26.07%	2.01%	3.60%	2.43%

**Figure 2 New Money Yield Calculation - June 30, 2020 Marketable Bond Spreads**

Line No.	Provincial Bond Exposure (%)	Corporate Bond Exposure (%)	Provincial Bond YTM	Corporate Bond YTM	New Money Yield
1	73.42%	26.58%	1.61%	2.82%	1.93%

- c) The estimated impact of changes in interest rates on the Accumulated Other Comprehensive Income (AOCI) based on the estimated revaluation of the Pension obligation and the resulting impact on the Capital Management Plan reflects the movements in the benchmark yield (10 year Government of Canada Bond yield plus Corporate Bond Spread). The estimated impacts are included in the response to part (d).
- d) Based on market interest rates (as of June 30, 2020) and updated corporate and provincial spreads, the current investment yield for discounting costs and revenue for rating year 2021/22 is 1.93%. This reflects a 65 basis point decrease from the 2.58% used in the General Rate Application, which is based on information as of March 31, 2020.

Using the updated investment yield of 1.93%, the overall required rate change based on breakeven rates is -3.8%. Figure 3 below shows the overall required rate change and the forecasted Minimum Capital Test (MCT) ratio as at March 31, 2023 starting with the -3.8% breakeven rate change, and including the application of the Capital Management Plan.

**Figure 3 Overall Required Rate Change and Forecasted MCT Ratio**

Line No.	Scenario	New Money Yield	AAP Breakeven Rate Indication	Capital Build / (Release) Provision	MCT % After AAP Breakeven Rate Indication			MCT % After AAP Breakeven Rate Indication and Transfer from Extension		MCT % After AAP Breakeven Rate Indication and Transfer from Extension and Capital Build / Release	
					20/21	21/22	22/23	21/22	22/23	21/22	22/23
1	June 30 Interest Rates	1.93%	-3.81%	-2.20%	92.4%	93.1%	95.0%	98.6%	107.6%	95.9%	100.0%

Based on Figure 1 above, the forecasted MCT ratio after the capital transfer from Extension is 95.0% as of March 31, 2023. Based on the Capital Management Plan, the corresponding target MCT ratio is 100.0%. Given the forecasted MCT ratio is higher than the target MCT ratio, a capital release provision of 2.20% is required to get to the target MCT ratio (100.0%). The final overall required rate change is -6.0%, reflecting breakeven rates and including the capital release.

The estimated impact of changes in interest rates on the AOCI based on the estimated revaluation of the Pension obligation and the resulting impact on the Capital Management Plan is -\$59.7 million. This can be found on Line 13 of Figure 4, below.

It should be noted, these results are solely based on interest rate changes. MPI fully expects further claims and expense savings as well as equity gains due to market recovery, which will form part of the August 31, 2020 rate update. It is anticipated the capital release will be greater once all of this information is factored in.

Please see the following documents including:

- Basic and Extension proformas based on an overall required rate change of -6.0% reflecting breakeven rates and including the capital release ; and
- A revised *Figure RM-12* (Ratemaking) and *Figure RM-13* (Ratemaking) showing the Major Classification Required Rate Changes based on an overall required rate change reflecting breakeven rates excluding and including the capital release provision.

**Figure 4 PF-1 Statement of Operations based on -6.0% Basic Rate Change**

Line No.	2021 GRA Base with June 30, 2020 Naïve Interest Rate and Spread Forecast with RI and CMP. (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,079,495	1,057,347	1,095,752	1,135,709	1,176,553
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,111,554</b>	<b>1,150,798</b>	<b>1,191,674</b>	<b>1,233,404</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,067,604	1,068,148	1,077,022	1,116,223	1,156,634
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,121,883</b>	<b>1,131,513</b>	<b>1,171,591</b>	<b>1,212,900</b>
12	Service Fees & Other Revenues	27,161	28,209	28,192	29,807	31,549	33,410
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,979</b>	<b>1,150,075</b>	<b>1,161,320</b>	<b>1,203,140</b>	<b>1,246,310</b>
14	Claims Incurred	787,799	820,094	903,115	919,444	952,697	984,991
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(3,632)	1,143	(2,317)	4,393	14,088
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	137,214	3,013	2,795	2,356	2,456
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>953,676</b>	<b>907,271</b>	<b>919,922</b>	<b>959,446</b>	<b>1,001,535</b>
18	Claims Expense	132,028	143,490	143,746	147,298	154,654	153,994
19	Road Safety/Loss Prevention	12,030	11,234	13,683	13,553	13,603	13,379
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,108,400</b>	<b>1,064,700</b>	<b>1,080,773</b>	<b>1,127,703</b>	<b>1,168,908</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	72,287	76,144	80,118	80,092
23	Commissions	42,332	43,823	44,124	44,508	46,051	47,641
24	Premium Taxes	33,102	32,292	34,073	34,370	35,581	36,829
25	Regulatory/Appeal	4,647	5,120	5,161	5,201	5,294	5,393
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>155,645</b>	<b>160,223</b>	<b>167,044</b>	<b>169,955</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(112,521)</b>	<b>(70,270)</b>	<b>(79,676)</b>	<b>(91,607)</b>	<b>(92,553)</b>
28	<b>Investment Income</b>	54,159	85,176	79,262	79,459	77,305	78,554
29	(b) Investment Income - Interest Rate Impact	5,455	87,118	577	81	(41)	(42)
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>172,294</b>	<b>79,839</b>	<b>79,540</b>	<b>77,264</b>	<b>78,512</b>
31	<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>59,773</b>	<b>15,566</b>	<b>(136)</b>	<b>(14,343)</b>	<b>(14,041)</b>
33	<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>1,773</b>	<b>15,566</b>	<b>(136)</b>	<b>(14,343)</b>	<b>(14,041)</b>
35	Total net Impact due to interest rate change (b) - (a)	14,393	(50,096)	(2,436)	(2,714)	(2,397)	(2,498)

**Figure 5 PF-2 Statement of Financial Position based on -6.0% Basic Rate Change**

Line *2021 GRA Base with June 30, 2020 Naïve Interest Rate and Spread Forecast with RI and CMP.*

No. *(C\$ 000s, rounding may affect totals)*

*For the Years Ended March 31,*

	2020A	2021BF	2022F	2023F	2024F	2025F	
1							
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	54,799	51,219	50,282	51,803	53,437
5	Investments	2,648,873	3,058,640	3,171,290	3,292,742	3,426,639	3,575,815
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	413,919	414,801	428,516	442,836	457,505
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	26,095	25,568	29,105	25,981	13,190
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	61,961	70,024	67,693	58,515
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,707,344</b>	<b>3,842,334</b>	<b>3,990,196</b>	<b>4,132,342</b>	<b>4,269,637</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	582,458	573,676	594,626	616,500	638,930
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	407,682	419,938	432,077	444,308	456,940
23	Provision for unpaid claims	2,031,336	2,198,614	2,281,950	2,353,767	2,426,355	2,495,438
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,283,881</b>	<b>3,372,203</b>	<b>3,479,910</b>	<b>3,592,036</b>	<b>3,696,727</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	500,527	541,621	576,351	600,087	626,512
27	Accumulated Other Comprehensive Income	(34,296)	(77,064)	(71,490)	(66,064)	(59,780)	(53,600)
28	<b>Total Equity</b>	<b>406,226</b>	<b>423,463</b>	<b>470,131</b>	<b>510,287</b>	<b>540,307</b>	<b>572,912</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,707,344</b>	<b>3,842,334</b>	<b>3,990,197</b>	<b>4,132,343</b>	<b>4,269,639</b>



**Figure 6 PF-3 Statement of Changes in Equity based on -6.0% Basic Rate Change**Line *2021 GRA Base with June 30, 2020 Naïve Interest Rate and Spread Forecast with RI and CMP.*

No.		For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1	(C\$ 000s, except where noted)						
2	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	<b>Retained Earnings</b>						
5	Beginning Balance	319,914	440,522	500,527	541,621	576,351	600,087
6	Net Income (Loss) from annual operations	120,607	59,774	15,567	(136)	(14,344)	(14,042)
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	58,231	25,527	34,867	38,079	40,467
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>500,527</b>	<b>541,621</b>	<b>576,351</b>	<b>600,087</b>	<b>626,512</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(77,064)	(71,490)	(66,064)	(59,780)
12	Other Comprehensive Income on Available for Sale Assets	(1,857)	16,980	5,575	5,425	6,284	6,180
13	Remeasurement of Employee Future Benefits	16,517	(59,748)	-	-	-	-
14	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(77,064)</b>	<b>(71,490)</b>	<b>(66,064)</b>	<b>(59,780)</b>	<b>(53,600)</b>
15	<b>Total Equity Balance</b>	<b>406,226</b>	<b>423,463</b>	<b>470,131</b>	<b>510,287</b>	<b>540,307</b>	<b>572,911</b>
16	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
17	Total Equity Balance	406,226	423,463	470,131	510,287	540,307	572,911
18	Less: Assets Requiring 100% Capital	34,964	39,658	61,961	70,024	67,693	58,515
19	<b>Capital Available</b>	<b>371,262</b>	<b>383,805</b>	<b>408,170</b>	<b>440,263</b>	<b>472,614</b>	<b>514,396</b>
20	<b>Minimum Capital Required (100% MCT)</b>	<b>350,820</b>	<b>415,472</b>	<b>425,523</b>	<b>440,272</b>	<b>460,070</b>	<b>479,290</b>
21	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>92.4%</b>	<b>95.9%</b>	<b>100.0%</b>	<b>102.7%</b>	<b>107.3%</b>

**Figure 7 EPF-1 Extension Statement of Operations based on -6.0% Basic Rate Change**

Line *2021 GRA Base with June 30, 2020 Naïve Interest Rate and Spread Forecast with RI and CMP.*

No.	(C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>EXTENSION</b>						
3	Motor Vehicles	155,063	158,100	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>153,160</b>	<b>156,322</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6	<b>Net Premiums Earned</b>						
7	Motor Vehicles	157,842	156,644	169,669	183,474	189,759	196,408
8	Reinsurance Ceded	(1,903)	(1,778)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,939</b>	<b>154,866</b>	<b>167,855</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	12,461	12,065	12,937	13,540	14,184	14,877
11	<b>Total Earned Revenues</b>	<b>168,400</b>	<b>166,931</b>	<b>180,792</b>	<b>195,164</b>	<b>202,056</b>	<b>209,360</b>
12	<b>Net Claims Incurred</b>	69,516	65,135	82,564	96,594	97,386	98,711
13	(a) Claims Incurred - Interest Rate Impact	-	113	(161)	-	-	-
14	<b>Total Claims Incurred</b>	<b>69,516</b>	<b>65,248</b>	<b>82,403</b>	<b>96,594</b>	<b>97,386</b>	<b>98,711</b>
15	Claims Expense	11,100	11,745	11,374	11,870	13,572	13,922
16	Road Safety/Loss Prevention	1,013	919	1,081	1,090	1,204	1,220
17	<b>Total Claims Costs</b>	<b>81,629</b>	<b>77,912</b>	<b>94,858</b>	<b>109,554</b>	<b>112,162</b>	<b>113,853</b>
18	<b>Expenses</b>						
19	Operating	8,910	7,849	8,015	8,667	9,526	9,753
20	Commissions	34,788	35,060	37,094	40,329	41,709	43,169
21	Premium Taxes	4,735	3,139	5,090	5,504	5,693	5,892
22	Regulatory/Appeal	12	12	11	12	17	23
23	<b>Total Expenses</b>	<b>48,445</b>	<b>46,060</b>	<b>50,210</b>	<b>54,512</b>	<b>56,945</b>	<b>58,837</b>
24	<b>Underwriting Income (Loss)</b>	<b>38,326</b>	<b>42,959</b>	<b>35,724</b>	<b>31,098</b>	<b>32,949</b>	<b>36,670</b>
25	<b>Investment Income</b>	(723)	8,121	5,603	6,641	6,966	7,447
26	(b) Investment Income - Interest Rate Impact	280	1,225	94	(23)	(30)	(33)
27	<b>Net Investment Income</b>	<b>(443)</b>	<b>9,346</b>	<b>5,697</b>	<b>6,618</b>	<b>6,936</b>	<b>7,414</b>
28	<b>Gain (Loss) on Sale of Property</b>	-	-	516	-	-	-
29	<b>Net Income (Loss) from Operations</b>	<b>37,883</b>	<b>52,305</b>	<b>41,937</b>	<b>37,716</b>	<b>39,885</b>	<b>44,084</b>
30	<b>Premium Rebate</b>	-	(52,000)	-	-	-	-
31	<b>Net Income (Loss) after premium rebate</b>	<b>37,883</b>	<b>305</b>	<b>41,937</b>	<b>37,715</b>	<b>39,886</b>	<b>44,084</b>
32	Total net Impact due to interest rate change (b) - (a)	280	1,112	255	(23)	(30)	(33)

**Figure 8 EPF-3 Extension Statement of Changes in Equity based on -6.0% Basic Rate Change**Line *2021 GRA Base with June 30, 2020 Naïve Interest Rate and Spread Forecast with RI and CMP.*No. *(C\$ 000s, rounding may affect totals)*

		<i>For the Years Ended March 31,</i>					
		<i>2020A</i>	<i>2021BF</i>	<i>2022F</i>	<i>2023F</i>	<i>2024F</i>	<i>2025F</i>
1							
2	<b>EXTENSION</b>						
3	<b>Retained Earnings</b>						
4	Beginning Balance	104,983	142,866	84,939	101,349	104,198	106,004
5	Net Income / (Loss)	37,883	52,305	41,937	37,715	39,886	44,084
6	Premium Rebate	-	(52,000)	-	-	-	-
7	Transfer (to) / from Basic Retained Earnings	-	(58,231)	(25,527)	(34,867)	(38,079)	(40,467)
8	<b>Total Retained Earnings</b>	<b>142,866</b>	<b>84,940</b>	<b>101,349</b>	<b>104,197</b>	<b>106,005</b>	<b>109,621</b>
9	<b>Total Accumulated Other Comprehensive Income</b>						
10	Beginning Balance	(3,966)	(2,367)	(6,184)	(4,728)	(3,233)	(1,914)
11	Other Comprehensive Income on Available for Sales Assets	178	1,361	1,456	1,495	1,319	1,190
12	Remeasurement of Employee Future Benefits	1,421	(5,178)	-	-	-	-
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(2,367)</b>	<b>(6,184)</b>	<b>(4,728)</b>	<b>(3,233)</b>	<b>(1,914)</b>	<b>(724)</b>
14	<b>Total Equity Balance</b>	<b>140,499</b>	<b>78,756</b>	<b>96,622</b>	<b>100,965</b>	<b>104,090</b>	<b>108,898</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	140,499	78,756	96,622	100,965	104,090	108,898
17	Less: Assets Requiring 100% Capital	2,979	3,432	5,402	6,127	5,953	5,151
18	Capital Available	137,520	75,324	91,220	94,838	98,137	103,747
19	Minimum Capital Required (100% MCT)	42,340	37,662	45,610	47,419	49,068	51,873
20	MCT Ratio % (Line 17) / (Line 18)	324.8%	200.0%	200.0%	200.0%	200.0%	200.0%

**Figure 9 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	711.22	931.87	690.62	1,772.04	797.82	50.34	5.73
3	Claims Expense	123.83	162.25	120.25	308.54	138.91	8.77	1.00
4	Road Safety	11.35	15.01	15.01	15.01	15.01	0.00	0.00
5	Operating Expense	62.23	82.34	82.34	82.34	82.34	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	30.17	39.47	29.56	73.71	32.85	2.45	0.23
8	Prem Tax: Vehicle	27.76	36.33	27.20	67.83	30.23	2.26	0.22
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.26	8.29	8.29	8.29	8.29	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.63	19.74	19.74	19.74	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.28	75.78	75.78	75.78	75.78	0.00	0.00
16	Service Fees	25.69	33.99	33.99	33.99	33.99	0.00	0.00
17	Req Rate (Raw)	925.42	1,210.86	906.61	2,261.11	1,007.57	75.30	7.17
18	Req Rate (Bal)	916.60	1,199.32	897.98	2,239.57	997.97	74.58	7.11
19	20/21 Average Rate	902.35	1,180.90	824.82	2,131.80	843.28	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate							
22	Without Rate Change	952.86	1,256.92	863.51	2,157.69	845.66	80.34	6.97
23	Full Cred Req Change	-3.8%	-4.6%	4.0%	3.8%	18.0%	-7.2%	1.9%
24	Applied for Change	-3.8%	-4.6%	4.0%	3.8%	18.0%	-7.2%	1.9%
25	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
26	Cred Wtd Change		-4.6%	3.1%	1.4%	12.6%	-7.1%	1.5%
27	Cred Wtd Req Rate		1,199.33	890.38	2,187.13	951.80	74.65	7.08
28	Cred Wtd Req Rate (Bal)	916.56	1,201.28	891.83	2,190.68	953.35	74.77	7.09
29	Cred Wtd Change (Bal)		-4.4%	3.3%	1.5%	12.7%	-6.9%	1.7%

**Figure 10 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates including Capital Release Provision**

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	21/22 Units	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	711.22	931.87	690.62	1,772.04	797.82	50.34	5.73
3	Claims Expense	123.83	162.25	120.25	308.54	138.91	8.77	1.00
4	Road Safety	11.35	15.01	15.01	15.01	15.01	0.00	0.00
5	Operating Expense	62.23	82.34	82.34	82.34	82.34	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	30.17	39.47	29.56	73.71	32.85	2.45	0.23
8	Prem Tax: Vehicle	27.76	36.33	27.20	67.83	30.23	2.26	0.22
9	Comm & Prem Tax: Driver	3.59	4.74	4.74	4.74	4.74	0.00	0.00
10	Commission Flat Fee	6.26	8.29	8.29	8.29	8.29	0.00	0.00
11	Reins: Casualty	1.10	1.46	1.46	1.46	1.46	0.00	0.00
12	Reins: Catastrophe	10.59	11.48	11.48	11.48	0.00	11.48	0.00
13	Fleet Rebates	14.63	19.74	19.74	19.74	0.00	0.00	0.00
14	Anti-Theft Discount	1.35	1.95	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	57.28	75.78	75.78	75.78	75.78	0.00	0.00
16	Service Fees	25.69	33.99	33.99	33.99	33.99	0.00	0.00
17	Req Rate (Raw)	925.42	1,210.86	906.61	2,261.11	1,007.57	75.30	7.17
18	Req Rate (Bal)	916.60	1,199.32	897.98	2,239.57	997.97	74.58	7.11
19	20/21 Average Rate	902.35	1,180.90	824.82	2,131.80	843.28	76.50	6.97
20	Major Class Drift	5.6%	6.4%	4.7%	1.2%	0.3%	5.0%	0.0%
21	21/22 Average Rate Without Rate Change	952.86	1,256.92	863.51	2,157.69	845.66	80.34	6.97
22	Full Cred Req Change	-3.8%	-4.6%	4.0%	3.8%	18.0%	-7.2%	1.9%
23	Applied for Change	-6.0%	-6.8%	1.6%	1.4%	15.3%	-9.3%	-0.4%
24	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
25	Cred Wtd Change		-6.8%	0.8%	-1.0%	10.0%	-9.2%	-0.8%
26	Cred Wtd Req Rate		1,171.90	870.02	2,137.10	930.03	72.94	6.91
27	Cred Wtd Req Rate (Bal)	895.59	1,173.81	871.43	2,140.58	931.55	73.06	6.93
28	Cred Wtd Change (Bal)		-6.6%	0.9%	-0.8%	10.2%	-9.1%	-0.7%

**CAC (MPI) 2-4**

<b>Part and Chapter:</b>	<b>CAC (MPI) 1-3</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>4. b) and 18</b>		
<b>Topic:</b>	<b>Revenue forecast and COVID-19</b>		
<b>Sub Topic:</b>	<b>Vehicle upgrade forecast</b>		

**Preamble to IR:**

In response to part b) MPI states:

*b) MPI used the historical indication to forecast the vehicle upgrade. Due to the uncertainty surrounding the impact of COVID-19, the forecast did not include this consideration.*

**Question:**

- a) Please explain if MPI considers that the broader economic impacts of the pandemic could impact the vehicle upgrade factor, and if so, over what timeframe?
- b) Please explain if MPI has considered how it intends to handle the impact of the pandemic in future forecasts of vehicle upgrade? If so, please explain how.
- c) Referencing MPI (CAC) 1-3 Appendix 1, please explain why the Total insured Vehicles row does not correspond to Vehicle Column in Figure REV-9. Please provide a numerical reconciliation, as well as a narrative description.

**Rationale for Question:**

To understand the rationale for the current test years forecast.

**RESPONSE:**

- a) MPI anticipates short term impacts to the vehicle upgrade factor as a result of changes in customer during the pandemic period. For example, it would be reasonable to expect that customers may defer purchases of new or used vehicle during a pandemic. Also, depending on the magnitude and duration of the economic impacts from the pandemic, customers may make different vehicle choices in the near term. MPI cannot predict the longer term impacts to the upgrade factor with any precision.
- b) MPI will continue to determine its upgrade factor forecast based on best estimates and utilizing all available data. Future upgrade factor forecasts will recognize the uniqueness of the year 2020 and adjust accordingly. Further, given all vehicle classifications are priced to break-even, any short term decline in the upgrade factor should result in a similar offsetting decline in claims costs. In reality, MPI has shown that claim costs are tracking significantly below budget in 2020/21, while there has been only minor impacts to premiums.
- c) The total insured vehicles row in MPI (CAC) 1-3, Appendix 1 includes all major classes. The vehicle column in Revenues Figure REV-9 includes only major classes 1 to 4 to avoid trailers and ORV from skewing the overall upgrade.

**Figure CI- 37 Collision Ultimate Incurred**

Line No.	Accident Year	Claim Frequency	Severity	CERP Impact (\$000)	Ultimate (\$000)	Annual % Change	Last Year's Forecast (\$000)	Variance to Forecast (\$000)
1	2010/11	0.137	\$2,552		\$271,204	11.85%	\$271,224	(\$20)
2	2011/12	0.128	\$2,699		\$273,142	0.71%	\$273,155	(\$12)
3	2012/13	0.136	\$2,812		\$310,694	13.75%	\$310,691	\$4
4	2013/14	0.142	\$2,983		\$349,411	12.46%	\$349,350	\$62
5	2014/15	0.122	\$3,123		\$317,802	-9.05%	\$317,689	\$113
6	2015/16	0.120	\$3,455		\$352,280	10.85%	\$352,243	\$36
7	2016/17	0.125	\$3,574		\$386,054	9.59%	\$385,820	\$234
8	2017/18	0.124	\$3,763		\$408,331	5.77%	\$408,218	\$113
9	2018/19	0.121	\$3,824		\$409,515	0.29%	\$405,314	\$4,201
10	2019/20*	0.111	\$4,168		\$442,707	8.11%	\$452,857	(\$10,151)
11	5-year Trend	0.113	\$4,259		\$461,072	2.48%	\$467,107	
12	10-year Trend	0.114	\$4,271		\$456,471	4.26%	\$459,037	
13	All year Trend	0.118	\$4,156		\$451,809	6.36%	\$453,701	
14	2020/21	0.106	\$4,385	\$0	\$416,058	-6.02%	\$477,312	(\$61,254)
15	2021/22	0.116	\$4,423	(\$7,835)	\$464,594	11.67%	\$504,207	(\$39,613)
16	2022/23	0.115	\$4,551	(\$15,554)	\$478,478	2.99%	\$532,673	(\$54,195)
17	2023/24	0.114	\$4,762	(\$15,425)	\$501,246	4.76%	\$562,803	(\$61,557)
18	2024/25	0.113	\$4,984	(\$15,282)	\$525,114	4.76%		

19 \*13 month period ending March 31, 2020

### CI.9.4 Collision Fiscal Year Claims Incurred Forecast

- 1 The historical (5 year) and forecasted fiscal year CI for Collision, along with a
- 2 comparison to the forecast of the previous year, is shown in the figure below. Due to
- 3 the short-tail nature of this coverage (i.e. most claims are settled in less than 6
- 4 months), changing interest rates do not have a significant impact on Collision IBNR
- 5 calculations. The changes to the forecast compared to last year align with the changes
- 6 in the ultimate incurred forecast discussed in the previous section.



**Figure CI- 38 Collision Claims Incurred**

Line No.	Fiscal Year	Reported	Change in IBNR				Total Change in IBNR	Claims Incurred	Last Year's Forecast	Variance to Forecast
			Interest Rate Impact	Interest Rate Margin Change	All Other Changes					
1	<i>(\$000)</i>									
2	2015/16	\$347,835	(\$141)	(\$78)	\$5,529	\$5,310	\$353,144	\$353,144	\$0	
3	2016/17	\$382,916	(\$23)	\$0	\$9,604	\$9,581	\$392,497	\$392,497	\$0	
4	2017/18	\$413,823	(\$50)	\$0	\$2,133	\$2,083	\$415,906	\$415,906	\$0	
5	2018/19	\$399,157	\$134	\$0	(\$282)	(\$148)	\$399,010	\$399,010	\$0	
6	2019/20*	\$444,302	\$99	\$0	\$2,017	\$2,117	\$446,419	\$453,266	(\$6,848)	
7	2020/21	\$417,162	\$100	\$0	(\$142)	(\$41)	\$417,121	\$477,708	(\$60,588)	
8	2021/22	\$462,640	\$22	\$0	\$2,686	\$2,708	\$465,348	\$504,636	(\$39,288)	
9	2022/23	\$477,325	\$39	\$0	\$1,403	\$1,442	\$478,767	\$533,122	(\$54,355)	
10	2023/24	\$499,864	\$33	\$0	\$1,725	\$1,758	\$501,621	\$563,280	(\$61,658)	
11	2024/25	\$523,663	\$35	\$0	\$1,810	\$1,845	\$525,508			

12 \*13 month period ending March 31, 2020

## CI.10 Comprehensive

- Comprehensive provides coverage for damages to the vehicle of the insured, not covered under Collision coverage (e.g. hail, theft, vandalism, glass, etc.).
- The forecasts in these sections exclude impacts arising from CERP. Such impacts include, changes in customer behavior for reporting claims, claim severity, and changes in the distribution of claims. Impacts from CERP are added in the forecasted ultimates after. For an outline of the impacts from CERP, see [CI.2.10](#).

**Figure CI- 39 Claims Incurred Forecast**

Line No.	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(\$000)</i>					
2	Comprehensive	\$106,201	\$102,846	\$99,725	\$105,023	\$110,541

**PUB (MPI) 2-22**

<b>Part and Chapter:</b>	<b>PUB (MPI) 1-45 CAC (MPI) 1-2 MPI Exhibit 2 (SRA)</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>18. Issues arising from the 2021 Special Rebate Application and Board Orders No. 67/20 and 71/20</b>		
<b>Topic:</b>	<b>COVID-19</b>		
<b>Sub Topic:</b>			

**Preamble to IR:****Question:**

- a) Please provide a summary schedule of the actual, and/or expected, monthly impact on claims incurred and claims counts by coverage attributed to COVID- 19 for each months of March through September 2020 and the forecast for the remainder of the fiscal year.
- b) In light of the results to (a), does the Corporation still expect no reduction in exposures related to the remainder of 2020/21 and for 2021/22?
- c) Has the Corporation considered what steps it may wish to take if there does continue to be a reduction in exposures?
- d) Please file an update of budgeted collisions by month Collision Ultimate by Month in same format as MPI Exhibit #2 to the SRA, and provide a comparison with that presented in that Exhibit, explaining any changes in the forecast.
- e) Please provide an update to Figure 1 schedule detailing the incremental costs incurred by month MPI as a result of COVID-19, including a description of each of the expenses, explaining how the cost is considered incremental related to COVID -19.

- f) Please indicate whether the Corporation is considering any separate regulatory treatment for the incremental costs.

**Rationale for Question:**

**RESPONSE:**

- a) Please see *Figure 1*.

