MANITOBA PUBLIC INSURANCE

2021 GENERAL RATE APPLICATION

Round 2 Information Requests

September 15, 2020

Public Utilities Board (PUB)

MANITOBA PUBLIC INSURANCE

PUB (MPI) 2-1

Part and Chapter:	Part II PUB (MPI) 1-4(b)	Page No.:	12-15
PUB Approved Issue No:	1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts 19. Impact of the changes to Basic coverage and deductibles enacted on May 7, 2020		
Topic:	CERP changes		
Sub Topic:			

Preamble to IR:

Question:

a) Please provide any mock-ups of the communication that will be provided to customers indicating the transition for someone currently insured with Basic coverage.

b) Will there be a requirement to attend in person for the change to elect for the new Basic coverage and if so, will there be any transaction fee for making the change?

Rationale for Question:

To understand the impact of the CERP on ratepayers.

RESPONSE:

a) Communication mock-ups have not been created. It is expected that they will be created in the fall.

b) Customers who are not assigned to a new Basic coverage but wish to select a Basic coverage must visit a broker or MPI service centre to make this coverage change. A transaction fee will not be charged for making this change.

PUB (MPI) 2-2

Part and Chapter:	**PUB (MPI) 1-6** **PUB (MPI) 1-35 (b) & (c)** **Part V – Pro Formas**	**Page No.:**	**4-6**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts**		
Topic:	**Statement of Operations**		
Sub Topic:			

Preamble to IR:

Question:

a) Please provide a comparison of the interest rate assumptions, including detailed buildup of the rates used for the SRA, GRA and June 30th update. Please indicate the vintage of the information.

b) Please file the link to the sourced Provincial Bond Yield from Bloomberg.

Rationale for Question:

To understand movement in financial performance and position for 2019/20 and 2020/21 from the 2020 Special Rebate Application to the 2021 GRA.

RESPONSE:

a) *Figure 1* provides a comparison of interest rate assumptions, including detailed buildup of the rates used for the Special Rate Application (SRA), the General Rate Application (GRA) and the June 30, 2020 update:

Figure 1 Provincial Bond Yield Buildup Comparison

		SRA (February 28, 2020)			GRA 2021 (March 31, 2020)			(June 30, 2020)		
Line No.	Duration	Provincial Bond Spread	Benchmark Yield (GCAN10YR)	Implied Yield (Buildup)	Provincial Bond Spread	Benchmark Yield (GCAN10YR)	Implied Yield (Buildup)	Provincial Bond Spread	Benchmark Yield (GCAN10YR)	Implied Yield (Buildup)
1	**1.0 years**	29 bps	113 bps	142 bps	40 bps	70 bps	110 bps	8 bps	53 bps	61 bps
2	**2.0 years**	29 bps	113 bps	142 bps	40 bps	70 bps	110 bps	8 bps	53 bps	61 bps
3	**3.0 years**	29 bps	113 bps	142 bps	40 bps	70 bps	110 bps	8 bps	53 bps	61 bps
4	**4.0 years**	40 bps	113 bps	153 bps	60 bps	70 bps	130 bps	58 bps	53 bps	111 bps
5	**5.0 years**	50 bps	113 bps	163 bps	81 bps	70 bps	151 bps	108 bps	53 bps	161 bps
6	**6.0 years**	56 bps	113 bps	169 bps	91 bps	70 bps	161 bps	106 bps	53 bps	159 bps
7	**7.0 years**	62 bps	113 bps	175 bps	102 bps	70 bps	172 bps	105 bps	53 bps	158 bps
8	**8.0 years**	67 bps	113 bps	180 bps	113 bps	70 bps	183 bps	103 bps	53 bps	156 bps
9	**9.0 years**	85 bps	113 bps	198 bps	124 bps	70 bps	194 bps	101 bps	53 bps	154 bps
10	**10.0 years**	93 bps	113 bps	206 bps	135 bps	70 bps	205 bps	100 bps	53 bps	153 bps
11	**11.0 years**	100 bps	113 bps	213 bps	144 bps	70 bps	214 bps	98 bps	53 bps	151 bps
12	**12.0 years**	114 bps	113 bps	227 bps	153 bps	70 bps	223 bps	106 bps	53 bps	159 bps
13	**13.0 years**	114 bps	113 bps	227 bps	161 bps	70 bps	231 bps	113 bps	53 bps	166 bps
14	**14.0 years**	114 bps	113 bps	227 bps	170 bps	70 bps	240 bps	121 bps	53 bps	174 bps
15	**15.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	128 bps	53 bps	181 bps
16	**16.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	135 bps	53 bps	188 bps
17	**17.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	143 bps	53 bps	196 bps
18	**18.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	143 bps	53 bps	196 bps
19	**19.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	143 bps	53 bps	196 bps
20	**20.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	143 bps	53 bps	196 bps
21	**21.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	143 bps	53 bps	196 bps
22	**22.0 years**	114 bps	113 bps	227 bps	179 bps	70 bps	249 bps	143 bps	53 bps	196 bps

b) Please see below the sourced Provincial Bond Yield from Bloomberg as at June 30, 2020 (i.e. 1.54%):

Figure 2 June 30, 2020 Bloomberg Provincial Bond Yield


Characteristics Holdings Performance Attribution Tracking Error/Volatility VaR Scenarios
Main View Summary Cash Flows Liquidity Risk Key Rates
~MPI-BASIC vs Default (MPI by Market Sect in CAD As of 06/30/20
Date Trend

Name	Pos Port	Eff Mty (Yrs) Port	Eff Mty (Yrs) Bmrk	Eff Mty (Yrs) +/-	Local Yield to Mat Port	Local Yield to Mat Bmrk	Local Yield to Mat +/-	Local Port	Local Bm
~MPI-BASIC	904,078,000.00	14.17	15.59	-1.42	1.54	1.53	0.01	10.35	11.
Corporate Debt	34,500,000.00	26.65		26.65	2.01		2.01	17.86	
Government Debt	869,578,000.00	13.62	15.59	-1.97	1.52	1.53	-0.01	10.02	11.

Holdings as of: 6/30/2020 (!) 3 Notices Submitted at: 16:15:02 Zoom 90%

PUB (MPI) 2-3

Part and Chapter:	PUB (MPI) 1-6 Part V – Pro Formas	Page No.:	4-6
PUB Approved Issue No:	1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts		
Topic:	Statement of Operations		
Sub Topic:			

Preamble to IR:

The alternative PF-4 and PF-5 compared the 2020 Special Rebate Application with the 2021 GRA.

Figure 2 PF-4 Explanation of Significant Variance – 2019/20 Comparative shows an increased ILAE of 8,279 on line 14. Figure 4 PF-5 Explanation of Significant Variance – 2020/21 Comparative shows a lower forecasted ILAE of (8,177).

Question:

Please elaborate on why ILAE is higher than the forecast in the SRA for 2019/20 but is lower for 2020/21. If any of the changes in ILAE are due to the impact of COVID-19, please separate this impact.

RESPONSE:

The difference is a result of the March 2020 valuation in the 2021 GRA. The 2021 Special Rebate Application assumed an adjusted budget forecast for 2019/20 ILAE. For the 2021 GRA, the ILAE was updated to reflect the March 2020 actuarial valuation. These changes are not due to the impact of COVID-19.

PUB (MPI) 2-4

Part and Chapter:	**PUB (MPI) 1-7 Part II, Part V – Pro Formas**	**Page No.:**	**12, 14**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts 19. Impact of the changes to Basic coverage and deductibles enacted on May 7, 2020**		
Topic:	**Impact of CERP**		
Sub Topic:			

Preamble to IR:

MPI has provided greater numerical details of the calculations underlying the estimated impact of the changes to coverages.

For the increase in Basic deductible, for collision claims, MPI looked at claims where the party was fully at fault or where the party was partially at fault. The reasoning was that for claims that are not at fault, there is no financial impact on MPI since MPI pays for the total collision loss.

Part V – Claims Incurred – Figure CI-68 shows Third Party Deductible Transfer Severity that has averaged $523 over the last 3 years, $514 over the last 10 years.

PUB (MPI) 1-11 Figure 1 shows an average frequency of 4.07% for the last 3 years, 4.38% for the last 10 years for Third Party Deductible Transfer (assuming that the labeling of Figure 1 is not correct, and that the first frequency column actually refers to the Third Party Deductible Transfer – please confirm).

Question:

a) Please elaborate on why the increase in Basic deductible does not cause the average severity for Property Damage – Third Party Deductible Transfer to increase.

b) In the event that the average severity is expected to increase, please provide the impact of the changes in coverage for Collision and Property Damage taking this into account, and if there are impacts to the overall indication, please provide the associated exhibits.

Rationale for Question:

To review the reasonableness of the estimated impact of changes in coverage.

RESPONSE:

a) and b)

MPI confirms that the average frequency of 4.07% for the last 3 years and 4.38% for the last 10 years per *PUB (MPI) 1-11* are for Third Party Deductible Transfer.

For the purpose of estimating the impact of the deductible change, MPI did not adjust the forecast for Property Damage – Third Party Deductible Transfer (PDTPD). For claims that are not at fault (liability is 0%), which make up most of the transfer, MPI pays the full amount of the loss (i.e. MPI pays ground-up losses). In these situations, increases in PDTPD loss costs resulting from the higher deductible are completely offset by reductions in Collision loss costs. MPI did not calculate the amount transferable from PDTPD to Collision given that there is no effect (to MPI) on overall loss costs.

PUB (MPI) 2-5

Part and Chapter:	**PUB (MPI) 1-7** **Part II, Part VI RM Ratemaking**	**Page No.:**	**8, RM 3.1**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts** **19. Impact of the changes to Basic coverage and deductibles enacted on May 7, 2020**		
Topic:	**Impact of CERP**		
Sub Topic:			

Preamble to IR:

MPI has provided greater numerical details of the calculations underlying the estimated impact of the changes to coverages.

Question:

a) Have the proposed vehicle rate group differentials recognized that the impact of the increase in the Maximum Insured Value is not uniform across all values of vehicles? If so, please elaborate how it was recognized.

b) If the currently proposed differentials do not take this into consideration, please indicate a reasonable approach that could be used to apply the impact to the higher value vehicles (potentially based on vehicle rate group) and provide indicated rate group differentials taking this into consideration.

Rationale for Question:

To review the reasonableness of the estimated impact of changes in coverage.

RESPONSE:

a) and b)

MPI recognizes that the impact of the increase in the Maximum Insured Value (MIV) is not uniform across all vehicles. When determining the vehicle rate group differentials, MPI allocated the calculated increase in costs resulting from changes to the MIV (as shown in *PUB (MPI) 1-7, page 9* back to the corresponding rate groups before running the minimum bias model.

PUB (MPI) 2-6

Part and Chapter:	**MPI (PUB) 1-8** **Part V – Claims incurred**	**Page No.:**	**21**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts** **11. Claims forecasting (including PIPP)**		
Topic:	**Claims Incurred**		
Sub Topic:			

Preamble to IR:

MPI provided the calculation of severity trend on the annual severities, using the same number of accident years as were used in the 2021 GRA, but without splitting the claims into different severity groups for Weekly Indemnity.

The indicated Weighted Average Severity Growth was 3.99%.

Figure CI-14 Weekly Indemnity Ultimate Severity line 21 shows a Weighted Average Severity Growth of -0.50%.

Reviewing the observed overall severities, we were unable to find a starting point, using at least 4 data points, ending in 2017/18, such that the indicated trend is less than +0.9%, and for most starting points it is at least +2.0%.

Question:

a) Please elaborate on why MPI believes that a negative trend is warranted, given the observed positive overall trend.

b) Please provide the indicated rate overall, and by major use classification, using a 2% weekly indemnity severity trend (plus indexation of 2%).

Rationale for Question:

To gain further insight into the selection of the severity trends.

RESPONSE:

a) Upon further review, MPI believes it is inappropriate to use the proportion of Claims Incurred between the three different severity groups for Weekly Indemnity as the weights, when calculating the Weighted Average Severity Growth. Instead, MPI believes that it is more appropriate to use claim counts, as weighting by Claims Incurred allocated a larger proportion of the severity growth in higher severity claims to the total. Splitting claims severities into different groups minimizes the impact of the variability of high severity claims on overall severity growth. Large annual swings in the severity of high severity claims can mask underlying severity growth.

   Figures 1-4 below provide revised versions of the calculation of severity trend on the annual severities using claim counts as weights for Personal Injury Protection Plan and Public Liability.

Figure 1 Weekly Indemnity Ultimate Severity

Line No.	Accident Year	Average Severity $0-$100,000	Average Severity $100,000-$250,000	Average Severity $250,000+
1	**2002/03**	$6,687	$149,053	$843,482
2	**2003/04**	$7,103	$163,536	$747,515
3	**2004/05**	$6,318	$170,517	$749,786
4	**2005/06**	$7,185	$163,220	$789,335
5	**2006/07**	$7,487	$168,622	$712,391
6	**2007/08**	$7,320	$153,739	$783,925
7	**2008/09**	$8,685	$150,645	$731,305
8	**2009/10**	$8,378	$150,431	$794,257
9	**2010/11**	$9,904	$149,543	$787,785
10	**2011/12**	$9,516	$155,751	$809,316
11	**2012/13**	$9,421	$157,708	$726,852
12	**2013/14**	$9,236	$154,967	$679,703
13	**2014/15**	$9,362	$138,816	$751,066
14	**2015/16**	$10,041	$143,753	$683,362
15	**2016/17**	$9,295	$163,309	$624,085
16	**2017/18**	$9,595	$172,926	$583,509
17	**2018/19**	$17,828	$151,118	$705,583
18	**2019/20***	$26,153	$148,167	$595,791
19	**Severity Growth**	**2.92%**	**-0.22%**	**-1.42%**
20	**Total Claim Counts**	**29,209**	**581**	**1,291**
21	**Weighted Average Severity Growth**	2.68%		
22	**Indexation**	2.00%		
23	**Total Severity Growth**	4.68%		
24	*13 month period ending March 31, 2020			

Figure 2 Accident Benefits Other – Indexed Ultimate Severity

Line No.	Accident Year	Average Severity $0-$100,000	$100,000-$250,000	$250,000+
1	**2002/03**	$2,067	$151,443	$1,360,739
2	**2003/04**	$2,282	$141,708	$1,046,237
3	**2004/05**	$1,984	$164,465	$2,244,789
4	**2005/06**	$2,212	$144,049	$1,118,462
5	**2006/07**	$2,037	$155,096	$1,425,461
6	**2007/08**	$2,054	$146,367	$1,773,166
7	**2008/09**	$2,271	$157,938	$1,274,769
8	**2009/10**	$2,372	$150,702	$1,278,392
9	**2010/11**	$2,402	$155,659	$1,115,225
10	**2011/12**	$2,554	$147,540	$1,126,560
11	**2012/13**	$2,665	$145,664	$830,210
12	**2013/14**	$2,784	$150,622	$796,135
13	**2014/15**	$2,713	$159,304	$953,833
14	**2015/16**	$2,915	$158,993	$876,275
15	**2016/17**	$2,899	$161,092	$1,088,890
16	**2017/18**	$3,015	$152,257	$973,696
17	**2018/19**	$3,687	$144,657	$1,442,075
18	**2019/20***	$4,769	$127,240	$416,145
19	**Severity Growth**	**2.79%**	**0.28%**	**-3.56%**
20	**Total Claim Counts**	**184,564**	**472**	**418**
21	**Weighted Average Severity Growth**	2.77%		
22	**Indexation**	2.00%		
23	**Total Severity Growth**	4.77%		
24	*13 month period ending March 31, 2020			

Figure 3 Accident Benefits Other – Non-Indexed Ultimate Severity

Line No.	Accident Year	Average Severity $0-$100,000	$100,000-$250,000	$250,000+
1	**2002/03**	$12,774	$176,442	$275,141
2	**2003/04**	$13,005	$174,677	$355,121
3	**2004/05**	$12,850	$164,236	$301,720
4	**2005/06**	$13,429	$174,973	$294,357
5	**2006/07**	$13,748	$170,384	$310,965
6	**2007/08**	$14,069	$174,344	$337,473
7	**2008/09**	$13,189	$156,959	$339,056
8	**2009/10**	$14,809	$163,934	$322,735
9	**2010/11**	$14,822	$163,896	$326,108
10	**2011/12**	$14,804	$163,470	$311,962
11	**2012/13**	$14,503	$170,081	$340,325
12	**2013/14**	$16,182	$160,100	$330,244
13	**2014/15**	$17,070	$177,109	$344,981
14	**2015/16**	$16,534	$160,875	$403,648
15	**2016/17**	$15,313	$167,145	$349,532
16	**2017/18**	$14,682	$172,017	$380,062
17	**2018/19**	$15,508	$164,774	$386,335
18	**2019/20***	$16,229	$133,785	$407,940
19	**Severity Growth**	**1.60%**	**-0.22%**	**1.41%**
20	**Total Claim Counts**	**22,760**	**560**	**168**
21	**Weighted Average Severity Growth**	1.55%		
22	**Indexation**	0.00%		
23	**Total Severity Growth**	1.55%		
24	*13 month period ending March 31, 2020			