**Figure 1 Basic Claims, for the period ending July 31, 2020**

Line No.	Claims Incurred (in C\$000s)	Actual	Budget	Better/ (Worse)
1	<b>Bodily Injury</b>			
2	P.I.P.P.	65,763	84,183	18,420
3	P.I.P.P Interest Rate Adjustment	127,274	3,921	(123,353)
4	Public Liability	2,267	1,697	(570)
5	Public Liability-pre Mar 1/94	(11)	-	11
6	Accident Benefits-pre Mar 1/94	685	662	(23)
7	<b>Bodily Injury Net Claims Incurred</b>	<b>195,978</b>	<b>90,463</b>	<b>(105,515)</b>
8	<b>Physical Damage</b>			
9	Collision	85,904	126,446	40,542
10	Comprehensive - Non-Hail	29,351	29,760	409
11	Comprehensive - Hail	4,041	13,652	9,611
12	Property Damage	8,371	12,570	4,199
13	<b>Physical Damage Net Claims Incurred</b>	<b>127,667</b>	<b>182,428</b>	<b>54,761</b>
14	<b>Basic Net Claims Incurred</b>	<b>323,645</b>	<b>272,891</b>	<b>(50,754)</b>
15	<b># of Covers Active Business</b>	<b>Actual</b>	<b>Budget</b>	<b>Better/(Worse)</b>
16	P.I.P.P. benefits	14,077	22,793	8,716
17	Public liability	34	40	6
18	Collision	23,421	36,434	13,013
19	Comprehensive - Non-Hail	21,614	24,133	2,519
20	Comprehensive - Hail	3,103	2,577	(526)
21	Property damage	13,884	23,508	9,624
22	<b>Total</b>	<b>76,133</b>	<b>109,485</b>	<b>33,352</b>

MPI will update the forecast based on August 31, 2020 actual values and submit same in October, prior to the hearing.

- b) MPI presently expects a reduction in exposures in 2020/21 but not in 2021/22. MPI continues to monitor the impacts of COVID-19 to ensure the appropriateness and reasonableness of the forecasts provided.
- c) MPI will continue to prepare forecasts using best estimates and based on current claims, revenue, and expense trends. MPI will provide the PUB with a rate update forecast in October that will incorporate actual results as at August 31, 2020. In this updated forecast, MPI will include best estimates of future claims exposures based on COVID-19 impacts, including current rate indications. Please see the response of MPI to Information Request CAC (MPI) 2-3, further outlining its approach to incorporating the impacts of COVID-19 into its forecasting.
- d) See Figure 2 below. The budgets remain the same as in Exhibit #2 of the Special Rate Application. Below is the actual experience to date.

**Figure 2 Collision Ultimates as of July 31, 2020**

Line No.	Month	Collision (Repair)		Collision (Total Loss)		Collision (Total)	
		Incurred	Claim Counts	Incurred	Claim Counts	Incurred	Claim Counts
1	Mar-19	\$19,479,113	6,608	\$10,694,111	1,692	\$30,173,223	8,301
2	Apr-19	\$15,249,453	5,244	\$8,156,752	1,241	\$23,406,204	6,485
3	May-19	\$16,432,502	5,441	\$9,870,275	1,465	\$26,302,778	6,906
4	Jun-19	\$17,623,504	5,698	\$11,008,712	1,619	\$28,632,217	7,317
5	Jul-19	\$17,969,613	5,851	\$10,817,767	1,592	\$28,787,380	7,442
6	Aug-19	\$18,050,507	5,752	\$11,224,004	1,696	\$29,274,511	7,448
7	Sep-19	\$19,044,498	5,907	\$12,128,419	1,740	\$31,172,918	7,647
8	Oct-19	\$27,438,403	8,055	\$16,136,841	2,312	\$43,575,243	10,367
9	Nov-19	\$27,722,679	7,731	\$18,041,049	2,473	\$45,763,729	10,205
10	Dec-19	\$28,592,658	8,264	\$18,068,970	2,528	\$46,661,628	10,793
11	Jan-20	\$29,043,300	8,476	\$17,841,155	2,615	\$46,884,455	11,091
12	Feb-20	\$19,220,104	6,226	\$10,854,674	1,606	\$30,074,778	7,832
13	Mar-20	\$15,574,301	4,694	\$9,267,648	1,344	\$24,841,949	6,038
14	Apr-20	\$9,477,449	2,696	\$5,321,735	786	\$14,799,184	3,482
15	May-20	\$11,365,731	3,370	\$6,740,800	992	\$18,106,531	4,361
16	Jun-20	\$15,263,856	4,396	\$8,368,913	1,303	\$23,632,769	5,699
17	Jul-20	\$16,698,154	4,971	\$10,917,433	1,597	\$27,615,588	6,568

e) and f)

To clarify, *Figure 1* in *PUB (MPI) 1-45* refers to COVID-19 expense *savings*, not actual incurred expenses. COVID-19 has favourably impacted the overall operating expenses of MPI.

**CAC (MPI) 1-1**

<b>Part and Chapter:</b>	<b>CI.2.11</b>	<b>Page No.:</b>	<b>p.16</b>
<b>PUB Approved Issue No:</b>	<b>18.d)</b>		
<b>Topic:</b>	<b>Claims Incurred Impact of COVID-19 and other risks and opportunities of COVID-19</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

The public health measures put in place due to the COVID-19 pandemic have had marked impact on claims activity.

**Question:**

- a) Notwithstanding the assumptions made at the time the GRA forecast was produced, what lasting effects does MPI now expect or assume that the COVID-19 Pandemic will have on the claims forecast in the current year and its test year?
- b) Does MPI have a view, at this time, as to when or if the reduction in claims counts and incurred will return to 'normal'?
- c) How many months of below budget incurred and claims counts would have to be observed in 2020/21 for MPI to predict that the impacts may carry forward to 2021/22?
- d) Referencing the June 17<sup>th</sup>, 2020 Monthly Update, please explain, if possible, the increased severity observed from March 16, 2020 to April 15, 2020.

- 
- e) Referencing the June 17<sup>th</sup>, 2020 Monthly Update of claims costs, please provide table, in similar format to CI-8 (i.e. please include claims counts, and severity) for each of April, May, June, and if available July 2020.
- f) Has MPI's assumption of perfect correlation between Collision, PD and PIPP claims been realized in the claims data to date? If not, please provide supporting analysis for how actual claims data is different from the assumption, and also please describe any implications for forecasting the current and future impact of COVID-19.
- g) Referencing Figure CI-10, has MPI's assumed allocation of additional savings across coverages reflected the observed experience to date? If so, please provide supporting analysis.
- h) Does MPI agree that potential impacts of COVID-19 beyond the immediate rate year may include:
- i. significantly more Manitobans working from home and as a result driving less often or at different times of the day;
  - ii. slower economic growth as Manitoba, Canada and North America struggle with disruptions in business, trade and immigration;
  - iii. enhanced risk of deflation in the short term;
  - iv. enhanced risk of inflation in the medium and long term (3 -5 years).

If MPI does not agree, please explain why not. Please provide any support for your views on deflation and inflation.

- i) To the extent that MPI agrees that any of the factors listed in h) above are potential impacts, please discuss how they are reflected in the current rate application and in the Corporation's assessment of its current risks;

- j) Please explain how the short, medium and long-term impacts of COVID-19 will be reflected in the MCT and any other risk analysis (ie the Financial Condition Test or FCT) undertaken by MPI.
- k) Please discuss the relative strengths and weaknesses of the MCT and FCT in reflecting the short, medium and long-term impacts of COVID-19.
- l) Please provide the views of MPI on the short, medium and long-term impacts, if any, of COVID-19 on its capital management plan.

**Rationale for Question:**

To understand MPI's approach to the evolving implications of the COVID-19 pandemic

**RESPONSE:**

- a) MPI assumes no lasting impacts from the COVID-19 pandemic in its claims forecast, apart from the impact on claims outlined in Claims Incurred CI.2.11 for the 2020/21 accident year. MPI will provide an updated forecast based on its experience through August 31, 2020.
- b) As of June 30, 2020, Collision frequency is currently 0.067 per Highway Traffic Act (HTA) Earned Unit or 36.04% below budget, for June accidents. MPI remains agnostic as to the return of claims counts to their pre-COVID-19 levels. MPI will provide an updated forecast based on its experience through August 31, 2020.
- c) The number of months claims incurred and claims counts were below budget as a result of COVID-19 is not an adequate measure upon which to modify the claims forecast. As the COVID-19 pandemic remains ongoing, the current claims experience does not accurately identify a 'normal' claims experience. While MPI anticipates that budget reductions will gradually decrease and eventually return to 'normal' levels; MPI cannot accurately predict the situation more than 1-2 months into the future. At present, the best estimate of the claims experience continues to be the 'non pandemic' experience (i.e. prior to March 2020).



- d) Collision severity increased markedly during the COVID-19 pandemic. This increase is partly a result of the types of claims made during this time (i.e. those with significantly more damage represent a larger percentage of the total repairs). While MPI is currently investigating this trend, it may ultimately be that, with the number of people working from home, there are fewer 'low severity' claims, resulting in an increase in the average severity of all claims.
- e) Please see the figure below. Collision claims costs are gradually rebounding, following a large decrease observed in March 2020. The severity of these claims is higher than budgeted, largely because of the distribution of the types of claims.

**Figure 1 Basic Collision Claims Experience – as of June 30, 2020**

Line No.	Loss Month		Actual	Budget	Difference	% Difference
1	April 2020	Incurred	\$14,645,801	\$28,784,459	(\$14,138,658)	-49.12%
2		Claim Counts	3,391	7,215	(3,824)	-53.00%
3		Severity	\$4,319	\$3,990	\$329	8.26%
4	May 2020	Incurred	\$17,805,383	\$31,498,066	(\$13,692,684)	-43.47%
5		Claim Counts	4,225	7,560	(3,335)	-44.11%
6		Severity	\$4,214.06	\$4,166	\$48	1.15%
7	June 2020	Incurred	\$21,756,432	\$33,517,663	(\$11,761,231)	-35.09%
8		Claim Counts	4,953	7,817	(2,864)	-36.64%
9		Severity	\$4,393	\$4,288	\$105	2.44%

- f) The figure below shows the changes relative to budget for claim counts. As indicated, Property Damage and PIPP claims are below budget at approximately the same percentage as Collision claims while comprehensive claims are up slightly since March 2020.

**Figure 2 Claim Counts Relative to Budget**

Line No.		Collision	Comprehensive	Third Party Loss of Use	Third Party Deductible Transfer	Property Damage All Other	Weekly Indemnity	ABO-Indexed	ABO-Non Indexed
1	Mar-20	-41.09%	-16.88%	-40.56%	-33.47%	-33.02	-11.77	-26.99	-11.99
2	Apr-20	-53.00%	-12.62%	-59.75%	-59.74%	-49.29	-57.48	-63.71	-44.78
3	May-20	-44.11%	-10.62%	-39.73%	-49.56%	-62.23	-43.22	-52.05	-48.71
4	Jun-20	-36.64%	-18.63%	-19.16%	-36.23%	-57.47	-16.83	-29.44	-38.14

g) MPI will file updated monthly results during the COVID-19 period as outlined in PUB Order 67/20. Below is the latest year-to-date results through June 2020.

**Figure 3 March 2020 through June 2020 Basic Claims - Budget vs Actual**

Line No.		Direct Claims Incurred		Variance Fav. (Unfav.)	
		Actual \$	Budget \$	\$	%
1	PIPP	63,910,351	74,632,353	10,722,002	14.4
2	Basic Collision	80,210,487	133,907,281	53,696,494	40.1
3	Basic Property Damage	31,351,845	44,304,883	12,953,038	29.2
4	Basic Total	175,472,683	252,844,517	77,371,534	30.6

h) In regards to the listed impacts, more Manitobans may work from home more and drive less, in total or at different times of the day. That said, MPI has no evidence to suggest that will be the case for the 2021 rating year and beyond.

i) MPI forecasts are based on best estimates. As of the time of it submitted the 2021 GRA, MPI had no strong evidence to suggest any of these impacts would occur in the 2021 rating years.

j) The Financial Condition Test (FCT) simulates 1-in-100 year impacts for adverse loss ratios, economic environments, and interest rates over a period of 1 through 4 years. The simulations are based on historical experience and would therefore include the impacts of COVID-19.

k) The capital requirements indicated from the Minimum Capital Test (MCT) and the FCT exist specifically to ensure that MPI can withstand many different adverse

scenarios, including pandemics. The FCT, this test is more informative in terms of how MPI would need to respond to various adverse scenarios because it allows for the design of specific scenarios. The MCT provides a standardized industry-wide perspective of capital requirements.

- I) MPI does not anticipate any impacts by COVID-19 on its Capital Management Plan unless significant COVID-19 related claims savings persist much longer than anticipated or unless a second wave of COVID-19 prompts a mass shutdown. If either of these hypothetical scenarios materialize MPI will have to determine next steps based upon facts known at that time.

The 100% MCT methodology outlined in the CMP recognizes that the COVID-19 pandemic will ultimately impact the capital position of MPI in both a negative and positive way. This methodology *gradually* moves Basic capital toward the requirement of 100% MCT, ensuring ratepayers an additional measure of rate stability. MPI prefers the approach to building or releasing capital outlined in the CMP.

**CAC (MPI) 2-1**

<b>Part and Chapter:</b>	<b>CAC (MPI) 1-1</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>18.d)</b>		
<b>Topic:</b>	<b>Claims Incurred Impact of COVID-19 and other risks and opportunities of COVID-19</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

MPI's response includes the following statements from the question sub-parts:

a) ...**"MPI assumes no lasting impacts** from the COVID-19 pandemic in its claims forecast, apart from the impact on claims outlined in Claims Incurred CI.2.11 for the 2020/21 accident year"...[emphasis added]

and

b) ...**"MPI remains agnostic** as to the return of claims counts to their pre-COVID-19 levels."... [emphasis added]

and

c) ...**"The number of months claims incurred and claims counts were below budget as a result of COVID-19 is not an adequate measure upon which to modify the claims forecast. As the COVID-19 pandemic remains ongoing, the current claims experience does not accurately identify a 'normal' claims experience. While MPI anticipates that budget reductions will gradually decrease and eventually return to 'normal' levels; MPI cannot accurately predict the situation more than 1-2 months into the future. At present, the best estimate of the claims experience continues to be the 'non pandemic' experience (i.e. prior to March 2020)"**... [emphasis added]

and

- d) ...*"MPI does not anticipate any impacts by COVID-19 on its Capital Management Plan unless significant COVID-19 related claims **savings persist much longer than anticipated** or unless a second wave of COVID-19 prompts a mass shutdown. If either of these hypothetical scenarios materialize MPI will have to determine next steps based upon facts known at that time."*...

Note that the reference to "number of months" in the original question was meant to capture the degree of persistence in changed claims experience as a result of COVID-19.

**Question:**

- a) Please provide the definition of "best estimate" that MPI is using for its response to part c). in the preamble. Please indicate if the definition varies from Actuarial Standards of Practice and justify your answer. Please elaborate on any statistical evaluation undertaken by MPI to assess whether its claim of "best estimate" is validated.
- b) In both a quantitative and qualitative sense, please discuss the level of uncertainty associated with the MPI "best estimate" in the current application and compare it with the level of uncertainty associated with "best estimates" in the pre-COVID19 era.
- c) Please explain how long MPI expects the impact of the COVID-19 pandemic on claims incurred to persist and the basis for that expectation.
- d) Please provide any uncertainty analysis of the expectation in part c) undertaken by MPI to explore scenarios in which the material impacts of COVID-19 on claims incurred persist longer than currently expected and discuss the consequences of prolonged persistence on the projected results for the 2020-21 and 2021-22 year. If no uncertainty analysis was undertaken, please explain why not.

- e) Please provide any uncertainty analysis undertaken by MPI to explore scenarios in which claims incurred expectations do not return to pre-COVID-19 “normals”.
- f) Please provide a detailed description of how MPI will test whether there is persistence in the claims experience trends as a result of COVID-19. Please describe the circumstances that would trigger MPI to incorporate this claims experience (i.e. pandemic experience) into the test year forecasts.
- g) If MPI intends to adjust its forecasts on post-hoc basis (only after having observed effects), please explain how MPI intends to reflect this experience in customer rates for the 2021 GRA.

**Rationale for Question:**

MPI expects a ‘gradual’ return to non-pandemic experience. It has not provided any estimate of time over which this gradual return will occur or any insight into the degree of uncertainty associated with its expectation. Recognizing the unprecedented nature of the current pandemic, MPI should provide a framework for determining if, when, and how pandemic experience becomes relevant to the test year forecasts. MPI also should be accountable to that framework.

**RESPONSE:**

- a) MPI defines the term ‘best estimate’ consistent with the definition ascribed to the term by the Canadian Institute of Actuaries. ‘Best estimate’ simply means an estimate without bias. MPI has highly credible pre-pandemic claims experience from which to draw upon in order to furnish best estimates for longer term outlooks. In the near term (i.e. the next 3-6 months), MPI will utilize its observed pandemic experience, which includes a gradual trend towards its pre-pandemic budget, as the basis for making best estimates for this period.

In CAC (MPI) 1-1(e) and (f), MPI provided evidence supporting the reasonableness of its initial best estimate forecasting of the pandemic experience. MPI will

continue to update these forecasts based on new information to ensure they remain best estimates.

- b) Forecasts made by MPI in the midst of a pandemic will naturally carry more uncertainty than those made in non-pandemic periods. Although MPI cannot predict the 'end' of the pandemic and the return to normal driving behaviour, with nearly 6 months of experience during pandemic conditions, MPI can improve its near term best estimate forecasts (i.e. 3-6 months).
- c) Please see the response to part (b). For the August 31, 2020 forecast update, MPI will utilize the observed pandemic experience to date as the basis for making an updated best estimate forecast. At the time of writing, MPI anticipates presenting multiple scenarios in which the claims experience gradually returns to budget over a 3 month or 6 month period.

For the week ending September 5, 2020, collision frequency was tracking at approximately 10%-15% below the previous 5-year average. Relative to the peak frequency reduction of 50%-55% in late March and April 2020, collision frequency is gradually returning to pre-pandemic levels. Although MPI cannot predict an exact date in which collision frequency will return to 'normal', there is enough evidence to support a gradual return to normal in the next 3-6 months. Like any forecast, there is uncertainty around a best estimate. Other factors unrelated to the pandemic could also impact the actual results relative to forecast (i.e. poor winter driving conditions).

- d) See the response to part (c). MPI will test the sensitivity to the forecast and 2021/22 rate indication by providing multiple 'return to normal' scenarios. However, given the gradual return of collision frequency to pre-pandemic budgeted levels, MPI does not believe it has strong 'best estimate' evidence to assume pandemic related frequency reductions beyond the 2020/21 fiscal year.
- e) Please see the response to parts (c) and (d).

- f) MPI continues to track collision and injury behaviour relative to forecast. MPI also utilizes mobility and traffic data from Manitoba and other jurisdictions to understand the change in traffic during the Pandemic and whether the trend is a return to normal. For example, although collision frequency is down, serious injury highway-related accidents are up. MPI will use this information to help forecast out an estimated return to 'normal' in the August 31, 2020 forecast update.
  
- g) MPI will provide a best estimate forecast for the 2021/22 rates.



**PUB (MPI) 1-31**

<b>Part and Chapter:</b>	<b>Part VII- FCT</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>7. Capital Management Plan</b>		
<b>Topic:</b>	<b>Minimum Regulatory Target</b>		
<b>Sub Topic:</b>	<b>Update to FCT</b>		

**Preamble to IR:**

The Standards of Practice of the Canadian Institute of Actuaries, effective January 1, 2020, states in 2510.09 that:

*"The insurer's financial condition would be satisfactory if throughout the forecast period:*

- *Under the solvency scenarios, the statement value of the insurer's assets is greater than the statement value of its liabilities;*
- *Under going concern scenarios, the insurer meets the regulatory minimum capital ratio(s); and*
- *Under the base scenario, the insurer meets its internal target capital ratio(s) as determined by the ORSA."*

The Canadian Institute of Actuaries Educational Note on Financial Condition Testing dated April 2020, states that the threshold for "going concern" scenarios is the minimum regulatory target.

**Question:**

Please indicate the "minimum regulatory target" with regards to the Basic FCT and the basis thereof.

**Rationale for Question:**

To better understand the Corporation's interpretation of actuarial requirements for FCT.

**RESPONSE:**

MPI considers the minimum regulatory target for Basic to be the minimum of (i) the target Minimum Capital Test (MCT) ratio from the Capital Management Plan or (ii) a 100% MCT ratio. In capital build scenarios, MPI must demonstrate that the base case scenario will meet or exceed the target MCT ratios from the Capital Management Plan that are required to build capital back to the 100% MCT target within 5 years or less. In capital release scenarios, the Basic MCT ratio is greater than the 100% MCT target.

**Figure FCT- 15 Assumed Management and Regulatory Action – 1-in-100 Year Solvency Scenarios**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25
1	Base	-5.5% Rate / -5.0% CBP			
3	Combined Scenario (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP
2	High Loss Ratio (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP
4	Policy Liabilities (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 4.0% CBP	0.0% Rate / 1.1% CBP	0.0% Rate / 0.0% CBP
5	Equity Decline (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 2.0% CBP	0.0% Rate / 0.9% CBP	0.0% Rate / 0.6% CBP

1 The Total Equity and MCT ratio forecasts for all of the solvency scenarios remain  
2 positive throughout the forecast period after management and regulatory action.

### FCT.5.2 Going Concern Scenarios

3 A summary of the projected Total Equity, MCT ratios, and assumed management  
4 action for the selected 1-in-10 year going concern scenarios are shown in the figures  
5 below. These scenarios are considered to have the most significant financial impact to  
6 the financial position of Basic from a going concern perspective. Each scenario is  
7 tested over 1, 2, 3, and 4 year return periods, and the return period that results in the  
8 lowest Total Equity is selected for modeling purposes. All other risk categories are  
9 discussed in the 'Analysis of All Property and Casualty Insurer Risk Categories' section  
10 of this report.

11 MPI has satisfactory financial condition under the going concern scenario when the  
12 MCT ratio remains above the minimum amount required to meet the requirements of  
13 the CMP. Through reverse stress testing, MPI has determined that the MCT ratio must  
14 remain above 50% MCT in order for Basic to meet the going concern capital  
15 requirements (i.e. build capital back to 100% MCT within 5 years or less). In other  
16 words, if the MCT falls below 50% then Basic cannot return to 100% MCT in 5 years  
17 through the routine application of rate increases, capital rebuilding fees, and Extension  
18 transfers.

**Figure FCT- 16 Total Equity – 1-in-10 Year Going Concern Scenarios including Management Action**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	Base	\$499	\$529	\$523	\$506	\$488
3	Combined Scenario (4-Year)	\$499	\$400	\$385	\$407	\$415
4	High Loss Ratio (4-Year)	\$499	\$401	\$367	\$420	\$460
5	Policy Liabilities (4-Year)	\$499	\$499	\$481	\$455	\$419
6	Equity Decline (4-Year)	\$499	\$505	\$479	\$449	\$422

**Figure FCT- 17 Minimum Capital Test Ratios – 1-in-10 Year Going Concern Scenarios including Management Action**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Base	119.16%	114.22%	107.23%	100.49%	95.37%
2	Combined Scenario (4-Year)	119.16%	86.42%	80.69%	87.31%	89.38%
3	High Loss Ratio (4-Year)	119.16%	81.46%	70.48%	81.67%	89.11%
4	Policy Liabilities (4-Year)	119.16%	105.62%	96.44%	87.69%	78.60%
5	Equity Decline (4-Year)	119.16%	109.30%	98.21%	89.52%	81.64%

**Figure FCT- 18 Assumed Management and Regulatory Action – 1-in-10 Year Going Concern Solvency Scenarios**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25
1	Base	-5.5% Rate / -5.0% CBP			
3	Combined Scenario (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 1.3% CBP	0.0% Rate / 0.0% CBP
2	High Loss Ratio (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 4.0% CBP	0.0% Rate / 0.0% CBP
4	Policy Liabilities (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 2.4% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.7% CBP
5	Equity Decline (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 1.2% CBP	0.0% Rate / 0.5% CBP	0.0% Rate / 0.2% CBP

- 1 Under the going concern scenarios, MPI maintains a minimum Basic MCT ratio of
- 2 78.6% or greater. MPI is able to meet the target capital requirements of the CMP
- 3 under all of the going concern scenarios.

**PUB (MPI) 1-28**

<b>Part and Chapter:</b>	<b>Part VII – Reserves and Risk Management – Rate Stabilization Reserve</b>	<b>Page No.:</b>	<b>7 (RSR.6.2)</b>
<b>PUB Approved Issue No:</b>	<b>7. Capital Management Plan</b>		
<b>Topic:</b>	<b>Capital Transfers</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

The description of the CMP includes the following unequivocal assertion:

*"if, at the end of the fiscal year, the MCT ratio of the Extension Reserve is greater than 200% - MPI will transfer capital from the Extension Reserve to Basic until its MCT ratio is reduced to 200%."*

**Question:**

- a) From examination of EPF-3, the Extension MCT ratio exceeded 200% as at March 31 2020, even allowing for the subsequent payment of the \$52 million Premium Rebate paid from Extension in May 2020. Please provide an explanation for why the CMP capital transfer mechanism was not followed in this instance.
- b) Is it MPI's position that there are circumstances under which the CMP permits excess capital in Extension to be deployed for purposes other than a transfer to Basic, and for each such deployment, identify how the deployment would come to be proposed and what authorizations are necessary before execution.

**Rationale for Question:**

To build context for the strength of the Corporation's commitments under the CMP.

**RESPONSE:**

- a) Leading up to March 31 and MPI's fiscal year end, the Covid-19 pandemic was declared and Manitoba was thrust into a state of emergency. Financial markets were in turmoil and volatility in the markets was experienced daily. During this time management began to explore potential options to provide customer relief as did governments and other private entities alike. Because of forecasting volatility and not knowing the exact amount of excess capital that would exist in the Extension line of business as at March 31, 2020 (the final books were not yet closed), and combined with the fact that a special one-time rebate was being considered, Management made the decision to not transfer an estimated amount in March after receiving approval from government for an immediate rebate of \$52 million (which amount was taken from the \$75 million forecast in the 2020 GRA compliance filing). In the normal course, with the change in fiscal year end, excess Extension reserves would be transferred to Basic upon determining the final year-end capital position of Extension, sometime shortly after completing that calculation (as opposed to estimating the transfer amount as was done in years prior when the fiscal year end was February 28).
- b) The CMP does not stipulate what accumulated profits generated by the Extension line of business may be used for but rather stipulates that at the end of each fiscal year, capital that remains in excess of 200% MCT is to be transferred to Basic.

The Extension line of business is responsible to bear its share of all costs and initiatives associated with its applicable policies and coverages in accordance with the established allocation methodologies. It is conceivable that Extension profits could be utilized for purposes other than transfers to Basic. A past example of this was the funding of the Enhanced Drivers Licenses initiative. In order for such a deployment to take place Management would be required to put forward a proposal to the MPI Board of Directors and receive approval to proceed. At this time there are no plans to utilize excess Extension capital for any purpose other than transferring to Basic – as is evidenced by the capital transfers forecasted in the pro formas included in the 2021 GRA.

**PUB (MPI) 1-29**

<b>Part and Chapter:</b>	<b>Part V Pro Formas</b>	<b>Page No.:</b>	<b>18, 24</b>
<b>PUB Approved Issue No:</b>	<b>7. Capital Management Plan</b>		
<b>Topic:</b>	<b>Extension Financial Forecasts</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

Under the Capital Management Plan, the Basic rate request is dependent on the transfers of excess capital from Extension to Basic, which in turn depend on forecasts of Extension insurance operations.

**Question:**

- a) Please summarize any changes in approach made to the basis for the Extension financial forecasts over the period covered by EPF-1.
- b) Please indicate whether the Corporation has transferred over excess Extension funds in fiscal 2020/21 in accordance with the expectation of the Board set out in its reasons in Order 71/20 for the approval of the Special Rebate.
- c) Compared to Basic, please describe how and when rate indications are determined for Extension insurance.
- d) Please summarize any significant changes in forecasting assumptions made in the Extension financial forecasts over the period covered by EPF-1.

**Rationale for Question:**

To better understand the foundation for the Extension financial forecasts and the resulting expected transfers from excess capital from Extension to Basic.

**RESPONSE:**

- a) The Extension forecasts covered in EPF-1 utilize a static approach and do not contain any deviation related to forecasting techniques or assumptions.
- b) The Corporation has not transferred from Extension to Basic any additional funds in fiscal 2020/21 as no excess capital exists in Extension beyond the \$52 million rebate as at March 31, 2020. In the special rebate application the Corporation forecasted potential excess capital within Extension greater than \$52 million; however, upon completion of the final year-end results and producing the final Extension MCT number, it has been determined that the excess capital as at March 31, 2020 was \$50.8 million. As \$52 million was rebated and the ending Extension MCT at March 31, 2020 post-rebate was 197%, no further transfer is required related to the 2019/20 year.
- c) Extension rate indications are done at the product level (i.e. reduced deductible, increased Third Party Liability limits, etc.) to achieve the desired overall profit target and overall rate indication. Historically rate indications for the Extension line of business would take place after rate indications were determined for Basic. This past year, however, as the Basic and Extension lines of business are now intertwined by virtue of the Capital Management Plan, and Extension is a key factor in determining the Basic rate requirement, the Basic and Extension rate indications are determined at the same time. The Board of Directors are responsible to approve all rate indications prior to submission to the Public Utilities Board.
- d) As indicated in response part (a) of this question, there are no significant changes in forecasting assumptions for the Extension line of business. Please see Revenues



Appendix 4 for a listing of extension revenue assumptions and Claims Incurred  
Appendix 13 for a listing of Extension claims incurred assumptions.

**PUB (MPI) 2-16**

<b>Part and Chapter:</b>	<b>PUB (MPI) 1-28 Part VII- Reserves and Risk Management – Rate Stabilization Reserve</b>	<b>Page No.:</b>	<b>7 (RSR.6.2)</b>
<b>PUB Approved Issue No:</b>	<b>7. Capital Management Plan 1. Requested vehicle rate and any changes to other fees and discounts</b>		
<b>Topic:</b>	<b>Capital Transfers</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

MPI has indicated that the CMP does not stipulate what accumulated profits generated by the Extension line of business may be used for, but rather stipulates that at the end of each fiscal year, capital that remains in excess of 200% MCT is to be transferred to Basic.

**Question:**

Please provide alternate Pro-Formas with supporting schedules for Basic, assuming no transfers from Extension to Basic in 2020/21 (all excess Extension capital is used for other purposes) and beyond but reflecting full compliance with the Capital Management Plan.

**Rationale for Question:**

To understand the impact of the Extension transfers on the capital and rate level.

**RESPONSE:**

In the absence of capital transferred from Extension (all excess Extension capital is assumed to remain in Retained Earnings), the capital build/release provision changes

from -5.00% to +0.73%. The scenario assumes no change to the Basic AAP break-even rate indication. Please see Basic Pro-Forma results below.

**Figure 1 PF-1 Statement of Operations****Multi-year - Statement of Operations**

Line No.	2021 GRA with no Capital Transfers from Extension (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	Motor Vehicles	1,055,113	1,079,495	1,071,929	1,110,862	1,151,367	1,192,773
4	Drivers	66,411	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,126,136</b>	<b>1,165,908</b>	<b>1,207,332</b>	<b>1,249,624</b>
7	<b>Net Premiums Earned</b>						
8	Motor Vehicles	1,036,651	1,067,604	1,075,619	1,091,875	1,131,613	1,172,580
9	Drivers	66,733	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,129,354</b>	<b>1,146,366</b>	<b>1,186,981</b>	<b>1,228,846</b>
12	Service Fees & Other Revenues	27,161	28,208	28,504	30,143	31,912	33,804
13	<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,157,858</b>	<b>1,176,509</b>	<b>1,218,893</b>	<b>1,262,650</b>
14	Claims Incurred	787,799	820,094	900,170	916,726	950,309	982,928
15	DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,363	(1,810)	4,633	14,092
16	(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	8,574	12,661	10,479	11,262
17	<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>910,107</b>	<b>927,577</b>	<b>965,421</b>	<b>1,008,282</b>
18	Claims Expense	132,028	143,490	143,233	146,819	154,184	153,570
19	Road Safety/Loss Prevention	12,030	11,234	13,628	13,502	13,553	13,337
20	<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,066,968</b>	<b>1,087,898</b>	<b>1,133,158</b>	<b>1,175,189</b>
21	<b>Expenses</b>						
22	Operating	69,859	71,865	72,052	75,921	79,898	79,895
23	Commissions	42,332	43,823	44,328	44,992	46,552	48,160
24	Premium Taxes	33,102	32,292	34,297	34,816	36,043	37,308
25	Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
26	<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>155,837</b>	<b>160,930</b>	<b>167,786</b>	<b>170,755</b>
27	<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(64,947)</b>	<b>(72,319)</b>	<b>(82,051)</b>	<b>(83,294)</b>
28	Investment Income	54,159	83,938	87,769	88,990	88,381	90,138
29	(b) Investment Income - Interest Rate Impact	5,455	769	315	(81)	(129)	(134)
30	<b>Net Investment Income</b>	<b>59,614</b>	<b>84,707</b>	<b>88,084</b>	<b>88,909</b>	<b>88,252</b>	<b>90,004</b>
31	Gain (Loss) on Sale of Property	-	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,950</b>	<b>29,134</b>	<b>16,590</b>	<b>6,201</b>	<b>6,710</b>
33	Premium Rebate	-	(58,000)	-	-	-	-
34	<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,950</b>	<b>29,134</b>	<b>16,590</b>	<b>6,201</b>	<b>6,710</b>
35	<b>Total net Impact due to interest rate change (b) - (a)</b>	<b>14,393</b>	<b>(34,557)</b>	<b>(8,259)</b>	<b>(12,742)</b>	<b>(10,608)</b>	<b>(11,396)</b>

Figure 2 PF-2 Statement of Financial Position

## Multi-year - Statement of Financial Position

Line No.	2021 GRA with no Capital Transfers from Extension (C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
		2020A	2021BF	2022F	2023F	2024F	2025F
1							
2	<b>BASIC</b>						
3	<b>Assets</b>						
4	Cash and cash equivalents	186,762	57,675	53,680	49,620	51,123	52,673
5	Investments	2,648,873	2,900,246	3,007,515	3,121,876	3,243,221	3,378,262
6	Investment property	20,969	20,910	20,735	20,324	20,327	20,044
7	Due from other insurance companies	381	-	-	-	-	-
8	Accounts receivable	406,844	413,919	419,065	432,933	447,414	462,247
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	25,582	30,972	29,644	32,652	29,267	16,449
11	Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
12	Reinsurers' share of unpaid claims	5,072	-	-	-	-	-
13	Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
14	Deferred development costs	34,964	39,658	61,996	70,080	67,760	58,588
15	<b>Total Assets</b>	<b>3,417,912</b>	<b>3,556,703</b>	<b>3,689,395</b>	<b>3,826,688</b>	<b>3,956,175</b>	<b>4,079,394</b>
16	<b>Liabilities</b>						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
19	Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
20	Unearned premiums and fees	569,706	582,458	580,787	601,995	624,136	646,841
21	Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
22	Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
23	Provision for unpaid claims	2,031,336	2,096,726	2,182,678	2,261,643	2,339,966	2,415,791
24	<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,220,295</b>	<b>3,335,407</b>	<b>3,453,536</b>	<b>3,565,243</b>
25	<b>Equity</b>						
26	Retained Earnings	440,522	461,472	490,605	507,195	513,396	520,105
27	Accumulated Other Comprehensive Income	(34,296)	(27,015)	(21,506)	(15,914)	(10,755)	(5,953)
28	<b>Total Equity</b>	<b>406,226</b>	<b>434,457</b>	<b>469,099</b>	<b>491,281</b>	<b>502,641</b>	<b>514,152</b>
29	<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,556,702</b>	<b>3,689,394</b>	<b>3,826,688</b>	<b>3,956,177</b>	<b>4,079,395</b>

**Figure 3 PF-3 Statement of Changes in Equity****Multi-year - Statement of Changes in Equity**

Line No.	<i>2021 GRA with no Capital Transfers from Extension (C\$ 000s, rounding may affect totals)</i>	<i>For the Years Ended March 31,</i>					
		2020A	2021BF	2022F	2023F	2024F	2025F
2	<b>BASIC</b>						
3	<b>Total Equity</b>						
4	Retained Earnings						
5	Beginning Balance	319,914	440,522	461,472	490,605	507,195	513,396
6	Net Income (Loss) from annual operations	120,607	78,951	29,133	16,590	6,201	6,709
7	Premium Rebate	-	(58,000)	-	-	-	-
8	Transfer (to) / from Non-Basic Retained Earnings	-	-	-	-	-	-
9	<b>Total Retained Earnings</b>	<b>440,522</b>	<b>461,472</b>	<b>490,605</b>	<b>507,195</b>	<b>513,396</b>	<b>520,105</b>
10	<b>Total Accumulated Other Comprehensive Income</b>						
11	Beginning Balance	(48,956)	(34,296)	(27,015)	(21,506)	(15,914)	(10,755)
12	Other Comprehensive Income on Available for Sale Assets	14,660	7,281	5,510	5,591	5,159	4,802
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(27,015)</b>	<b>(21,506)</b>	<b>(15,914)</b>	<b>(10,755)</b>	<b>(5,953)</b>
14	<b>Total Equity Balance</b>	<b>406,226</b>	<b>434,457</b>	<b>469,100</b>	<b>491,281</b>	<b>502,641</b>	<b>514,152</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>						
16	Total Equity Balance	406,226	434,457	469,100	491,281	502,641	514,152
17	Less: Assets Requiring 100% Capital	34,964	39,658	61,996	70,080	67,760	58,588
18	<b>Capital Available</b>	<b>371,262</b>	<b>394,799</b>	<b>407,104</b>	<b>421,201</b>	<b>434,881</b>	<b>455,564</b>
19	<b>Minimum Capital Required (100% MCT)</b>	<b>350,820</b>	<b>379,969</b>	<b>405,232</b>	<b>421,208</b>	<b>436,287</b>	<b>451,700</b>
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>105.8%</b>	<b>103.9%</b>	<b>100.5%</b>	<b>100.0%</b>	<b>99.7%</b>	<b>100.9%</b>

**PUB (MPI) 2-38**

<b>Part and Chapter:</b>	<b>CMMG (MPI) 1-12</b>	<b>Page No.:</b>	<b>2</b>
<b>PUB Approved Issue No:</b>	<b>7. Capital Management Plan</b>		
<b>Topic:</b>	<b>Risk Assessment and Risk Management</b>		
<b>Sub Topic:</b>			

**Preamble to IR:****Question:**

Please provide an updated CMMG (MPI) 1-12 Figure 1 with the forecast to fiscal year 2023/24.

**Rationale for Question:****RESPONSE:**

Please refer to Figure 1.

Figure 1 RSR Basic Program Amounts

Line No.	Fiscal Year	Beginning RSR/Retained Earnings Balance (a)	Net Income (b)	Transfer from Non-Basic (c)	Surplus Distribution (d)	Adjustments (e)	Transfer (to)/from Retained Earnings (f)	Transfer (to)/from IIF (g)	Transfer (to)/from ITOF (h)	Ending RSR (i)	Retained Earnings (j)	Immobilizer Incentive Fund (IIF) (k)	Information Technology Optimization Fund (ITOF) (l)	Total Retained Earnings (m)	Accumulated Other Comprehensive Income (n)	Total Equity <sup>^</sup> (o)	PUB Approved RSR Range <sup>^</sup>	
1	<i>(C\$000s, except where noted)</i>									Total (a) to (h)		Total (i) to (l)		(m) + (n)				
2	2003/04	35,366	3,358	4,049	-		-			42,773		-	-	42,773	-	42,773	\$50-80M	
3	2004/05*	42,773	59,943	33,907	-	(10,619)	-			126,004		-	-	126,004	-	126,004	\$50-80M	
4	2005/06	126,004	85,703	19,427	(58,000)		(37,063)			136,071		37,063	-	173,134	-	173,134	\$50-80M	
5	2006/07	136,071	47,783	-	(59,652)		3,920			128,122		33,143	-	161,265	-	161,265	\$69-105M	
6	2007/08	128,122	69,040	-	(62,565)	(22,693)	15,218			127,122		17,925	-	145,047	20,012	165,059	\$69-106M	
7	2008/09	127,122	(8,165)	-	54		15,904			134,915		2,021	-	136,936	(101,501)	35,435	\$72-109M	
8	2009/10	134,915	87,773	-	-		(70,709)	2,021	-	154,000	70,709	-	-	224,709	34,645	259,354	\$77-154M	
9	2010/11*	154,000	283,855	-	(321,678)	18,639	70,709	-	(65,000)	140,525		-	65,000	205,525	73,082	278,607	\$77-154M	
10	2011/12	140,525	22,278	-	(14,120)		(57,983)	-	65,000	155,700	57,983	-	-	213,683	49,007	262,690	\$78-156M	
11	2012/13 *	155,700	(63,103)	-	-		57,203	-		149,800	19,240	-	-	169,040	56,800	225,840	\$78-156M	
12	2013/14	149,800	(69,162)	-	-		19,240	-		99,878	-	-	-	99,878	70,284	170,162	\$79-157M	
13	2014/15	99,878	2,440	75,500	-		-	-		177,818		-	-	177,818	35,262	213,080	\$89-178M	
14	2015/16	177,818	(56,050)	72,729	-		-	-		194,497		-	-	194,497	36,503	231,000	\$231-366M	
15	2016/17	194,497	(123,070)	27,824	-		-	-		99,251		-	-	99,251	81,749	181,000	\$159M	
16	2017/18	99,251	34,424	37,300	-		-	-		170,975		-	-	170,975	39,870	210,845	\$180-325M	
17	2018/19	170,975	78,837	60,000			(309,812)			-	309,812	-	-	309,812	(60,120)	249,692	\$140-315M	
18	2019/20	309,812	130,710	-						440,522		-	-	440,522	(34,295)	406,227	\$356M	
19	2020/21**	440,522	78,614	64,659	(58,000)					525,795		-	-	525,795	(26,486)	499,309	\$386M	
20	2021/22**	525,795	(1,193)	24,948						549,550		-	-	549,550	(20,091)	529,459	\$409M	
21	2022/23**	549,550	(45,185)	35,209						539,574		-	-	539,574	(16,108)	523,466	\$423M	
22	2023/24**	539,574	(59,048)	37,991						518,517		-	-	518,517	(12,660)	505,857	\$436M	
23	* - Restated																	
24	<sup>^</sup> - Capital, and stabilization of rates is now backed by Total Equity, as such the specific RSR component of retained earnings was transferred back into retained earnings in 2018/19																	
25	** - Forecasted																	

**CAC (MPI) 1-39**

<b>Part and Chapter:</b>	<b>OV.2.2</b>	<b>Page No.:</b>	<b>p.5, lines 12-13 p.6, lines 4-7</b>
<b>PUB Approved Issue No:</b>	<b>19</b>		
<b>Topic:</b>	<b>Coverage Changes</b>		
<b>Sub Topic:</b>	<b>Implementation, pricing ad and impact on Extension</b>		

**Preamble to IR:**

Coverage changes have been approved by provincial Cabinet, and will be in effect for the 2021/22 insurance year.

**Question:**

- a) Please file a copy of the cabinet approved Automobile Insurance Coverage Regulation 290/88, containing the changes in coverage. If possible, please file a blacklined copy.
- b) Please confirm that the 3% rate impact due to coverage changes is a net impact. Please summarize the relative contribution of the different product changes (TPL, Deductible, and Maximum Insured Value) to the 3% reduction in overall Basic Rates. If appropriate, please also reconcile against Figure RM-2, at page 23 of Part VI Ratemaking.
- c) Recognizing that some coverage is being moved from Basic to Extension (i.e. deductible), for those customers that elect to purchase extension coverage, please discuss any implications for the price of extension coverage, given the higher commissions and profit load present in the extension line of business, and MPI's intention that customers see no overall increase in premiums?



- d) Will MPI assign customers who currently have \$500 (Basic level) deductible, to a comparable package that includes extension deductible buy down?
- e) How many customers does MPI expect will elect for no deductible buy down (Basic level deductible)? Please provide a forecast for all relevant extension products, if available.
- f) When does MPI anticipate having Extension prices determined, so as to confirm that customers who elect the same coverage as prior years, will face 'no net increase in total premiums'.
- g) Referencing EPF-1 from the 2021 and 2020 GRA, please provide a narrative explanation of the major changes to Net Income for the 2022F and 2023F years, and beyond as available.
- h) Referencing EPF-3 from the 2021 and 2020 GRAs, please provide a narrative explanation for the material decrease in forecast transfers (line 8) from Extension to Basic. Please supplement the explanation with figures as appropriate.

**Rationale for Question:**

To understand the impact of coverage changes on the Basic and Extension lines of business.

**RESPONSE:**

- a) Please refer to [Attachment A](#), also available in the Manitoba Laws website<sup>1</sup>.

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<sup>1</sup> <https://web2.gov.mb.ca/laws/regs/annual/2020/037.pdf>.

- b) The total impact of the product changes is a 2.96% decrease to the Basic overall required rate change. The impact of each individual product change is per the table below:

<b>Product Change</b>	<b>Impact</b>
Increasing the Basic Deductible	-3.28%
Increasing the Basic TPL	+0.15%
Increasing the Basic Maximum Insured Value	+0.18%

- c) In order to provide comparable coverage at comparable costs, there will be a decrease in net income for Extension.
- d) MPI customers will be assigned coverage that is the most comparable to their existing, previously selected coverage. Therefore, customers who currently have a \$500 deductible level (Basic) will be assigned to the \$500 deductible level (Extension).
- e) MPI judgmentally assumed that 75% of customers currently selecting the \$500 deductible level will select the new \$750 deductible level. A similar forecast for the Maximum Insured Value and TPL coverages is not available.
- f) Historically, MPI has sought approval of Extension required rate changes by product from the Board of Directors in mid-October, with completion of all Extension rates by November. However, with Basic and Extension rates now interconnected through the Capital Management Plan, MPI requires Board approval of the overall Basic rate change at the same time as the overall Extension rate change. Extension rate changes by product will still be brought to the MPI Board in mid-October, however, the overall rate change will already be determined. Extension rates will be balanced to achieve the Board approved overall rate change.

In regards to the 2021/22 rates after product changes, the rates for Extension, when combined with Basic, will be such that the impact of the product changes will be rate neutral for the customer. This rate neutrality requirement is not 'optional'.

The Extension rate model will build this requirement into the rate calculation for the 2021/22 rating year.

- g) The difference in Net income is mainly attributed to the 2021/22 overall Extension rate decrease of 7.5%, prior to product changes.
- h) The decrease in forecast transfers from Extension is attributed to two main factors; lower forecast net income and a slightly higher MCT capital requirement.

As explained in part g) and illustrated in Figure 1 below, the 2021 GRA forecast shows lower net income of approximately \$9.7 million per year over a three year average ending 2023/24.

**Figure 1: Net Income before premium rebate - 2021 GRA vs 2020 GRA Comparison**

Line No.		2019/20	2020/21	2021/22	2022/23	2023/24	3 year Average
1	(C\$000s)						
2	2021 GRA	37,883	51,788	42,029	37,914	39,800	
3	2020 GRA	46,372	44,522	46,857	50,168	51,966	
4	Net Income Difference - Better / (Worse)	(8,489)	7,266	(4,828)	(12,254)	(12,166)	(9,749)

In addition, Figure 2 below shows the 2021 GRA forecast requires Extension to retain approximately \$10.4 million of additional capital over a three year average ending 2023/24, in order to maintain a 200% MCT level. The higher capital requirements are from higher insurance risk due to the product changes and market risk due to larger investment balances.

**Figure 2: EPF.3 Total Equity / Approximate Capital Required at 200% MCT - 2021 GRA vs 2020 GRA Comparison**

Line No.	(C\$000s)	2019/20	2020/21	2021/22	2022/23	2023/24	3 year Average
1	2021 GRA - EPF. 3						
2	Total Equity Balance	140,499	76,048	94,400	98,578	101,692	
3	MCT Ratio (%)	325%	200%	200%	200%	200%	
4	Approx. Minimum Capital (Margin) Required*	43,257	38,024	47,200	49,289	50,846	
5	2020 GRA - EPF.3						
6	Total Equity Balance	78,905	81,484	84,398	86,695	92,376	
7	MCT Ratio (%)	200%	200%	200%	200%	200%	
8	Approx. Minimum Capital (Margin) Required*	39,453	40,742	42,199	43,348	46,188	
9	Approx. Minimum Capital (Margin) Required - Difference	3,805	(2,718)	5,001	5,942	4,658	
10	Approx Capital required at 200% MCT (Line 9 x 2)	7,609	(5,436)	10,002	11,883	9,316	10,400
11	* (Total Equity Balance divided by MCT Ratio (%))						

THE MANITOBA PUBLIC INSURANCE CORPORATION ACT  
(C.C.S.M. c. P215)

LOI SUR LA SOCIÉTÉ D'ASSURANCE PUBLIQUE DU MANITOBA  
(c. P215 de la C.P.L.M.)

**Automobile Insurance Coverage Regulation, amendment**

**Règlement modifiant le Règlement sur l'assurance automobile**

Regulation 37/2020  
Registered May 7, 2020

Règlement 37/2020  
Date d'enregistrement : le 7 mai 2020

**Manitoba Regulation 290/88 R amended**  
**1 The Automobile Insurance Coverage Regulation, Manitoba Regulation 290/88 R, is amended by this regulation.**

**Modification du R.M. 290/88 R**  
**1 Le présent règlement modifie le Règlement sur l'assurance automobile, R.M. 290/88 R.**

**2(1) Subsection 1(1) is amended in the definition "vehicle for hire"**

**2(1) La définition de « véhicule avec chauffeur » figurant au paragraphe 1(1) est modifiée :**

**(a) in the part before clause (a), by striking out "Automobile Insurance Certificates and Rates Regulation, Manitoba Regulation 23/2017" and substituting "Automobile Insurance Plan Regulation, Manitoba Regulation 49/2019"; and**

**a) dans le passage introductif, par substitution, à « Règlement sur les certificats et les tarifs, R.M. 23/2017 », de « Règlement sur les régimes d'assurance-automobile, R.M. 49/2019 »;**

**(b) in clause (c) of the French version, by striking out "voiture" and substituting "véhicule".**

**b) dans l'alinéa c) de la version française, par substitution, à « voiture », de « véhicule ».**

**2(2) Subsection 1(2) is amended**

**2(2) Le paragraphe 1(2) est modifié :**

**(a) in the part after the last clause, by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation"; and**

**a) dans le passage introductif, par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile »;**

**(b) by replacing clause (g) of the French version with the following:**

g) véhicule de tourisme privé;

**b) par substitution, à l'alinéa g) de la version française, de ce qui suit :**

g) véhicule de tourisme privé;

**3 The following provisions are amended by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation":**

**(a) subsections 3(3) and (4), in the part before clause (a);**

**(b) sections 4.1 and 77.1;**

**(c) section 140, in the definition "insured motor vehicle";**

**(d) sections 140.1 and 151.1;**

**(e) section 224, in the definitions "break in coverage", "eligible vehicle", "insurable value" and "insured";**

**(f) section 239, in the definition "insured non-owned vehicle";**

**(g) subsection 246(11).**

**3 Les dispositions qui suivent sont modifiées par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile » :**

**a) le passage introductif des paragraphes 3(3) et (4);**

**b) les articles 4.1 et 77.1;**

**c) la définition de « véhicule automobile assuré » figurant à l'article 140;**

**d) les articles 140.1 et 151.1;**

**e) les définitions d'« assuré », d'« interruption de garantie », de « valeur assurable » et de « véhicule admissible » figurant à l'article 224;**

**f) la définition de « véhicule assuré appartenant à un tiers » figurant à l'article 239;**

**g) le paragraphe 246(11).**

**4 The definition "maximum insured value" in section 48 is amended**

**(a) by striking out "\$50,000" wherever it occurs and substituting "\$70,000"; and**

**(b) in clause (a) of the French version, by striking out "une voiture de tourisme" and substituting "un véhicule de tourisme".**

**4 La définition de « valeur assurée maximale » figurant à l'article 48 est modifiée :**

**a) par substitution, à « 50 000 \$ », à chaque occurrence, de « 70 000 \$ »;**

**b) dans l'alinéa a) de la version française, par substitution, à « une voiture de tourisme », de « un véhicule de tourisme ».**

**5 Subsection 51(2) is repealed.**

**5 Le paragraphe 51(2) est abrogé.**

**6 Section 80 is amended in the part after clause (b) by striking out "\$200,000" and substituting "\$500,000".**

**6 Le passage introductif de l'article 80 est modifié par substitution, à « 200 000 \$ », de « 500 000 \$ ».**

**7 Section 81 is amended**

**(a) in clause (a), by striking out "\$180,000" and substituting "\$450,000"; and**

**(b) in clause (b), by striking out "\$20,000" and substituting "\$50,000".**

**7 L'article 81 est modifié :**

**a) dans l'alinéa a), par substitution, à « 180 000 \$ », de « 450 000 \$ »;**

**b) dans l'alinéa b), par substitution, à « 20 000 \$ », de « 50 000 \$ ».**

**8 Section 100 is amended, in the section heading and in the section, by striking out "\$200,000" and substituting "\$500,000".**

**8 L'article 100 est modifié par substitution, à « 200 000 \$ », de « 500 000 \$ ».**

**9 Subsection 117(1) is amended**

**(a) by striking out "\$200,000" and substituting "\$500,000"; and**

**(b) by striking out "\$20,000" and substituting "\$50,000".**

**9 Le paragraphe 117(1) est modifié :**

**a) par substitution, à « 200 000 \$ », de « 500 000 \$ »;**

**b) par substitution, à « 20 000 \$ », de « 50 000 \$ ».**

**10 Section 124 is amended by striking out "\$200,000" and substituting "\$500,000".**

**10 L'article 124 est modifié par substitution, à « 200 000 \$ », de « 500 000 \$ ».**

**11 Subsection 127(1) is amended**

**(a) by replacing the definitions "class 0 coverage" and "class 1 coverage" with the following:**

"class 0 coverage" means a reduction of the deductible specified in Part III from \$750 to \$300 for any of the following:

- (a) a private passenger vehicle,
- (b) a vehicle with a farming all purpose truck or fishing all purpose truck insurance use,
- (c) a motor home,
- (d) a vehicle with a pleasure truck or collector truck insurance use,
- (e) a vehicle with an all purpose truck insurance use,
- (f) a vehicle with a common carrier local passenger vehicle insurance use,

**11 Le paragraphe 127(1) est modifié :**

**a) dans la définition d'« assuré », par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile »;**

**b) par substitution, aux définitions de « garantie de classe 0 » et de « garantie de classe 1 », de ce qui suit :**

**« garantie de classe 0 »** Réduction de la franchise indiquée à la partie III, qui passe de 750 \$ à 300 \$, pour un des véhicules suivants :

- a) un véhicule de tourisme privé;
- b) un véhicule assuré à titre de camion agricole (tarif universel) ou de camion de pêche (tarif universel);
- c) une caravane automotrice;
- d) un véhicule assuré à titre de camion de plaisance ou de collection;

(g) a vehicle for hire,

(h) a motorcycle; (« garantie de classe 0 »)

**"class 1 coverage"** means a reduction of the deductible specified in Part III from \$750 to \$200 for any of the following:

(a) a private passenger vehicle,

(b) a vehicle with a farming all purpose truck or fishing all purpose truck insurance use,

(c) a motor home,

(d) a vehicle with a pleasure truck or collector truck insurance use,

(e) a vehicle with an all purpose truck insurance use,

(f) a vehicle with a common carrier local passenger vehicle insurance use,

(g) a vehicle for hire,

(h) a motorcycle; (« garantie de classe 1 »)

**(b) by repealing the definition "class 2 coverage";**

**(c) in the definitions "class 3 coverage", "class 5 coverage", "class 6 coverage", "class 7 coverage" and "class 8 coverage", by striking out "\$200,000" and substituting "\$500,000";**

**(d) in the definition "class 4 coverage", in the part before clause (a), by striking out "\$200,000" and substituting "\$500,000";**