Figure 4 Public Liability – Bodily Injury Ultimate Severity

Line No.	Accident Year	Average Severity $0-$100,000	Average Severity $100,000+
1	**2002/03**	$16,020	$208,252
2	**2003/04**	$19,281	$169,677
3	**2004/05**	$14,872	$193,639
4	**2005/06**	$15,091	$191,001
5	**2006/07**	$19,772	$218,920
6	**2007/08**	$13,361	$182,567
7	**2008/09**	$16,593	$166,883
8	**2009/10**	$17,220	$180,072
9	**2010/11**	$17,058	$171,582
10	**2011/12**	$19,677	$199,993
11	**2012/13**	$16,127	$260,902
12	**2013/14**	$17,085	$189,705
13	**2014/15**	$19,421	$233,355
14	**2015/16**	$28,262	$161,614
15	**2016/17**	$35,501	$165,117
16	**2017/18**	$34,182	$203,776
17	**2018/19**	$37,587	$208,146
18	**2019/20***	$43,446	$147,255
19	**Severity Growth**	**4.37%**	**0.06%**
20	**Total Claim Counts**	**1,370**	**210**
21	**Weighted Average Severity Growth**	3.79%	
22	**Indexation**	0.00%	
23	**Total Severity Growth**	3.79%	
24	*13 month period ending March 31, 2020		

b) Breakeven AAP rate change increased from -5.47% to -4.89% reflecting a 0.58% increase. This is a result of a $5.3 million increase in IRI claims costs + $1.0 million corresponding increase in claims expenses for rating year 2021/22 from assuming a 2% severity trends vs. a -0.50% severity trend. The capital release also decreased from 5.00% to 4.69% reflecting a 0.31% decrease. Please see the figures below:

Figure 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	1,200,300	828,900	47,500	12,800	18,000	218,100	75,000
2	Claims	705.67	924.84	683.94	1,756.67	781.44	50.25	5.62
3	Claims Expense	122.59	160.66	118.81	305.16	135.75	8.73	0.98
4	Road Safety	11.31	14.96	14.96	14.96	14.96	0.00	0.00
5	Operating Expense	62.18	82.27	82.27	82.27	82.27	0.00	0.00
6	Regulatory/Appeal	4.32	5.71	5.71	5.71	5.71	0.00	0.00
7	Commission: Vehicle	29.92	39.16	29.26	73.05	32.16	2.45	0.23
8	Prem Tax: Vehicle	27.54	36.04	26.93	67.22	29.59	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	25.69	33.99	33.99	33.99	33.99	0.00	0.00
17	Req Rate (Raw)	917.87	1,201.26	897.55	2,240.70	986.39	75.16	7.04
18	Req Rate (Bal)	906.23	1,186.03	886.17	2,212.29	973.88	74.20	6.95
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	-4.9%	-5.6%	2.6%	2.5%	15.2%	-7.6%	-0.4%
24	Applied for Change	-9.6%	-10.3%	-2.4%	-2.5%	9.5%	-12.2%	-5.3%
25	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
26	Cred Wtd Change		-10.3%	-3.2%	-4.8%	4.7%	-12.1%	-5.6%
27	Cred Wtd Req Rate		1,127.66	835.59	2,054.68	885.58	70.60	6.58
28	Cred Wtd Req Rate (Bal)	861.58	1,129.42	836.89	2,057.89	886.97	70.71	6.59
29	Cred Wtd Change (Bal)		-10.1%	-3.1%	-4.6%	4.9%	-12.0%	-5.5%

Figure 6 Rating Year 2021/22 Major Classification Required Rate Changes - Breakeven Rates including Capital Release Provision - Comparison

Line No.		Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	**PUB 2-6**							
2	**Required Rate**	861.58	1,129.42	836.89	2,057.89	886.97	70.71	6.59
3	**Required Rate Change**	-9.58%	-10.14%	-3.08%	-4.63%	4.88%	-11.98%	-5.45%
4	**As filed in the 2021 GRA**							
5	**Required Rate**	853.10	1,118.48	827.38	2,038.52	867.46	70.42	6.56
6	**Required Rate Change**	-10.47%	-11.01%	-4.18%	-5.52%	2.58%	-12.34%	-5.86%
7	**Change**							
8	**Required Rate**	8.48	10.93	9.51	19.38	19.51	0.29	0.03
9	**Required Rate Change**	0.89%	0.87%	1.10%	0.90%	2.31%	0.36%	0.41%

PUB (MPI) 2-7

Part and Chapter:	**MPI (PUB) 1-8** **Part V – Claims incurred**	**Page No.:**	**26**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts** **11. Claims forecasting (including PIPP)**		
Topic:	**Claims Incurred**		
Sub Topic:			

Preamble to IR:

MPI provided the calculation of severity trend on the annual severities, using the same number of accident years as were used in the 2021 GRA, but without splitting the claims into different severity groups for Accident Benefits Other - Indexed.

The indicated Weighted Average Severity Growth was -0.09%.

Figure CI-18 Accident Benefits Other – Indexed Ultimate Severity line 21 shows a Weighted Average Severity Growth of -0.47%.

Reviewing the observed overall severities, we were unable to find a starting point, using at least 4 data points, ending in 2017/18, such that the indicated trend is less than -0.35%. Starting at 2007/08 and thereafter the indicated trend is positive. R-squared for trends less than zero for starting points prior to this is under 2%.

Question:

a) Please elaborate on why MPI believes that a negative trend is warranted for this coverage.

b) Please provide the indicated rate overall, and by major use classification, using a 0% accident benefits other - indexed severity trend (plus indexation of 2%).

Rationale for Question:

To gain further insight into the selection of the severity trends.

RESPONSE:

a) Please see the response of MPI to Information Request *PUB (MPI) 2-6(a)*.

b) Breakeven AAP rate change increased from -5.47% to -5.39% reflecting a 0.08% increase. This is a result of a $0.7 million increase in ABO Ind claims costs + $0.1 million corresponding increase in claims expenses for rating year 2021/22 from assuming a 0% severity trends vs. a -0.47% severity trend. Please see *Figure 1*.

Figure 1 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	701.90	920.09	679.25	1,749.19	766.43	50.25	5.62
3	Claims Expense	121.90	159.79	117.96	303.77	133.10	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	29.77	38.97	29.07	72.74	31.54	2.45	0.23
8	Prem Tax: Vehicle	27.39	35.86	26.75	66.94	29.03	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	25.69	33.99	33.99	33.99	33.99	0.00	0.00
17	Req Rate (Raw)	913.10	1,195.26	891.63	2,231.23	967.54	75.15	7.04
18	Req Rate (Bal)	901.52	1,180.10	880.32	2,202.94	955.27	74.20	6.95
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	-5.4%	-6.1%	1.9%	2.1%	13.0%	-7.6%	-0.4%
24	Applied for Change	-10.4%	-11.1%	-3.4%	-3.3%	7.0%	-12.5%	-5.6%
25	Credibility		99.3%	88.8%	68.1%	75.0%	97.3%	92.6%
26	Cred Wtd Change		-11.1%	-4.2%	-5.6%	2.6%	-12.5%	-6.0%
27	Cred Wtd Req Rate		1,117.77	827.05	2,037.65	868.03	70.32	6.55
28	Cred Wtd Req Rate (Bal)	853.86	1,119.46	828.30	2,040.73	869.34	70.43	6.56
29	Cred Wtd Change (Bal)		-10.9%	-4.1%	-5.4%	2.8%	-12.3%	-5.9%

PUB (MPI) 2-8

Part and Chapter:	**MPI (PUB) 1-8** **Part V – Claims Incurred**	**Page No.:**	**29**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts.** **11. Claims forecasting (including PIPP)**		
Topic:	**Claims Incurred**		
Sub Topic:			

Preamble to IR:

MPI provided the calculation of severity trend on the annual severities, using the same number of accident years as were used in the 2021 GRA, but without splitting the claims into different severity groups for Public Liability – Bodily Injury.

The indicated Weighted Average Severity Growth was +3.59%.

Figure CI-18 Weekly Indemnity Ultimate Severity line 21 shows a Weighted Average Severity Growth of +1.77%.

Question:

Is there any reason why the average claim severity for 2016/17, 2017/18 and 2018/19 is significantly higher than that of earlier years? The use of the six-year average of the ultimate severity implies that severities will drop to halfway between this higher level, and the level observed in the prior three accident years (plus trend). Please elaborate on the thought process behind this selection.

Rationale for Question:

To gain further insight into the selection of the severity trends.

RESPONSE:

The paucity of Public Liability claim counts coupled with their potential to be particularly severe can create large swings in the average severity of claims. While no one Public Liability claim increases average severity in the indicated years, MPI did observe an increase in higher severity claims relative to those with lower severity. It is this shift in distribution for the given years that results in an increase in the average claim severity. Recognizing this, MPI uses a longer, six year average for its claim severity forecast in order to 'smooth out' any variability within the forecast range. *Figure 1* below shows the Public Liability claim counts as at February 29, 2020.

Figure 1 Public Liability Claim Counts

Line		Average Severity		
No.	**Accident Year**	**$0-$100,000**	**$100,000-$200,000**	**$200,000+**
1	**2014**	98	4	12
2	**2015**	75	11	2
3	**2016**	62	17	3
4	**2017**	67	8	6
5	**2018**	69	7	4

PUB (MPI) 2-9

Part and Chapter:	**MPI (PUB) 1-14** **Part V – RM Appendix 9**	**Page No.:**	**60-63, 65**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts.** **11. Claims forecasting (including PIPP)**		
Topic:	**Ratemaking**		
Sub Topic:			

Preamble to IR:

For Accident Benefits – Other (Indexed), Accident Benefits – IRI, Accident Benefits – Other (Non-indexed), Bodily Injury, and Property Damage, loss development factors based on multiple major use classifications are used to develop the Motorcycle major use classification incurred claims.

MPI has indicated that most motorcycle claims occur over April to September for each accident year (the first six months). If they occur primarily in the first six months of each accident year, then their average accident date may be three months earlier than most major use classifications, and they may be on average three months more mature at the valuation date for each coverage.

Question:

a) Please calculate average age of accident in months for motorcycle major use classification by coverage and compare to all major use classifications combined, for the last ten accident years.

b) Please estimate development factors for each of the above coverages that reflect claims being three months more mature (if a) indicates a different value, please use it instead), prorating between observed annual development factors in an appropriate fashion.

c) Please calculate the indicated loss cost by coverage for the Motorcycle major use classification. To the extent that MPI believes an off-balance would be appropriate to adjust other major use classifications, please estimate, and recalculate the indicated loss cost by coverage for these major use classifications.

d) Please provide alternative indicated overall rate changes by major use classification.

Rationale for Question:

The analysis underlying the loss development factor calculation for Serious versus Other claims provides insight into the appropriateness of these factors.

RESPONSE:

a) The figure below shows the average age of an accident (in months) for the Motorcycle major class and for all vehicles for the last 10 accident years. The average age of an accident is shown separately for Collision and for PIPP.

Figure 1 Average Age of Accident (in Months)

Line	Accident	Motorcycle Major Use		All Major Uses	
No.	Year	Collision	PIPP	Collision	PIPP
1	**2010**	4.68	4.67	6.73	6.45
2	**2011**	4.79	4.63	6.20	6.28
3	**2012**	4.22	4.39	6.65	6.44
4	**2013**	4.96	4.97	6.69	6.59
5	**2014**	4.77	4.85	6.30	6.52
6	**2015**	4.82	4.83	6.43	6.51
7	**2016**	4.92	4.71	6.46	6.28
8	**2017**	4.59	4.73	6.48	6.55
9	**2018**	4.53	4.51	6.54	6.48
10	**2019**	4.43	4.41	6.30	6.70
11	**Total**	**4.68**	**4.67**	**6.48**	**6.48**

b) to d)

MPI is not aware of any methodology to adjust loss development factors to account for differences in average accident date, apart from looking at development factors by loss month. However, to look at development factors by loss month for each individual coverage is not possible within the applicable timeframe. Further, adjusting the factors will have only a small impact for the following reasons:

- Third Party Liability Bodily Injury and Property Damage both represent a very small percentage (0.5%) of the total claims costs of the Motorcycle major class.

- For Collision, loss development factors are selected based on the observed indications for the Motorcycle major class.

- For Accident Benefits – Other (Indexed) and Income Replacement Indemnity, the calculation of the indicated pure premium excludes the 2 most recent accident years (*Ratemaking, page 38*). The loss development factors for these two years are most significantly impacted as a result of adjusting for the average accident date. The impact of adjusting decreases for older accident years. Further, the impact is lessened by the use of a 10-year average.

- The impact of adjusting for the average accident date is most evident for Accident Benefits – Other (Non-Indexed) whereby the calculation of the indicated pure premium includes the 5 most recent accident year (*Ratemaking, page 38*). However, the impact is lessened by the use of a 5-year average.

PUB (MPI) 2-10

Part and Chapter:	**PUB (MPI) 1-14** **Part V – RM Appendix 9**	**Page No.:**	**28-29**
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts** **11. Claims forecasting (including PIPP)**		
Topic:	**Ratemaking**		
Sub Topic:			

Preamble to IR:

For Accident Benefits Other – Indexed and for Accident Benefits – IRI, for each of Private Passenger, Commercial, and Public, the adjusted pure premium for Serious claims uses different loss development factors than for Other claims. The depiction of the calculation of the loss development factors for Serious claims does not appear to be in the 2021 GRA.

Question:

Please provide the loss development triangles (in Excel) for Serious claims for these two coverages.

Rationale for Question:

The analysis underlying the loss development factor calculation for Serious claims provides insight into the appropriateness of these factors.

RESPONSE:

Please refer to *Appendix 1* for the loss development triangles for Serious claims for Accident Benefits - Other (Indexed) and Accident Benefits – IRI. Note that MPI did not select loss development factors (LDFs) for Serious losses based on these loss development triangles. MPI calculated serious LDFs (by coverage) using the ultimates for non-serious losses and for total losses per the Report of the Appointed Actuary because the ultimates for total losses must balance to the corresponding figures in the Report. The derivation of the Serious LDFs is shown in *PUB (MPI) 1-14, Appendix 1, pages 3 and 4*.

Appendix 1
Accident Benefits - Other (Indexed)
Serious Losses

HISTORICAL INCURRED LOSS DEVELOPMENT ('000)

	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
05/06	14,323	24,119	24,784	22,074	22,282	22,811	25,008	26,151	25,227	26,157	25,367	25,227	24,839	25,481	26,496
06/07	21,372	35,806	34,788	34,851	34,189	34,855	35,899	38,299	39,574	40,113	41,322	39,763	40,208	39,143	
07/08	16,838	25,087	27,182	28,831	32,245	34,110	36,644	35,877	35,046	36,302	38,653	39,733	42,501		
08/09	10,112	18,334	22,602	23,166	25,601	28,211	28,243	28,837	26,418	25,404	25,309	26,298			
09/10	10,174	17,289	22,204	23,766	24,168	24,819	26,627	27,417	28,561	28,533	29,938				
10/11	7,865	15,369	18,779	22,233	24,913	26,254	28,561	24,201	25,033	26,822					
11/12	7,215	17,525	26,929	26,966	28,931	27,353	27,845	29,506	30,608						
12/13	10,189	23,351	24,613	23,067	24,275	28,905	29,347	27,337							
13/14	8,246	17,410	14,998	15,824	17,550	17,298	16,239								
14/15	8,007	13,919	17,426	19,455	19,600	20,060									
15/16	8,899	15,754	24,491	27,707	28,649										
16/17	6,620	16,959	37,139	35,139											
17/18	6,625	17,598	30,263												
18/19	4,216	16,301													
19/20	3,932														

LOSS DEVELOPMENT FACTORS

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180
05/06	1.6840	1.0276	0.8906	1.0094	1.0238	1.0963	1.0457	0.9647	1.0369	0.9698	0.9945	0.9846	1.0258	1.0398
06/07	1.6753	0.9716	1.0018	0.9810	1.0195	1.0300	1.0669	1.0333	1.0136	1.0301	0.9623	1.0112	0.9735	
07/08	1.4899	1.0835	1.0606	1.1184	1.0578	1.0743	0.9790	0.9768	1.0359	1.0647	1.0279	1.0697		
08/09	1.8131	1.2328	1.0250	1.1051	1.1019	1.0012	1.0210	0.9161	0.9616	0.9963	1.0391			
09/10	1.6993	1.2843	1.0703	1.0169	1.0269	1.0729	1.0297	1.0417	0.9990	1.0492				
10/11	1.9540	1.2219	1.1839	1.1206	1.0538	1.0879	0.8473	1.0344	1.0715					
11/12	2.4290	1.5366	1.0013	1.0729	0.9454	1.0180	1.0596	1.0373						
12/13	2.2918	1.0540	0.9372	1.0524	1.1908	1.0153	0.9315							
13/14	2.1113	0.8614	1.0551	1.1091	0.9856	0.9388								
14/15	1.7383	1.2520	1.1165	1.0074	1.0235									
15/16	1.7702	1.5546	1.1313	1.0340										
16/17	2.5616	2.1899	0.9462											
17/18	2.6562	1.7197												
18/19	3.8665													
Average Last 9	2.3754	1.4083	1.0519	1.0708	1.0450	1.0372	0.9976	1.0006	1.0198	1.0220	1.0059	1.0218	0.9997	1.0398
Average Last 5	2.7136	1.6790	1.0623	1.0507	1.0363	1.0150	0.9670	1.0074	1.0170	1.0351	1.0059	1.0218	0.9997	1.0398
Average Last 3	3.0281	1.8214	1.0647	1.0502	1.0666	0.9907	0.9462	1.0378	1.0107	1.0367	1.0098	1.0218	0.9997	1.0398
Wtd. Ave. Last 9	2.2713	1.3974	1.0389	1.0707	1.0449	1.0401	0.9977	1.0008	1.0193	1.0261	1.0028	1.0270	0.9935	1.0398
Wtd. Ave. Last 5	2.5269	1.7020	1.0433	1.0467	1.0361	1.0219	0.9651	1.0060	1.0174	1.0373	1.0028	1.0270	0.9935	1.0398
Wtd. Ave. Last 3	2.9125	1.8265	1.0411	1.0447	1.0788	0.9983	0.9451	1.0379	1.0093	1.0406	1.0049	1.0270	0.9935	1.0398