**(e) by adding the following definitions:**

**"class 9 coverage"** means a reduction of the deductible specified in Part III from \$750 to \$200 for any of the following:

(a) a private passenger vehicle,

(b) a vehicle with a farming all purpose truck or fishing all purpose truck insurance use,

(c) a motor home,

e) un véhicule assuré à titre de camion (tarif universel);

f) un véhicule assuré à titre de véhicule de tourisme de transport public local;

g) un véhicule avec chauffeur;

h) une motocyclette. ("class 0 coverage")

**« garantie de classe 1 »** Réduction de la franchise indiquée à la partie III, qui passe de 750 \$ à 200 \$, pour un des véhicules suivants :

a) un véhicule de tourisme privé;

b) un véhicule assuré à titre de camion agricole (tarif universel) ou de camion de pêche (tarif universel);

c) une caravane automotrice;

d) un véhicule assuré à titre de camion de plaisance ou de collection;

e) un véhicule assuré à titre de camion (tarif universel);

f) un véhicule assuré à titre de véhicule de tourisme de transport public local;

g) un véhicule avec chauffeur;

h) une motocyclette. ("class 1 coverage")

**c) par suppression de la définition de « garantie de classe 2 »;**

**d) dans le passage introductif des définitions de « garantie de classe 3 », de « garantie de classe 4 », de « garantie de classe 5 », de « garantie de classe 7 » et de « garantie de classe 8 », par substitution, à « 200 000 \$ », de « 500 000 \$ »;**

**e) dans l'alinéa b) de la définition de « garantie de classe 6 », par substitution, à « 200 000 \$ », de « 500 000 \$ »;**



(d) a vehicle with a pleasure truck or collector truck insurance use,

(e) a vehicle with an all purpose truck insurance use,

(f) a vehicle with a common carrier local passenger vehicle insurance use,

(g) a vehicle for hire; (« garantie de classe 9 »)

**"class 10 coverage"** means a reduction of the deductible specified in Part III from \$750 to \$500 for any of the following:

(a) a private passenger vehicle,

(b) a vehicle with a farming all purpose truck or fishing all purpose truck insurance use,

(c) a motor home,

(d) a vehicle with a pleasure truck or collector truck insurance use,

(e) a vehicle with an all purpose truck insurance use,

(f) a vehicle with a common carrier local passenger vehicle insurance use,

(g) a vehicle for hire,

(h) a motorcycle; (« garantie de classe 10 »)

**(f) by replacing the definition "comprehensive coverage" with the following:**

**"comprehensive coverage"** means the following:

(a) for an owner's certificate that specifies class 0 coverage, coverage that waives the applicable deductible for loss or damage to the insured vehicle or its attached equipment that occurs by reason of a collision with an animal or bird,

**f) par adjonction des définitions suivantes :**

« **garantie de classe 9** » Réduction de la franchise indiquée à la partie III, qui passe de 750 \$ à 200 \$ pour un des véhicules suivants :

a) un véhicule de tourisme privé;

b) un véhicule assuré à titre de camion agricole (tarif universel) ou de camion de pêche (tarif universel);

c) une caravane automotrice;

d) un véhicule assuré à titre de camion de plaisance ou de collection;

e) un véhicule assuré à titre de camion (tarif universel);

f) un véhicule assuré à titre de véhicule de tourisme de transport public local;

g) un véhicule avec chauffeur. ("class 9 coverage")

« **garantie de classe 10** » Réduction de la franchise indiquée à la partie III, qui passe de 750 \$ à 500 \$ pour un des véhicules suivants :

a) un véhicule de tourisme privé;

b) un véhicule assuré à titre de camion agricole (tarif universel) ou de camion de pêche (tarif universel);

c) une caravane automotrice;

d) un véhicule assuré à titre de camion de plaisance ou de collection;

e) un véhicule assuré à titre de camion (tarif universel);

f) un véhicule assuré à titre de véhicule de tourisme de transport public local;

(b) for an owner's certificate that specifies class 1 coverage or class 6 coverage, coverage that waives the applicable deductible for loss or damage to the insured vehicle or its attached equipment that occurs by reason of

- (i) a collision with an animal or bird, or
- (ii) the theft or attempted theft of the vehicle,

(c) for an owner's certificate that specifies class 9 coverage, coverage that waives the applicable deductible for loss or damage to the insured vehicle or its attached equipment if

- (i) the loss or damage occurs only to the windshield and windows of the vehicle and is repairable, or
- (ii) the loss or damage occurs by reason of
  - (A) a collision with an animal or bird,
  - (B) the theft or attempted theft of the vehicle, or
  - (C) vandalism; (« garantie totale »)

**(g) in the definition "insured", by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation".**

**12 Section 128 is amended**

- (a) in the part before clause (a),**
  - (i) in the French version, by striking out "une voiture de tourisme privée" and substituting "unvéhicule de tourisme privé", and**

- g) un véhicule avec chauffeur;
- h) une motocyclette. ("class 10 coverage")

**g) par substitution, à la définition de « garantie totale », de ce qui suit :**

**« garantie totale »**

- a) Dans le cas d'un certificat de propriété qui vise la garantie de classe 0, garantie assortie d'une exonération de franchise lorsque la perte ou le dommage concernant le véhicule assuré ou ses accessoires sont le fait d'une collision avec un animal ou un oiseau;
- b) dans le cas d'un certificat de propriété qui vise la garantie de classe 1 ou 6, garantie assortie d'une exonération de franchise lorsque la perte ou le dommage concernant le véhicule assuré ou ses accessoires sont le fait d'une collision avec un animal ou un oiseau ou du vol ou d'une tentative de vol du véhicule;
- c) dans le cas d'un certificat de propriété qui vise la garantie de classe 9, garantie assortie d'une exonération de franchise lorsque la perte ou le dommage concernant le véhicule assuré ou ses accessoires, selon le cas :
  - (i) ne touchent que le pare-brise ou les vitres du véhicule assuré et les dégâts sont réparables,
  - (ii) sont le fait d'une collision avec un animal ou un oiseau, du vol ou d'une tentative de vol du véhicule ou d'un acte de vandalisme. ("comprehensive coverage")

**12 L'article 128 est modifié :**

- a) dans le passage introductif :**
  - (i) dans la version française, par substitution, à « une voiture de tourisme privée », de « un véhicule de tourisme privé »,**

**(ii) by adding** "(except in relation to class 9 coverage)" **after** "motorcycle"; **and**

**(b) by striking out "or" at the end of subclause (b)(i.1) and replacing subclause (b)(ii) with the following:**

- (ii) Class 9 coverage, or
- (iii) Class 10 coverage;

**13 Section 132 is amended by striking out "or" at the end of clause (a.1) and replacing clause (b) with the following:**

- (b) Class 9 coverage, if specified; or
- (c) Class 10 coverage, if specified.

**14 Section 133 is amended by repealing clause (c), striking out "and" at the end of clause (g) and adding the following after clause (h):**

- (i) "\$200 deductible all perils plus" means Class 9 coverage; and
- (j) "\$500 deductible all perils" means Class 10 coverage.

**15 Clause 137(2)(b) is amended**

**(a) in the part before subclause (b)(i), by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation";**

**(b) by replacing subclause (vi) of the French version with the following:**

(vi) véhicule de tourisme privé,

**(c) by adding the following after subclause (xiii):**

(xiv) moped.

**(ii) par adjonction, après « motocyclette », de « (sauf à l'égard de la garantie de classe 9) »;**

**b) par substitution, au sous-alinéa b)(ii), de ce qui suit :**

- (ii) garantie de classe 9,
- (iii) garantie de classe 10.

**13 L'article 132 est modifié par substitution, à l'alinéa b), de ce qui suit :**

- b) garantie de classe 9;
- c) garantie de classe 10.

**14 L'article 133 est modifié par abrogation de l'alinéa c) et par adjonction, après l'alinéa h), de ce qui suit :**

- i) « tout risque plus avec franchise de 200 \$ » désigne une garantie de classe 9;
- j) « tout risque avec franchise de 500 \$ » désigne une garantie de classe 10;

**15 L'alinéa 137(2)b) est modifié :**

**a) dans le passage introductif, par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile »;**

**b) par substitution, au sous-alinéa (vi) de la version française, de ce qui suit :**

(vi) véhicule de tourisme privé,

**c) par adjonction, après le sous-alinéa (xiii), de ce qui suit :**

(xiv) cyclomoteur.

16 Section 153 is amended by striking out "\$200,000" and substituting "\$500,000".

16 L'article 153 est modifié par substitution, à « 200 000 \$ », à chaque occurrence, de « 500 000 \$ ».

17 Subsection 155(1) is amended

17 Le paragraphe 155(1) est modifié :

(a) by replacing the definitions "all purpose moped", "all purpose motorcycle", "pleasure moped" and "pleasure motorcycle" with the following:

a) dans les définitions d'« assuré », d'« autre camion », de « camion d'artisan » et de « véhicule de tourisme de transport public local », par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile »;

"all purpose moped" has the same meaning as it has in Schedule B of the *Automobile Insurance Plan Regulation* ; (« cyclomoteur (tarif universel) »)

b) par substitution, aux définitions de « cyclomoteur de plaisance », de « cyclomoteur (tarif universel) », de « motocyclette de plaisance » et de « motocyclette (tarif universel) », de ce qui suit :

"all purpose motorcycle" has the same meaning as it has in Schedule B of the *Automobile Insurance Plan Regulation*; (« motocyclette (tarif universel) »)

« cyclomoteur de plaisance » S'entend au sens de l'annexe B du *Règlement sur les régimes d'assurance-automobile*. ("pleasure moped")

"pleasure moped" has the same meaning as it has in Schedule B of the *Automobile Insurance Plan Regulation*; (« cyclomoteur de plaisance »)

« cyclomoteur (tarif universel) » S'entend au sens de l'annexe B du *Règlement sur les régimes d'assurance-automobile*. ("all purpose moped")

"pleasure motorcycle" has the same meaning as it has in Schedule B of the *Automobile Insurance Plan Regulation*; (« motocyclette de plaisance »)

« motocyclette de plaisance » S'entend au sens de l'annexe B du *Règlement sur les régimes d'assurance-automobile*. ("pleasure motorcycle")

(b) in the definitions "artisan truck", "common carrier local passenger vehicle", "insured", and "other truck", by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation";

« motocyclette (tarif universel) » S'entend au sens de l'annexe B du *Règlement sur les régimes d'assurance-automobile*. ("all purpose motorcycle")

(c) in the definition "private passenger vehicle" of the English version, by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation";

c) dans la définition de « private passenger vehicle » de la version anglaise, par substitution, à « Automobile Insurance Certificates and Rates Regulation », de « Automobile Insurance Plan Regulation »;

(d) in the definition "véhicule admissible" of the French version, by striking out "Voiture de tourisme privée" and substituting "Véhicule de tourisme privé";

d) dans la définition de « véhicule admissible » de la version française, par substitution, à « Voiture de tourisme privée », de « Véhicule de tourisme privé »;

(e) in the French version, by repealing the definition "voiture de tourisme privée"; and

e) dans la version française, par suppression de la définition de « voiture de tourisme privée »;

**(f) in the French version, by adding the following definition:**

« **véhicule de tourisme privé** » S'entend au sens de l'article 16 du *Règlement sur les régimes d'assurance-automobile*. ("private passenger vehicle")

**f) dans la version française, par adjonction de la définition suivante :**

« **véhicule de tourisme privé** » S'entend au sens de l'article 16 du *Règlement sur les régimes d'assurance-automobile*. ("private passenger vehicle")

**18 Section 171 is amended**

**(a) in the definitions "insured" and "insured vehicles", by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation"; and**

**(b) in the definition "maximum insured value",**

**(i) by striking out "\$50,000" wherever it occurs and substituting "\$70,000", and**

**(ii) in clause (a) of the French version, by striking out "une voiture de tourisme" and substituting "un véhicule de tourisme".**

**18 L'article 171 est modifié :**

**a) dans les définitions d'« assuré » et de « véhicule assuré », par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile »;**

**b) dans la définition de « valeur assurée maximale » :**

**(i) par substitution, à « 50 000 \$ », à chaque occurrence, de « 70 000 \$ »,**

**(ii) dans l'alinéa a) de la version française, par substitution, à « une voiture de tourisme », de « un véhicule de tourisme ».**

**19 Clause 174(b) is amended by striking out "\$100" and substituting "\$200".**

**19 L'alinéa 174b) est modifié par substitution, à « 100 \$ », de « 200 \$ ».**

**20 Subsection 196(1) is amended**

**(a) in the definition "insured", by striking out "Automobile Insurance Certificates and Rates Regulation" and substituting "Automobile Insurance Plan Regulation";**

**(b) in the definition "maximum insured value", by striking out "\$50,000" and substituting "\$70,000"; and**

**(c) in the definition "véhicule de remplacement temporaire" of the French version, by striking out "la motocyclette, le cyclomoteur ou le véhicule de déplacement" and substituting "la motocyclette ou le cyclomoteur".**

**20 Le paragraphe 196(1) est modifié :**

**a) dans la définition d'« assuré », par substitution, à « Règlement sur les certificats et les tarifs », de « Règlement sur les régimes d'assurance-automobile »;**

**b) dans la définition de « valeur assurée maximale », par substitution, à « 50 000 \$ », de « 70 000 \$ »;**

**c) dans la définition de « véhicule de remplacement temporaire » de la version française, par substitution, à « la motocyclette, le cyclomoteur ou le véhicule de déplacement », de « la motocyclette ou le cyclomoteur ».**

**21 Subsection 198(3) of the French version is amended by striking out** "Sont assimilés à un véhicule de remplacement temporaire les taxis et les transports publics."

**21 Le paragraphe 198(3) de la version française est modifié par suppression de** « Sont assimilés à un véhicule de remplacement temporaire les taxis et les transports publics. ».

**22 Clause 199(a) is replaced with the following:**

**22 L'alinéa 199a) est remplacé par ce qui suit :**

(a) the following deductibles apply for loss or damage occurring only to the windshield or windows of an insured vehicle:

a) que lorsque la perte ou le dommage ne touche que le pare-brise ou les vitres du véhicule assuré :

(i) \$200, if the windshield or any of the windows requires replacement,

(i) une franchise de 200 \$ s'applique si le pare-brise ou l'une des vitres doivent être remplacés,

(ii) no deductible, if all damage to the windshield and windows is repairable;

(ii) aucune franchise ne s'applique si les dégâts sont réparables;

**23(1) Clause 245(3)(a) is amended by striking out "\$500" and substituting "\$750".**

**23(1) L'alinéa 245(3)a) est modifié par substitution, à « 500 \$ », de « 750 \$ ».**

**23(2) Subclause 245(3.1)(a)(i) is replaced with the following:**

**23(2) Le sous-alinéa 245(3.1)a)(i) est remplacé par ce qui suit :**

(i) \$750 for a motorcycle or \$225 for a moped, under section 242,

(i) 750 \$ pour une motocyclette ou de 225 \$ pour un cyclomoteur, dans le cas de l'article 242,

**23(3) Subsection 245(4) is amended by striking out "\$100" and substituting "\$200".**

**23(3) Le paragraphe 245(4) est modifié par substitution, à « 100 \$ », de « 200 \$ ».**

**24(1) Subsection 246(5) is amended in the part after clause (b) by striking out "\$9,800,000" and substituting "\$9,500,000".**

**24(1) Le passage introductif du paragraphe 246(5) est modifié par substitution, à « 9 800 000 \$ », de « 9 500 000 \$ ».**

**24(2) Subsection 246(6) is amended**

**24(2) Le paragraphe 246(6) est modifié :**

**(a) in clause (a), by striking out "\$8,820,000" and substituting "\$8,550,000"; and**

**a) dans l'alinéa a), par substitution, à « 8 820 000 \$ », de « 8 550 000 \$ »;**

**(b) in clause (b), by striking out "\$980,000" and substituting "\$950,000".**

**b) dans l'alinéa b), par substitution, à « 980 000 \$ », de « 950 000 \$ ».**

25 The following is added after section 271:

25 Il est ajouté, après l'article 271, ce qui suit :

PART XIV

PARTIE XIV

TRANSITIONAL

DISPOSITIONS TRANSITOIRES

**Transitional — annual policies, short-term policies and temporary registration permits 272(1)**

The terms that applied to an active annual policy, to a short-term policy for a duration of less than one year, or to a temporary registration permit issued under section 22 of the *Vehicle Registration Regulation* immediately before the coming into force of this section continue to apply until the expiry or renewal of the policy or permit, including

- (a) the maximum insured value;
- (b) the deductible amounts; and
- (c) the class coverage for the policy under Part V.

**272(2)** A mid-term change to a policy under subsection (1) (that has not expired or been renewed) is limited to the policy terms that were available and in force under this regulation as it read immediately before the coming into force of this section.

**272(3)** Despite subsection (1), in respect of non-owned vehicle extension coverage that is obtained under Part XIII before the coming into force of this section, the maximum amount of coverage that is provided under clause 245(3)(a) for an incident occurring after the coming into force of this section is

- (a) \$500 if the insured vehicle is subject to a \$500 deductible under subsection 51(1) at the time of the incident; and
- (b) \$750 if the insured vehicle is subject to a \$750 deductible under subsection 51(1) at the time of the incident.

**Dispositions transitoires — police annuelle, police de courte durée et permis d'immatriculation temporaire 272(1)**

Les modalités qui s'appliquaient à une police annuelle, à une police de courte durée établie pour moins d'un an ou à un permis d'immatriculation temporaire délivré en vertu de l'article 22 du *Règlement sur l'immatriculation des véhicules*, alors que ces polices et permis étaient actifs immédiatement avant l'entrée en vigueur du présent article, continuent de s'appliquer jusqu'à l'expiration de la police ou du permis ou jusqu'à leur renouvellement, y compris :

- a) la valeur assurée maximale;
- b) les franchises;
- c) la classe de garantie de la police visée à la partie V.

**272(2)** Les polices visées au paragraphe (1) qui n'ont ni expiré ni été renouvelées peuvent uniquement être modifiées en cours d'assurance selon les modalités qui étaient offertes et en vigueur au titre du présent règlement dans sa version antérieure à l'entrée en vigueur du présent article.

**272(3)** Malgré le paragraphe (1), dans le cas d'une garantie complémentaire pour véhicule appartenant à un tiers obtenue en vertu de la partie XIII avant l'entrée en vigueur du présent article, le montant maximal qui peut être payé en vertu de l'alinéa 245(3)a pour un incident survenu après l'entrée en vigueur du présent article est le suivant :

- a) 500 \$, si la franchise applicable au véhicule assuré en vertu du paragraphe 51(1) est de 500 \$ au moment de l'incident;
- b) 750 \$, si la franchise applicable au véhicule assuré en vertu du paragraphe 51(1) est de 750 \$ au moment de l'incident.

**Transitional — multi-year policies**

**273(1)** The terms that applied to an active multi-year policy immediately before the coming into force of this section continue to apply until the end of the annual rating term that is in effect for the policy on the day this section comes into force, including

- (a) the maximum insured value;
- (b) the deductible amounts; and
- (c) the class coverage for the policy under Part V.

**273(2)** For any subsequent annual rating terms of a multi-year policy under subsection (1), the terms that are available for the policy are the terms that are available and in force under this regulation at the beginning of the new annual rating term.

**273(3)** A mid-term change for an active multi-year policy under subsection (1) is subject to the following:

- (a) during the annual rating term that was in effect on the day this section comes into force, the mid-term change is limited to the policy terms that were available and in force under this regulation as it read immediately before the coming into force of this section;
- (b) for any subsequent annual rating term, the mid-term change is limited to the policy terms that are available and in force on the day the mid-term change is requested.

**Transitional — default extension coverage if no election made**

**274** If, on the first annual rate reassessment after the coming into force of this section, a person does not make an election for specific class coverage under Part V, the person's policy continues with the same classes of optional extension coverage under that Part, if any, as before, subject to the following exceptions:

- (a) a policy without extension coverage under Part V is converted into a policy with class 10 coverage under that Part;

**Dispositions transitoires — police pluriannuelle**

**273(1)** Les modalités qui s'appliquaient à une police pluriannuelle active immédiatement avant l'entrée en vigueur du présent article continuent de s'appliquer jusqu'à la fin de la période de tarification annuelle alors en cours, y compris :

- a) la valeur assurée maximale;
- b) les franchises;
- c) la classe de garantie de la police visée à la partie V.

**273(2)** Pour toute période de tarification annuelle subséquente d'une police visée au paragraphe (1), les modalités offertes sont celles qui sont offertes et en vigueur au titre du présent règlement au début de la période en question.

**273(3)** Les polices pluriannuelles actives visées au paragraphe (1) peuvent seulement faire l'objet d'un changement en cours d'assurance selon les modalités suivantes :

- a) pendant la période de tarification annuelle en cours à l'entrée en vigueur du présent règlement, les modalités qui étaient offertes et en vigueur au titre du présent règlement dans sa version antérieure à l'entrée en vigueur du présent article;
- b) pendant toute période de tarification annuelle subséquente, les modalités qui étaient offertes et en vigueur le jour de la demande de changement.

**Dispositions transitoires — assurance complémentaire par défaut en l'absence d'un choix**

**274** L'assuré qui, au moment de la première réévaluation annuelle du tarif après l'entrée en vigueur du présent article, ne choisit pas une classe de garantie visée à la partie V conserve celle visée à la même partie qu'il avait choisie précédemment, le cas échéant, à titre d'assurance complémentaire facultative, sous réserve des exceptions suivantes :

- a) s'il avait une police sans classe d'assurance complémentaire visée à la partie V, la police est assortie par défaut de la garantie de classe 10 visée à cette partie;



(b) a policy with class 1 coverage or class 2 coverage under Part V is converted into a policy with class 9 coverage under that Part, unless the policy is for a motorcycle;

(c) a motorcycle policy with class 2 coverage under Part V is converted into a motorcycle policy with class 1 coverage under that Part.

b) s'il avait choisi une police assortie d'une garantie de classe 1 ou 2 visée à la partie V, la garantie est remplacée par la garantie de classe 9 visée à cette partie, sauf dans le cas d'une police pour motocyclette;

c) s'il avait choisi une police pour motocyclette assortie d'une garantie de classe 2 visée à la partie V, la garantie est remplacée par la garantie de classe 1 visée à cette partie.

**26 Schedule B is amended**

**(a) in item 1, by striking out "\$800" and substituting "\$1,200";**

**(b) in items 2, 3, 4, 5 and 6, by striking out "800" and substituting "\$1,200";**

**(c) in item 3, by adding "**, except those common carrier trucks with an insurance use of common carrier truck (local – within city or municipality) as set out in Schedule B of the *Automobile Insurance Plan Regulation* **after** "Common carrier trucks";

**(d) by repealing item 7;**

**(e) in items 7.1, 8, 11 and 12, by striking out "500" and substituting "\$750"; and**

**(f) in items 9 and 10, by striking out "150" and substituting "\$225".**

**Coming into force — April 1, 2021**

**27(1) Subject to subsection (2), this regulation comes into force on April 1, 2021.**

**Coming into force — registration**

**27(2) The following provisions come into force on the day this regulation is registered under *The Statutes and Regulations Act*:**

**(a) sections 2 and 3;**

**(b) clauses 4(b) and 11(g);**

**(c) subclause 12(a)(i);**

**26 L'annexe B est modifiée :**

**a) dans les points 1, 2, 3, 4, 5 et 6, par substitution, à « 800 \$ », de « 1 200 \$ »;**

**b) dans le point 3, par adjonction, après « Camions », de « de transport public, à l'exception des camions assurés à titre de camion de transport public local conformément à l'annexe B du *Règlement sur les régimes d'assurance-automobile*, »;**

**c) par abrogation du point 7;**

**d) dans les points 7.1, 8, 11 et 12, par substitution, à « 500 \$ », de « 750 \$ »;**

**e) dans les points 9 et 10, par substitution, à « 150 \$ », de « 225 \$ ».**

**Entrée en vigueur — 1<sup>er</sup> avril 2021**

**27(1) Sous réserve du paragraphe (2), le présent règlement entre en vigueur le 1<sup>er</sup> avril 2021.**

**Entrée en vigueur — enregistrement**

**27(2) Les dispositions qui suivent entrent en vigueur le jour de l'enregistrement du présent règlement sous le régime de la *Loi sur les textes législatifs et réglementaires* :**

**a) les articles 2 et 3;**

**b) les alinéas 4b) et 11g);**

**c) le sous-alinéa 12a)(i);**

(d) sections 15 and 17;

(e) section 18, other than subclause 18(b)(i);

(f) clauses 20(a) and (c);

(g) section 21; and

(h) clause 26(c).

d) les articles 15 et 17;

e) l'article 18, à l'exception du  
sous-alinéa 18b)(i);

f) les alinéas 20a) et c);

g) l'article 21;

h) l'alinéa 26c).

**PUB (MPI) 1-18**

<b>Part and Chapter:</b>	<b>Part V – CI Appendix 13</b>	<b>Page No.:</b>	<b>2</b>
<b>PUB Approved Issue No:</b>	<b>4. Financial Forecasts 19. Impact of the changes to Basic coverage and deductibles enacted on May 7, 2020</b>		
<b>Topic:</b>	<b>Financial Forecasts</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

The Corporation has made changes in its Pro Formas related to CERP. It is not clear that these changes are fully reflected in the Extension exhibits filed.

**Question:**

- a) Please file the supporting schedules underlying the revenue assumptions for Extension for each of the years. Please provide a full description of the assumptions utilized in determination of revenues. Please include the determination of the impact of CERP.
- b) Please file the supporting schedules underlying the Claims Incurred assumptions for Extension for each of the years. Please provide a full description of the assumptions utilized in determination of claims incurred. Please include the determination of the impact of CERP by major cost component.
- c) Please file the supporting schedules underlying the Claims expenses assumptions for Extension for each of the years. Please provide a full description of the assumptions utilized in determination of claims expenses. Please include the determination of the impact of CERP by major cost component.

- d) Please provide detail schedule that provides the determination of the Commission expense for each of the 2015 through 2024. Please include a narrative description of any changes discretely indicating the impact of CERP.
- e) With the CERP changes does MPI anticipate any changes in commission rates related to Extension?

**Rationale for Question:**

To assess reasonableness of Extension forecasts.

**RESPONSE:**

- a) Please refer to Revenues Appendix 4 for a list of revenue Extension assumptions. These assumptions are prior to consideration for the impact of CERP. Apart from the rate change, CERP is assumed to have minimum impact on revenues. The additional revenue from customers purchasing the \$500 deductible is assumed to be offset by reduced revenue as a result of customers switching from \$100 to \$200 deductible and from customers choosing not to retain their waiver deductibles. In respect of the rate change, MPI determined that the impact of CERP on revenues will be a 17% rate increase so as to be both revenue and rate neutral. The calculation of the 17% can be found in CAC (MPI) 1-41.
- b) Please refer to Claims Incurred Appendix 13 for a list of Claims Incurred Extension assumptions. These assumptions are prior to consideration for the impact of CERP. The impact of CERP by coverage including an explanation of how the impacts were determined are provided below:



- d) Please refer to PUB 1-56(a) and (b) which provides the derivation of commission expenses related to Extension.
  
- e) The CERP changes will only impact the overall amount of commission paid or expensed to brokers via changes in premium revenues. At this time, MPI does not expect any Extension commission rate changes to occur as a result of CERP.

**PUB (MPI) 1-19**

<b>Part and Chapter:</b>	<b>Part V –Rev Appendix 3</b>	<b>Page No.:</b>	<b>1</b>
<b>PUB Approved Issue No:</b>	<b>4. Financial Forecasts 19. Impact of the changes to Basic coverage and deductibles enacted on May 7, 2020</b>		
<b>Topic:</b>	<b>Financial Forecasts</b>		
<b>Sub Topic:</b>	<b>Extension Profit Margin</b>		

**Preamble to IR:**

The Corporation has made changes related to CERP. It is not clear that these changes are fully reflected in the Extension exhibits filed.

**Question:**

Please file an update including the anticipated Extension profit margin for 2020/21 and 2021/22.

**Rationale for Question:**

To assess reasonableness of Extension forecasts, which affect Basic.

**RESPONSE:**

See Figure 1 below, which shows the net income as a percent of motor vehicles earned premium for fiscal years 2020 to 2022. The figures for both net income and motor vehicles earned premium were taken from Pro Formas, page 21, which includes changes related to CERP for 2021 and 2022. Changes to CERP partially affects 2021 due to staggered renewals, and fully affects 2022. MPI expects a reduction in the profit percentage to ensure that changes related to CERP are both revenue and rate neutral.

**Figure 1      Extension Profit Percentage**

Line No.	<u>Fiscal Year</u>	<u>Net Income</u>	<u>Earned Premium</u>	<u>Profit Percentage</u>
1	<b>2020/21</b>	51,788	156,644	33.1%
2	<b>2021/22</b>	42,029	169,669	24.8%
3	<b>2022/23</b>	37,914	183,474	20.7%



Figure INV- 2 Investment Portfolio Asset Values for the Basic Line of Business

Line No.	Reference Section #	2015/16 Actual*	2016/17 Actual*	2017/18 Actual*	2018/19 Actual*	2019/20 Actual**	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	<b>Ending Asset Values (C\$ 000,000's)</b>										
1	Cash/Short Term Investments	32	65	76	166	187	45	48	50	51	53
2	Provincial Bonds	898	972	984	1,111	1,199	1,338	1,329	1,406	1,491	1,577
3	Corporate Bonds			99	99	478	541	553	581	612	643
4	MUSH	530	569	527	491	520	494	467	440	412	384
5	Private Debt			0	0	79	129	176	177	179	183
6	Canadian Equities	256	282	226	267	56	82	96	97	99	103
7	US/Global Equities	142	138	124	133	107	124	142	146	150	157
8	Global LV Equities	0	0	0	0	54	69	80	81	82	85
9	Real Estate Investments	225	244	259	286	97	127	140	143	147	152
10	Infrastructure & Venture Capital	73	86	87	96	77	82	91	94	98	102
11	<b>Total Assets</b>	<b>2,155</b>	<b>2,357</b>	<b>2,381</b>	<b>2,649</b>	<b>2,853</b>	<b>3,031</b>	<b>3,122</b>	<b>3,215</b>	<b>3,321</b>	<b>3,438</b>
	<b>Ending Rebalanced Allocations (%)</b>										
12	Cash/Short Term Investments	1.5%	2.8%	3.2%	6.3%	6.5%	1.5%	1.5%	1.5%	1.5%	1.5%
13	Provincial Bonds	41.6%	41.3%	41.3%	42.0%	42.0%	44.1%	42.6%	43.7%	44.9%	45.9%
14	Corporate Bonds	0.0%	0.0%	4.2%	3.7%	16.7%	17.9%	17.7%	18.1%	18.4%	18.7%
15	MUSH	24.6%	24.2%	22.1%	18.5%	18.2%	16.3%	15.0%	13.7%	12.4%	11.2%
16	Private Debt	0.0%	0.0%	0.0%	0.0%	2.8%	4.2%	5.6%	5.5%	5.4%	5.3%
17	Canadian Equities	11.9%	12.0%	9.5%	10.1%	2.0%	2.7%	3.1%	3.0%	3.0%	3.0%
18	US/Global Equities	6.6%	5.9%	5.2%	5.0%	3.7%	4.1%	4.5%	4.5%	4.5%	4.6%
19	Global LV Equities	0.0%	0.0%	0.0%	0.0%	1.9%	2.3%	2.6%	2.5%	2.5%	2.5%
20	Real Estate Investments	10.4%	10.4%	10.9%	10.8%	3.4%	4.2%	4.5%	4.5%	4.4%	4.4%
21	Infrastructure & Venture Capital	3.4%	3.6%	3.6%	3.6%	2.7%	2.7%	2.9%	2.9%	2.9%	3.0%
22	<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

24 \* Actual (2014/15 - 2018/19) based on long-term basic line of business allocation applied to the entire portfolio.

25 \* 2019/20 and thereafter basic line of business has a segregated allocation and based on Basic Claims, RSR and pro-rata EFB asset values.

26 \*\* Investment balances reflect March 31, 2020 actuals.

Figure 1 Summary of Basic Line of Business Investment Income (2021 GRA Figure INV-1 update)

Line No.	Asset Class	Reference Section #	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
1	<i>(C\$000s, except where noted)</i>											
2	<b>Interest Income During Period</b>											
3	Cash/Short Term Investments	INV.3	309	314	565	2,192	3,641	166	97	102	105	108
4	Provincial Bonds	INV.4	31,257	30,910	34,147	32,514	39,127	38,661	37,223	35,855	35,703	35,901
5	Corporate Bonds	INV.4	-	-	-	3,702	16,742	19,657	19,914	20,155	20,997	22,016
6	MUSH	INV.5	26,290	25,222	25,349	24,950	24,841	22,210	20,685	19,180	17,697	16,238
7	Private Debt	INV.9	-	-	-	-	1,254	3,747	5,778	6,986	7,020	7,076
8	<b>Total</b>		<b>57,856</b>	<b>56,447</b>	<b>60,060</b>	<b>63,358</b>	<b>85,604</b>	<b>84,440</b>	<b>83,698</b>	<b>82,278</b>	<b>81,522</b>	<b>81,339</b>
9	<b>Dividend and other Income</b>											
10	Canadian Equities	INV.6	9,711	9,441	7,774	8,781	3,097	2,477	3,835	3,940	4,003	4,146
11	US/Global Equities	INV.7	3,508	3,216	2,619	2,996	797	3,346	4,147	4,320	4,454	4,657
12	Global Low Volatility	INV.7	-	-	-	-	2,182	1,716	2,343	2,375	2,409	2,490
13	Investment Properties (CityPlace)	INV.8	2,736	2,621	2,972	3,094	1,390	1,143	1,128	1,117	1,107	1,093
14	Infrastructure	INV.9	1,164	1,341	1,731	11,533	2,620	961	1,143	1,390	1,345	1,396
15	<b>Total</b>		<b>17,119</b>	<b>16,618</b>	<b>15,096</b>	<b>26,404</b>	<b>10,086</b>	<b>9,643</b>	<b>12,596</b>	<b>13,142</b>	<b>13,318</b>	<b>13,781</b>
16	<b>Gains During Period - Profit &amp; Loss</b>											
17	Marketable Bonds Unrealized Gains/(Loss)	INV.4	(65,498)	(20,489)	8,079	8,718	(16,827)	(149)	(1,332)	263	277	294
18	Marketable Bonds Realized Gains/(Loss)	INV.4	12,950	1,708	(3,490)	5,459	22,346	844	1,639	(102)	(203)	(287)
19	Canadian Equities Realized Gains	INV.6	(333)	19,644	20,060	48,239	3,469	110	400	914	1,136	1,219
20	US/Global Equities Realized Gains	INV.7	12	14,995	4,928	56,550	572	282	999	2,010	2,537	2,832
21	Global Low Volatility	INV.7	-	-	-	-	3,652	513	1,257	1,844	2,015	2,091
22	Real Estate	INV.8	14,616	14,112	25,058	17,443	6,516	3,869	6,137	7,762	7,377	7,597
23	Infrastructure	INV.9	5,441	(1,420)	5,376	1,635	7,679	3,775	4,481	5,441	5,272	5,470
24	<b>Total</b>		<b>(32,812)</b>	<b>28,551</b>	<b>60,011</b>	<b>138,046</b>	<b>27,407</b>	<b>9,243</b>	<b>13,581</b>	<b>18,132</b>	<b>18,410</b>	<b>19,216</b>
25	<b>Other</b>											
26	Investment Fees Paid	INV.10	(3,653)	(3,962)	(3,641)	(3,576)	(4,038)	(4,047)	(4,747)	(4,993)	(5,099)	(5,154)
27	Amortization of Bond Premium/Discount	INV.10	(10,890)	(11,735)	(3,069)	(3,553)	(6,083)	(4,185)	(4,702)	(5,750)	(6,821)	(7,165)
28	Pension Expense	INV.10	(3,204)	(3,021)	(11,619)	(12,170)	(10,686)	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
29	Venture Capital Income	INV.10	30	-	412	-	-	-	-	-	-	-
30	Investment Write-Down		(28,484)	-	(930)	-	(42,676)	-	-	-	-	-
31	<b>Total</b>		<b>(46,201)</b>	<b>(18,718)</b>	<b>(18,847)</b>	<b>(19,298)</b>	<b>(63,483)</b>	<b>(18,955)</b>	<b>(20,442)</b>	<b>(22,008)</b>	<b>(23,460)</b>	<b>(24,138)</b>
32	<b>Total Basic LOB Investment Income</b>		<b>(4,038)</b>	<b>82,897</b>	<b>116,320</b>	<b>208,510</b>	<b>59,614</b>	<b>84,371</b>	<b>89,432</b>	<b>91,546</b>	<b>89,791</b>	<b>90,199</b>

**Figure 1 Change in Previously Written Down Investments Between March 31, 2020 and June 30, 2020**

Line No.	Security	Units @ 31-Mar-20	Closing Market Value per unit @ 31-Mar-20	Closing Market Value @ 31-Mar-20	Original Book Value @ 31-Mar-20	Writedown @ 31-Mar-20	Units @ 30-Jun-20	Market Value per unit @ 30-Jun-20	Market Value @ 30-Jun-20	Change in Units from March to June, 2020	Change in Market Value per unit from March to June, 2020	Change in Market Value from March to June, 2020
1	<b>Basic</b>											
2	ACADIAN GLOBAL MANAGED VOL	2,025,425	10.5364	21,340,687	24,077,535	(2,736,848)	2,026,263	11.4513	23,203,341	838	0.9149	1,862,654
3	ACADIAN GLOBAL MANAGED VOL	3,131,287	10.5364	32,992,493	37,699,490	(4,706,997)	3,131,287	11.4513	35,857,307	0	0.9149	2,864,814
4	ADDENDA CORP BOND POOLED	3,837,737	9.3850	36,017,163	37,114,547	(1,097,384)	3,868,915	10.0900	39,037,352	31,178	0.7050	3,020,189
5	ADDENDA CORP L/T BOND POOLED	5,285,661	11.9120	62,962,795	66,893,020	(3,930,225)	5,341,418	13.5930	72,605,891	55,757	1.6810	9,643,096
6	FGP Canadian Equity Fund 1001	213,589	93.0180	19,867,611	29,287,664	(9,420,053)	216,559	101.3200	21,941,801	2,971	8.3020	2,074,190
7	FGP Canadian Equity Fund 1001	285,146	93.0180	26,523,712	38,682,941	(12,159,229)	288,992	101.3200	29,280,697	3,846	8.3020	2,756,985
8	QV CANADIAN SMALL CAP FUND	280,172	19.4303	5,443,826	7,380,927	(1,937,101)	283,042	22.7169	6,429,844	2,870	3.2866	986,018
9	QV CANADIAN SMALL CAP FUND	245,152	19.4303	4,763,379	6,458,353	(1,694,974)	247,561	22.7169	5,623,825	2,409	3.2866	860,446
10	SUNLIFE PRIV FIXED INC PLUS	1,871,126	10.8024	20,212,656	20,734,173	(521,517)	1,886,096	11.4019	21,505,077	14,970	0.5995	1,292,421
11	SUNLIFE PRIV FIXED INC PLUS	5,676,471	10.4776	59,475,797	63,947,813	(4,472,016)	6,034,642	11.7305	70,789,373	358,171	1.2529	11,313,576
12	<b>Total Basic</b>			<b>289,600,119</b>	<b>332,276,463</b>	<b>(42,676,344)</b>			<b>326,274,508</b>			<b>36,674,389</b>
13	<b>Non-Basic</b>											
14	ACADIAN GLOBAL MANAGED VOL	676,655	10.5364	7,129,506	8,043,833	(914,327)	675,817	11.4513	7,738,985	(838)	0.9149	609,479
15	ACADIAN GLOBAL MANAGED VOL	3,167,689	10.5364	33,376,042	37,193,715	(3,817,673)	3,167,689	11.4513	36,274,162	0	0.9149	2,898,120
16	ADDENDA CORP BOND POOLED	1,493,108	9.3850	14,012,819	14,329,334	(316,515)	1,505,239	10.0900	15,187,862	12,131	0.7050	1,175,043
17	ADDENDA CORP L/T BOND POOLED	1,765,836	11.9120	21,034,637	22,347,648	(1,313,011)	1,781,517	13.5930	24,216,164	15,681	1.6810	3,181,527
18	FGP Canadian Equity Fund 1001	71,356	93.0180	6,637,380	9,784,435	(3,147,055)	72,229	101.3200	7,318,225	873	8.3020	680,845
19	FGP Canadian Equity Fund 1001	248,085	93.0180	23,076,347	34,017,781	(10,941,434)	251,431	101.3200	25,475,001	3,346	8.3020	2,398,654
20	QV CANADIAN SMALL CAP FUND	93,600	19.4303	1,818,676	2,465,823	(647,147)	94,403	22.7169	2,144,539	803	3.2866	325,863
21	QV CANADIAN SMALL CAP FUND	325,421	19.4303	6,323,037	8,572,991	(2,249,954)	328,619	22.7169	7,465,216	3,198	3.2866	1,142,179
22	SUNLIFE PRIV FIXED INC PLUS	939,527	10.8024	10,149,147	10,392,618	(243,471)	947,044	11.4019	10,798,095	7,516	0.5995	648,948
23	SUNLIFE PRIV FIXED INC PLUS	1,896,398	10.4776	19,869,699	21,363,712	(1,494,013)	2,012,728	11.7305	23,610,303	116,330	1.2529	3,740,604
24	<b>Total Non-Basic</b>			<b>143,427,290</b>	<b>168,511,891</b>	<b>(25,084,601)</b>			<b>160,228,552</b>			<b>16,801,262</b>
25	<b>Total</b>			<b>433,027,409</b>	<b>500,788,354</b>	<b>(67,760,945)</b>			<b>486,503,060</b>			<b>53,475,651</b>

e) Please see Figure 2 for the results as of August 31, 2020.

**Figure 2 Change in Previously Written Down Investments Between March 31, 2020 and August 31, 2020**

Line No.	Security	Units @ 31-Mar-20	Closing Market Value per unit @ 31-Mar-20	Closing Market Value @ 31-Mar-20	Original Book Value @ 31-Mar-20	Writedown @ 31-Mar-20	Units @ 31-Aug-20	Market Value per unit @ 31-Aug-20	Market Value @ 31-Aug-20	Change in Units from March to August, 2020	Change in Market Value per unit from March to August, 2020	Change in Market Value from March to August, 2020
1	<b>Basic</b>											
2	ACADIAN GLOBAL MANAGED VOL	2,025,425	10.5364	21,340,687	24,077,535	(2,736,848)	2,026,263	11.4513	23,203,340	838	0.9149	1,862,653
3	ACADIAN GLOBAL MANAGED VOL	3,131,287	10.5364	32,992,493	37,699,490	(4,706,997)	3,131,287	11.4513	35,857,307	-	0.9149	2,864,814
4	ADDENDA CORP BOND POOLED	3,837,737	9.3850	36,017,163	37,114,547	(1,097,384)	3,879,286	10.0900	39,141,995	41,549	0.7050	3,124,832
5	ADDENDA CORP L/T BOND POOLED	5,285,661	11.9120	62,962,795	66,893,020	(3,930,225)	5,357,990	13.5930	72,831,160	72,329	1.6810	9,868,365
6	FGP Canadian Equity Fund 1001	213,589	93.0180	19,867,611	29,287,664	(9,420,053)	218,187	101.3200	22,106,749	4,599	8.3020	2,239,138
7	FGP Canadian Equity Fund 1001	285,146	93.0180	26,523,712	38,682,941	(12,159,229)	291,164	101.3200	29,500,776	6,018	8.3020	2,977,064
8	QV CANADIAN SMALL CAP FUND	280,172	19.4303	5,443,826	7,380,927	(1,937,101)	283,042	22.7169	6,429,844	2,870	3.2866	986,018
9	QV CANADIAN SMALL CAP FUND	245,152	19.4303	4,763,379	6,458,353	(1,694,974)	247,561	22.7169	5,623,825	2,409	3.2866	860,446
10	SUNLIFE PRIV FIXED INC PLUS	1,871,126	10.8024	20,212,656	20,734,173	(521,517)	1,886,096	11.4019	21,505,077	14,969	0.5995	1,292,421
11	SUNLIFE PRIV FIXED INC PLUS	5,676,471	10.4776	59,475,797	63,947,813	(4,472,016)	6,034,642	11.7305	70,789,373	358,171	1.2529	11,313,576
12	<b>Total - Basic</b>			<b>289,600,119</b>	<b>332,276,463</b>	<b>(42,676,344)</b>			<b>326,989,446</b>			<b>37,389,327</b>
13	<b>Non-Basic</b>											
14	ACADIAN GLOBAL MANAGED VOL	676,655	10.5364	7,129,506	8,043,833	(914,327)	675,817	11.4513	7,738,985	(838)	0.9149	609,479
15	ACADIAN GLOBAL MANAGED VOL	3,167,689	10.5364	33,376,042	37,193,715	(3,817,673)	3,167,689	11.4513	36,274,161	-	0.9149	2,898,119
16	ADDENDA CORP BOND POOLED	1,493,108	9.3850	14,012,819	14,329,334	(316,515)	1,509,273	10.0900	15,228,564	16,165	0.7050	1,215,745
17	ADDENDA CORP L/T BOND POOLED	1,765,836	11.9120	21,034,637	22,347,648	(1,313,011)	1,787,045	13.5930	24,291,298	21,209	1.6810	3,256,661
18	FGP Canadian Equity Fund 1001	71,356	93.0180	6,637,380	9,784,435	(3,147,055)	72,772	101.3200	7,373,240	1,416	8.3020	735,860
19	FGP Canadian Equity Fund 1001	248,085	93.0180	23,076,347	34,017,781	(10,941,434)	253,321	101.3200	25,666,473	5,236	8.3020	2,590,126
20	QV CANADIAN SMALL CAP FUND	93,600	19.4303	1,818,676	2,465,823	(647,147)	94,403	22.7169	2,144,539	803	3.2866	325,863
21	QV CANADIAN SMALL CAP FUND	325,421	19.4303	6,323,037	8,572,991	(2,249,954)	328,619	22.7169	7,465,215	3,198	3.2866	1,142,178
22	SUNLIFE PRIV FIXED INC PLUS	939,527	10.8024	10,149,147	10,392,618	(243,471)	947,043	11.4019	10,798,095	7,516	0.5995	648,948
23	SUNLIFE PRIV FIXED INC PLUS	1,896,398	10.4776	19,869,699	21,363,712	(1,494,013)	2,012,728	11.7305	23,610,303	116,330	1.2529	3,740,604
24	<b>Total - Non-Basic</b>			<b>143,427,290</b>	<b>168,511,891</b>	<b>(25,084,601)</b>			<b>160,590,873</b>			<b>17,163,583</b>
25	<b>Total</b>			<b>433,027,409</b>	<b>500,788,354</b>	<b>(67,760,945)</b>			<b>487,580,319</b>			<b>54,552,910</b>

Appendix 2: Summary of Basic Expenses by Category

Figure EXP App 2- 1 Normal Operations

5 Year Summary of Basic Expenses by Category - Normal Operations Expenses																
Line No.	Expense	Claims					Operating					Road Safety				
		2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F
1	<i>(\$ 000's, except where noted)</i>															
2	Compensation - Salaries	64,149	68,918	70,599	71,989	73,338	30,898	29,738	30,378	30,745	31,319	1,870	1,958	1,840	1,872	1,907
3	Compensation - Overtime	914	861	1,205	1,221	1,225	185	214	197	200	200	-	1	-	-	-
4	Compensation - Benefits	15,563	15,910	17,960	18,346	18,799	7,545	6,905	7,831	7,925	8,121	424	444	441	450	460
5	Compensation - H & E Tax	1,377	1,475	1,596	1,625	1,657	667	640	695	701	714	38	41	39	40	41
6	<b>Subtotal - Compensation</b>	<b>82,003</b>	<b>87,164</b>	<b>91,360</b>	<b>93,181</b>	<b>95,019</b>	<b>39,295</b>	<b>37,497</b>	<b>39,101</b>	<b>39,571</b>	<b>40,354</b>	<b>2,332</b>	<b>2,444</b>	<b>2,320</b>	<b>2,362</b>	<b>2,408</b>
7	Data Processing	11,914	13,390	19,499	19,829	19,833	7,117	5,722	5,879	5,968	5,969	5	7	-	-	-
8	Special Services	2,107	1,968	3,435	4,195	4,140	2,161	2,136	2,301	2,804	2,768	148	104	127	155	153
9	Building Expenses	5,210	5,142	5,135	4,529	4,464	2,389	2,058	1,811	1,590	1,567	94	134	67	59	58
10	Safety/Loss Prevention Programs	-	202	404	469	438	-	-	-	-	-	3,209	2,844	2,661	3,088	2,884
11	Telephone/Telecommunications	970	988	1,064	1,061	1,058	588	429	455	454	453	-	-	-	-	-
12	Public Information/Advertising	228	248	17	24	24	156	108	86	121	120	1,746	2,091	1,920	2,677	2,671
13	Printing, Stationery, Supplies	654	693	790	794	791	599	462	768	770	767	50	29	45	45	45
14	Postage	1	1	1	1	1	3,412	3,494	3,350	3,209	3,201	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	610	599	412	735	735	152	159	68	120	120	11	17	17	30	29
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,664	3,479	3,005	4,027	4,096
18	Grants in Lieu of Taxes	968	1,007	1,047	1,045	1,043	444	403	369	367	366	17	26	14	14	13
19	Furniture & Equipment	211	605	608	1,027	1,063	360	567	425	718	742	-	1	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	8,811	8,653	8,554	9,431	10,418	-	-	-	-	-
21	Other	1,227	1,113	1,113	1,185	1,185	2,782	3,316	3,006	3,156	3,153	100	65	124	127	127
22	<b>Subtotal - Other Expenses</b>	<b>24,100</b>	<b>25,956</b>	<b>33,525</b>	<b>34,894</b>	<b>34,775</b>	<b>28,971</b>	<b>27,507</b>	<b>27,072</b>	<b>28,708</b>	<b>29,644</b>	<b>9,044</b>	<b>8,797</b>	<b>7,980</b>	<b>10,222</b>	<b>10,076</b>
23	Depreciation-Capital Assets	2,454	2,863	3,213	3,314	3,266	1,118	1,130	1,154	1,201	1,185	162	196	166	137	112
24	Amortization-Deferred Development	15,142	12,412	11,809	7,921	4,036	4,931	2,151	2,382	1,640	1,119	-	575	768	766	765
25	<b>Total</b>	<b>123,699</b>	<b>128,395</b>	<b>139,907</b>	<b>139,310</b>	<b>137,096</b>	<b>74,315</b>	<b>68,285</b>	<b>69,709</b>	<b>71,120</b>	<b>72,302</b>	<b>11,538</b>	<b>12,012</b>	<b>11,234</b>	<b>13,487</b>	<b>13,361</b>
26	<i>*Rounding may affect totals</i>															
27	<i>** Please refer to respective Expense Chapter sections for variance analysis</i>															

**Normal Operations (cont'd)**

28	29 Expense	Regulatory Appeal					Total				
		2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F
30	(\$000's, except where noted)										
31	Compensation - Salaries	262	364	363	370	378	97,179	100,978	103,180	104,976	106,942
32	Compensation - Overtime	10	8	10	11	11	1,109	1,084	1,412	1,432	1,436
33	Compensation - Benefits	86	78	93	95	98	23,618	23,337	26,325	26,816	27,478
34	Compensation - H & E Tax	8	7	8	9	9	2,090	2,163	2,338	2,375	2,421
35	<b>Subtotal - Compensation</b>	<b>366</b>	<b>457</b>	<b>474</b>	<b>485</b>	<b>496</b>	<b>123,996</b>	<b>127,562</b>	<b>133,255</b>	<b>135,599</b>	<b>138,277</b>
36	Data Processing	-	-	-	-	-	19,036	19,119	25,378	25,797	25,802
37	Special Services	1	1	-	-	-	4,417	4,209	5,863	7,154	7,061
38	Building Expenses	5	5	6	5	5	7,698	7,339	7,019	6,183	6,094
39	Safety/Loss Prevention Programs	-	-	-	-	-	3,209	3,046	3,065	3,557	3,322
40	Telephone/Telecommunications	-	-	-	-	-	1,558	1,417	1,519	1,515	1,511
41	Public Information/Advertising	-	-	-	-	-	2,130	2,447	2,023	2,822	2,815
42	Printing, Stationery, Supplies	-	1	-	-	-	1,303	1,185	1,603	1,609	1,603
43	Postage	-	-	-	-	-	3,413	3,495	3,351	3,210	3,202
44	Regulatory/Appeal	3,939	4,177	4,633	4,662	4,692	3,939	4,177	4,633	4,662	4,692
45	Travel and Vehicle Expense	1	3	3	4	4	774	778	500	889	888
46	Driver Education Program	-	-	-	-	-	3,664	3,479	3,005	4,027	4,096
47	Grants in Lieu of Taxes	1	1	1	1	1	1,430	1,437	1,431	1,427	1,423
48	Furniture & Equipment	-	-	-	-	-	571	1,173	1,033	1,745	1,805
49	Merchant Fees & Bank Charges	-	-	-	-	-	8,811	8,653	8,554	9,431	10,418
50	Other	-	-	-	-	-	4,109	4,494	4,243	4,468	4,465
51	<b>Subtotal - Other Expenses</b>	<b>3,947</b>	<b>4,188</b>	<b>4,643</b>	<b>4,672</b>	<b>4,702</b>	<b>66,062</b>	<b>66,448</b>	<b>73,220</b>	<b>78,496</b>	<b>79,197</b>
52	Depreciation-Capital Assets	2	2	3	3	3	3,736	4,191	4,536	4,655	4,566
53	Amortization-Deferred Development	-	-	-	-	-	20,073	15,138	14,959	10,327	5,920
54	<b>Total</b>	<b>4,315</b>	<b>4,647</b>	<b>5,120</b>	<b>5,160</b>	<b>5,201</b>	<b>213,867</b>	<b>213,339</b>	<b>225,970</b>	<b>229,077</b>	<b>227,960</b>
55	<i>*Rounding may affect totals</i>										

**Figure EXP App 2- 2 Improvement Initiatives**

5 Year Summary of Basic Expenses by Category - Initiative Expenses

Line No.	Expense	Claims					Operating					Road Safety				
		2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F
1	<i>(\$000's, except where noted)</i>															
2	Compensation - Salaries	93	439	446	61	(289)	62	199	202	84	(15)	-	-	-	-	-
3	Compensation - Overtime	1	2	-	-	-	4	1	-	-	-	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	<b>Subtotal - Compensation</b>	<b>94</b>	<b>441</b>	<b>446</b>	<b>61</b>	<b>(289)</b>	<b>66</b>	<b>200</b>	<b>202</b>	<b>84</b>	<b>(15)</b>	-	-	-	-	-
7	Data Processing	3,076	3,120	3,129	3,340	8,736	1,742	1,401	1,951	669	3,112	-	-	-	-	-
8	Special Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Printing, Stationery, Supplies	-	4	8	8	-	-	2	3	3	-	-	18	-	-	-
14	Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	1	13	-	-	-	1	6	-	-	-	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	141	141
19	Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Other	1	14	-	-	-	-	6	-	-	-	-	-	-	-	-
22	<b>Subtotal - Other Expenses</b>	<b>3,078</b>	<b>3,151</b>	<b>3,137</b>	<b>3,348</b>	<b>8,736</b>	<b>1,743</b>	<b>1,415</b>	<b>1,954</b>	<b>672</b>	<b>3,112</b>	-	<b>18</b>	-	<b>141</b>	<b>141</b>
23	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	514	1,276	-	-	-	176	522	-	-	-	-	-
25	<b>Total</b>	<b>3,172</b>	<b>3,592</b>	<b>3,583</b>	<b>3,923</b>	<b>9,723</b>	<b>1,809</b>	<b>1,615</b>	<b>2,156</b>	<b>932</b>	<b>3,619</b>	-	<b>18</b>	-	<b>141</b>	<b>141</b>
26	<i>*Rounding may affect totals</i>															