Appendix 1
Accident Benefits - IRI
Serious Losses

HISTORICAL INCURRED LOSS DEVELOPMENT ('000)

	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
05/06	20,531	28,607	31,435	26,893	29,505	30,558	31,648	28,423	31,298	32,377	32,744	35,323	35,279	35,517	35,962
06/07	21,534	34,194	33,155	32,023	33,074	32,773	34,171	41,049	46,596	45,608	46,781	49,582	49,722	47,378	
07/08	13,158	17,574	21,838	24,231	29,014	31,555	36,282	40,867	44,170	46,383	48,075	49,902	52,353		
08/09	9,004	13,861	17,975	20,721	26,997	35,361	41,977	40,524	42,233	43,924	43,864	47,295			
09/10	8,092	12,237	15,503	18,258	26,358	32,839	36,718	38,196	41,530	41,312	42,535				
10/11	5,594	7,964	12,412	23,931	35,973	42,283	48,454	57,009	60,670	61,522					
11/12	5,229	10,059	22,481	24,833	29,428	40,778	52,451	56,010	56,618						
12/13	6,437	14,811	20,041	22,405	31,364	62,011	57,138	54,871							
13/14	6,408	12,743	16,696	21,801	46,907	45,506	41,713								
14/15	6,063	10,976	15,199	36,922	44,630	49,645									
15/16	5,599	13,856	45,200	56,181	62,320										
16/17	5,808	7,097	40,671	55,427											
17/18	4,750	10,154	47,008												
18/19	2,333	8,066													
19/20	3,188														

LOSS DEVELOPMENT FACTORS

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180
05/06	1.3934	1.0989	0.8555	1.0971	1.0357	1.0357	0.8981	1.1011	1.0345	1.0113	1.0788	0.9987	1.0067	1.0125
06/07	1.5879	0.9696	0.9659	1.0328	0.9909	1.0427	1.2013	1.1351	0.9788	1.0257	1.0599	1.0028	0.9529	
07/08	1.3357	1.2426	1.1096	1.1974	1.0876	1.1498	1.1264	1.0808	1.0501	1.0365	1.0380	1.0491		
08/09	1.5394	1.2968	1.1528	1.3029	1.3098	1.1871	0.9654	1.0422	1.0400	0.9986	1.0782			
09/10	1.5121	1.2669	1.1777	1.4436	1.2459	1.1181	1.0403	1.0873	0.9948	1.0296				
10/11	1.4237	1.5584	1.9281	1.5032	1.1754	1.1460	1.1765	1.0642	1.0140					
11/12	1.9237	2.2350	1.1046	1.1851	1.3857	1.2863	1.0679	1.0109						
12/13	2.3009	1.3532	1.1180	1.3998	1.9772	0.9214	0.9603							
13/14	1.9885	1.3102	1.3058	2.1516	0.9701	0.9167								
14/15	1.8102	1.3848	2.4293	1.2088	1.1124									
15/16	2.4747	3.2621	1.2429	1.1093										
16/17	1.2218	5.7309	1.3628											
17/18	2.1376	4.6297												
18/19	3.4570													
Average Last 9	2.0820	2.5257	1.4247	1.3891	1.2506	1.0893	1.0545	1.0745	1.0187	1.0204	1.0637	1.0169	0.9798	1.0125
Average Last 5	2.3228	3.7519	1.5852	1.4674	1.3613	1.0676	1.0612	1.0511	1.0247	1.0226	1.0637	1.0169	0.9798	1.0125
Average Last 3	2.2722	4.5409	1.6783	1.4899	1.3532	1.0414	1.0682	1.0541	1.0163	1.0216	1.0587	1.0169	0.9798	1.0125
Wtd. Ave. Last 9	1.9851	2.3546	1.3604	1.3358	1.2272	1.0760	1.0534	1.0696	1.0174	1.0210	1.0620	1.0189	0.9752	1.0125
Wtd. Ave. Last 5	2.1185	3.5188	1.4464	1.3489	1.2994	1.0482	1.0581	1.0486	1.0241	1.0227	1.0620	1.0189	0.9752	1.0125
Wtd. Ave. Last 3	1.9638	4.2718	1.4696	1.3390	1.2788	1.0203	1.0623	1.0503	1.0161	1.0217	1.0581	1.0189	0.9752	1.0125

PUB (MPI) 2-11

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

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,*					
1		2020A	2021BF	2022F	2023F	2024F	2025F
2	**BASIC**						
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	**Total Net Premiums Written**	**1,107,425**	**1,133,026**	**1,111,554**	**1,150,798**	**1,191,674**	**1,233,404**
7	**Net Premiums Earned**						
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	**Total Net Premiums Earned**	**1,089,285**	**1,120,770**	**1,121,883**	**1,131,513**	**1,171,591**	**1,212,900**
12	Service Fees & Other Revenues	27,161	28,209	28,192	29,807	31,549	33,410
13	**Total Earned Revenues**	**1,116,446**	**1,148,979**	**1,150,075**	**1,161,320**	**1,203,140**	**1,246,310**
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	**Total Claims Incurred**	**761,455**	**953,676**	**907,271**	**919,922**	**959,446**	**1,001,535**
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	**Total Claims Costs**	**905,513**	**1,108,400**	**1,064,700**	**1,080,773**	**1,127,703**	**1,168,908**
21	**Expenses**						
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	**Total Expenses**	**149,940**	**153,100**	**155,645**	**160,223**	**167,044**	**169,955**
27	**Underwriting Income (Loss)**	**60,993**	**(112,521)**	**(70,270)**	**(79,676)**	**(91,607)**	**(92,553)**
28	**Investment Income**	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	**Net Investment Income**	**59,614**	**172,294**	**79,839**	**79,540**	**77,264**	**78,512**
31	**Gain (Loss) on Sale of Property**	-	-	5,997	-	-	-
32	**Net Income (Loss) from Annual Operations**	**120,607**	**59,773**	**15,566**	**(136)**	**(14,343)**	**(14,041)**
33	**Premium Rebate**	-	(58,000)	-	-	-	-
34	**Net Income (Loss) after Premium Rebate**	**120,607**	**1,773**	**15,566**	**(136)**	**(14,343)**	**(14,041)**
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 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,*					
1		**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**						
3	**Assets**						
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	**Total Assets**	**3,417,912**	**3,707,344**	**3,842,334**	**3,990,196**	**4,132,342**	**4,269,637**
16	**Liabilities**						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilites	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	**Total Liabilities**	**3,011,685**	**3,283,881**	**3,372,203**	**3,479,910**	**3,592,036**	**3,696,727**
25	**Equity**						
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	**Total Equity**	**406,226**	**423,463**	**470,131**	**510,287**	**540,307**	**572,912**
29	**Total Liabilities & Equity**	**3,417,911**	**3,707,344**	**3,842,334**	**3,990,197**	**4,132,343**	**4,269,639**

Figure 6 PF-3 Statement of Changes in Equity 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.*			*For the Years Ended March 31,*			
1	*(C$ 000s, except where noted)*	**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**						
3	**Total Equity**						
4	**Retained Earnings**						
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	**Total Retained Earnings**	**440,522**	**500,527**	**541,621**	**576,351**	**600,087**	**626,512**
10	**Total Accumulated Other Comprehensive Income**						
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	**Total Accumulated Other Comprehensive Income**	(34,296)	(77,064)	(71,490)	(66,064)	(59,780)	(53,600)
15	**Total Equity Balance**	**406,226**	**423,463**	**470,131**	**510,287**	**540,307**	**572,911**
16	**MINIMUM CAPITAL TEST (C$ 000s)**						
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	**Capital Available**	371,262	383,805	408,170	440,263	472,614	514,396
20	**Minimum Capital Required (100% MCT)**	350,820	415,472	425,523	440,272	460,070	479,290
21	**MCT Ratio % (Line 17) / (Line 18)**	**105.8%**	**92.4%**	**95.9%**	**100.0%**	**102.7%**	**107.3%**

Figure 7 EPF-1 Extension 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,*					
1		**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**						
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	**Total Net Premiums Written**	**153,160**	**156,322**	**178,502**	**184,531**	**190,981**	**197,742**
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	**Total Net Premiums Earned**	**155,939**	**154,866**	**167,855**	**181,624**	**187,872**	**194,483**
10	Service Fees & Other Revenues	12,461	12,065	12,937	13,540	14,184	14,877
11	**Total Earned Revenues**	**168,400**	**166,931**	**180,792**	**195,164**	**202,056**	**209,360**
12	**Net Claims Incurred**	69,516	65,135	82,564	96,594	97,386	98,711
13	(a) Claims Incurred - Interest Rate Impact	-	113	(161)	-	-	-
14	**Total Claims Incurred**	**69,516**	**65,248**	**82,403**	**96,594**	**97,386**	**98,711**
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	**Total Claims Costs**	**81,629**	**77,912**	**94,858**	**109,554**	**112,162**	**113,853**
18	**Expenses**						
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	**Total Expenses**	**48,445**	**46,060**	**50,210**	**54,512**	**56,945**	**58,837**
24	**Underwriting Income (Loss)**	**38,326**	**42,959**	**35,724**	**31,098**	**32,949**	**36,670**
25	**Investment Income**	(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	**Net Investment Income**	**(443)**	**9,346**	**5,697**	**6,618**	**6,936**	**7,414**
28	**Gain (Loss) on Sale of Property**	**-**	**-**	**516**	**-**	**-**	**-**
29	**Net Income (Loss) from Operations**	**37,883**	**52,305**	**41,937**	**37,716**	**39,885**	**44,084**
30	**Premium Rebate**	**-**	**(52,000)**	**-**	**-**	**-**	**-**
31	**Net Income (Loss) after premium rebate**	**37,883**	**305**	**41,937**	**37,715**	**39,886**	**44,084**
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 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,*					
1		**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**						
3	**Retained Earnings**						
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	**Total Retained Earnings**	**142,866**	**84,940**	**101,349**	**104,197**	**106,005**	**109,621**
9	**Total Accumulated Other Comprehensive Income**						
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	**Total Accumulated Other Comprehensive Income**	**(2,367)**	**(6,184)**	**(4,728)**	**(3,233)**	**(1,914)**	**(724)**
14	**Total Equity Balance**	**140,499**	**78,756**	**96,622**	**100,965**	**104,090**	**108,898**
15	**MINIMUM CAPITAL TEST (C$ 000s)**						
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%

PUB (MPI) 2-12

Part and Chapter:	MPI (PUB) 1-16 Part VIII – AR Appendix 1	Page No.:	
PUB Approved Issue No:	4. Financial Forecast		
Topic:	Financial Forecast		
Sub Topic:			

Preamble to IR:

MPI has indicated that preliminary impacts on presentation and disclosure in the financial statements as a result of IFRS 17 options include that there is negligible impact on rate-setting expected, since it will continue to be based on AAP (and therefore is largely independent of accounting presentation changes).

Question:

Please confirm that, to the extent that IFRS 17 changes the financial statements, there is a reasonable possibility that there could be non-negligible impacts on surplus (either positive or negative), as well as non-negligible impacts on the MCT calculation (either positive or negative), and hence there may be non-negligible impacts on the Capital Management Plan capital build or release provisions.

Rationale for Question:

To understand the potential of changes in accounting standards affecting the rates charged to policyholders.

RESPONSE:

In order to report under IFRS 17, MPI will require transitional adjustments upon adoption of the new standard. MPI will recognize these opening transition adjustments in retained earnings. Upon transition to IFRS 17, the resulting "day one" change to retained earnings will have a one-time impact on surplus and the MCT level, which could result in a non-negligible impact on the capital build or release provisions of the Capital Management Plan.

In its response to *PUB (MPI) 1-16 (a) and (b)*, MPI listed the anticipated preliminary impacts of the adoption of IFRS 17. MPI cannot currently determine the magnitude of the one-time impact of the transition to IFRS 17 on surplus and the MCT level or whether the impact will be positive or negative, as the preliminary impacts anticipated are offsetting/under review.

PUB (MPI) 2-13

Part and Chapter:	**MPI (PUB) 1-19** **Part V – REV Appendix 3**	**Page No.:**	**1**
PUB Approved Issue No:	**4. Financial Forecasts** **19. Impact of the changes to Basic coverage and deductibles enacted on May 7, 2020**		
Topic:	**Financial Forecasts**		
Sub Topic:	**Extension Profit Margin**		

Preamble to IR:

Figure 1 shows a profit percentage of 33.1%, 24.8%, and 20.7% for each of 2020/21, 2021/22, and 2022/23 fiscal years, respectively, calculated as Net Income divided by Earned Premium.

Page 28 of PUB (MPI) 1-1 indicates that the Extension rate change of -7.5% was based on a 28.0% overall profit target.

Question:

a) Please confirm if the 2021/22 and 2022/23 profit targets for Extension are still 28.0%, and, if so, please explain what would cause the calculated profit percentage for fiscal years 2021/ 22 and 2022/23 to be lower than the target of 28.0%

b) If the profit target for 2021/22 and 2022/23 is currently different from 28.0%, please provide the profit targets.

Rationale for Question:

To assess the reasonableness of Extension forecasts, which affect Basic.

RESPONSE:

a) The profit targets for Extension for both 2021/22 and 2022/23 are 28.0% (prior to changes related to CERP). The profit targets presented in *PUB (MPI) 1-19* include changes related to CERP. As indicated in its response to *PUB (MPI) 1-19*, "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".

b) Extension profit targets for 2021/22 and 2022/23 is 24.8% and 20.7%, respectively.

PUB (MPI) 2-14

Part and Chapter:	**PUB (MPI) 1-20** **Part V EPF-1.0 Expenses Figure EXP-31, EXP-Appendix 14**	**Page No.:**	**40**
PUB Approved Issue No:	**4. Financial Forecast** **6. Changes, if any, to integrated cost allocation methodology**		
Topic:	**ICAM**		
Sub Topic:	**Cost Allocation to Extension**		

Preamble to IR:

Question:

Please provide a comparative schedule of Figure Expenses APP 14-3 Total Basic Expense by Category vs Total Extension Expenses by Category, and indicate the relative % of expenses allocated or forecast to be allocated to Extension for each of the years, and explain material changes.

Rationale for Question:

To understand costs allocated to Extension.

RESPONSE:

Please see *Expenses Appendix 7 Figure EXP App 7-1* for a review of Basic expenses in a similar format. Also, please see *Expenses Appendix 6a* and *Expenses Appendix 6b* for a categorical detailed view of extension expenses. This also provides a percentage of extension expenses relative to Basic and Extension.

Similar to the Basic line of business, Normal Operating costs for Extension are a function of the Corporate Normal Operating costs and are allocated though the Cost Allocation Methodology as approved in *PUB Order 157/12*. Material changes are best explained either from changes in Corporate Normal Operating costs or from changes in the allocators.

Overall, Extension expenses from a dollar perspective change negligibly year over year. As can be seen in *Expenses Appendix 14 Figure EXP App 14-3*, the only material increase occurs from 2022/23 to 2023/24, which is attributable to the start of NOVA related amortization.

PUB (MPI) 2-15

Part and Chapter:	**Part V Expenses Figure EXP-31 PUB (MPI) 1-25**	**Page No.:**	**43**
PUB Approved Issue No:	**6. Changes, if any, to integrated cost allocation methodology** **4. Financial forecast**		
Topic:	**ICAM**		
Sub Topic:	**Improved Initiative Allocation**		

Preamble to IR:

Question:

Please explain how the allocation of costs for the Business Transformation Office differs from that for Nova Leadership & Delivery Stream.

Rationale for Question:

To understand the changes made to Cost Allocation Methodology and to assess the reasonableness of the Extension forecast.

RESPONSE:

The costs for Business Transformation Office (BTO) are allocated using the lines of business proportion of all BTO initiative costs undertaken for the year. Please refer to *Expenses EXP.4.1.3 Business Transformation Office Allocator* for detail.

The costs for Leadership and Delivery Stream are allocated using the lines of business proportion of the total NOVA program budget. The current methodology for shared costs is used to allocate Insurance and Non-Insurance based on Weighted Customer Contact Centre Call Ratio, then lines of business based on Claims Incurred, then Claims & Operating based on full-time equivalent percentage. Please refer to *Expenses Appendix 13, Cost Allocation Methodology* for further detail.

PUB (MPI) 2-16

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

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 Capitial Transfers from Extension* (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**						
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	Total Net Premiums Written	**1,107,425**	**1,133,026**	**1,126,136**	**1,165,908**	**1,207,332**	**1,249,624**
7	Net Premiums Earned						
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	Total Net Premiums Earned	**1,089,285**	**1,120,770**	**1,129,354**	**1,146,366**	**1,186,981**	**1,228,846**
12	Service Fees & Other Revenues	27,161	28,208	28,504	30,143	31,912	33,804
13	Total Earned Revenues	**1,116,446**	**1,148,978**	**1,157,858**	**1,176,509**	**1,218,893**	**1,262,650**
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	Total Claims Incurred	**761,455**	**846,911**	**910,107**	**927,577**	**965,421**	**1,008,282**
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	Total Claims Costs	**905,513**	**1,001,635**	**1,066,968**	**1,087,898**	**1,133,158**	**1,175,189**
21	Expenses						
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	Total Expenses	**149,940**	**153,100**	**155,837**	**160,930**	**167,786**	**170,755**
27	Underwriting Income (Loss)	**60,993**	**(5,757)**	**(64,947)**	**(72,319)**	**(82,051)**	**(83,294)**
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	Net Investment Income	**59,614**	**84,707**	**88,084**	**88,909**	**88,252**	**90,004**
31	Gain (Loss) on Sale of Property	-	-	5,997	-	-	-
32	Net Income (Loss) from Annual Operations	**120,607**	**78,950**	**29,134**	**16,590**	**6,201**	**6,710**
33	Premium Rebate	-	(58,000)	-	-	-	-
34	Net Income (Loss) after Premium Rebate	**120,607**	**20,950**	**29,134**	**16,590**	**6,201**	**6,710**
35	Total net Impact due to interest rate change (b) - (a)	14,393	(34,557)	(8,259)	(12,742)	(10,608)	(11,396)

Figure 2 PF-2 Statement of Financial Position

Multi-year - Statement of Financial Position

Line No.	*2021 GRA with no Capitial Transfers from Extension* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**						
3	**Assets**						
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	**Total Assets**	**3,417,912**	**3,556,703**	**3,689,395**	**3,826,688**	**3,956,175**	**4,079,394**
16	**Liabilities**						
17	Due to other insurance companies	595	545	545	545	545	545
18	Accounts payable and accrued liabilites	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	**Total Liabilities**	**3,011,685**	**3,122,245**	**3,220,295**	**3,335,407**	**3,453,536**	**3,565,243**
25	**Equity**						
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	**Total Equity**	**406,226**	**434,457**	**469,099**	**491,281**	**502,641**	**514,152**
29	**Total Liabilities & Equity**	**3,417,911**	**3,556,702**	**3,689,394**	**3,826,688**	**3,956,177**	**4,079,395**

Figure 3 PF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	*2021 GRA with no Capitial Transfers from Extension*	*For the Years Ended March 31,*					
1	*(C$ 000s, rounding may affect totals)*	**2020A**	**2021BF**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**						
3	**Total Equity**						
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	**Total Retained Earnings**	440,522	461,472	490,605	507,195	513,396	520,105
10	**Total Accumulated Other Comprehensive Income**						
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	**Total Accumulated Other Comprehensive Income**	(34,296)	(27,015)	(21,506)	(15,914)	(10,755)	(5,953)
14	**Total Equity Balance**	**406,226**	**434,457**	**469,100**	**491,281**	**502,641**	**514,152**
15	**MINIMUM CAPITAL TEST (C$ 000s)**						
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	**Capital Available**	371,262	394,799	407,104	421,201	434,881	455,564
19	**Minimum Capital Required (100% MCT)**	350,820	379,969	405,232	421,208	436,287	451,700
20	**MCT Ratio % (Line 17) / (Line 18)**	**105.8%**	**103.9%**	**100.5%**	**100.0%**	**99.7%**	**100.9%**

PUB (MPI) 2-17

Part and Chapter:	**PUB (MPI) 1-29 (b)** **Part VII- Reserves and Risk Management – Rate Stabilization Reserve**	**Page No.:**	**7 (RSR.6.2)**
PUB Approved Issue No:	**7. Capital Management Plan** **1. Requested vehicle rate and any changes to other fees and discounts**		
Topic:	**Capital Transfers**		
Sub Topic:			

Preamble to IR:

At the SRA hearing the Extension MCT was still in excess of 200% at March 31, 2020 after the planned rebate. MPI now indicates that the MCT for Extension was at 197% after consideration of the rebate.

Question:

Please file an expanded EPF-3 provided in PUB (MPI) 1-3 comparing the 2019/20 year presented at the SRA with this Application, and explain all sources of differences.

Rationale for Question:

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

RESPONSE:

Please see figures below.

Figure 1 EPF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	(C$ 000s, rounding may affect totals)	2021 GRA For the Years Ended March 31,						
1		**2020P**	**2020A**	**2021FB**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	***2019/20P**	**2019/20A**	**2020/21FB**	**2021/22F**	**2022/23F**	**2023/24F**	**2024/25F**
3	**Total Equity**							
4	**Retained Earnings**							
5	**Beginning Balance**	104,984	104,983	142,866	77,996	95,078	97,783	99,593
6	**Net Income (Loss) from annual operations**	40,757	37,883	51,788	42,030	37,914	39,800	43,927
7	**Premium Rebate**	-	-	(52,000)	-	-	-	-
8	**Transfer (to) / from Basic Retained Earnings**	-	-	(64,659)	(24,948)	(35,209)	(37,991)	(40,287)
9	**Total Retained Earnings**	**145,741**	**142,866**	**77,995**	**95,078**	**97,783**	**99,592**	**103,233**
10	**Total Accumulated Other Comprehensive Income**							
11	**Beginning Balance**	(3,966)	(3,966)	(2,367)	(1,948)	(678)	795	2,099
12	**Other Comprehensive Income**	970	1,599	419	1,271	1,472	1,304	1,178
13	**Total Accumulated Other Comprehensive Income**	(2,996)	(2,367)	(1,948)	(677)	794	2,099	3,277
14	**Total Equity Balance**	**142,746**	**140,499**	**76,048**	**94,400**	**98,578**	**101,692**	**106,510**
15	**MINIMUM CAPITAL TEST *(C$ 000s)***							
16	**Total Equity Balance**	142,746	140,499	76,048	94,400	98,578	101,692	106,510
17	**Less: Assets Requiring 100% Capital**	3,024	2,979	3,432	5,378	6,090	5,910	5,104
18	**Capital Available**	139,722	137,520	72,616	89,022	92,488	95,782	101,406
19	**Minimum Capital Required (100% MCT)**	37,665	42,340	36,308	44,511	46,245	47,892	50,704
20	**MCT Ratio (%)**	**371%**	**325%**	**200%**	**200%**	**200%**	**200%**	**200%**
21	*2019/20 is projected for 12 months ending March 31, 2020							

Figure 2 Statement of Changes in Equity – 2019/20 Comparative

Line No.		2021 Special Rebate Application	2021 GRA	Inc. (Dec.)	Ref.	Inc. (Dec.)
1	*(C$ 000s)*	***2019/20P**	**2019/20A**			
2	**Total Equity**					
3	**Retained Earnings**					
4	Beginning Balance	104,984	104,983			
5	Net Income (Loss) from annual operations	40,757	37,883	(2,874)	(1)	(8%)
6	Premium Rebate	-	-			
7	Transfer (to) / from Basic Retained Earnings	-	-			
8	**Total Retained Earnings**	**145,741**	**142,866**			
9	**Total Accumulated Other Comprehensive Income**					
10	Beginning Balance	(3,966)	(3,966)			
11	Other Comprehensive Income	970	1,599	629	(2)	39%
12	**Total Accumulated Other Comprehensive Income**	(2,996)	(2,367)			
13	**Total Equity Balance**	**142,746**	**140,499**			
14	**MINIMUM CAPITAL TEST (C$ 000s)**					
15	Total Equity Balance	142,746	140,499			
16	Less: Assets Requiring 100% Capital	3,024	2,979	(45)		(2%)
17	Capital Available	139,722	137,520			
18	Minimum Capital Required (100% MCT)	37,665	42,340	4,675	(3)	11%
19	**MCT Ratio % (Line 17) / (Line 18)**	**371.0%**	**324.8%**			
20	*2019/20 is projected for 12 months ending March 31, 2020					

Figure 3 Explanation of Significant Variances – 2019/20 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Income from annual operations	**40,757**	**2021 Special Rebate Application**
2			(766)	Lower than projected Earned Revenue
3			(1,571)	Higher than projected Net Claims Incurred
4			(533)	Lower than projected Interest Impact on Investments
5			(4)	Other
6			**37,883**	**2021 GRA**
7	(2)	Other Comprehensive Income	**970**	**2021 Special Rebate Application**
8			126	Higher than projected remeasurement on Employee Future Benefits
9			503	Higher than projected revaluation on Available for Sale Investments
10			**1,599**	**2021 GRA**
11	(3)	Minimum Capital Required (100% MCT)	**37,665**	**2021 Special Rebate Application**
12			5,036	Higher than projected Market Risk
13			(361)	Other
14			**42,340**	**2021 GRA**

PUB (MPI) 2-18

Part and Chapter:	**PUB (MPI) 1-32** **Part VII-Investments INV.1.2 EXP Appendix 7 p. 4**	**Page No.:**	**8**
PUB Approved Issue No:	**8. Performance of the Investment Portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on market value basis (e.g. asset mix)**		
Topic:	**Investment Portfolio**		
Sub Topic:	**Investment Income**		

Preamble to IR:

Question:

Why is the payroll considered static for the allocation of EFB income if the forecast reflects a change in the staff complement relative to the lines of business?

Rationale for Question:

To understand the allocation of investment income to Basic.

RESPONSE:

MPI assumed a static payroll ratio for the forecast due to the relatively negligible historical deviations within the four year average calculation. The model currently lacks the level of detail required to dynamically forecast this allocator. MPI will consider enhancing this model in the future.

PUB (MPI) 2-19

Part and Chapter:	**PUB (MPI) 1-34** **Part VII- Investments INV.10.6 Impaired Securities INV. Appendix 12**	**Page No.:**	**49**
PUB Approved Issue No:	**8. Performance of the Investment Portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on market value basis**		
Topic:	**Basic Line of Business Investment Income**		
Sub Topic:	**Investment Income**		

Preamble to IR:

Question:

a) Please explain how the Corporation determined a permanent impairment other than a temporary decline in value of $1.1 million in the RSR portfolio and $5.2 million in the EFB portfolio related to Bonds held in a pooled fund, while there were no impairments in corporate bonds held in a segregated account.

b) Please file the reports supporting the underlying Book value and Market value at March 31, 2020.

c) Please indicate to what extent the loss taken is reflective of specific issue failing versus a normal market adjustment.

d) Please explain how the impairment adjustments made for fixed income investments based on the valuation of pooled fund investments is consistent with the existing impairment policy and IFRS.

Rationale for Question:

To assess the reasonableness of forecasted investment income.

RESPONSE:

a) The corporate bonds in the RSR and EFB portfolios are classified as Available for Sale and impairment is recognized as per part (d) below. The corporate bonds held in the segregated account (Basic Claims portfolio only) are classified as Fair Value Through Profit or Loss, resulting in the changes in fair value being applied to the net income monthly. Therefore, there was no amount to be reclassified to net income at year-end for the corporate bonds held in the Basic Claims segregated account.

b) Please see the attached reports from the investment managers supporting the underlying Book value and Market value at March 31, 2020:

- Attachment A: Acadian/ EFB portfolio
- Attachment B: Acadian/ RSR portfolio
- Attachment C: Addenda/EFB portfolio
- Attachment D: Addenda/RSR portfolio
- Attachment E: Foyston/RSR portfolio
- Attachment F: Foyston/EFB portfolio
- Attachment G: QV Investors/EFB portfolio
- Attachment H: QV Investors/RSR portfolio
- Attachment I: SLC/EFB portfolio
- Attachment J: SLC/RSR portfolio

c) The COVID-19 resulting negative performance of corporate bonds generally in March 2020 caused the write-down in corporate bonds as of March 31, 2020. Short, mid and long-term corporate bonds experienced significant price declines (6.2% on average) during that month.

d) For the purposes of accounting and Asset Liability Management, MPI classifies pooled fixed income investments as Available for Sale or as Fair Value Through Profit or Loss. Consistent with IFRS and the Writing Down Investments policy, Available for Sale instruments are subject to an impairment assessment and Fair Value Through Profit or Loss instruments are not.

As at March 31, 2020, MPI performed an impairment assessment for applicable financial instruments consistent with its policy for Writing Down Investments, included in *PUB (MPI) 1-37(e) Attachment C*. Consistent with IFRS, Available for Sale instruments are deemed impaired if an observed decline in fair value is "significant" or "prolonged". MPI documented thresholds to determine "significant" and "prolonged" in the Writing Down Investments policy. The total impairment recognized for pooled fixed income investments results from a "significant" decline in value. This treatment is consistent with the existing Writing Down Investments policy and IFRS (specifically IAS 39).

ACADIAN

Acadian Asset Management LLC
c/o Recordkeeping, CIBC Mellon GSS
1 York Street, Suite 900
Toronto, Ontario, M5J 0B6

MANITOBA PUBLIC INSURANCE CORP EMPLOYEE FUTURE BENEFITS (EFB)

Your Account Summary

Statement Date March 1, 2020 to March 31, 2020

MANITOBA PUBLIC INSURANCE CORP
EMPLOYEE FUTURE BENEFITS (EFB)
363 BROADWAY
UNIT 350
WINNIPEG MB R3C 3N9

Account Type:
Cash Account

Account Number:
10231

Investment Advisor or Dealer:
HOUSE REP

Summary of Your Account

				MARKET VALUE
Your Total Canadian $ Investment on March 1, 2020				**$30,988,260.99**

	UNIT PRICE($)	# OF UNITS	BOOK COST	MARKET VALUE
ACADIAN GLOBAL MANAGED VOLATILITY	$10.5364	2,702,079.732	$32,121,243.02	$28,470,192.89
TOTAL Canadian $ Investments March 31, 2020			**$32,121,243.02**	**$28,470,192.89**

Transaction Summary

ACADIAN GLOBAL MANAGED VOLATILITY

DATE	TRANSACTION	GROSS AMOUNT($)	NET AMOUNT($)	UNIT PRICE($)	UNITS	TOTAL UNITS
03/01/20	Opening Balance					2,702,079.732
03/31/20	Closing Balance					**2,702,079.732**

"Book cost" means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations.

The market value for the fund(s) shown within this statement is its "net asset value" as of the specified statement date.

We make efforts to ensure that the information contained in your statement is accurate. Please review this statement carefully and advise us of any inconsistencies with your records within 60 days.

ACADIAN

Acadian Asset Management LLC
c/o Recordkeeping, CIBC Mellon GSS
1 York Street, Suite 900
Toronto, Ontario, M5J 0B6

Your Account Summary

Statement Date March 1, 2020 to March 31, 2020

MANITOBA PUBLIC INSURANCE CORP
RATE STABILIZATION RESERVE (RSR)
363 BROADWAY
UNIT 350
WINNIPEG MB R3C 3N9

MANITOBA PUBLIC INSURANCE CORP RATE STABILIZATION RESERVE (RSR)

Account Type:
Cash Account

Account Number:
10223

Investment Advisor or Dealer:
HOUSE REP

Summary of Your Account

				MARKET VALUE
Your Total Canadian $ Investment on March 1, 2020				**$35,910,539.18**

	UNIT PRICE($)	# OF UNITS	BOOK COST	MARKET VALUE
ACADIAN GLOBAL MANAGED VOLATILITY	$10.5364	3,131,287.042	$37,699,443.47	$32,992,492.79
TOTAL Canadian $ Investments March 31, 2020			**$37,699,443.47**	**$32,992,492.79**

Transaction Summary

ACADIAN GLOBAL MANAGED VOLATILITY

DATE	TRANSACTION	GROSS AMOUNT($)	NET AMOUNT($)	UNIT PRICE($)	UNITS	TOTAL UNITS
03/01/20	Opening Balance					3,131,287.042
03/31/20	Closing Balance					**3,131,287.042**

"Book cost" means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations.

The market value for the fund(s) shown within this statement is its "net asset value" as of the specified statement date.

We make efforts to ensure that the information contained in your statement is accurate. Please review this statement carefully and advise us of any inconsistencies with your records within 60 days.