Improvement Initiatives (cont'd)

27	28 Expense	Regulatory Appeal					Total				
		2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F
29	(\$000's, except where noted)										
30	Compensation - Salaries	-	-	-	-	-	155	638	648	145	(304)
31	Compensation - Overtime	-	-	-	-	-	5	3	-	-	-
32	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-
33	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-
34	<b>Subtotal - Compensation</b>	-	-	-	-	-	<b>160</b>	<b>641</b>	<b>648</b>	<b>145</b>	<b>(304)</b>
35	Data Processing	-	-	-	-	-	4,818	4,521	5,080	4,009	11,848
36	Special Services	-	-	-	-	-	-	-	-	-	-
37	Building Expenses	-	-	-	-	-	-	-	-	-	-
38	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
39	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-
40	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-
41	Printing, Stationery, Supplies	-	-	-	-	-	-	24	11	11	-
42	Postage	-	-	-	-	-	-	-	-	-	-
43	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-
44	Travel and Vehicle Expense	-	-	-	-	-	2	19	-	-	-
45	Driver Education Program	-	-	-	-	-	-	-	-	-	-
46	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	141	141
47	Furniture & Equipment	-	-	-	-	-	-	-	-	-	-
48	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-
49	Other	-	-	-	-	-	1	20	-	-	-
50	<b>Subtotal - Other Expenses</b>	-	-	-	-	-	<b>4,821</b>	<b>4,584</b>	<b>5,091</b>	<b>4,161</b>	<b>11,989</b>
51	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-
52	Amortization-Deferred Development	-	-	-	-	-	-	-	-	690	1,798
53	<b>Total</b>	-	-	-	-	-	<b>4,981</b>	<b>5,225</b>	<b>5,739</b>	<b>4,996</b>	<b>13,483</b>
54	<i>*Rounding may affect totals</i>										



**Figure EXP App 2- 3 Total**

5 Year Summary of Basic Expenses by Category - Total Expenses

Line No.	Expense	Claims					Operating					Road Safety				
		2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F
1	<i>(\$000's, except where noted)</i>															
2	Compensation - Salaries	64,242	69,357	71,045	72,050	73,049	30,960	29,937	30,580	30,829	31,304	1,870	1,958	1,840	1,872	1,907
3	Compensation - Overtime	915	863	1,205	1,221	1,225	189	215	197	200	200	-	1	-	-	-
4	Compensation - Benefits	15,563	15,910	17,960	18,346	18,799	7,545	6,905	7,831	7,925	8,121	424	444	441	450	460
5	Compensation - H & E Tax	1,377	1,475	1,596	1,625	1,657	667	640	695	701	714	38	41	39	40	41
6	<b>Subtotal - Compensation</b>	<b>82,097</b>	<b>87,605</b>	<b>91,806</b>	<b>93,242</b>	<b>94,730</b>	<b>39,361</b>	<b>37,697</b>	<b>39,303</b>	<b>39,655</b>	<b>40,339</b>	<b>2,332</b>	<b>2,444</b>	<b>2,320</b>	<b>2,362</b>	<b>2,408</b>
7	Data Processing	14,990	16,510	22,628	23,169	28,569	8,859	7,123	7,830	6,637	9,081	5	7	-	-	-
8	Special Services	2,107	1,968	3,435	4,195	4,140	2,161	2,136	2,301	2,804	2,768	148	104	127	155	153
9	Building Expenses	5,210	5,142	5,135	4,529	4,464	2,389	2,058	1,811	1,590	1,567	94	134	67	59	58
10	Safety/Loss Prevention Programs	-	202	404	469	438	-	-	-	-	-	3,209	2,844	2,661	3,088	2,884
11	Telephone/Telecommunications	970	988	1,064	1,061	1,058	588	429	455	454	453	-	-	-	-	-
12	Public Information/Advertising	228	248	17	24	24	156	108	86	121	120	1,746	2,091	1,920	2,677	2,671
13	Printing, Stationery, Supplies	654	697	798	802	791	599	464	771	773	767	50	47	45	45	45
14	Postage	1	1	1	1	1	3,412	3,494	3,350	3,209	3,201	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	611	612	412	735	735	153	165	68	120	120	11	17	17	30	29
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,664	3,479	3,005	4,168	4,237
18	Grants in Lieu of Taxes	968	1,007	1,047	1,045	1,043	444	403	369	367	366	17	26	14	14	13
19	Furniture & Equipment	211	605	608	1,027	1,063	360	567	425	718	742	-	1	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	8,811	8,653	8,554	9,431	10,418	-	-	-	-	-
21	Other	1,228	1,127	1,113	1,185	1,185	2,782	3,322	3,006	3,156	3,153	100	65	124	127	127
22	<b>Subtotal - Other Expenses</b>	<b>27,178</b>	<b>29,107</b>	<b>36,662</b>	<b>38,242</b>	<b>43,511</b>	<b>30,714</b>	<b>28,922</b>	<b>29,026</b>	<b>29,380</b>	<b>32,756</b>	<b>9,044</b>	<b>8,815</b>	<b>7,980</b>	<b>10,363</b>	<b>10,217</b>
23	Depreciation-Capital Assets	2,454	2,863	3,213	3,314	3,266	1,118	1,130	1,154	1,201	1,185	162	196	166	137	112
24	Amortization-Deferred Development	15,142	12,412	11,809	8,435	5,312	4,931	2,151	2,382	1,816	1,641	-	575	768	766	765
25	<b>Total</b>	<b>126,871</b>	<b>131,987</b>	<b>143,490</b>	<b>143,233</b>	<b>146,819</b>	<b>76,124</b>	<b>69,900</b>	<b>71,865</b>	<b>72,052</b>	<b>75,921</b>	<b>11,538</b>	<b>12,030</b>	<b>11,234</b>	<b>13,628</b>	<b>13,502</b>

26 \*Rounding may affect totals

27 \*\* Please refer to respective Expense Chapter sections for variance analysis

**Total (cont'd)**

28	29 Expense	Regulatory Appeal					Total				
		2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F	2018/19A	2019/20A	2020/21FB	2021/22F	2022/23F
30	<i>(\$000's, except where noted)</i>										
31	Compensation - Salaries	262	364	363	370	378	97,334	101,616	103,828	105,121	106,638
32	Compensation - Overtime	10	8	10	11	11	1,114	1,087	1,412	1,432	1,436
33	Compensation - Benefits	86	78	93	95	98	23,618	23,337	26,325	26,816	27,478
34	Compensation - H & E Tax	8	7	8	9	9	2,090	2,163	2,338	2,375	2,421
35	<b>Subtotal - Compensation</b>	<b>366</b>	<b>457</b>	<b>474</b>	<b>485</b>	<b>496</b>	<b>124,156</b>	<b>128,203</b>	<b>133,903</b>	<b>135,744</b>	<b>137,973</b>
36	Data Processing	-	-	-	-	-	23,854	23,640	30,458	29,806	37,650
37	Special Services	1	1	-	-	-	4,417	4,209	5,863	7,154	7,061
38	Building Expenses	5	5	6	5	5	7,698	7,339	7,019	6,183	6,094
39	Safety/Loss Prevention Programs	-	-	-	-	-	3,209	3,046	3,065	3,557	3,322
40	Telephone/Telecommunications	-	-	-	-	-	1,558	1,417	1,519	1,515	1,511
41	Public Information/Advertising	-	-	-	-	-	2,130	2,447	2,023	2,822	2,815
42	Printing, Stationery, Supplies	-	1	-	-	-	1,303	1,209	1,614	1,620	1,603
43	Postage	-	-	-	-	-	3,413	3,495	3,351	3,210	3,202
44	Regulatory/Appeal	3,939	4,177	4,633	4,662	4,692	3,939	4,177	4,633	4,662	4,692
45	Travel and Vehicle Expense	1	3	3	4	4	776	797	500	889	888
46	Driver Education Program	-	-	-	-	-	3,664	3,479	3,005	4,168	4,237
47	Grants in Lieu of Taxes	1	1	1	1	1	1,430	1,437	1,431	1,427	1,423
48	Furniture & Equipment	-	-	-	-	-	571	1,173	1,033	1,745	1,805
49	Merchant Fees & Bank Charges	-	-	-	-	-	8,811	8,653	8,554	9,431	10,418
50	Other	-	-	-	-	-	4,110	4,514	4,243	4,468	4,465
51	<b>Subtotal - Other Expenses</b>	<b>3,947</b>	<b>4,188</b>	<b>4,643</b>	<b>4,672</b>	<b>4,702</b>	<b>70,883</b>	<b>71,032</b>	<b>78,311</b>	<b>82,657</b>	<b>91,186</b>
52	Depreciation-Capital Assets	2	2	3	3	3	3,736	4,191	4,536	4,655	4,566
51	Amortization-Deferred Development	-	-	-	-	-	20,073	15,138	14,959	11,017	7,718
52	<b>Total</b>	<b>4,315</b>	<b>4,647</b>	<b>5,120</b>	<b>5,160</b>	<b>5,201</b>	<b>218,848</b>	<b>218,564</b>	<b>231,709</b>	<b>234,073</b>	<b>241,443</b>

53 *\*Rounding may affect totals*

# Manitoba Public Insurance Information Technology Benchmark (FY 2018-2019)

## Executive Report

July 9<sup>th</sup>, 2020



MANITOBA  
PUBLIC INSURANCE

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# Purpose of this Document

- This reports contains the summarized executive version of the findings and recommendations resulting from the analysis conducted as part of the Gartner / Manitoba Public Insurance (MPI) Annual IT Benchmark
- Refer to the Full Report for the detailed analysis

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# 01 Gartner Point of View

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# Levels of investment in IT must be in balance with value derived by the business: There is a cost to maturing IT Service Management Processes

## Investments in IT

- IT Personnel
- Contractors
- Hardware
- Software
- Facilities
- Managed Services



## Value Delivered

- Mature IT Service Management Processes
- Satisfied business stakeholders and end users
- Reduced risk
- Progress towards business outcomes
- Profitability \*  
*(Applicable for commercial peers; not for MPI)*



*\*Since MPI is a Crown Corporation, it does not aim to maximize profitability; thus profitability may be a less applicable measure of value delivered*

*\*Within the peer group, it was found that there is a higher level of profitability for firms with higher levels of IT Spending per employee*

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# Gartner's Point of View on the insurance industry

## Most Insurers Have Not Yet Faced Disruption

- Approximately 54% of insurers are untested and have not yet faced **severe disruption** (when they are tested, more companies are fit than fragile, however)
- When facing disruption, **many are unprepared** (they lack IT readiness and vision of the future, putting them at risk of failure)
- Insurers must **get ready for disruption**
- **Regulations** are the most disruptive factor that insurers are facing. Regulations are making insurers shift attention away from innovation, as well as serve to hamper innovation across the industry.
- If this capability has not been tested, companies must **conduct readiness assessments** by comparing alignment, anticipation and adaptation against industry norms. If disruption has occurred, insurers must identify gaps and remediate them
- Insurers must address the two major weaknesses — **vision and IT delivery** — by reviewing requirements vs. capabilities and building a roadmap

## Many IT Risks Are Present Today in Insurance That Put Insurers at Major Risk in Responding to Disruption

- The foundation for **IT agility** is missing in many organizations, including the foundation for data mastery, IT leadership effectiveness (including relationships between the CIO and other business leaders) and a new culture of IT
- Insurers must assess the **work environment** within the IT department by reviewing staff requirements, employee morale and team environment
- Insurers must seek to **drive innovation** in IT through working closer with business peers, investing in emerging technology, building new training programs and funding innovation labs

Source: Gartner 2019

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# 02 Objectives, Approach and Methodology

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# The Information Technology Benchmark was independently performed by Gartner for MPI, and will be conducted on annual basis for three years

## The objectives of the IT benchmark are to:

- Establish an baseline of IT spending and staffing based on 2018/2019 fiscal year data
- Compare IT spending and staffing levels with insurance industry peers
- Communicate the level of maturity of key IT domains within MPI relative to peers
- Identify the variances for areas that may have a potential for optimization
- Create a foundation for a continual change/ improvement program

## Assumptions:

- This is the first iteration in a series of benchmarks that will provide year over year comparisons
- The benchmark uses an updated methodology for the analysis of spending and staffing and IT maturity, and comparisons with the previous benchmarks are limited to common metrics

## Successful Outcome:

The benchmarking report provides a fact-based assessment for communicating IT performance within MPI and contributes to informing future budget, staffing and investment decisions.



# For the Information Technology Benchmark, MPI's current state was informed through three different workstreams

## Work Streams



### Spending and Staffing Benchmark

- Peer groups were selected based characteristics such as industry, size and geography.
- Enterprise-level benchmarks for IT spending and staffing were developed using 2018/2019 fiscal year data provided by MPI.
- Comparisons were made to peer averages, 25th, and 75th percentiles.



### IT Service Management Process Review

- Evaluated IT domains include: Strategy & Execution, Applications, Data & Analytics, Enterprise Architecture, Infrastructure & Operations, Security & Risk, Program & Portfolio Management, Sourcing / Procurement, Vendor Management.
- Service Management Processes were evaluated based on survey results and maturity levels were calculated and compared to peers.
- Validation workshops for reviewing the assessment.



### Stakeholder Analysis

- A document review and 6+ interviews were conducted with key IT personnel.
- The interviews were conducted to build a contextualized view towards MPI's strategy, processes, culture and past initiatives and were not used as part of the assessment.

# The recommendations were developed in collaboration with MPI's IT Management

## Development Process

**Benchmarking of IT Spending and Staffing**

**Discovery into the maturity of MPI's IT Service Management Processes**

**Interviews with ITBT Management**

**Validation of Results with MPI**



### Spending, Staffing and Workload Data Collection and Analysis

Gartner benchmarking draws upon a deep repository of IT spending to identify fact-based, optimization opportunities. For MPI, Gartner conducted an analysis of spending, staffing levels and IT workloads, comparing results with peer organizations.



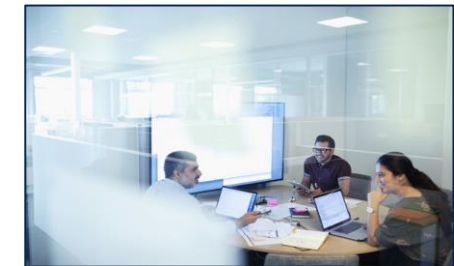
### IT Score Surveys

Gartner IT Score Surveys assess specific IT domains, by evaluating best practice activities performed in each function, and assigning a maturity level based on responses. For MPI, Gartner assessed the maturity of MPI's IT Service Management processes through IT Score Surveys.



### Interviews with IT Management

Gartner's interviews helped understand the context behind MPI's current capabilities, identify business challenges, uncover pain points and pinpoint critical success factors.



### Workshops with MPI IT Management to Validate Recommendations

Recommendations are based on accurate information, and are actionable, attributable, measurable and prioritized accordingly.

# 03 IT Benchmark Assessment Findings

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# Gartner's Benchmarking Assessment Findings: MPI invests more in IT relative to peers, which has led to the organization's higher maturity level



## Spending Levels

MPI's IT spending is higher than peers, but within a typical range of spending.

1%

Within peer average for IT Spend as a Percent of OPEX



## Staffing Levels

MPI's IT staffing levels are higher than peers, but within a typical range of staffing.

2%

Within peer average for IT Staff as a Percent of All Staff



## IT Maturity Levels

MPI's IT maturity levels outperform peers in all nine of the IT domains.

3.40

MPI's Maturity Level compared to Peer Average of 2.49

# While MPI's IT spending and staffing levels are higher than peers, MPI allocates more of its budget towards supporting evolving business initiatives.



MPI's IT Spending as a percentage of OPEX is higher than the peer average but is within the inter-quartile range



IT Staffing as a percentage of enterprise employees is higher than the peer average but within the inter-quartile range

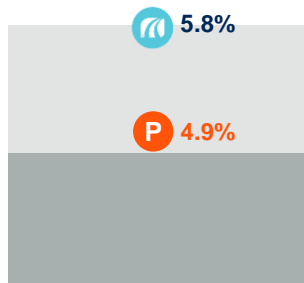


IT Spending per enterprise employee is lower than peer average but within the inter-quartile range

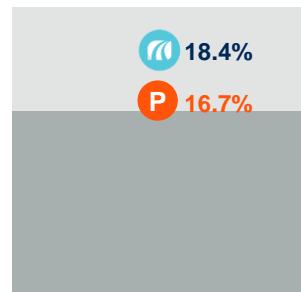


MPI allocates less of its budget to running the business leaving a greater portion to support changes to meet business demands

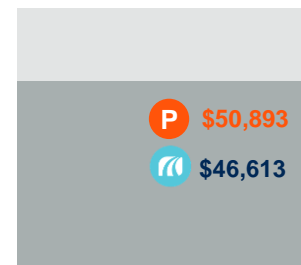
**IT Spending as a Percentage of Total Operating Expense**



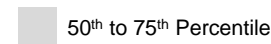
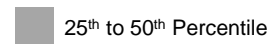
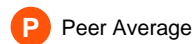
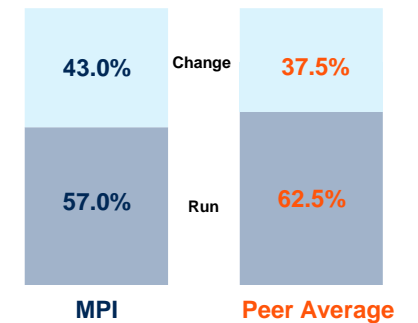
**IT Staffing as a Percentage of Enterprise Employees**



**IT Spending per Enterprise Employee**



**Percentage Spending on Run vs Change**



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# During the interviews, Gartner discovered that the focus areas for ITBT will increasingly be driven by the requirements for Project Nova and satisfying its associated demand.

1.



MPI are currently planning for modernization of enterprise applications based on a user / customer centric design (Project Nova)

2.



Application development and testing for Project Nova, and other advanced IT roles represent a staffing and skills challenge

3.



MPI are currently gaining significant value from third-party service providers, and have optimized spending

4.



Legacy modernization initiatives will further increase the need for highly effective vendor management and vendor management capacity





# IT investments have yielded highly mature IT service management processes, which positions MPI well to changing business demands. Further improvements could be made to improve certain functions as part of MPI’s continuous improvement initiatives.



MPI benefits from mature **Vendor Management**, and **Sourcing & Procurement** which are significantly more mature than peers. Project Nova will drive additional capacity requirements in this domain.



**Program & Portfolio Management (PPM)**, **Security & Risk Management (SRM)** domains are significantly more mature than peers. Project Nova will require an effective business partnership for PPM and SRM. This is currently being delivered outside of ITBT.



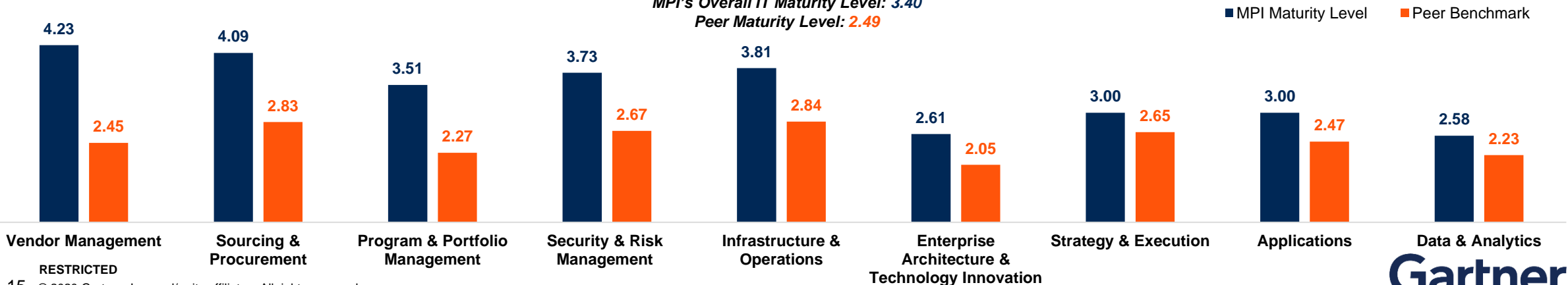
**Enterprise Architecture (EA)** is more mature than peers. MPI can increase maturity slightly by formalizing processes and building roadmaps.



For **Applications**, the nascent competencies related to agile application development need to be enhanced further to support Project Nova along with other functions, such as secure coding practices.

**MPI’s IT Domain Maturity Levels Compared to Peers (Descending order of maturity difference)**

MPI’s Overall IT Maturity Level: 3.40  
Peer Maturity Level: 2.49



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# 04 Recommendations

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# The recommendations, for MPI's implementation roadmap are listed below:

**1**

**Document vision and objectives for Enterprise Architecture using a formal charter.**

**2**

**Add capacity and transition vendor management from a focus on transaction-based activities to all aspects of the vendor management lifecycle.**

**3**

**Establish a skills management and training initiative, and define additional personnel roles within EA, PPM, vendor management, applications and IT security.**

**4**

**Improve application management competencies required for legacy modernization including agile application delivery and application testing for secure coding.**

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# 05 Closing

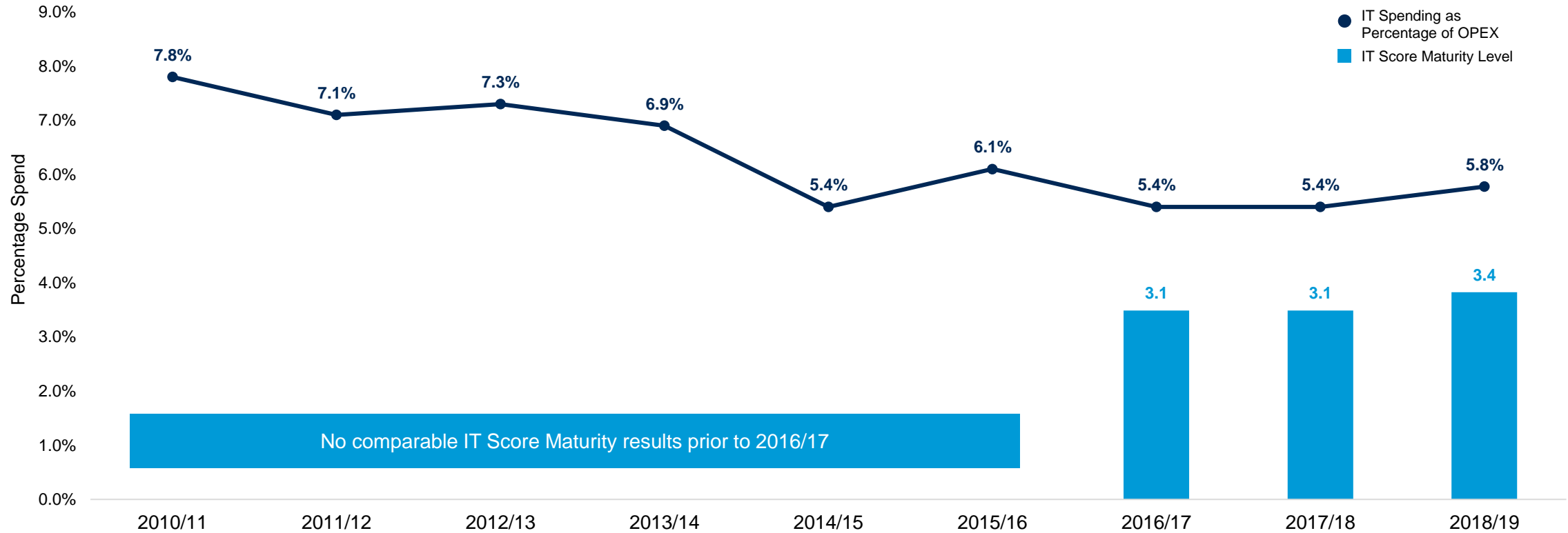
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# Overall, MPI has demonstrated a trend of reducing IT spending as a proportion of total expenses while simultaneously improving IT service management maturity levels

## IT Spending as a Percentage of Enterprise Operating Expense and IT Score Maturity Levels



# Maturity comes at a cost: MPI's higher investments in IT are commensurate with the higher levels of maturity achieved compared to peers

## Investments in IT

- MPI's IT spending levels are higher than peers, but are within a typical range of spending
- Similarly, MPI's IT staffing levels are higher than peers, and are within a typical range



## Value Delivered

- IT service processes have improved and are more mature than peer organizations in every domain
- MPI has reduced IT security and privacy risks
- MPI has adapted services to changing business requirements and adopted agile application development processes
- MPI has started planning for modernization of legacy applications



*Investments in IT have yielded maturity improvements in IT service delivery. Furthermore, investments in IT are comparable to commercial peers and are at acceptable levels when MPI's mandate as a public insurer is taken into account. Gartner considers this to be a good level of progress for the year and has no general concerns. MPI's IT management team continues to execute on continuous improvement initiatives and will consider recommendations provided by Gartner in the areas of skills and training, and rationalization of legacy applications.*

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2020-21 IT Strategy

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# MANITOBA PUBLIC INSURANCE

## INFORMATION TECHNOLOGY STRATEGY

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Published: June 12, 2020

Effective Year: 2020-21 Fiscal

Next Full Review: Q1 - 2021/22



2020-21 IT Strategy

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2020-21 IT Strategy

## Message from the Chief Information Officer at MPI

The Information Technology Strategy of Manitoba Public Insurance (MPI) establishes the direction for Information Technology (IT) investments within the corporation for the foreseeable future. At its core, the strategy guides the development of IT capabilities needed to support the business capabilities required to achieve the business objectives of MPI.

This annual strategy is aligned to the key priorities, mission, vision, and values identified in the 2020/21 Annual Business plan and builds upon the 2019/20 IT strategy. Enterprise Architecture (EA) principles and practices have been extensively used to connect strategy to capabilities and projects, using industry standard models and insights gained from the Legacy Modernization Assessment and from recent work on Project NOVA.

The business case for Project NOVA was presented to the MPI Board of Directors in early 2019 and received approval to proceed. Since then, MPI entered into an agreement with Duck Creek to provide a technology platform for billing, policy, and claims functionality supporting the Basic and Extension lines of business. MPI continues the procurement process for a Driver and Vehicle Administration platform, as well as for additional strategic technologies and partners to assist in the integration of these systems and the migration to them.

MPI is committed to openness, transparency and accountability. MPI has secured external expertise to review and report on the progress of Project NOVA against cost/delivery schedules and the achievement of the stated business benefits. MPI will actively prioritize other projects and operational activities to ensure the delivery of Project NOVA in parallel to normal operations.

In addition to Project NOVA, MPI is focused on developing 2 critical capabilities highlighted herein: (1) Agile delivery; and (2) Information Security maturity (with an emphasis on Cybersecurity).

This year the COVID-19 pandemic emphasized the essential nature of 2 capabilities for servicing Manitobans in this new reality. First is the ability for staff within various business units to Work from Home. Working with the various business units, the IT division quickly enabled the required IT resources. Given the urgency of the situation, many initial actions were tactical, designed to satisfy the immediate needs of the business. Now that the urgent need has subsided, MPI has shifted its focus to designing a strategic long term collaboration solution. Second is the importance of delivering services online. Since the beginning of the pandemic, MPI has seen adoption rates for online credit card and debit payments nearly triple. If MPI had the ability to offer additional online services to its customers (a deficiency being addressed by Project NOVA), it believes it could have served even more Manitobans through this channel.

Project NOVA, Agile delivery, and improvements to Information Security (Cybersecurity) will significantly alter the way in which IT capabilities are provided to MPI. These improvements will provide value not only to MPI, but also to Manitobans well into the future.

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Brad Bunko  
Vice President, IT, Business Transformation & Chief Information Officer

2020-21 IT Strategy

## 1. Executive Summary

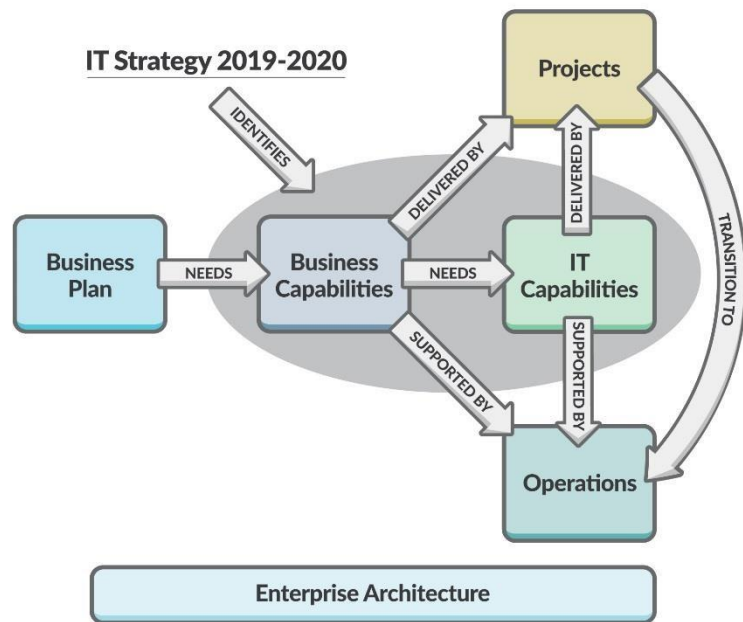
This IT Strategy continues the fundamental shift in how MPI views implementing new technology. The following table summarizes the changes MPI has adopted in its strategy, identifying new practice, how to ensure change will be effective, and where changes have been made in the past year.

Where we are going	How we are going to measure success	Progress we have made
Adopt proven mainstream technology	Through the maturity of the products and solutions we implement	RFPs issued for mainstream technology solutions to replace our legacy systems on Project NOVA
<p>Identify key risks prior to project initiation and incorporate into project decision</p> <p>Ensure active engagement of the Information Security office in the Systems Development Lifecycle.</p>	<p>Risks initially unaccounted for do not surface during or post project delivery.</p> <p>Projects attain value and benefits stream projections</p>	<p>Improved value monitoring during and post project. Ongoing operation of an Enterprise Risk Management function which incorporates input from an IT Risk and Compliance program</p> <p>Continuous improvement on project risk practices. Investments in Cybersecurity practices and controls via the Information Security Maturity Program (ISM)</p>
Initiative sponsor is the Operational Business Champion (or Business Owner(s)), will have shared accountability with the delivery team (Enterprise Systems Support or Business Transformation Office) and has a long term stake in ensuring the benefits stream is met	Ongoing benefit realization is achieved through the Operational Business Champion, Business Owner, product manager, and product owner roles.	Operational Business Champions assigned are being assigned to all new projects. Role expectations are clear and training / support has been provided. Agile practices leverage a Business Owner role with aligns well with the Operational Business Champion role.
Value management discipline becomes engrained in MPI process and culture and participates through the project lifecycle and beyond	Project decisions are based on the Value Management Process. IT expenditures will only be incurred after a value management assessment has been completed.	Business case process and templates are mature. Value Management throughout the project lifecycle and post project completion, to track benefits to the business case.
IT capabilities are created to support Business Capabilities that are needed in pursuit of a business objective	Business value for IT expenditures	NOVA is business driven, with significant contribution by and responsibilities assigned to key business leaders. New investments in Agile processes focus on delivering business value in shorter iterations.

## 2020-21 IT Strategy

This IT Strategy is an incremental update from our initial version (June 2018) with an emphasis on supporting the MPI business. This IT Strategy also reflects improved process maturity in several key areas:

- **Enterprise Architecture:** Increased emphasis on industry frameworks.
- **Information Security:** Continued alignment to industry frameworks and best practices.
- **Agile Delivery:** Projects completed with closer partnership with business stakeholders, in faster iterations – reducing time to value. Operations is now delivering IT capabilities, which was previously done via projects.



By design, the IT Strategy sets the technology path forward based on the business context, business objectives, and business strategies for the current fiscal year and future years. It then applies guiding principles and considers major influences to develop the business capabilities and IT capabilities required to be successful. Business and IT capabilities are delivered by Product teams that continue to support those capabilities into the future.

The Value Management (VM) process provides oversight to these projects to ensure they deliver appropriate business value for the investment made, as documented in the business case.

The EA discipline is applied throughout the strategy to ensure the effective translation of business direction into capabilities, capabilities into projects, and projects into results.

The Enterprise Risk Management discipline, including IT Risk Management, is further matured at MPI and will be used to ensure that capabilities include the appropriate risk monitoring and controls, and that projects effectively identify, plan for, and mitigate delivery risks.

2020-21 IT Strategy

## 2. Introduction

This IT Strategy uses the concept of capabilities (combinations of people, processes and technologies to achieve a business outcome), to ensure there are effective links between major documents such as the Annual Business Plan to the Corporate Capital Master Summary. The advantage of this approach is that it results in continuity and consistency across multiple parallel initiatives and can be adjusted based upon the approved program portfolio. This complements the VM process/business cases that establish the prudence and necessity of the proposed projects.

The IT Strategy is focused on the current and future needs of the business and captures the key context, considerations and principles which frame this understanding. This includes the following Strategic Priorities:

- Finance
- Operations
- Culture
- Users
- Stakeholders

The IT Strategy then outlines the capabilities to meet these needs and the approach to integrate these capabilities into projects and operations in the 2020/21 fiscal year. The information is organized as follows:

- Business Context, Business Objectives and Strategies: highlights the current context, objectives and strategies for business success considered in this IT Strategy.
- Major Influences and Guiding Principles: describes several major influencers that must be considered in the Strategy. They reflect experiences and best practices used to guide all IT decisions, and shape the development of business and IT capabilities.
- Developing Business and IT Capabilities and Required Capabilities: defines and explains the business and IT capabilities which are required for development through active or yet to be planned projects (aligned to key business objectives and strategies).
- Applying the IT Strategy to Projects and Operations: provides an overview of the methodology, and highlights how the Strategy is expected to impact both business and IT capabilities, and the organization in general.

2020-21 IT Strategy

### 3. Business Context

The following external drivers will shape the business over the foreseeable future:

- **Changing customer expectations:** Customers expect the same enhanced service capabilities (oriented toward the customer experience) that they have grown accustomed to from online retailers. These enhanced service capabilities affect the speed (faster responses from insurance companies), access to and quality of service (more self-service and better analytical insight into customer preferences), and product features (more-individualized products and services).
- **Partnerships and the extended enterprise:** Product delivery through insurance brokers and physical damage claims services provided by the repair industry are critical to the MPI service delivery model. MPI will continue to be an extended enterprise, reliant upon partners to provide services directly to customers with IT systems acting as the conduit between all parties. These systems need to interoperate with an increasing volume and variety of partner and customer technologies. MPI continues to develop and leverage analytics to measure the value of key cost and service metrics. To ensure continued improvements to corporate Information Security (Cybersecurity) MPI must further work with partners to protect all entry points into the MPI information technology environment.
- **Traffic Safety Culture:** MPI, in partnership with Manitoba Infrastructure is pursuing the goal of having the safest roads in Canada, with the specific objective of significantly reducing fatalities on our roadways. This goal is challenged by new trends such as “texting and driving” which impacts claims frequency, as well as impacts which result from the legalization of cannabis. MPI continues to invest in education, control and awareness programs.
- **Vehicle technology changes:** New technologies, such as partial and fully autonomous vehicles, are changing the risk landscape for insurance companies. With the potential to affect premiums going forward there is the need to monitor these changes and take appropriate actions to mitigate their associated risks. This requires the technology behind estimating and adjusting solutions to be flexible, continuously updated and consistently available – connecting MPI and its repair partners.
- **Insurance Industry Requirements:** The insurance industry is facing changing regulations and in some cases, increased scrutiny from regulators at the federal or global level. This results in stricter solvency capital regulations that are forcing insurers to set aside more capital for the business they are underwriting, and to increase investments in information technology platforms and cybersecurity. MPI needs to continue to monitor these regulatory changes so as to be prepared for and to ensure compliance as required.

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## 4. Business Vision, Mission, and Priorities

The corporate mission and vision highlight how MPI will succeed as a business:

**Mission:** Exceptional coverage and service, affordable rates and safer roads through effective public auto insurance

**Vision:** The trusted auto insurance and driver services provider for every Manitoban

The vision aligns to the three key priorities shared in the 2018/19 IT Strategy: Rate Stability and Predictability, Operational Excellence, and Product and Service Leadership. These have shifted to 5 key priorities:

- **Finances** – Solidify 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.

Clearly defined business priorities, backed by strategies to achieve them, are the first step in defining the business capabilities required for success.

Section 6 outlines key considerations which help MPI guide the selection and prioritization of new capabilities.

Section 8 outlines those capabilities and the need for changes and improvements to ensure success.

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## 5. Major Influences

The following projects and processes have a significant impact on many business and IT capabilities proposed in this strategy.

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 in-house legacy applications of MPI and its technology footprint, and to 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 Special Risk Extension/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.



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## 2020-21 IT Strategy

### *Agile Delivery*

MPI recognized that in replacing the core legacy systems, the way these systems need to be configured and delivered also needed to change. MPI has determined that adopting Agile design and delivery practices are key to providing business value and to effectively work with modern platform providers.

MPI started its Agile journey in 2018 with a pilot project (one application and one team). Based upon the success of this pilot, Agile adoption has expanded further to include 6 product teams, while integrating lessons learned along the way. The MPI Agile capability is now guided by an external Agile Coach who is providing guidance as it expands its Agile processes and aligns to industry best practice. With focus on continuous improvement and increasing the number of practitioners, MPI prepares to work with new solution vendors and service providers on Project NOVA.

### *Information Security and IT Risk Management Processes*

Mature Information Security and IT Risk Management are critical to the success of the modern corporation due to the complex and changing IT and information security risk landscapes. Effective governance and oversight must exist to continually identify threats, evaluate risks, and to enhance controls and capabilities. To guide these activities, MPI has formed the Information Security Office (ISO) which manages 3 key governance functions: Information Security, IT Risk and Compliance Management, Information Security Architecture and the Security Operations Centre.

The focus areas for ISO in 2019/20 include:

- Establishment of an Information Security future state maturity target (approved in Q1 2019) which considers the maturity of industry peers and includes the review of information from the Office of the Superintendent of Financial Institutions (OSFI).
- Deliver security initiatives in alignment with the National Institute of Standards and Technology (NIST) security services model to achieve the target maturity level. In parallel, MPI initiated plans to address its security deficit through modernization of legacy systems and environments.
- The Corporate Information Security Office (CISO) of MPI has an established accountability and independence through dual reporting lines which includes the Technology Committee of the MPI Board of Directors.
- Plan, manage and coordinate support and operations of the critical IT security services including monitoring for threats, responding to information and cybersecurity incidents, and conducting security investigations.

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*Technology Risk Management Program*

The Technology Risk Management program provides regular investment in technology systems and processes. This ensures that existing technologies stay on supported versions, and technology risks are addressed through process and technology improvements. Investments are identified and prioritized annually. The 2020/21 program budget will be spread across 4 key areas: Application Risk Management, Infrastructure Risk Management, Information Security Risk Management and Risk Registry Remediation. Investments in 2020/21 include disaster recovery testing, upgrade of corporate e-mail services, and the upgrade and/or replacement of significant parts of the IBM managed IT infrastructure (including network and servers), deployment of data loss prevention (DLP) capabilities, refinement to the MPI infrastructure used for authentication and authorization, better management of user permissions and elevated access, and the upgrade of MPI's major database platform to maintain supportability. These projects will require careful planning and coordination to minimize any downtime associated with the changes.

*Enterprise Architecture Process*

EA is the discipline of proactively and holistically understanding business and IT capabilities by identifying and analyzing the execution of change toward the desired business vision and outcomes. EA actively integrates business plans, business capabilities, IT capabilities, and leverages industry best practices and MPI guiding principles to ensure consistency and efficiency across the enterprise. EA delivers value by presenting business and IT leaders with complete recommendations for adjusting processes and projects to achieve business outcomes that align to the business plan.

MPI is actively pursuing improvements to its EA process maturity as a way to reduce the risk and cost associated with the implementation of key business strategies. The additional detail found in the business capability and IT capability models in this document are examples of these improvements. EA involves Business, Application, Infrastructure, Data, and Security Architecture. EA is a critical process to the development and maintenance of the IT Strategy.

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## 6. Guiding Principles

Guiding principles represent distilled organizational knowledge and best practices acquired through experience and are used to support organizational decision-making. This Strategy considers this collected knowledge and will use it to guide the development of business and IT capabilities.

### ***Business Guiding Principles***

This strategy leverages the following guidance from the MPI Business Plan:

- MPI will continue to demonstrate fiscal prudence and sound financial management practices while driving cost containment, streamlining of operations and elimination of unnecessary operational expenses.
- Basic 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.
- Basic 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 ability of MPI 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.
- MPI will continue to be proactive in preparing for structural changes in the automobile industry and collaborating with the vehicle collision repair industry in Manitoba to ensure that vehicles damaged in motor-vehicle collisions are properly repaired to original manufacturer specifications. MPI also expects to evolve its business model to prepare for the anticipated introduction of both partially and fully-automated vehicles into the Manitoba market.
- MPI 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 its relationships with strategic partners.
- MPI will continue to hire and train employees predominantly in Manitoba with a commitment to excellent service.
- The financial affairs of MPI will be managed in a manner that will not impair the consolidated financial statements of the Province of Manitoba.

## 2020-21 IT Strategy

***Information and Technology Guiding Principles***

MPI maintains a comprehensive set of IT principles, the key principles applicable to this Strategy include:

- EA shall align solutions with the corporate mission and vision to maximize business value while providing business agility and adaptability and reducing complexity and total cost of ownership.
- IT services of MPI shall be governed and managed centrally.
- IT services and solutions shall be secure by design and evolve with the security, privacy and business continuity policies, standards and requirements of MPI to ensure information is appropriately safeguarded.
- Technology solutions shall leverage industry proven technologies and shall be maintained such that they align within the supported set of technologies and best practices of vendors.
- Commercial off-the-shelf solutions shall be considered before in-house custom development.
- Cloud based solutions shall be preferred over on premise solutions where there is a business benefit which offsets any added information security risks and mitigating controls.
- IT services and solutions shall provide high-quality customer experiences focused on value based offerings with efficient online support service capabilities for customers.

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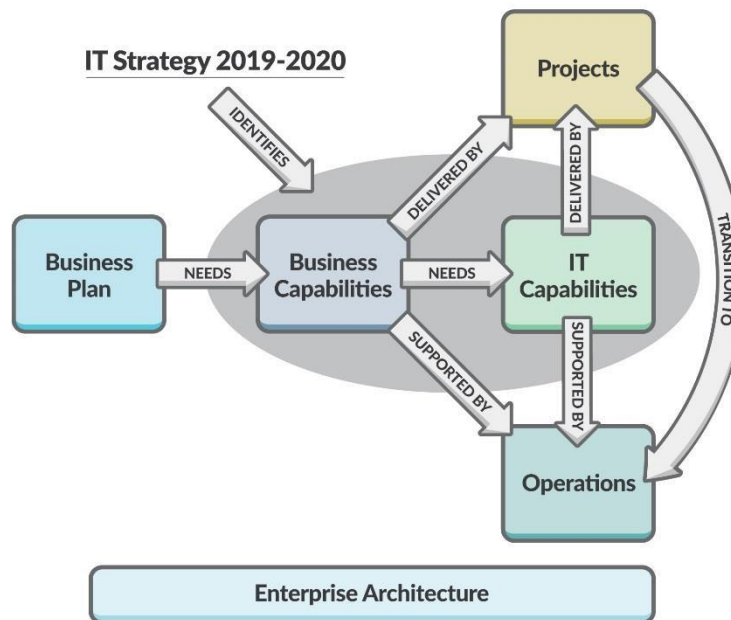
## 7. Developing Business and IT Capabilities

EA identifies two concepts (Business Capability and IT Capability) which enable the connection between business strategy, objectives and specific IT initiatives:

- **Business Capability:** A business capability refers to a combination of resources (people, organizational structures, assets, systems, technologies and partnerships) that are necessary to reach the future state described by the business strategy. For MPI, the business strategy is included in the 2020/21 Business Plan.
- **IT Capability:** An IT capability refers to a combination of resources (people, organizational structures, assets, systems, technologies and partnerships) that are necessary to support a business capability. For MPI, IT projects are completed to add or change IT capabilities.

MPI continues to work toward establishing and advancing EA, based upon industry best practices.

The MPI Business Plan summarizes the needs of the corporation for the next fiscal year. These needs are met using a combination of people, processes and technology to achieve the intended business result. Within this IT Strategy, MPI has shared the business and IT capabilities which will achieve the top business objectives. The next section illustrates that business capabilities may exist independently, or may be supported by one or more technology solutions, each with their own requirements for people, process, and technology. These have been referred to in this strategy as IT capabilities. MPI deploys new capabilities via projects, and then transfers ongoing support, maintenance and continuous improvement of capabilities to operational departments.



The IT Strategy illustrates how business priorities (outlined in the Business Plan), translate into business capabilities and IT capabilities, and will be delivered by projects or an Agile product team and supported by operations. Each major project in the Corporate Capital Master Summary has a business case associated with it, which outlines the specific needs of the business. These needs can be translated into business capabilities which can be linked back to this IT Strategy.



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This following table illustrates, at a high level, the expected impact of the Project NOVA on MPI business capabilities.

- Represents capabilities that are changing
- Represents capabilities that are being impacted by change
- Represents capabilities that are not impacted

Property & Casualty Administration					Driver and Vehicle Administration				Shared & Corporate Services				
Policy Management	Product Management	Re-Insurance	Bodily Injury Claims Management	Physical Damage Claims Management	Driver Licensing	Identification Management	Vehicle Registration	Road Safety	Billing Management	Broker / Partner Management	Reporting and Analytics	Customer Management	
Policy Quotes/ Estimator	Product Assessment	Loss Reserve Management		First Notice of Loss (FNOL)	Enhanced Driver's License (EDL) Management	Personal Identification Management	Vehicle Registration	Driver Education	Billing Plan Definition & Mgmt.	Assessment & Registration	Customer Categorization and Segmentation	Complaints / Disputes	Corporate Planning
Bind and Issue	New Product Design/Development			Claim Segmentation/Triage	Driver's License (DL) Management	Corporate Identification Management	Vehicle Inspection	Driver Fitness and Medical Compliance Assessment	Payment Plan Definition & Mgmt.	Commission Setup and Calculation	Product and Service Delivery	Customer Contact Centers	Corporate Audit
Risk Rating and Pricing	Product Life-cycle Management			Claims Case Planning & Monitoring	Road and Knowledge Test	Identity Card Management	License Plate Management	Driver Safety Services Program	Billing Account Management	Training & Development	Digital Analytics – Self-Service and online Channels	Contact Management	Actuarial & Risk Management
Underwriting				Claims Subrogation / Recoveries	Violation Ticket Process and Disputes		Commercial Vehicle Registration (SRE)	Driver Improvement and Control	Account Billing Method Management	Billing / Payment	Pricing and new product demand forecasting	Customer Service Management	Facility Management
Renewals				Claim Investigation	Driver Safety Rating (DSR)		International Registration Plan (IRP)		Payment Management	Relationship Management	Operational KPIs and reporting		Human Resource Management
Policy Changes				Claims Adjudication / Evaluation	License Suspension				Disbursements & Refunds	Remuneration & Rewards			Financial Management
Fleet Audits				Claims Benefits Administrating & Payment					Delinquency Management	Performance & Agreement Management			Content & Document Management
Account Management				Claim Dispute Resolution Management					Financial Account Management				Digital Engagement
Issue Autopac Extension				Claim Quality Management					Billing Document Production				Special Investigations
				Claim Fraud Management					Billing Issue / Exception Management				Business Continuity Management
				Claim Reserve Management					Billing IRP				Information Technology Management
				Physical Loss Recovery									Information Security Management
				Repair Research & Training									

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## 8. Required Business and IT Capabilities

The following key capabilities are under development, with most starting within the 2020/2021 fiscal year. The subsections are organized as they were in the 2019/20 IT Strategy for consistency.

### 8.1 Deliver online services and improve operations through modernized systems and processes

Business Priority: Operations, Users, Stakeholders, Culture

Business Capabilities: Policy Management, Product Management, Physical Damage Claims

Management, Driver Licensing, Identification Management, Vehicle Registration, Billing Management, Broker/Partner Management, Customer Management (Contact Management), Digital Engagement, Reporting and Analytics (impact to be confirmed)

IT Capabilities: Ability to deliver services using new technologies, delivery models (Agile), and to effectively engage and manage new strategic technology partners. Additional focus/emphasis will be placed on governance, VM, EA, information security, and program delivery practices.

Related Project(s): Project NOVA

### 8.2 Increase efficiency and effectiveness of corporate financial reporting processes and controls

Business Priority: Operations, Finances

Business Capabilities: Financial Management, Billing Management

IT Capabilities: The existing financial platform will be augmented with additional modules to meet business needs and further leverage platform capabilities. IT capabilities will include technology solutions to facilitate self-service capabilities and process automation opportunities.

Related Project(s): Financial Re-Engineering (FRE)

### 8.3 Increase efficiency and effectiveness of key corporate processes

Business Priority: Operations

Business Capabilities: Human Resources Management, Physical Loss Recoveries

IT Capabilities: For Salvage Management: Ability to deliver services using new technologies that are integrated with an ecosystem of partners and technologies. Additional focus/emphasis will be placed on information security, operating models (cloud technologies) and data governance. For Human Resource Management System (HRMS) the IT capabilities will include technology solutions to facilitate self-service capabilities and process automation opportunities.

Related Project(s): HRMS Projects, Salvage Management Project



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#### **8.4 Ensure consistent and necessary investments in Information Security Resiliency and IT Risk Management**

Business Priority: Operations

Business Capabilities: Information Security Management, Information Technology Management

IT Capabilities: Improved IT governance and process maturity, enhanced controls to better manage operations and protect critical data. Investments to maintain supportability of key technology platforms.

Related Project(s): Technology Risk Management, Information Security Maturity

#### **8.5 Ensure continued product & service excellence**

Business Priority: Operations

Business Capabilities: Policy Management, Product Management

IT Capabilities: Leverages existing capabilities to update systems reflecting regulatory changes with a focus on rates. This also includes the delivery of changes through Agile product teams, working directly with business users.

Related Project(s): AOL PUB Release, CERP (new policy changes), Insertions of Work

#### **8.6 Transform the commercial truck driver program to mandate Class One training and education to enhance road safety and harmonize Manitoba with other jurisdictions**

Business Priority: Operations, Stakeholders

Business Capabilities: Driver and Vehicle Administration, Driver Records

IT Capabilities: Leverage IT capabilities to support certification, permitting, road & knowledge test booking, testing and licensing.

Related Project(s): Mandatory Entry Level Truck (MELT) Driver Training

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## 9. Applying the IT Strategy

### *Overview*

The IT Strategy outlines both the business and IT capabilities which are required to achieve the corporate objectives. Implementation of this strategy cannot occur in isolation and must occur in the context of:

### *Organizational Impact*

Executing Project NOVA, a reduced portfolio of initiatives, and operational activities necessary to achieve MPI's business objectives will have a major impact on MPI staffing and will require continued focus and prioritization. To facilitate this, MPI has aligned the objectives of each division to the corporate vision and priorities, and continues to mature key corporate practices:

- **Value Management:** VM continues to play an integral part of the IT business case creation process. In addition to vetting business cases that form part of the IT Capital and Operational budgets, VM also focuses on tracking and reporting changes to the business case that arise during the project through the Change Request and Decision Request process. These updated business cases are the basis for measuring of achieved value of completed initiatives by VM. The VM Office has been an active party in the creation, iteration and review of the Project NOVA business case. A dedicated VM resource will be assigned to monitoring objectives, costs, benefits, risks and assumptions that underline the Net Present Value estimates of Project NOVA and all significant changes will be part of regular project status reporting.
- **Program Governance:** All key projects now have an Operational Business Champion (OBC), accountable for the achievement of the business case and responsible for making key decisions on the initiative (in consultation with Executive Sponsors). Due to its size and complexity, Project NOVA currently has three (3) OBCs contributing different business expertise to project decision making. To further support Project NOVA program governance, an independent party has been hired to perform oversight of this function.
- **Advanced Procurement and Contract Negotiation Processes:** IT Vendor Management (consolidated in 2017/18) has leveraged its improved Request for Proposal (RFP) development and execution process for over 60 different RFPs, including the P&C and DVA solutions (key parts of Project NOVA).

### *Changing roles, skills, and priorities to support business and IT capabilities*

As part of continued operational improvements, MPI is executing an external labour strategy to ensure MPI transitions knowledge and skills from external contractors/consultants to internal staff, as well as a contingent workforce strategy to secure a widening variety of resources at market competitive rates.

As part of Project NOVA, MPI will determine the long term volume and mix of resources required to support its critical applications and propose a new staffing strategy to align to the long term corporate requirements. To ensure an effective transition from current to future platforms, MPI will be heightening its use of internal resources on projects. This will be accommodated by significantly

## 2020-21 IT Strategy

reducing time/efforts in the remediation of outstanding, non-critical defects on platforms targeted for replacement. This will also ensure that at program completion, MPI has the knowledge and skills required to support these platforms without reliance on contractors in operational roles.

### *Delivering projects which result in new/enhanced IT and business capabilities*

To support the deployment of the business and IT capabilities identified in Section 8, some projects will require an additional delivery approach which provides more agility and provides value sooner. The existing delivery model focuses on structure, rigor and consistency and has a formal progression of steps including:

- Production of detailed business requirements
- Detailed technical requirements and solution designs
- Comprehensive testing and implementation
- Solution delivery and warranty

MPI has adopted an Agile methodology which can operate in parallel and focuses on rapid delivery of business value in small iterations. Agile methodology allows MPI to bring value to stakeholders more quickly than traditional methods. The Agile roll out during 2019/2020 was successful in developing Agile practices and provided MPI with practical experience which will be critical to effectively working with vendors on Project NOVA. As part of Project NOVA: Property & Casualty solution RFP and demos, all vendors leverage Agile delivery techniques to implement their solutions.

### *Ongoing Oversight and Governance*

Developing this IT Strategy continues to provide MPI with the opportunity to confirm the alignment of the business plan, business capabilities, IT capabilities and IT projects. The result is a single document which succinctly links the MPI business plan, business strategy, key business process documentation, and project documents (such as business cases and project/program charters) resulting in increased transparency and clarity. This document is used within MPI to guide project and operational teams.

EA concepts and practices continue to be critical to the development of this strategy. As seen in this document, EA process maturity continues to improve, and further clarity on future business and IT capabilities have resulted in improved maturity of MPI models and roadmaps.

On an annual basis, MPI will update this strategy to reflect the progress made and any changes required to maintain alignment to its business plan.

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## Appendix 1: Project Nova

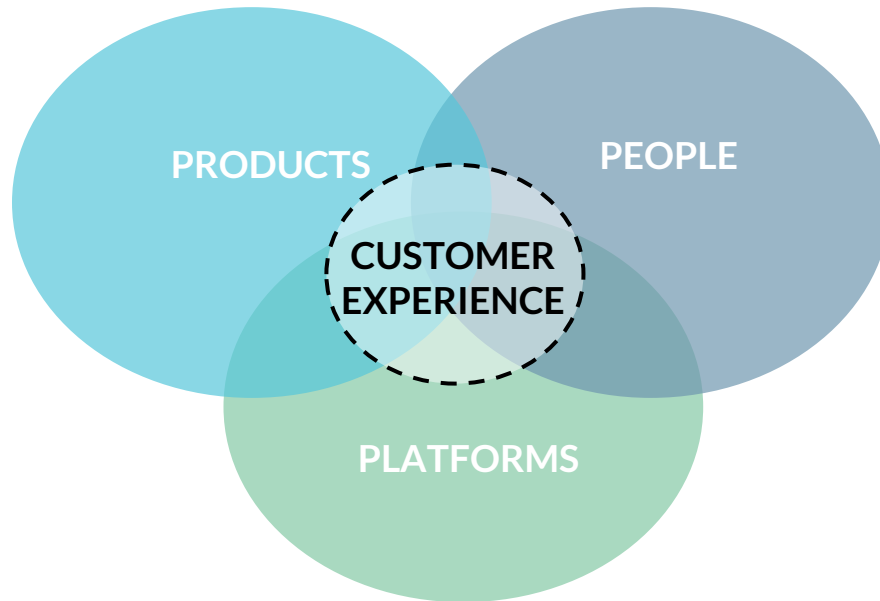
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### 1. Project Nova

1 Project Nova has been historically referenced as Legacy Modernization Assessment,  
2 Legacy Systems Modernization (LSM), and was re-branded to Project Nova in  
3 September 2019 to signify that the project is much more than a corporate initiative  
4 aimed at modernizing MPI's core legacy systems. Project Nova will modernize MPI's  
5 core legacy system to deliver MPI products and services to personal and commercial  
6 customers with greater business agility and an improved customer experience, all  
7 while reducing MPI's Technology Risk by modernizing the in-house applications and  
8 technology it currently uses to deliver services for:

- 9 • Personal and commercial automobile insurance;
- 10 • Driver licensing, vehicle registration, and associated registry functions (DVA);
- 11 • Physical damage claims

12 The approach to Project Nova has significantly changed since the initial LSM business  
13 case was prepared. Project Nova will be focused on enhancing the customer  
14 experience by holistically reviewing all aspects of MPI's product and service offerings,  
15 including front-line customer service delivery training & support), all of which will be  
16 supported and enabled by the future technology platforms chosen to replace MPI's  
17 core legacy systems.