Portfolio
Valuation

ADDENDA CAPITAL

For the month ending March 31, 2020

MONTRÉAL
800 René-Lévesque Blvd. West
Suite 2750
Montréal (Québec) H3B 1X9
514-287-7373
1-866-855-7373

GUELPH
130 Macdonell Street
Priory Square
Guelph (Ontario) N1H 6P8
519-767-3902

REGINA
1920 College Avenue
Regina (Saskatchewan) S4P 1C4
306-347-6276

TORONTO
110 Yonge Street
Suite 1600
Toronto (Ontario) M5C 1T4
416-943-1010

addendacapital.com

Manitoba Public Insurance - EFB
AS396

K. David Johnson
Director, Client Partnerships & Business Development
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Michel Jalbert
Executive VP, Business Development & Client Partnerships
514-908-7910
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Manitoba Public Insurance - EFB

Account Number: AS396
Currency: CAD

Portfolio Summary

As of March 31, 2020
(on trade date basis)

	BOOK VALUE		MARKET VALUE (CLOSING PRICE)					
	Total Cost $	Book Yield %	Market Value $	Market Yield %	Accrued Income $	Total Market Value $	Modified Duration years *	Market Value %
FIXED INCOME								
Bonds								
Canada	89,247,965	0.00	83,998,259	3.87	0	83,998,259	13.28	100.00
	89,247,965	0.00	83,998,259	3.87	0	83,998,259	13.28	100.00
TOTAL Fixed Income	89,247,965	0.00	83,998,259	3.87	0	83,998,259	13.28	100.00
PORTFOLIO TOTAL	89,247,965	0.00	83,998,259	3.87	0	83,998,259		100.00

**The modified duration applies to fixed income securities only.*

Manitoba Public Insurance - EFB

Account Number: AS396
Currency: CAD

Portfolio Valuation

As of March 31, 2020
(on trade date basis)

SECURITY DESCRIPTION				BOOK VALUE			MARKET VALUE (CLOSING PRICE)						
Par Value / Quantity	Issuer	Coupon / Dividend % / $	Maturity / Class (yyyy-mm-dd)	Average Unit Cost (local curr.)	Total Cost $	Book Yield %	Market Price (local curr.)	Market Value $	Market Yield %	Accrued Income $	Total Market Value $	Modified Duration years *	Market Value %
FIXED INCOME													
BONDS													
Canada													
Corporate													
Pooled Funds													
7,051,507	ADDENDA POOLED FUND	0.000	CORPORATE LONG TERM	12.657	89,247,965	0.00	11.912	83,998,259	3.87	0	83,998,259	13.28	100.00
Sub-total Pooled Funds					89,247,965	0.00		83,998,259	3.87	0	83,998,259	13.28	100.00
Sub-total Corporate					89,247,965	0.00		83,998,259	3.87	0	83,998,259	13.28	100.00
Sub-total Canada					89,247,965	0.00		83,998,259	3.87	0	83,998,259	13.28	100.00
SUB-TOTAL BONDS					89,247,965	0.00		83,998,259	3.87	0	83,998,259	13.28	100.00
TOTAL FIXED INCOME					89,247,965	0.00		83,998,259	3.87	0	83,998,259	13.28	100.00
PORTFOLIO TOTAL					89,247,965	0.00		83,998,259	3.87	0	83,998,259		100.00

**The modified duration applies to fixed income securities only.*

Manitoba Public Insurance - EFB

Account Number: AS396
Currency: CAD

Transactions Summary

From March 1st to March 31, 2020
(on trade date basis)

	TRANSACTION DESCRIPTION				GAIN / LOSS	
Transaction Type	Commission $	Net Amount $	Accrued Interest $	Total Amount $	Avg. Cost of Position Sold $	Gain / Loss $
Purchase	0	335,946	0	335,946	0	0

Manitoba Public Insurance - EFB

Account Number: AS396
Currency: CAD

Detailed Transactions

From March 1st to March 31, 2020
(on trade date basis)

DATES		TRANSACTION DESCRIPTION											GAIN / LOSS	
Trade	Settlement	Issuer	Coupon / Dividend	Maturity / Class	Yield	Par Value / Quantity	Unit Price	Exchange Rate	Comm.	Net Amount	Accrued Interest	Total Amount	Avg. Cost of Position Sold	Gain / Loss
(yyyy-mm-dd)			% / $	(yyyy-mm-dd)	%		(local curr.)		$	$	$	$	$	$
FIXED INCOME														
Bonds														
Canada														
Purchase														
2020-03-31	2020-03-31	ADDENDA POOLED FUND	0.000	CORPORATE LONG TERM	0.00	28,202	11.912		0	335,946	0	335,946	0	0
									0	335,946	0	335,946	0	0

Manitoba Public Insurance - EFB

Account Number: AS396
Currency: CAD

Income Summary

From March 1st to March 31, 2020
(on trade date basis)

Transaction Type	Interest / Dividend $
Dividend	335,946

Manitoba Public Insurance - EFB

Account Number: AS396
Currency: CAD

Detailed Income

From March 1st to March 31, 2020
(on trade date basis)

Settlement Date (yyyy-mm-dd)	Issuer	Coupon / Dividend % / $	Maturity / Class (yyyy-mm-dd)	Par Value / Quantity	Interest / Dividend (local curr.)	Exchange Rate	Interest / Dividend $
FIXED INCOME							
Bonds							
Canada							
Dividend							
2020-03-31	ADDENDA POOLED FUND	0.000	CORPORATE LONG TERM	7,023,305	335,946		335,946
							335,946

Portfolio Valuation

ADDENDA CAPITAL

For the month ending March 31, 2020

Manitoba Public Insurance - RSR
AS393

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REGINA
1920 College Avenue
Regina (Saskatchewan) S4P 1C4
306-347-6276

TORONTO
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Suite 1600
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514-908-7910
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Manitoba Public Insurance - RSR

Account Number: AS393
Currency: CAD

Portfolio Summary

As of March 31, 2020
(on trade date basis)

	BOOK VALUE		MARKET VALUE (CLOSING PRICE)					
	Total Cost $	Book Yield %	Market Value $	Market Yield %	Accrued Income $	Total Market Value $	Modified Duration years *	Market Value %
FIXED INCOME								
Bonds								
Canada	37,114,548	0.00	36,017,217	3.33	0	36,017,217	6.58	100.00
	37,114,548	0.00	36,017,217	3.33	0	36,017,217	6.58	100.00
TOTAL Fixed Income	37,114,548	0.00	36,017,217	3.33	0	36,017,217	6.58	100.00
PORTFOLIO TOTAL	37,114,548	0.00	36,017,217	3.33	0	36,017,217		100.00

**The modified duration applies to fixed income securities only.*

Manitoba Public Insurance - RSR

Account Number: AS393
Currency: CAD

Portfolio Valuation

As of March 31, 2020
(on trade date basis)

SECURITY DESCRIPTION				BOOK VALUE			MARKET VALUE (CLOSING PRICE)						
Par Value / Quantity	Issuer	Coupon / Dividend % / $	Maturity / Class (yyyy-mm-dd)	Average Unit Cost (local curr.)	Total Cost $	Book Yield %	Market Price (local curr.)	Market Value $	Market Yield %	Accrued Income $	Total Market Value $	Modified Duration years *	Market Value %
FIXED INCOME													
BONDS													
Canada													
Corporate													
Pooled Funds													
3,837,743	ADDENDA POOLED FUND	0.000	CORPORATE BOND	9.671	37,114,548	0.00	9.385	36,017,217	3.33	0	36,017,217	6.58	100.00
Sub-total Pooled Funds					37,114,548	0.00		36,017,217	3.33	0	36,017,217	6.58	100.00
Sub-total Corporate					37,114,548	0.00		36,017,217	3.33	0	36,017,217	6.58	100.00
Sub-total Canada					37,114,548	0.00		36,017,217	3.33	0	36,017,217	6.58	100.00
SUB-TOTAL BONDS					37,114,548	0.00		36,017,217	3.33	0	36,017,217	6.58	100.00
TOTAL FIXED INCOME					37,114,548	0.00		36,017,217	3.33	0	36,017,217	6.58	100.00
PORTFOLIO TOTAL					37,114,548	0.00		36,017,217	3.33	0	36,017,217		100.00

**The modified duration applies to fixed income securities only.*

Manitoba Public Insurance - RSR

Account Number: AS393
Currency: CAD

Transactions Summary

From March 1st to March 31, 2020
(on trade date basis)

	TRANSACTION DESCRIPTION				GAIN / LOSS	
Transaction Type	Commission $	Net Amount $	Accrued Interest $	Total Amount $	Avg. Cost of Position Sold $	Gain / Loss $
Purchase	0	108,957	0	108,957	0	0

Manitoba Public Insurance - RSR

Account Number: AS393
Currency: CAD

Detailed Transactions

From March 1st to March 31, 2020
(on trade date basis)

DATES		TRANSACTION DESCRIPTION												GAIN / LOSS	
Trade	Settlement	Issuer	Coupon / Dividend	Maturity / Class	Yield	Par Value / Quantity	Unit Price	Exchange Rate	Comm.	Net Amount	Accrued Interest	Total Amount		Avg. Cost of Position Sold	Gain / Loss
(yyyy-mm-dd)			% / $	(yyyy-mm-dd)	%		(local curr.)		$	$	$	$		$	$
FIXED INCOME															
Bonds															
Canada															
Purchase															
2020-03-31	2020-03-31	ADDENDA POOLED FUND	0.000	CORPORATE BOND	0.00	11,610	9.385		0	108,957	0	108,957		0	0
									0	108,957	0	108,957		0	0

Manitoba Public Insurance - RSR

Account Number: AS393
Currency: CAD

Income Summary

From March 1st to March 31, 2020
(on trade date basis)

Transaction Type	Interest / Dividend $
Dividend	108,957

Manitoba Public Insurance - RSR

Account Number: AS393
Currency: CAD

Detailed Income

From March 1st to March 31, 2020
(on trade date basis)

Settlement Date (yyyy-mm-dd)	Issuer	Coupon / Dividend % / $	Maturity / Class (yyyy-mm-dd)	Par Value / Quantity	Interest / Dividend (local curr.)	Exchange Rate	Interest / Dividend $
FIXED INCOME							
Bonds							
Canada							
Dividend							
2020-03-31	ADDENDA POOLED FUND	0.000	CORPORATE BOND	3,826,133	108,957		108,957
							108,957

Foyston, Gordon & Payne Inc.
INVESTMENT COUNSEL

PORTFOLIO VALUATION

MPI - Rate Stabilization Reserve (RSR)

Mar 31, 2020

Reporting Currency: Canadian Dollar
Account #: 0878C
Account Type: Government
Performance Inception Date: Mar 01, 2019

Trade Date Basis

Quantity	Symbol	Security	Currency	Unit Cost	Book Value	Market Price	Principal Value	Accrued Income	Market Value	Pct. Assets	Annual Income	Yield
Cash & Equivalents												
1.23	CAD	Canadian Dollar	CAD	1.000	1.23	1.000	1.23		1.23	0.0		
Total Cash & Equivalents					**1.23**		**1.23**		**1.23**	**0.0**		
Domestic Equities												
Canadian Equities												
285,146.0350	1001	FGP Canadian Equity Fund	CAD	135.660	38,682,944.91	93.018	26,523,713.88		26,523,713.88	100.0	1,352,709.41	5.1
Total Canadian Equities					**38,682,944.91**		**26,523,713.88**		**26,523,713.88**	**100.0**	**1,352,709.41**	**5.1**
Total Domestic Equities					**38,682,944.91**		**26,523,713.88**		**26,523,713.88**	**100.0**	**1,352,709.41**	**5.1**
Total Portfolio					**38,682,946.14**		**26,523,715.11**		**26,523,715.11**	**100.0**	**1,352,709.41**	**5.1**

Book Value means the total amount paid to purchase an investment, including any transaction charges related to the purchase, adjusted for reinvested distributions, return of capital and corporate reorganizations.

FOYSTON, GORDON & PAYNE INC.
INVESTMENT COUNSEL

PORTFOLIO VALUATION

MPI - Employee Future Benefits (EFB)

Mar 31, 2020

Reporting Currency: Canadian Dollar
Account #: 0878D
Account Type: Government
Performance Inception Date: Mar 01, 2019

Trade Date Basis

Quantity	Symbol	Security	Currency	Unit Cost	Book Value	Market Price	Principal Value	Accrued Income	Market Value	Pct. Assets	Annual Income	Yield
Cash & Equivalents												
16.62	CAD	Canadian Dollar	CAD	1.000	16.62	1.000	16.62		16.62	0.0		
Total Cash & Equivalents					**16.62**		**16.62**		**16.62**	**0.0**		
Domestic Equities												
Canadian Equities												
284,944.7470	1001	FGP Canadian Equity Fund	CAD	137.122	39,072,091.35	93.018	26,504,990.48		26,504,990.48	100.0	1,351,754.51	5.1
Total Canadian Equities					**39,072,091.35**		**26,504,990.48**		**26,504,990.48**	**100.0**	**1,351,754.51**	**5.1**
Total Domestic Equities					**39,072,091.35**		**26,504,990.48**		**26,504,990.48**	**100.0**	**1,351,754.51**	**5.1**
Total Portfolio					**39,072,107.97**		**26,505,007.10**		**26,505,007.10**	**100.0**	**1,351,754.51**	**5.1**

Book Value means the total amount paid to purchase an investment, including any transaction charges related to the purchase, adjusted for reinvested distributions, return of capital and corporate reorganizations.

Portfolio Appraisal

Manitoba Public Insurance Employee Future Benefits (EFB)
I22610-1
119046020

Canadian Dollar
3/31/2020

Quantity	Symbol	Security	Unit Cost	Total Cost	Price	Market Value	% Assets	Annual Income	Yield
Cash and Equiv.									
CASH (CAD)									
	cash	Cash Account		4,768.40		4,768.40	0.1		
		Total CASH (CAD)		**4,768.40**		**4,768.40**	**0.1**		**0.0**
		Total Cash and Equiv.		**4,768.40**		**4,768.40**	**0.1**		**0.0**
Equity									
POOLED FUNDS (CAD)									
Pooled Fund Canadian Equity									
373,772.011	100000F	QV CANADIAN SMALL CAP FUND CL F	26.34	9,846,749.71	19.43	7,262,502.31	99.9	317,371.35	4.4
				9,846,749.71		**7,262,502.31**	**99.9**	**317,371.35**	**4.4**
373,772.01		**Total POOLED FUNDS (CAD)**		**9,846,749.71**		**7,262,502.31**	**99.9**	**317,371.35**	**4.4**
		Total Equity		**9,846,749.71**		**7,262,502.31**	**99.9**	**317,371.35**	**4.4**
Total Portfolio				**9,851,518.11**		**7,267,270.71**	**100.0**	**317,371.35**	**4.4**

Manitoba Public Insurance Rate Stabilization Reserve (RSR)
I22610-4
119046019

Portfolio Appraisal

Canadian Dollar
3/31/2020

Quantity	Symbol	Security	Unit Cost	Total Cost	Price	Market Value	% Assets	Annual Income	Yield
Cash and Equiv.									
CASH (CAD)									
	cash	Cash Account		3,127.53		3,127.53	0.1		
		Total CASH (CAD)		**3,127.53**		**3,127.53**	**0.1**		**0.0**
		Total Cash and Equiv.		**3,127.53**		**3,127.53**	**0.1**		**0.0**
Equity									
POOLED FUNDS (CAD)									
Pooled Fund Canadian Equity									
245,152.133	100000F	QV CANADIAN SMALL CAP FUND CL F	26.34	6,458,353.28	19.43	4,763,379.49	99.9	208,159.68	4.4
				6,458,353.28		**4,763,379.49**	**99.9**	**208,159.68**	**4.4**
245,152.13		**Total POOLED FUNDS (CAD)**		**6,458,353.28**		**4,763,379.49**	**99.9**	**208,159.68**	**4.4**
		Total Equity		**6,458,353.28**		**4,763,379.49**	**99.9**	**208,159.68**	**4.4**
Total Portfolio				**6,461,480.81**		**4,766,507.02**	**100.0**	**208,159.68**	**4.4**

Unit Holder Statement
March 31, 2020

Manitoba Public Insurance Corporation - Employee Future Benefits

Holdings

	Opening Market Value	Book Value	Units Held	NAV per Unit	Closing Market Value
SLC Management Long Term Private Fixed Income Plus Fund	$ 87,916,464.03	$ 85,311,403.54	7,572,869.453	$ 10.4776	$ 79,345,496.98

Transactions

SLC Management Long Term Private Fixed Income Plus Fund	Transaction Type	Trade Date	Settlement Date	Transaction Amount	NAV per Unit	Units
	Distribution Reinvested	March 31, 2020	March 31, 2020	$ 646,039.20	$ 10.4776	61,659.082

Transaction Fees: $0.0
Dealing Representative: Colin Miller
The dealer acted as agent in this transaction
The securities are securities issued by SLC Management

Results

	SLC Management Long Term Private Fixed Income Plus Fund	FTSE® Canada Long Term Overall Bond Index
1 Month	-9.75%	-5.50%
3 Months	-3.48%	0.16%
Year-to-Date	-3.48%	0.16%
Since Client Inception*	-3.17%	0.30%

*Client inception date is July 31, 2019.
Note: Returns shown are net of Fund's expenses and gross of management fees. Management fees paid directly to SLC Management. should be considered when assessing net performance. RBC IS calculates rates of return for investors using an industry standard Time-Weighted Rate of Return method. Returns greater than one year are annualized.

Fund Characteristics

	Fund Yield (%)	Fund Duration (years)
SLC Management Long Term Private Fixed Income Plus Fund	3.59%	14.72
FTSE® Canada Long Term Overall Bond Index	2.58%	15.22

Questions? Contact us:

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Colin Miller, Managing Director and Head of Client Relationships
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Colin. Miller@SLCmanagement.com

SLC Management
1 York Street, Suite 1100
Toronto, Ontario, M5J 0B6

Unit Holder Statement
March 31, 2020

Manitoba Public Insurance Corporation - Rate Stabilization Reserve

Holdings

	Opening Market Value	Book Value	Units Held	NAV per Unit	Closing Market Value
SLC Management Private Fixed Income Plus Fund	$ 11,660,141.34	$ 20,734,139.32	1,871,126.451	$ 10.8024	$ 20,212,656.37

Transactions

	Transaction Type	Trade Date	Settlement Date	Transaction Amount	NAV per Unit	Units
SLC Management Private Fixed Income Plus Fund	Distribution Reinvested	March 31, 2020	March 31, 2020	$ 106,389.00	$ 10.8024	9,848.645
	Subscription	March 31, 2020	March 31, 2020	$ 9,189,040.00	$ 10.8024	850,648.004

Transaction Fees: $0.0
Dealing Representative: Colin Miller
The dealer acted as agent in this transaction
The securities are securities issued by SLC Management

Results

	SLC Management Private Fixed Income Plus Fund	FTSE® Canada All Corporate Bond Index
1 Month	-5.46%	-5.41%
3 Months	-1.67%	-2.48%
Year-to-Date	-1.67%	-2.48%
Since Client Inception*	-0.81%	-1.77%

*Client inception date is July 31, 2019.
Note: Returns shown are net of Fund's expenses and gross of management fees. Management fees paid directly to SLC Management. should be considered when assessing net performance. RBC IS calculates rates of return for investors using an industry standard Time-Weighted Rate of Return method. Returns greater than one year are annualized.

Fund Characteristics

	Fund Yield (%)	Fund Duration (years)
SLC Management Private Fixed Income Plus Fund	4.10%	6.29
FTSE® Canada All Corporate Bond Index	3.24%	6.46

Questions? Contact us:

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Toronto, Ontario, M5J 0B6

<u>**PUB (MPI) 2-20**</u>

Part and Chapter:	**PUB (MPI) 1-36** **Part VII-Investments INV-18, INV-19, INV-20**	**Page No.:**	**36, 39**
PUB Approved Issue No:	**8. Performance of the Investment Portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on market value basis**		
Topic:	**Investment Portfolio and Returns**		
Sub Topic:			

Preamble to IR:

Question:

a) Please compare and explain the change in the forecast for the portfolio's value from the 2020 GRA to the SRA for investment in the Canadian Equity (Figure 1 vs Figure 4) and Global Equity (Figure 2 vs Figure 5).

b) Please update the tables as required to reflect the realized (losses) from the impairment charges booked at March 31, 2020.

c) Please provide a table comparing Figure 7 and updated tables based on the market values at June 30th and August 31st, and comment on the relative change in market values.

Rationale for Question:

To better understand investment returns at March 31, 2020.

RESPONSE:

a) The Canadian and Global Equity portfolio values differ when comparing the 2020 General Rate Application (GRA) to Special Rebate Application (SRA) primarily because in *Figures 1, 2 and 3* the asset values are for the RSR portfolio only. Whereas in *Figures 4,5, and 6*, the asset values are for the RSR portfolio and Basic's share of the EFB portfolio. The reason why the asset values are different is because in the 2020 GRA, income on EFB assets were not included in investment income but rather included in the EFB liability. In the 2021 SRA (and all subsequent forecasts), income on EFB assets are included in investment income.

b) The March 31, 2020 investment values, which form the basis of the projection, reflect the realized (losses) from the impairment charges booked at March 31, 2020 within the 2021 GRA figures.

c) Please see *Figure 1* and *Figure 2* below providing market value updates for equities at June 30, 2020 and August 31, 2020 for the Basic LOB (which includes 100% of the Basic Claims portfolio, 100% of the RSR portfolio and the portion of the EFB portfolio allocated to Basic).

Figure 1 Relative Changes in Equity Market Values

Line No.		31-Mar-20	30-Jun-20	Relative Change
1	**Canadian Equities**	56,275	63,276	12.44%
2	**Global Equities**	106,867	121,456	13.65%
3	**Global Low Volatility**	54,060	59,061	9.25%

Figure 2 Relative Changes in Equity Market Values

Line No.		31-Mar-20	31-Aug-20	Relative Change
1	**Canadian Equities**	56,275	67,501	19.95%
2	**Global Equities**	106,867	126,267	18.15%
3	**Global Low Volatility**	54,060	60,424	11.77%

PUB (MPI) 2-21

Part and Chapter:	**PUB (MPI) 1-37(c) and (f)** **PUB(MPI) 1-39(b) Attachment E** **Slide 7** **Part VII- Investments INV.10.6 Impaired Securities INV. Appendix 12**	**Page No.:**	**49**
PUB Approved Issue No:	**8. Performance of the Investment Portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on market value basis**		
Topic:	**Basic Line of Business Investment Income**		
Sub Topic:	**Investment Income**		

Preamble to IR:

The Investment Activity & Performance Reports at March 31, 2020 provide only one mention on slide 7 of the impairment charge taken materially impacting the budgeted Corporate Investment Income. It is not clear what analysis was taken on the impairment charge.

Question:

a) Please file the pooled fund reports from Foyston, Gordon & Payne Inc and QV Investors including the portfolio analysis and valuation reports at March 31, 2020.

b) Please file the Auditors Management Letter or accounting policy assessment Memo as well as the Management Impairment Analysis provided to the External Auditor supporting this memo.

c) Please file any memo or analysis prepared by or for the Investment Committee Working Group and or Investment Committee of the Board of directors to support the impairment charge taken at March 31, 2020.

d) Please update the schedule at PUB (MPI) 1-37(d) to include the book value and the difference from market value at March 31, 2020 (including schedule totals for closing book/market values), and reconcile the balances provided in INV Appendix 12.

e) Please provide an update to the schedule in (d) including the results at August 31, 2020.

Rationale for Question:

To review the impact of investment write offs.

RESPONSE:

a) The pooled fund reports for Foyston, Gordon & Payne Inc. and QV Investors are attached.

- Attachment A: Foyston, Gordon & Payne Inc – Extension portfolio
- Attachment B: Foyston, Gordon & Payne Inc – SRE portfolio
- Attachment C: Foyston, Gordon & Payne Inc – RSR portfolio
- Attachment D: Foyston, Gordon & Payne Inc – EFB portfolio
- Attachment E: QV Investors for all portfolios

b) Please find below the summary of the information provided to the external auditors of MPI for their review of impairments. The MPI process for ensuring adherence to impairment policies are cited by PwC in findings to the Board of Directors of MPI, the results of which were MPI compliance with external and internal requirements.

- Impairment of $67.8 million at year-end related to the fixed income and equities/alternatives classified as AFS.

    i. Of the $67.8 million total impairment, $54.4 million is attributable to equities and $13.4 million is attributable to fixed income.

ii. Subsequent to year end the investments that were once impaired recovered by end of May 2020.

1. The recovery of fixed income impairment will be recognized in the Profit and Loss Statement (P&L).

2. The recovery of equities impairment must not be recognized in P&L. Rather, the increase in fair value is recognized in Other Comprehensive Income, with recycling through P&L upon derecognition of the instrument.

- For clarification; with the exception of MUSH bonds classified as Held-to-Maturity, all investments are carried on the balance sheet at fair market value. This impairment represents a reclassification of unrealized losses of assets classified as Available-for-Sale from Other Comprehensive Income and into Net Income.

c) Please refer to part (b) as that was provided to the Board of Directors.

d) The information provided in *PUB (MPI) 1-37(d)* only provided Basic information whereas *Investments Appendix 12* was corporate wide. Please see *Figure 1* which shows the combination of Basic and non-Basic information.

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	Basic											
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	**Total Basic**			**289,600,119**	**332,276,463**	**(42,676,344)**			**326,274,508**			**36,674,389**
13	Non-Basic											
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	Total Non-Basic			143,427,290	168,511,891	(25,084,601)			160,228,552			16,801,262
25	**Total**			**433,027,409**	**500,788,354**	**(67,760,945)**			**486,503,060**			**53,475,651**

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	Basic											
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	**Total - Basic**			**289,600,119**	**332,276,463**	**(42,676,344)**			**326,989,446**			**37,389,327**
13	Non-Basic											
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	Total - Non-Basic			143,427,290	168,511,891	(25,084,601)			160,590,873			17,163,583
25	**Total**			**433,027,409**	**500,788,354**	**(67,760,945)**			**487,580,319**			**54,552,910**

Foyston, Gordon & Payne Inc.
Investment Counsel

PORTFOLIO VALUATION

MPI - Extension (EXT)
Mar 31, 2020

Reporting Currency: Canadian Dollar
Account #: 0878A
Account Type: Government
Performance Inception Date: Mar 31, 2002

Trade Date Basis

Quantity	Symbol	Security	Currency	Unit Cost	Book Value	Market Price	Principal Value	Accrued Income	Market Value	Pct. Assets	Annual Income	Yield
Domestic Equities												
Canadian Equities												
105,972.3760	1001	FGP Canadian Equity Fund	CAD	137.122	14,531,101.75	93.018	9,857,338.47		9,857,338.47	100.0	502,724.26	5.1
Total Canadian Equities					**14,531,101.75**		**9,857,338.47**		**9,857,338.47**	**100.0**	**502,724.26**	**5.1**
Total Domestic Equities					**14,531,101.75**		**9,857,338.47**		**9,857,338.47**	**100.0**	**502,724.26**	**5.1**
Total Portfolio					**14,531,101.75**		**9,857,338.47**		**9,857,338.47**	**100.0**	**502,724.26**	**5.1**

Book Value means the total amount paid to purchase an investment, including any transaction charges related to the purchase, adjusted for reinvested distributions, return of capital and corporate reorganizations.

FOYSTON, GORDON & PAYNE INC.
INVESTMENT COUNSEL

PORTFOLIO VALUATION

MPI - Special Risk Extension (SRE)

Mar 31, 2020

Reporting Currency: Canadian Dollar
Account #: 0878B
Account Type: Government
Performance Inception Date: Mar 01, 2019

Trade Date Basis

Quantity	Symbol	Security	Currency	Unit Cost	Book Value	Market Price	Principal Value	Accrued Income	Market Value	Pct. Assets	Annual Income	Yield
Domestic Equities												
Canadian Equities												
142,112.4130	1001	FGP Canadian Equity Fund	CAD	137.122	19,486,681.45	93.018	13,219,012.43		13,219,012.43	100.0	674,169.63	5.1
Total Canadian Equities					**19,486,681.45**		**13,219,012.43**		**13,219,012.43**	**100.0**	**674,169.63**	**5.1**
Total Domestic Equities					**19,486,681.45**		**13,219,012.43**		**13,219,012.43**	**100.0**	**674,169.63**	**5.1**
Total Portfolio					**19,486,681.45**		**13,219,012.43**		**13,219,012.43**	**100.0**	**674,169.63**	**5.1**

Book Value means the total amount paid to purchase an investment, including any transaction charges related to the purchase, adjusted for reinvested distributions, return of capital and corporate reorganizations.

FOYSTON, GORDON & PAYNE INC.
INVESTMENT COUNSEL

PORTFOLIO VALUATION

MPI - Rate Stabilization Reserve (RSR)

Mar 31, 2020

Reporting Currency: Canadian Dollar
Account #: 0878C
Account Type: Government
Performance Inception Date: Mar 01, 2019

Trade Date Basis

Quantity	Symbol	Security	Currency	Unit Cost	Book Value	Market Price	Principal Value	Accrued Income	Market Value	Pct. Assets	Annual Income	Yield
Cash & Equivalents												
1.23	CAD	Canadian Dollar	CAD	1.000	1.23	1.000	1.23		1.23	0.0		
Total Cash & Equivalents					**1.23**		**1.23**		**1.23**	**0.0**		
Domestic Equities												
Canadian Equities												
285,146.0350	1001	FGP Canadian Equity Fund	CAD	135.660	38,682,939.62	93.018	26,523,713.88		26,523,713.88	100.0	1,352,709.41	5.1
Total Canadian Equities					**38,682,939.62**		**26,523,713.88**		**26,523,713.88**	**100.0**	**1,352,709.41**	**5.1**
Total Domestic Equities					**38,682,939.62**		**26,523,713.88**		**26,523,713.88**	**100.0**	**1,352,709.41**	**5.1**
Total Portfolio					**38,682,940.85**		**26,523,715.11**		**26,523,715.11**	**100.0**	**1,352,709.41**	**5.1**

Book Value means the total amount paid to purchase an investment, including any transaction charges related to the purchase, adjusted for reinvested distributions, return of capital and corporate reorganizations.

FOYSTON, GORDON & PAYNE INC.
INVESTMENT COUNSEL

PORTFOLIO VALUATION

MPI - Employee Future Benefits (EFB)
Mar 31, 2020

Reporting Currency: Canadian Dollar
Account #: 0878D
Account Type: Government
Performance Inception Date: Mar 01, 2019

Trade Date Basis

Quantity	Symbol	Security	Currency	Unit Cost	Book Value	Market Price	Principal Value	Accrued Income	Market Value	Pct. Assets	Annual Income	Yield
Cash & Equivalents												
16.62	CAD	Canadian Dollar	CAD	1.000	16.62	1.000	16.62		16.62	0.0		
Total Cash & Equivalents					**16.62**		**16.62**		**16.62**	**0.0**		
Domestic Equities												
Canadian Equities												
284,944.7470	1001	FGP Canadian Equity Fund	CAD	137.122	39,072,079.62	93.018	26,504,990.48		26,504,990.48	100.0	1,351,754.51	5.1
Total Canadian Equities					**39,072,079.62**		**26,504,990.48**		**26,504,990.48**	**100.0**	**1,351,754.51**	**5.1**
Total Domestic Equities					**39,072,079.62**		**26,504,990.48**		**26,504,990.48**	**100.0**	**1,351,754.51**	**5.1**
Total Portfolio					**39,072,096.24**		**26,505,007.10**		**26,505,007.10**	**100.0**	**1,351,754.51**	**5.1**

Book Value means the total amount paid to purchase an investment, including any transaction charges related to the purchase, adjusted for reinvested distributions, return of capital and corporate reorganizations.

MONTHLY PORTFOLIO REVIEW

Period Ending | March 31, 2020

Portfolio(s) of | Manitoba Public Insurance

QV Investors

Hello,

Please find enclosed your portfolio(s) information for the month ending March 31, 2020. Included in this report is a Portfolio Appraisal, Transaction Summary and Performance Overview for each individual portfolio. Please note that this information is preliminary, but should there be any material revisions we will be sure to provide you with an update.

Please do not hesitate to contact us should you have any questions about the information provided.

Yours Sincerely,

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QV Investors

Portfolio Review for Manitoba Public Insurance Employee Future Benefits (EFB)

I22610-1

Quantity	Security	Local Unit Cost	Book Cost	Local Price	Market Value	% Assets	Dividend or Coupon	Annual Income	Yield
Cash and Equiv.									
	Cash Account - Canadian Dollar		4,768.41		4,768.41	0.1			
	Total Cash and Equiv.		**4,768.41**		**4,768.41**	**0.1**			**0.0**
Equity									
POOLED FUNDS (CAD)									
Pooled Fund Canadian Equity									
373,772.010	QV CANADIAN SMALL CAP FUND CL F	26.3443	9,846,749.70	19.4303	7,262,502.29	99.9	0.85	317,371.35	4.4
			9,846,749.70		**7,262,502.29**	**99.9**		**317,371.35**	**4.4**
373,772.01	**Total POOLED FUNDS (CAD)**		**9,846,749.70**		**7,262,502.29**	**99.9**		**317,371.35**	**4.4**
	Total Equity		**9,846,749.70**		**7,262,502.29**	**99.9**		**317,371.35**	**4.4**
Total Portfolio			**9,851,518.11**		**7,267,270.70**	**100.0**		**317,371.35**	**4.4**

'Book cost' means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations. The QV pooled fund investments in the account are registered in the name of RT Pooled Fund Group on your behalf. The investments in the QV Pooled Funds are held in custody accounts at RBC Investor and Treasury Services (RBCITS). Accounts held at RBCITS are not eligible for investor protection through the Canadian Investor Protection Fund (CIPF). For more information about how your assets are protected in the event of an insolvency, please refer to the disclosures section at the back of this report.

Portfolio Transactions – Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost	Comments
Canadian Dollar						
3/31/2020	3/31/2020	4,028.336	QV CANADIAN SMALL CAP FUND CL F	19.43	78,271.78	REINVESTMENT INCOME DISTRIBUTION
Total Canadian Dollar					**78,271.78**	

Portfolio Transactions – Dividends

Ex-Date	Pay-Date	Security	Amount	Comments
Canadian Dollar				
3/31/2020	3/31/2020	QV CANADIAN SMALL CAP FUND CL F	78,271.78	INCOME DISTRIBUTION
Total Canadian Dollar			**78,271.78**	

All transactions are reported in Local Currency

QV Investors

Portfolio Review for Manitoba Public Insurance Employee Future Benefits (EFB)

I22610-1

	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 31May05 (%)
Cash and Equiv.	0.00	0.00	0.00	0.19	1.64
Equity	-24.61	-28.48	-28.48	-23.55	8.18
Cdn Equity	-24.61	-28.48	-28.48	-23.55	8.18
Cdn Equity Pooled Fund Units	-24.61	-28.48	-28.48	-23.55	-1.78
Total	-24.60	-28.47	-28.47	-23.54	7.47

Index Name	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 31May05 (%)
BMO Small Cap Blended (Unwtd) TR Index	-28.87	-38.21	-38.21	-37.24	-0.11

Performance is calculated using the daily valuation return formula, including realized and unrealized gains and losses, plus income, and applied by our Client Accounting System - Advent Portfolio Exchange. Prior to 2015, QV employed the Modified Dietz time-weighted rate of return formula, identifying significant cash flows at the asset class and total portfolio levels only and revaluing for contributions/withdrawals that exceeded 10% of the market value. Returns for portfolios which include segregated and/or F-class pooled fund securities are shown gross of management fees. Returns for portfolios which include fee-paying pooled fund units are shown net of management fees. Portfolios which include both segregated and/or F-class pooled fund and fee-paying pooled fund units reflect a blended return both gross and net of fees. Performance beyond 1 year reflects annualized return figures.