**Project Nova – Project Approach**

1 The LSM business case was developed with input from two independent consulting  
2 firms (Deloitte and Avasant) in fiscal year 2018/19. These reports were filed  
3 confidentially as part of the 2019 GRA. Each consulting firm produced  
4 recommendations for a “Case for Change” for modernizing MPI’s legacy systems and  
5 focused on the following key areas:

- 6 • Technology Risk: Manage technology risks by upgrading core technology  
7 platforms to modern commercial off-the-shelf solutions
- 8 • Online Supported Services: Enhance customer experience by introducing MPI  
9 services to customers and providing the option of an online service channel  
10 with appropriate levels of support from MPI or its partners
- 11 • Information Security: Secured customer information through enhanced  
12 confidentiality, integrity and availability controls available in modern systems
- 13 • Future Business Agility: Allow MPI to become faster and more agile in offering  
14 services to customers through new digital channels and to quickly respond to  
15 legislative and regulatory changes

- 1       • Cost Savings & Efficiency: Replace aging technology, reducing applications’ life-  
2       cycle costs, support costs and obtain operational efficiencies

3 Project Nova’s key business objectives are as follows:

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

## 2. Key Success Drivers for Project Nova

23 Project Nova is the largest business and IT program ever initiated by MPI. To be  
24 successful and to ensure that the program provides value to its business, MPI must  
25 satisfy a number of key factors. These factors are:

- 26      • **Stakeholder Commitment** – key project stakeholders, sponsors and the MPI  
27      Board are committed to the business case, and alignment on the project scope  
28      and the process by which success is measured.

- 1 • Identification and Measurement of Tangible Business Benefits – the business  
2 benefits of the project are tangible and align with MPI value management,  
3 including the tracking and accurate measurement of those benefits.
- 4 • Organizational Readiness – all operational support teams, program and project  
5 delivery teams, and all impacted stakeholders, both internal and external, are  
6 prepared for the transformation.
- 7 • Management of Program Risks – risks regarding resources, schedule, cost and  
8 scope of the project are identified. A program Risk Management Plan is  
9 prepared and clear risk communication channels are defined. Work schedule  
10 predictability is monitored by MPI delivery and governance teams. Identified  
11 risks are mitigated using appropriate strategies (i.e. risk mitigation,  
12 acceptance, or risk transfer).
- 13 • Highly Skilled Team – Program implementation teams are comprised of the  
14 right people in the right roles. Experienced and highly talented individuals from  
15 MPI internal divisions are utilized and the program delivery and governance  
16 teams closely monitor team performance and collaboration.
- 17 • Realistic and Manageable Scope – the scope of the project is realistic and its  
18 outcomes are clearly defined. MPI change management and stakeholder  
19 management processes are in place.
- 20 • Delivery Approach and Governance Model – MPI uses an approach that aligns  
21 with the product and implementation of best practices of its vendors in order to  
22 reduce delivery risk and improve delivery times.
- 23 • Voice of Customer –customer feedback avenues are used to incorporate the  
24 customer voice through surveys.
- 25 • Voice of MPI Partners/Brokers – MPI brokers and other partners are engaged  
26 throughout the project to capture their feedback and align to their expectations  
27 in meeting service standards for MPI customers.

### 3. Current State – MPI Core Legacy Systems

28 The technology which comprises MPI’s core systems ranges in age from 20 to 40+  
29 years and were built using system architecture principles that are now antiquated and  
30 no longer adequate. The current state of the technology negatively impacts MPI in a  
31 number of ways. For example:

- 1 • the cost of implementing requested business changes are higher and take  
2 longer than desired;
- 3 • core technology is no longer being taught in post-secondary schools which  
4 limits the availability of skilled resources and means that MPI relies heavily on  
5 specialty contractors;
- 6 • nightly system outages are required for overnight batch processing, which  
7 restricts when customers can use online services; and
- 8 • MPI is exposed to new security risks that its systems were never designed to  
9 meet, the result of which means more costly security monitoring and  
10 remediation of some security risks.

#### 4. FY19/20 Project Update and Progress

11 During the FY19/20, Project Nova has completed the following activities:

- 12 • Independent Program Governance Vendor RFP – MPI has entered into a 36-  
13 month agreement with Price Waterhouse Cooper (PwC) to provide Governance  
14 Services to the MPI Board of Directors. An initial 8-week deep-dive assessment  
15 of Project Nova was completed by December 2019 and has transitioned to a  
16 monthly review/assessment reporting to the MPI Board of Directors.  
17
- 18 • Project Governance – In September 2019, MPI solidified project governance by  
19 appointing a Chief Transformation Officer (CTO) who is ultimately accountable  
20 for the success of Project Nova delivery and benefits realization and the Project  
21 Director for Project Nova. In January 2020, MPI operational directors  
22 representing personal & commercial insurance, service operations, driver and  
23 vehicle licensing administration and Information Technology were appointed as  
24 full-time resources dedicated to the project and ensuring that Project Nova is a  
25 business-led project. In March 2020, the Program Manager for Project Nova  
26 was appointed, resulting in all core project delivery positions being filled.



1 **Project Nova Governance Structure**



- 2 • Property & Casualty Insurance Software RFP – MPI has entered into a 6-year
- 3 Software as a Service (SaaS) software licensing agreement with Duck Creek
- 4 Technologies Ltd.
- 5 • Property & Casualty Insurance System Integrator RFP – MPI is currently in the
- 6 process of preliminary requirements scoring of this RFP. The planned approach
- 7 is to short-list the RFP bids by end of June 2020, complete vendor showcase.
- 8 Presentations in July 2020 and vendor recommendation presented to the Board
- 9 of Directors in September 2020, with contract negotiations being completed
- 10 between October 2020 and January 2021.
- 11 • Driver and Vehicle Licensing and Administration (software and system
- 12 integrator) RFP – MPI has completed the RFP scoring process and is currently in
- 13 the final stages of contract negotiations for MPI Board of Directors review and
- 14 approval in June 2020.
- 15 • Application Platform RFP (formerly referenced as High Productivity Application
- 16 Platform – HPAP) – MPI has completed the vendor bid shortlist and
- 17 demonstration process and is currently in the final RFP scoring calibration stage
- 18 with presentation of the recommended vendor to the MPI Board of Directors in
- 19 July 2020 prior to initiating contract negotiations.

- 1 • Integration Platform RFP – MPI is currently in the process of scoring 11 vendor  
2 responses to the RFP, with the objective of selecting the final vendor in fall  
3 2020.
- 4 • Value Management Office has completed *Appendix 2 Project Nova Value*  
5 *Management Strategy* to document the overall process, governance and timing  
6 of business case revisions, benefits tracking and NPV analysis. As well, the  
7 business case tracking framework and associated processes have been  
8 developed with the exception of FTE savings tracking, which is pending  
9 completion in fall 2020.
- 10 • Business Vision – the business vision for the property & casualty insurance  
11 (personal and commercial) and driver and vehicle licensing administration  
12 (DVA) lines of business are now completed to solidify the project objectives,  
13 scope and delivery roadmap approach and timeline.
- 14 • As-is documentation of the associated technologies and supporting reference  
15 materials and regulatory cross-references have been completed.
- 16 • Business Project Management – Project Nova is applying Lean discipline in  
17 reviewing related MPI business processes and customer experiences. Value  
18 stream mapping (detailed and high-level) reviews all the steps (both value  
19 added and non-valued added) in a process that the customer is willing to pay  
20 for in order to produce that product or service.
- 21 • Requirements Management – in relation to adopting an Agile systems delivery  
22 methodology and replacing existing custom-built solutions with Commercial  
23 Off-the-Shelf (COTS) software solutions, MPI is in the process of establishing a  
24 new requirements management methodology and Systems Development Life  
25 Cycle (SDLC) for Project Nova. This will be completed in concert with the  
26 documentation of high-level business requirements, targeted for completion by  
27 October 2020.
- 28 • Data Migration – a team has been established and has made significant  
29 progress in documenting current core legacy system data architectures, data  
30 categorizations and is now in the process of data integrity and cleanliness  
31 analysis in preparation of the January 2021 engagement with system  
32 integration partners.

1 As shared above, meaningful progress, achievements and milestones have been  
2 realized during FY19/20. However, Project Nova is progressing at a slower pace than  
3 originally planned. By the end of FY20/21, all of the foundational elements will be in  
4 place and MPI is confident that it will transition from the planning and readiness phase  
5 to the execution and delivery phase into years 3-7 of the project, with incremental  
6 adherence to the delivery roadmap.

7 The primary contributing factors to the slower than anticipated progress are:

- 8 • Project Nova RFP procurement process, resource effort required and duration  
9 to complete were underestimated;
- 10 • Filling key leadership resource positions and creating the required operational  
11 business leadership capacity took longer than anticipated;
- 12 • A more comprehensive 'as-is' & discovery phase approach is being applied with  
13 the application of value stream mapping (VSM) on business processes to  
14 separate customer value add from non-value add steps by actively engaging  
15 operational leaders and staff in the process of gathering information. This  
16 approach is being applied based on post-implementation lessons learned from  
17 other organizations that experienced costly customizations of commercial off-  
18 the-shelf software (COTS) when modernizing legacy processes. The VSM  
19 approach has also provided an opportunity for all business areas and  
20 associated staff most significantly impacted by Project Nova to be actively  
21 engaged, which will assist in reducing the engagement and adoption risks with  
22 future implementation of new software, processes and procedures.
- 23 • MPI is also seeking opportunities to reduce regulatory requirements in  
24 alignment to the Government's red-tape reduction mandate and to enable  
25 future business agility and a reduction in implementation costs for future  
26 business changes on the new software platforms.
- 27 • The COVID-19 pandemic has also caused some project delays while adjusting  
28 project staff to work from home. COVID-19 has also caused some delay in the  
29 active RFPs in the market and the need to complete vendor demonstrations via  
30 video conferencing versus having vendors being onsite for multi-day  
31 presentations.

- 1 With the completion of RFPs and Project leadership roles now in place, MPI is confident  
2 that it can achieve milestone dates going forward.

## 5. FY19/20 Project Costs Update/Actuals

### 3 **One-Time Costs**

4 The total Project Nova budget was set at \$85.4 million. At this point, the approved  
5 budget includes a 25% contingency, which is a percentage of the estimated costs.  
6 This contingency acts as a buffer for program unknowns. As MPI completes the  
7 procurement phase by October 2020 by selecting products, signing contracts and  
8 entering into negotiations for remaining RFPs, the contingency amount will continue to  
9 be reviewed and adjusted based on the level of confidence in one-time cost  
10 categories.

11 The one-time capital costs for the personal and commercial insurance lines are  
12 estimated at \$56.2 million. The one-time Driver & Vehicle Administration capital  
13 expenditures are estimated at \$29.2 million. Please refer to the figure below for the  
14 estimated yearly breakdown of capital costs. These costs are currently under review  
15 with the objective to finalize in October 2020 once the remainder of the active RFPs  
16 are finalized, vendor negotiations are completed and further due diligence is  
17 completed on project costs, delivery approach and timelines, resource capacity, and  
18 potential future COVID-19 impacts.

**Figure VM App 1- 1 Project Nova Yearly One-time Costs**

Line No.	Annual Distribution	Original Business Case Budget (\$M)	FY20/21 Budget (\$M)
1	Year 1 - FY 2019/20	10	4.4
2	Year 2 - FY 2020/21	33.3	25
3	Year 3 - FY 2021/22	33.3	47.2
4	Year 4 - FY 2022/23	17.2	17.2
5	Year 5 - FY 2023/24	11.2	11.2
6	Year 6 - FY 2024/25	1.2	1.8
7	Year 7 - FY 2025/26	0.6	0
8	<b>Total</b>	<b>106.8</b>	<b>106.8</b>

1 Overall, from a project spend perspective, the project is currently trending to spend  
 2 less than the 2019/20 budget for the project planning and readiness phase of the  
 3 program. The primary contributing factors are as follows:

- 4 • Program is progressing at a slower than anticipated pace;
- 5 • RFP costs are lower than budget due to less external labour being utilized and  
 6 greater utilization of non-incremental MPI staff in scoring RFPs; however,  
 7 timelines for completion increased due to resource capacity (line #'s 2, 5, 10  
 8 below);
- 9 • The planned Year 1 implementation activities (technology pilot activities) were  
 10 delayed due to RFP timeline delays (line #14);
- 11 • The Unplanned Work is primarily associated with efforts to complete the  
 12 Business Process Management activities referenced above (line #16 below);
- 13 • The Independent Program Governance Vendor engagement was initiated by the  
 14 Board of Directors earlier than originally planned (line #17 below);
- 15 • Incremental MPI leadership resources being assigned and dedicated to Project  
 16 Nova as referenced above in relation to Project Governance (line #16 below);
- 17 • Project Contingency actuals relate to a \$1.3M overall variance in forecasted  
 18 costs approved by the Board of Directors for the Independent Program  
 19 Governance Vendor engagement. Actual costs applied to the contingency  
 20 budget represent the pro-rated monthly billing of the 36-month engagement  
 21 (line #19 below).

22 The following depicts the FY19/20 Project Nova budget vs. actual expenses.

**Figure VM App 1- 2 Project Nova FY19/20 Budget vs. Actuals**

Line No.	Business Streams	2019/20 Budget (\$)	2019/20 Actuals (\$)	Variance
1	<b>DVA Stream</b>			
2	RFP Costs	1,250,000	228,019	(1,021,981)
3	Program Readiness & As-is Requirements	526,090	441,212	(84,878)
4	<b>P&amp;C Insurance Stream</b>			
5	RFP Costs	625,000	2,599	(622,401)
6	Program Readiness	550,000	0	(550,000)
7	SRE As-Is Requirements & Delivery Planning	250,000	659,515	409,515
8	Personal & Ext. As-Is Requirements & Delivery Planning	388,888	0	(388,888)
9	<b>Common Services</b>			
10	RFPs for	1,105,986	367,006	(738,980)
11	Integration Platform			
12	Application Platform			
13	Independent Program Governance Vendor			
14	Year 1 implementation activities	2,705,011	313,549	(2,391,462)
15	Organization Risk Strategy & Pre-Program Planning	599,025	34,410	(564,615)
16	Unplanned Work	0	850,391	850,391
17	Planned Work & Governance Vendor Support	0	174,307	174,307
18	<b>Subtotal (All Streams Without Contingency)</b>	<b>8,000,000</b>	<b>3,071,008</b>	<b>(4,928,992)</b>
19	<b>Contingency (25%)</b>	<b>2,000,000</b>	<b>180,600</b>	<b>(1,819,400)</b>
20	<b>Total Budget Year 1</b>	<b>10,000,000</b>	<b>3,251,608</b>	<b>(6,748,392)</b>

## 6. Implementation Timeline and Year One Objectives

1 The high-level implementation timeline was developed with a number of key factors  
2 considered. MPI expects this timeline to change as the final products are selected and  
3 the vendor and system integrator recommendations are incorporated into the final  
4 delivery roadmap. Pending customer survey results on customer self-service priorities  
5 and the ongoing impacts of COVID-19 may also affect the timeline. MPI is currently  
6 targeting to have these activities completed by February 2021 (notwithstanding the  
7 unknown impacts of COVID-19).

8 As the planning phase unfolded, the initial timelines used in the original business case  
9 were deemed too aggressive from a delivery capability/risk and resource capacity  
10 perspective. In early 2020, the Project Steering Committee completed workshops and  
11 applied the following 'Strategic Guiding Principles' in assessing a refined approach to

1 the delivery roadmap and timeline. These Strategic Guiding Principles will continue to  
2 be applied throughout the execution of Project Nova as future unknowns and scope  
3 changes are assessed to make informed project delivery decisions.

- 4 • Decrease delivery risk;
- 5 • Increase business agility;
- 6 • Impact to project costs;
- 7 • Impact to brokers, staff, and stakeholders;
- 8 • Positive impact to customers;
- 9 • Decrease IT risk;
- 10 • Potential throwaway costs.

11 The results of the workshop are shown below. As stated above, the timelines will be  
12 finalized after a detailed planned engagement is completed with the respective system  
13 integrator partners between October 2020 and January 2021. The other residual  
14 unknowns that require further due diligence during this timeframe are system  
15 integration development costs, resource requirements (and fulfillment), and additional  
16 COVID-19 impacts which may result in work or engagement restrictions with system  
17 integrators.

18 **Project Nova Timeline**

Line No.	Stream	Original Business Case Start Date	Original Business Case Completion Date	May 2020 Revised Timeline Start Date	May 2020 Revised Timeline Completion Date
1	Procurement (RFPs)	June 2018	March 2020	June 2018	January 2021
2 3	Program Management & Readiness	March 2019	September 2019	March 2019	October 2020
4 5	Technology Foundation Stand-up	December 2019	April 2020	January 2021	August 2021
6	Customer Self Service	August 2020	October 2021	September 2021	November 2022
7 8	Commercial Insurance Technology Pilot	January 2020	April 2020	January 2021	September 2022

9	Commercial Insurance	May 2020	February 2021	January 2021	May 2024
10	Modernization				
11	DVA Modernization Pilot	April 2020	N/A	January 2021	September 2021
12	DVA Modernization	April 2020	February 2022	January 2021	May 2023
13	Driver Licence Core	April 2020	February 2022	January 2021	November 2021
14	IRP	April 2020	February 2022	May 2021	April 2022
15	Vehicle Registration	April 2020	February 2022	May 2022	May 2023
16	Personal Insurance	August 2020	February 2022	January 2021	February 2024
17	Modernization				
18	Physical Damage Claims	February 2022	August 2023	January 2024	December 2025
19	Modernization				

## 7. Business Case

1 In accordance with the Value Management Strategy for Project Nova, ongoing reviews,  
 2 and adjustments are being made to the business case as RFP costs are finalized and  
 3 new information/learnings are identified.

4 One significant gap that has been identified is the absence of licensing costs in the  
 5 one-time project funding for the Driver and Vehicle Licensing Administration software,  
 6 Application Platform software and Integration Platform software. With respect to the  
 7 Property & Casualty Insurance software platform, the licensing costs were assumed to  
 8 be an ongoing operational cost due to the model being utilized, SaaS, which resulted  
 9 in an unplanned ~\$12M project costs variance due to the application of MPI  
 10 accounting rule practices in the separation of Capital (project costs) versus  
 11 Operational costs. It should be noted that both Legacy Modernization assessment  
 12 vendors (Avasant & Deloitte) did not identify these costs in the business case  
 13 assessments, and thus were not accounted for in the final MPI Legacy Systems  
 14 Modernization business case prepared in January 2019. Once the software RFPs are  
 15 completed, MPI intends on preparing an updated business case and NPV analysis for  
 16 presentation to the MPI Board of Directors in October 2020.



1 In January 2020, a complete review of the business case benefits streams was  
2 completed by the Project Nova Steering Committee and confidence is high on all  
3 aspects of the operational savings being realized with the exception of FTE reductions  
4 and broker commission savings. The broker commission savings are contingent on the  
5 outcome of the Insurance Brokers Association of Manitoba (IBAM) and MPI conciliation  
6 process and will be included in the October 2020 business case update to the Board of  
7 Directors. MPI requires further due diligence and conceptual build-out of the future  
8 software platforms to confirm the forecasted operational FTE efficiencies. MPI is  
9 currently working towards a spring 2021 milestone date to solidify these benefits in  
10 the business case and to update the NPV analysis.

11 During the planning phase of the project, other elements of the business case have  
12 been identified as requiring further due diligence and refinement. The associated  
13 analysis and project costs will be finalized as part of the updated October 2020  
14 business case and NPV analysis process. The areas of review are as follows:

- 15 • Software licensing costs
- 16 • Project roadmap and delivery plan
- 17 • Customer self-service priorities and costs to implement
- 18 • Salary assumptions utilized for FTE savings
- 19 • Incremental operational transition 'bubble' FTE's required due to productivity  
20 impacts due to unforeseen change
- 21 • Model office creation & operation
- 22 • COVID-19 risk mitigation and actions
- 23 • Privacy Impact Assessment preparation efforts



# Value Management Strategy

January 2020



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## BACKGROUND – LMA

In 2018/19 the Legacy Modernization Assessment (LMA) project was initiated to develop a business case package, strategy and roadmap to modernize the following enterprise applications (and associated supporting applications) over a multi-year, multi-phase program:

- AOL, DLS and CARS
- SIS replacement for the SRE line of business

The LMA project produced a business case approved by the MPI Board of Directors on February 7, 2019 directing the corporation move forward with the Legacy Systems Modernization project. The project was re-named Project Nova in August 2019.

The Value Management Office (VMO) provided oversight and vetted the creation of the business case deliverable produced by the LMA project team. This involved:

- A review of the business case deliverables from the two third party consultants (Deloitte and Avasant) that were engaged to:
  - Determine if MPI was a good candidate for modernizing legacy systems
  - Complete an MPI application assessment and identify business and technical risks and priorities
  - Recommend a technology solution that fit the depth and breadth of MPI's legacy systems business needs, taking into consideration the scale of MPI as an organization, aligning to MPI's core business needs, and modular in design to allow for expansion to respond to new business capabilities that might arise in the future
  - Forecast the impact to IT staffing and infrastructure
  - Establish high level parameters for the detailed business case

The VMO provided Deloitte and Avasant with the financial model tool used by MPI to create and quantify the financial analysis of project costs and the ongoing operational costs and benefits of suggested solutions. The third party consultants incorporated the elements of the tool in creating their high level independent business cases.

- Vetting the creation of a detailed business case by the LMA project team by leveraging the work of Deloitte and Avasant to document the:
  - Project Objectives
  - Strategic Guiding Principles
  - Project Risks
  - Key Drivers for Success
  - Key assumptions for the two major streams of the project, Property & Casualty insurance and Driver & Vehicle Administration
  - Identification and quantification of the:
    - Project cost elements to achieve the final solution for each stream
    - Incremental ongoing operational costs and benefits resulting from the proposed solutions
    - Cost avoidance items
  - Roadmap and timelines for the project
  - Creation of a detailed financial model incorporating the assumptions and related forecasted project costs, cost/benefit and cost avoidance elements of the project
  - Non-financial (soft) benefits
- Vetting the Foundation Services (Common Services) Stream of the detailed business case and related financial analysis created by the LMA project team that were not addressed by Deloitte and Avasant.

The VMO vetting consisted of:

- An understanding of the objectives, guiding principles, risks and drivers of the project
- An assessment of and underlying support for the assumptions made in the business case and providing direction on revising, adding and updating said assumptions
- Ensuring all assumptions were incorporated in the financial model
- Ensuring the financial calculations in the model were accurate and linked to the summary financial results of the business case
- Providing direction on the appropriate discount rate to calculate the Net Present Value (NPV) of the project

- Validating the accuracy and support for the calculations made in the sensitivity analysis under different assumption scenarios in the business case as presented to the Board of Directors

## PROJECT NOVA

The Project Nova RACI (Responsible/Accountable/Consulted/Informed) chart assigns responsibility to the Program Director for validating and maintaining the business case. Approval for business case changes is the responsibility of the Chief Transformation Officer. VMO's role will be to work with the Chief Transformation Officer, the Program Director, the Operational Business Champions (OBC's) and project team/Subject Matter Expert members delegated by leadership to update the financial model throughout the life of the project.

The VMO will "own" the financial model and collect inputs through specified "gates" to drive changes to the model, assumptions, business case and where required to the NPV of the project. In terms of updates to the business case, reference is made to section 7 of the Business Case, *Cost/Benefit Analysis*. These "gates" are defined as follows:

1. RFP Milestones – Products and Services awarded through the RFP process<sup>1</sup>
2. Project Detailed Budget creation (Annually)
3. Forecast/Budget update exercises (quarterly update summarizing results)
4. Change Request and Decision Request process (quarterly update summarizing results)
5. To be at the discretion of the Program Director, Chief Business Transformation Officer, Executive Steering Committee and/or the Technology Committee/Board of Directors

The Project Nova RACI chart also assigns responsibility to the Chief Transformation Officer for Board level gates to continue with the business case.

The VMO will maintain a comprehensive Assumption Log that lists all assumptions for the entire Program<sup>2</sup>. The Assumption Log will identify the owner of each assumption and has been organized into five sections as defined below:

- Section I provides users with an overview of the assumptions used to govern and manage the overall Project Nova program. In this section, users will find all assumptions pertaining to Executive Oversight, Resources, Delivery, Scope, Methodology, Risk, Technology, Design and External Stakeholders.

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<sup>1</sup> The six identified RFPs are 1) P&C system; 2) System Integrator for P&C implementation; 3) HPAP (High Productivity Application Platform); 4) Enterprise Integration Platform; 5) DVA system; and, 6) Program Governance Advisor.

<sup>2</sup> See project document entitled *Project Nova Assumption Log*.

- Sections II through V relate to the financial assumptions that have been developed in support of the Project Nova business case. The four financial sections capture the assumptions related to the different cost “buckets” defined as follows: project implementation, ongoing costs, ongoing benefits and severance/one-time cost avoidance items.

All reporting on financial model changes will be vetted through the Chief Transformation Officer, the Program Director and the OBCs and presented to the Executive Steering Committee for approval. These meetings will also provide the opportunity to:

- re-assess the non-financial benefits of the business case
- incorporate assumption and financial model changes to the business case
- Make a “Go/No Go” recommendation by the Chief Transformation Officer to the Executive Steering Committee and the Technology Committee/Board.

The Project Nova KPI dashboard presented to the Executive Committee and the Board of Directors will be updated for any changes to the NPV.

In order to execute on this strategy the VMO will:

- Create a planning phase summary of Value Management Key Deliverables for Project Nova<sup>3</sup>
- Participate in an orientation of the business case with the new project leadership team. This will involve reviewing the Assumptions Log that formed the basis of the February 7, 2019 approved business case. These assumptions drive the financial model and business case projections. The purpose of this is to:
  - provide visibility to the leadership team on each of these over 100 assumptions
  - Re-assess the validity of the assumptions and identify which of them need to be revised as part of the first gating exercise.
  - Confirm the contact individual or team that owns the assumption
- Develop and implement a process for:
  - Updating the assumptions that support the model and to ensure all changes are linked to the related financial drivers in the model
  - Updating the financial model
  - Re-calculating the NPV of the project at key milestone dates.
  - Making the appropriate updates to the business case

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<sup>3</sup> See project document entitled *Value Management – Planning Phase – Summary of Key Deliverables*

- Ensure the project plans incorporate all elements of the business case (objectives, risks, assumptions). The business case and financial model will be updated with any changes.
- Ensure the detailed project cost budgets incorporate the assumptions made in the business case and Assumption Log. Revise documents for changes as required.
- Ensure all Change Requests and Decision Requests are assessed for their impact on project assumptions, the financial model, and the business case.
- Validate all slide presentations and documents to Executive Committee, the Board of Directors, Government, and the Public Utilities Board (as they relate to financial aspects and assumptions of the project).
- Define and report on additional Value Management KPIs beyond NPV (i.e. critical assumption changes)
- Work with the Risk Analyst team to document business/financial impacts