QV Investors

Portfolio Review for Manitoba Public Insurance Extension (EXT)

I22610-2

Quantity	Security	Local Unit Cost	Book Cost	Local Price	Market Value	% Assets	Dividend or Coupon	Annual Income	Yield
Cash and Equiv.									
	Cash Account - Canadian Dollar		1,773.39		1,773.39	0.1			
	Total Cash and Equiv.		**1,773.39**		**1,773.39**	**0.1**			**0.0**
Equity									
POOLED FUNDS (CAD)									
Pooled Fund Canadian Equity									
139,007.681	QV CANADIAN SMALL CAP FUND CL F	26.3443	3,662,055.48	19.4303	2,700,960.94	99.9	0.85	118,031.99	4.4
			3,662,055.48		**2,700,960.94**	**99.9**		**118,031.99**	**4.4**
139,007.68	**Total POOLED FUNDS (CAD)**		**3,662,055.48**		**2,700,960.94**	**99.9**		**118,031.99**	**4.4**
	Total Equity		**3,662,055.48**		**2,700,960.94**	**99.9**		**118,031.99**	**4.4**
Total Portfolio			**3,663,828.87**		**2,702,734.33**	**100.0**		**118,031.99**	**4.4**

'Book cost' means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations. The QV pooled fund investments in the account are registered in the name of RT Pooled Fund Group on your behalf. The investments in the QV Pooled Funds are held in custody accounts at RBC Investor and Treasury Services (RBCITS). Accounts held at RBCITS are not eligible for investor protection through the Canadian Investor Protection Fund (CIPF). For more information about how your assets are protected in the event of an insolvency, please refer to the disclosures section at the back of this report.

QV Investors

Portfolio Review for Manitoba Public Insurance Extension (EXT)

I22610-2

Portfolio Transactions – Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost	Comments
Canadian Dollar						
3/31/2020	3/31/2020	1,498.159	QV CANADIAN SMALL CAP FUND CL F	19.43	29,109.67	REINVESTMENT INCOME DISTRIBUTION
Total Canadian Dollar					29,109.67	

Portfolio Transactions – Dividends

Ex-Date	Pay-Date	Security	Amount	Comments
Canadian Dollar				
3/31/2020	3/31/2020	QV CANADIAN SMALL CAP FUND CL F	29,109.67	INCOME DISTRIBUTION
Total Canadian Dollar			29,109.67	

All transactions are reported in Local Currency

QV Investors

Portfolio Review for Manitoba Public Insurance Extension (EXT)

I22610-2

	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 28Feb19 (%)
Equity	-24.61	-28.48	-28.48	-23.55	-22.61
Cdn Equity	-24.61	-28.48	-28.48	-23.55	-22.61
Cdn Equity Pooled Fund Units	-24.61	-28.48	-28.48	-23.55	-22.61
Total	-24.60	-28.47	-28.47	-23.54	-22.60

Index Name	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 28Feb19 (%)
BMO Small Cap Blended (Unwtd) TR Index	-28.87	-38.21	-38.21	-37.24	-35.49

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QV Investors

Portfolio Review for Manitoba Public Insurance Special Risk Extension (SRE)

I22610-3

Quantity	Security	Local Unit Cost	Book Cost	Local Price	Market Value	% Assets	Dividend or Coupon	Annual Income	Yield
Cash and Equiv.									
	Cash Account - Canadian Dollar		2,378.18		2,378.18	0.1			
	Total Cash and Equiv.		**2,378.18**		**2,378.18**	**0.1**			**0.0**
Equity									
POOLED FUNDS (CAD)									
Pooled Fund Canadian Equity									
186,413.832	QV CANADIAN SMALL CAP FUND CL F	26.3443	4,910,935.80	19.4303	3,622,076.68	99.9	0.85	158,284.75	4.4
			4,910,935.80		**3,622,076.68**	**99.9**		**158,284.75**	**4.4**
186,413.83	**Total POOLED FUNDS (CAD)**		**4,910,935.80**		**3,622,076.68**	**99.9**		**158,284.75**	**4.4**
	Total Equity		**4,910,935.80**		**3,622,076.68**	**99.9**		**158,284.75**	**4.4**
Total Portfolio			**4,913,313.98**		**3,624,454.86**	**100.0**		**158,284.75**	**4.4**

'Book cost' means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations. The QV pooled fund investments in the account are registered in the name of RT Pooled Fund Group on your behalf. The investments in the QV Pooled Funds are held in custody accounts at RBC Investor and Treasury Services (RBCITS). Accounts held at RBCITS are not eligible for investor protection through the Canadian Investor Protection Fund (CIPF). For more information about how your assets are protected in the event of an insolvency, please refer to the disclosures section at the back of this report.

Portfolio Transactions – Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost	Comments
Canadian Dollar						
3/31/2020	3/31/2020	2,009.079	QV CANADIAN SMALL CAP FUND CL F	19.43	39,037.01	REINVESTMENT INCOME DISTRIBUTION
Total Canadian Dollar					39,037.01	

Portfolio Transactions – Dividends

Ex-Date	Pay-Date	Security	Amount	Comments
Canadian Dollar				
3/31/2020	3/31/2020	QV CANADIAN SMALL CAP FUND CL F	39,037.01	INCOME DISTRIBUTION
Total Canadian Dollar			39,037.01	

All transactions are reported in Local Currency

QV Investors

Portfolio Review for Manitoba Public Insurance Special Risk Extension (SRE)

I22610-3

	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 28Feb19 (%)
Equity	-24.61	-28.48	-28.48	-23.55	-22.61
Cdn Equity	-24.61	-28.48	-28.48	-23.55	-22.61
Cdn Equity Pooled Fund Units	-24.61	-28.48	-28.48	-23.55	-22.61
Total	-24.60	-28.47	-28.47	-23.54	-22.60

Index Name	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 28Feb19 (%)
BMO Small Cap Blended (Unwtd) TR Index	-28.87	-38.21	-38.21	-37.24	-35.49

Performance is calculated using the daily valuation return formula, including realized and unrealized gains and losses, plus income, and applied by our Client Accounting System - Advent Portfolio Exchange. Prior to 2015, QV employed the Modified Dietz time-weighted rate of return formula, identifying significant cash flows at the asset class and total portfolio levels only and revaluing for contributions/withdrawals that exceeded 10% of the market value. Returns for portfolios which include segregated and/or F-class pooled fund securities are shown gross of management fees. Returns for portfolios which include fee-paying pooled fund units are shown net of management fees. Portfolios which include both segregated and/or F-class pooled fund and fee-paying pooled fund units reflect a blended return both gross and net of fees. Performance beyond 1 year reflects annualized return figures.

QV Investors

Portfolio Review for Manitoba Public Insurance Rate Stabilization Reserve (RSR)

I22610-4

Quantity	Security	Local Unit Cost	Book Cost	Local Price	Market Value	% Assets	Dividend or Coupon	Annual Income	Yield
Cash and Equiv.									
	Cash Account - Canadian Dollar		3,127.53		3,127.53	0.1			
	Total Cash and Equiv.		**3,127.53**		**3,127.53**	**0.1**			**0.0**
Equity									
POOLED FUNDS (CAD)									
Pooled Fund Canadian Equity									
245,152.133	QV CANADIAN SMALL CAP FUND CL F	26.3443	6,458,353.28	19.4303	4,763,379.49	99.9	0.85	208,159.68	4.4
			6,458,353.28		**4,763,379.49**	**99.9**		**208,159.68**	**4.4**
245,152.13	**Total POOLED FUNDS (CAD)**		**6,458,353.28**		**4,763,379.49**	**99.9**		**208,159.68**	**4.4**
	Total Equity		**6,458,353.28**		**4,763,379.49**	**99.9**		**208,159.68**	**4.4**
Total Portfolio			**6,461,480.81**		**4,766,507.02**	**100.0**		**208,159.68**	**4.4**

'Book cost' means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations. The QV pooled fund investments in the account are registered in the name of RT Pooled Fund Group on your behalf. The investments in the QV Pooled Funds are held in custody accounts at RBC Investor and Treasury Services (RBCITS). Accounts held at RBCITS are not eligible for investor protection through the Canadian Investor Protection Fund (CIPF). For more information about how your assets are protected in the event of an insolvency, please refer to the disclosures section at the back of this report.

Portfolio Transactions – Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost	Comments
Canadian Dollar						
3/31/2020	3/31/2020	2,642.133	QV CANADIAN SMALL CAP FUND CL F	19.43	51,337.43	REINVESTMENT INCOME DISTRIBUTION
Total Canadian Dollar					51,337.43	

Portfolio Transactions – Dividends

Ex-Date	Pay-Date	Security	Amount	Comments
Canadian Dollar				
3/31/2020	3/31/2020	QV CANADIAN SMALL CAP FUND CL F	51,337.43	INCOME DISTRIBUTION
Total Canadian Dollar			51,337.43	

All transactions are reported in Local Currency

QV Investors

Portfolio Review for Manitoba Public Insurance Rate Stabilization Reserve (RSR)

I22610-4

	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 28Feb19 (%)
Equity	-24.61	-28.48	-28.48	-23.55	-22.61
Cdn Equity	-24.61	-28.48	-28.48	-23.55	-22.61
Cdn Equity Pooled Fund Units	-24.61	-28.48	-28.48	-23.55	-22.61
Total	-24.60	-28.47	-28.47	-23.54	-22.60

Index Name	1 Month (%)	3 Month (%)	Year To Date (%)	1 Year (%)	Since 28Feb19 (%)
BMO Small Cap Blended (Unwtd) TR Index	-28.87	-38.21	-38.21	-37.24	-35.49

Performance is calculated using the daily valuation return formula, including realized and unrealized gains and losses, plus income, and applied by our Client Accounting System - Advent Portfolio Exchange. Prior to 2015, QV employed the Modified Dietz time-weighted rate of return formula, identifying significant cash flows at the asset class and total portfolio levels only and revaluing for contributions/withdrawals that exceeded 10% of the market value. Returns for portfolios which include segregated and/or F-class pooled fund securities are shown gross of management fees. Returns for portfolios which include fee-paying pooled fund units are shown net of management fees. Portfolios which include both segregated and/or F-class pooled fund and fee-paying pooled fund units reflect a blended return both gross and net of fees. Performance beyond 1 year reflects annualized return figures.

Benchmark Disclosures

QV Investors will compare the performance of our Funds and strategies to different market indices. The market indices reflect the strategy and security universe of the comparative portfolio. The following market indices are used as benchmarks for the QV Pooled Funds and Strategies:

S&P/TSX Index- Toronto Stock Exchange Total Return Index. – Canadian large cap equity strategies.

BMO SCUI – BMO Small Cap Blended Unweighted Total Return Index. – Canadian small and mid-cap equity strategies

MSCI World TR Net ($C) – Morgan Stanley Total Return World Index, net of foreign withholding tax, in Canadian Dollars. – Global equity strategies, valued in Canadian dollars.

S&P 500 Index ($C) – Standard & Poor's Total Return US top 500 companies Index in Canadian Dollars. – US large cap equity only strategies, valued in Canadian dollars.

FTSE Canada Short Bond Index (Formerly DEX Canada Short Bond Index) – QV Canadian Income Fund and short duration bond strategies.

FTSE Canada Universe Bond Index (formerly DEX Canada Universe Bond Index) – QV Bond Fund, and bond strategies, without duration limits.

Custom Benchmarks

QV uses custom benchmarks to compare performance results of portfolios invested in different asset classes and strategies. The custom benchmarks are a combination of the market indices detailed previously, and reflect the asset mix ranges of the client's investment policy. QV Investors commonly uses the following custom benchmarks for multi-strategy portfolios:

Balanced Net Composite Index – Portfolios following a balanced strategy, with a global equity allocation of less than 20% of the total portfolio.

Canadian Balanced Composite Index – Portfolios following a Canadian balanced strategy with no allocation to global equities. This is the main benchmark for the QV Canadian Balanced Fund.

Global Balanced Net Composite Index – Portfolios following a balanced strategy with a global equity allocation greater than 20%.

Income Balanced Composite Index – Portfolios following a balanced strategy, with an equity allocation lower than 30%.

QV may also create a custom benchmark for a portfolio that combines different market or custom indices in order to properly reflect the investment strategy of a portfolio. We may also provide additional market indices as comparisons to provide you an indication of how a broad market segment, such as the Canadian stock exchange, is performing. QV makes every effort to apply a market index or custom benchmark that is reflective of your portfolio. QV reviews benchmarks quarterly and a change in a portfolio strategy may result in a change to the portfolio performance benchmark.

The components of the custom benchmarks are referenced below the portfolio performance history table, contained in the portfolio review section of this report.

How to use Benchmark information

Benchmarks serve as a guide for a client to gauge the performance of their managed portfolio against a universe of stocks or bonds that have a similar composition. Comparing your results against a market benchmark gives you an indication of how your portfolio is performing. It is a measure in which you can assess the performance of QV Investors as your manager. Comparing different market indices, such as the FTSE Universe Bond Index and the S&P/TSX Index is a good indication of how different market segments are performing.

A disclosure specific to the impact of fees on the return of the client portfolio is included in our reporting. Clients should note that benchmarks do not factor in fees and this should be taken into account in the comparison of results.

Investor Protection

In the event that the custodian who holds your assets becomes insolvent, your assets will be protected in the following manner:

Trust Company: A Trust company is governed by the Trust and Loan Companies Act (Canada)(TLCA). Pursuant to section 422 of the TLCA, the Trust company is required to segregate its own assets from those held by its clients.

The custodian for the QV Pooled Funds is the Trust company, RBC Investor and Treasury Services (RBCITS). In the event of an insolvency at RBCITS, under the TLCA, a liquidator would be appointed by a court of competent jurisdiction. Under section 358 of the TLCA, the liquidator would make arrangements as are necessary to transfer client securities held by RBCITS to another trust company. Therefore, in the unlikely event of an insolvency of RBC Investor Services, securities RBCITS holds in custody for the client will therefore not form part of the estate of the trust company to satisfy the insolvent company's creditors.

Investment Dealer: An investment dealer, who is a member of Investment Industry Regulatory Organization of Canada (IIROC), will also be a member of the Canadian Investor Protection Fund (CIPF). Client account assets are protected, within defined limits, if an IIROC investment dealer becomes insolvent. For more details on investor protections provided by the CIPF, please visit their website at www.cipf.ca.

QV Investors: In the event that QV Investors Inc. ceases operations, we may appoint another Investment Manager of the QV Pooled Funds, subject to Unitholder approval. In the case of an insolvency, or lack of unitholder approval for an investment management change, the Trust agreement between RBCITS and QV Investors will terminate.

RBCITS, as Trustee of the QV Pooled Funds, will distribute all the Fund property, net of any liabilities, to registered Unitholders as of the Fund Termination date, based on his or her proportionate share of the value of that Fund in accordance with the number of units which he or she holds.

For clients who hold segregated accounts, the client will resume trading authority over their accounts at the respective custodians in the event QV Investors ceases operations, or becomes insolvent.

PUB (MPI) 2-22

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

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	**Bodily Injury**			
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	**Bodily Injury Net Claims Incurred**	**195,978**	**90,463**	**(105,515)**
8	**Physical Damage**			
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	**Physical Damage Net Claims Incurred**	127,667	182,428	54,761
14	**Basic Net Claims Incurred**	**323,645**	**272,891**	**(50,754)**
15	**# of Covers Active Business**	**Actual**	**Budget**	**Better/(Worse)**
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	**Total**	**76,133**	**109,485**	**33,352**

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) Incurred	Collision (Repair) Claim Counts	Collision (Total Loss) Incurred	Collision (Total Loss) Claim Counts	Collision (Total) Incurred	Collision (Total) 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.

PUB (MPI) 2-23

Part and Chapter:	**PUB (MPI) 1-51** **PUB (MPI) 1-50(d)** **Part IV- VM 14**	**Page No.:**	**1**
PUB Approved Issue No:	**9. Cost of operations and cost containment measures**		
Topic:	**Physical Damage Re-engineering**		
Sub Topic:	**NPV Analysis**		

Preamble to IR:

MPI has provided revised NPV analysis indicating a change from 120,662 to ($2,257,026) in 2020/21 resulting a difference of ($2,377,876). It is not clear which original and revised Project net ongoing costs and benefits support this change.

Question:

a) Please provide details of the net ongoing costs/benefits from the 2020 and 2021 GRA contributing to the resulting differences for the years 2019/20 to 2025/26.

b) Please illustrate how the foregone reduction in 14.58 FTE staff savings from the decision to not increase EAL levels is reflected in (a).

Rationale for Question:

To understand underlying cost / benefit drivers attributing to the PDR NPV difference.

RESPONSE:

a) *PUB (MPI) 1-51 Appendix 1, Changes in NPV 2021 GRA vs. 2020 GRA* describes the source of the differences in the section entitled: "**Details of the (Reduction)/Increase in Project Net Ongoing Benefits**", located at the bottom of the Appendix. In summary, the $2,377,688 difference in the Net Present Value for the Project in 2020/21 results from:

i. Parts Savings - $1,267,000

ii. Direct Repair–Internal Efficiencies & Claims Audit Recoveries - $854,438

iii. Predictive Analytics - $256,250

Please also see the response to information request *PUB (MPI) CI 2-8* for additional details.

b) The Direct Repair-Internal Efficiencies & Claims Audit Recoveries category reflects the financial impact of reduced full-time equivalent (FTE) savings from the original forecasted benefits. In 2020/21, $804,438 of the $854,438 reduced benefits stem from the decision to not increase Earned Approval Limits (EAL) levels and therefore not to further reduce FTE counts. The remaining $50,000 in reduced benefits is attributable to lower than anticipated Claims Audit Recoveries.

PUB (MPI) 2-24

Part and Chapter:	PUB (MPI) 1-52 PUB (MPI) 1-27(a) Part V- Expenses; Appendix 7	Page No.:	1
PUB Approved Issue No:	9. Cost of operations and cost containment measures		
Topic:	ICAM		
Sub Topic:			

Preamble to IR:

MPI CERP changes results in a shifting of claims costs to Extension per PUB (MPI) 1-27(a). It is not apparent from the comparative analysis that there is a change in the sharing of costs.

Question:

a) Please recast the Schedule to 1 decimal place and indicate the extent to which the differences relate to CERP.

b) Please explain why the relative percentage of Corporate expenses appears to decline for administrative expenses in 2021/22 and 2022/23.

c) Please explain why claims expenses share remains unchanged after the CERP.

Rationale for Question:

To understand the reasonableness of the Extension forecast.

RESPONSE:

a) Please see *Figure 1* below.

Figure 1 Summary of Comparative Expenses

Line	EXTENSION % of CORPORATE	2019/20A		2020/21FB		2021/22F		2022/23F		2023/24F		2024/25F	
No.	Expense Caterory	2020 GRA	2021 GRA	2020 GRA	2021 GRA	2020 GRA	2021 GRA	2020 GRA	2021 GRA	2020 GRA	2021 GRA	2020 GRA	2021 GRA
1	Compensation Expenses	6.4%	6.5%	6.1%	6.0%	6.1%	5.9%	5.8%	6.0%	5.8%	6.5%	0.0%	6.7%
2	Administrative Expenses	8.7%	8.8%	8.8%	8.1%	8.8%	8.2%	8.6%	8.4%	8.5%	8.7%	0.0%	8.8%
3	Amortization/Depreciation Expenses	6.8%	6.9%	6.4%	6.5%	6.2%	6.4%	6.0%	6.6%	6.3%	5.9%	0.0%	5.9%
4	**Total**	**7.2%**	**7.3%**	**7.0%**	**6.7%**	**6.9%**	**6.8%**	**6.7%**	**6.9%**	**6.7%**	**7.3%**	**n/a**	**7.5%**
5	Normal Operations Expenses	7.2%	7.4%	7.0%	6.7%	6.9%	6.8%	6.8%	6.9%	6.7%	7.4%	0.0%	7.6%
6	Initiative - Implementation Expenses	4.9%	4.8%	5.0%	5.4%	3.9%	5.3%	4.1%	6.4%	5.3%	5.6%	0.0%	5.7%
7	Initiative - Ongoing Expenses	-	-	7.0%	-	6.5%	6.9%	6.4%	6.6%	6.5%	5.8%	0.0%	5.7%
8	**Total**	**7.2%**	**7.3%**	**7.0%**	**6.7%**	**6.9%**	**6.8%**	**6.7%**	**6.9%**	**6.7%**	**7.3%**	**n/a**	**7.5%**
9	Claims	7.3%	7.4%	7.0%	7.2%	6.9%	7.1%	6.7%	7.2%	6.6%	7.8%	0.0%	8.0%
10	Operating	7.3%	7.4%	7.2%	6.3%	7.2%	6.5%	7.1%	6.7%	7.0%	6.8%	0.0%	7.0%
11	Road Safety	7.3%	7.4%	6.9%	7.1%	6.8%	7.1%	6.5%	7.2%	6.5%	7.8%	0.0%	8.0%
12	Regulatory Appeal	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.4%	0.3%	0.0%	0.4%
13	**Total**	**7.2%**	**7.3%**	**7.0%**	**6.7%**	**6.9%**	**6.8%**	**6.7%**	**6.9%**	**6.7%**	**7.3%**	**n/a**	**7.5%**

b) In 2021/22 and 2022/23, the percentage of administrative expenses declines for Extension and increases for corporate primarily due to a slightly larger allocation of DVA related initiatives and subsequently lower allocation of extension related initiative expenses in the 2021 GRA versus the 2020 GRA. Also contributing to this decrease in a lower administrative expense allocation is the allocation of merchant fee expenses. There is a slightly lower allocation of merchant fee expenses in the 2021 GRA versus the 2020 GRA.

c) The PUB-approved cost allocation methodology relies on a four-year rolling average to establish the claims incurred allocator. Therefore, the full expense effects of the product changes, will not be fully realized for about four years. As can be seen from the schedule in part a) of this question, Extension share of expenses will be increased, with an offsetting decrease occurring in Basic.

PUB (MPI) 2-25

Part and Chapter:	**PUB (MPI) 1-54(b)** **PUB (MPI) 1-55(d)** **Part V- Expenses, Appendix 11**	**Page No.:**	**1**
PUB Approved Issue No:	**9. Cost of operations and cost containment and deductibles enacted on May 7, 2020**		
Topic:	**Corporate Normal Operating Expense**		
Sub Topic:	**Compensation Expense**		

Preamble to IR:

MPI has indicated that it budgets for a vacancy allowance of about 80 FTE. MPI currently has 128.13 FTE vacant positions.

Question:

Please provide a revised Corporate Salary Analysis (Figure EXP App 12-1 and Figure EXP-11 Normal Operations) based on a vacancy allowance of 100 FTE and the current 128 FTE for 2020/21 and 2021/22. Please use the average cost per vacant positions used in the vacancy allowance determination of PUB (MPI) 1-55(d).

Rationale for Question:

To assess reasonableness of compensation expense.

RESPONSE:

Expenses Appendix 11 outlines the budgeted corporate staffing levels by category. As MPI does not know which type of position will be vacant, *Appendix 11* does not include a full-time equivalent (FTE) vacancy provision (or allowance). Assuming a 2020/21 vacancy provision of 100 FTE, the overall staffing level decreases from 1,953.54 to 1,853.54 FTEs.

Noting *Expenses Figures EXP-11* and *Exp App 12-1*, MPI calculates the dollar vacancy provision on an average dollar basis. It then calculates total compensation with the dollar vacancy provision, resulting in a reduction of the total salary expense. Increasing the vacancy allowance simply reduces corporate compensation expense estimates for the indicated years.

Please see *Figure 1* below comparing the budgeted vacancy provision of 78 FTE to an estimated vacancy provision of 100 FTE, as well as to an estimated vacancy provision of 128 FTE. The figure shows that corporate compensation expense decreases by approximately $1.8 million, using a vacancy provision of 100 FTE, and by approximately $4.0 million, using a vacancy provision of 128 FTE.

Figure 1 Estimated Vacancy Provision - Comparative

Line No.	Fiscal Year	Budgeted Vacancy Amount	Related FTE Estimate	Estimated Vacancy Amount	FTE Estimate @ 100	Change vs. Budget	Estimated Vacancy Amount	FTE Estimate @ 128	Change vs. Budget
1		*($000,00)*		*($000,00)*			*($000,00)*		*($000,00)*
2	**2020/21**	6,210	78.00	7,962	100.00	1,752	10,191	128.00	3,981
3	**2021/22**	6,210	78.00	7,962	100.00	1,752	10,191	128.00	3,981

PUB (MPI) 2-26

Part and Chapter:	**PUB (MPI) 1-56** **Part V- Expenses; EXP.6 Commissions, Figure EXP-43**	**Page No.:**	**59**
PUB Approved Issue No:	**9. Cost of operations and cost containment measures**		
Topic:	**Broker Commissions**		
Sub Topic:			

Preamble to IR:

Question:

a) What factors are behind the increase in commissions on an overall basis?

b) Please explain the extent the forecast increase in commissions for Extension relates the CERP.

Rationale for Question:

To assess the reasonableness of Basic and Extension forecasts.

RESPONSE:

a) The main factor behind the overall increase in commissions is the increase in premiums written. As those increase (due to factors such as volume, upgrade, and rate) so to do the commissions written. Flat fee increases, primarily the result of expected CPI and volume increases, also contribute to this overall increase.

b) As indicated in *PUB (MPI) 1-5*, the Extension premium forecast increased by 17.0% as a result of CERP. While the result means an approximate $5 to $6 million increase in commissions written, MPI will not pass this increase along to the consumer. As the impact of CERP is rate neutral, MPI will reduce Extension profits to offset any rating impacts to ensure rate neutrality.

PUB (MPI) 2-27

Part and Chapter:	**PUB (MPI) 1-57** **Part V- Expenses; EXP Appendix 3**	**Page No.:**	**4**
PUB Approved Issue No:	**9. Cost of operations and cost containment measures**		
Topic:	**Regulatory/Appeal Expenses**		
Sub Topic:			

Preamble to IR:

In the 2020 GRA, MPI had forecast PUB Regulatory expenses increasing from $1.587 million in 2018/19 to a forecast of $1.957 million in 2019/20. Actual 2019/20 expense was $1.597 million. MPI is now forecasting the cost to increase to $1.805 million 2020/21, increasing from that level in subsequent years.

Question:

a) Please indicate the reason for the forecast increase in PUB regulatory costs for the Application and outlook period.

b) Please indicate what change was made in the assumption that forecast reductions from the 2020 GRA in the outlook period.

Rationale for Question:

To assess the reasonableness of Basic and Extension forecasts.

RESPONSE:

a) Budgets and forecasts related to the costs of the PUB regulatory process include a variety of expected expenses, including for PUB Counsel and PUB Advisors, costs awarded to intervenors, and expenses incurred directly by MPI. MPI reviews these costs annually and then updates its budgets and forecasts accordingly. As a result of its annual review, MPI increased the forecast for PUB regulatory costs, particularly its PUB Counsel and Advisors' budget, for the Application and outlook period (i.e. 2020/21 and through the forecast years) by approximately $225 thousand.

b) As indicated in part (a), because MPI reviews and updates its budgets for PUB Counsel and Advisors, intervenor cost awards and MPI-incurred expenses annually, the nominal budget/forecast may change from year to year. There are not the same anticipated costs this year for Intervenors and no consultants and expert witnesss fees as in past years for PDR (Gartner) and ALM Study (Mercer).

PUB (MPI) 2-28

Part and Chapter:	PUB (MPI) 1-58 PUB (MPI) 1-68 (2020 GRA)	Page No.:	20
PUB Approved Issue No:	9. Cost of operations and cost containment measures		
Topic:	Administrative and Investment Capital Spending		
Sub Topic:			

Preamble to IR:

Question:

a) Please refile Figure 1 including the actual 2019/20 capital spending. Please explain the increase in forecast building expense in 2020/21.

b) Please explain the spending forecast for furniture and equipment for 2020/21.

Rationale for Question:

To review and understand administrative and investment capital forecast spending.

RESPONSE:

a) Please see Figure 1 below:

Figure 1 2019/20 Administrative and Investment Capital – Total Corporate

Line No.		2019/20A	2019/20B	2020/21B
1	*(C$000s, except where noted)*			
2	Land and Buildings[1]	751	6,962	9,042
3	Automobiles	212	365	435
4	Furniture and Equipment[2]	760	2,772	3,143
5	Investment Capital[3]	168	2,913	1,200
6	**Total**	**1,891**	**13,012**	**13,820**
7	Note 1: Land and Buildings			
8	Building	381	5,972	7,653
9	Building components (HVAC & Roofing)	370	830	584
10	Land Improvements	-	160	805
11	**Total**	**751**	**6,962**	**9,042**
12	Note 2: Furniture and Equipment			
13	Data Processing	231	2,353	547
14	Equipment	524	333	1,596
15	Systems Furniture	5	86	1,000
16	**Total**	**760**	**2,772**	**3,143**
17	Note 3: Investment Capital			
18	Cityplace projects	168	2,913	1,200

The increase in building forecast in 2020/21 is mostly attributed to the Cityplace Space Plan project of $5,553k. Other major Cityplace projects include other building upgrades, roofing and HVAC.

b) Due to the pandemic, the Equipment and Systems Furniture spending have been deferred to the following year. The Systems Furniture and Demountable Walls Equipment for the Cityplace Space Plan project have been reforecasted to zero. The CCTV equipment for various building locations has also been reforecasted to zero.

PUB (MPI) 2-29

Part and Chapter:	**PUB (MPI) 1-71 (b)** **Part V EXP Appendix 16 EXP App 16-1**	**Page No.:**	**1**
PUB Approved Issue No:	**10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years**		
Topic:	**Capital Expenditures**		
Sub Topic:	**Impairments**		

Preamble to IR:

MPI has indicated the impairments related to Technology Risk Management – 2018 ($832,000) was determined based on specific project/outcomes which did not meet the amortization of intangible asset policy requirements.

MPI has indicated the Credit Card Strategy impairment ($548,000) was due to work that was completed but not implemented.

Question:

a) Please elaborate on the specific project/outcomes related to Technology Risk Management – 2018 which did not meet the amortization of intangible asset policy requirements and provide a table noting the costs of each outcome(s) attributing to the overall impairment.

b) Please elaborate on the aspect(s) of the Credit Card Strategy that were completed but not implemented, and the alternative solution. Please provide a table of each cost(s) attributing to the overall impairment.

Rationale for Question:

To understand the driving cost factors attributed to noted impairments.

RESPONSE:

a) See *Figure 1* below.

Figure 1 2019/20 Deferred Costs Transferred to Expense (Basic)

Line No.	Impaired TRM Projects	Transferred costs	
1	**TRM2018-Info Update**	$	214,833
2	**TRM2018-VIP Upgrade**	$	61,564
3	**TRM2018-Loss of Use**	$	118,361
4	**TRM2018-CDW-EDW Migration**	$	41,270
5	**TRM2018-Team Foundation Servers**	$	40,132
6	**TRM2018-Data Loss Prevention**	$	-
7	**TRM2018-Workstation Security Enhancement**	$	356,225
8	**TRM2018 Total**	$	832,385

As MPI identified them as independent assets, all impaired 2018 Technology Risk Management projects did not meet the $500,000 minimum cost threshold.

b) The Credit Card Strategy impairment of $548,000 represents a portion of costs from one sub-project. It represents external labour and compensation costs for completed work that failed to materialize into a viable solution.

PUB (MPI) 2-30

Part and Chapter:	**Part IV VM Appendix 1** **PUB (MPI) 1-73**	**Page No.:**	**8**
PUB Approved Issue No:	**10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years**		
Topic:	**Capital Projects**		
Sub Topic:	**Project Nova**		

Preamble to IR:

Question:

a) Please update Figure 1 with an additional column indicating the extent to which the variances will be applied against the contingency reserve, or are reflective of an addition to the cost of the project.

b) What criteria will the Corporation use to determine which costs will be applied against the existing reserve? Please illustrate how these criteria were used to apply $1.3 million against this reserve in 2020.

Rationale for Question:

To assess reasonableness of Project Nova spending.

RESPONSE:

a) As requested, *Figure* 1 below depicts Figure 1 from *PUB (MPI) 1-73*, with an additional column to indicate the variance handling method.

Figure 1 Original Business Case Changes & Variance Handling Method

Line No.	One-Time Modernization Cost	Original Estimated Cost ($M)	Revised Estimated Cost ($M)	Variance	Variance Handling Method
1	**Program Governance Vendor**	1.2	2.5	1.3	Contigency allocation
2	**Insurance & Claims (Personal, Extension and SRE) software licensing**	0.6	12.6	12	Addition to Project Costs
3	**Leadership & Incremental Resources**	-	9.3	9.3	Addition to Project Costs
4	**Total**	**1.8**	**24.4**	**22.6**	

b) The Program Governance Vendor was the first request for proposals (RFP) awarded under Project Nova. Considering that this occurred in the early stages of Project Nova, Management recommended to the Board of Directors that the Project Contingency be used to offset the incremental project costs associated with the Program Governance Vendor. As MPI identified the Property & Casualty Insurance software licensing RFP and other project costs gaps prior to the end of the planning phase of the Project, Management recommended to the Board of Directors that the Project Contingency not be used as doing so would consume the entire associated Project Contingency prior to the development and implementation phases of the Project. Instead, Management recommended that it update the Board of Directors with forecasted Project costs and the potential impact of same to the business case and associated Net Present Value.

As it anticipates conclusion of Project Nova RFPs by the end of October 2020, the Board of Directors approved the approach recommended by Management, on the understanding that it would receive a re-baseline of the Project costs supported by an updated business case and NPV analysis, for final approval in October 2020, prior to proceeding with the discovery and implementation phases of the Project. After October 2020, the CEO will have authority to approve Project cost variances for up to 20% of the Project Contingency during the course of the Project, while the Board of Directors will retain the authority to approve use of the remaining 80%.

PUB (MPI) 2-31

Part and Chapter:	**Part IV (ii) - VM Appendix 1** **PUB (MPI) 1-77**	**Page No.:**	**1**
PUB Approved Issue No:	**10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years**		
Topic:	**Value Management**		
Sub Topic:	**Close Out Reports**		

Preamble to IR:

Question:

Please file the close out report for Merged Infrastructure Risk Management, as requested in PUB (MPI) 1-77.

Rationale for Question:

To review completion of Value Management deliverables pertaining to project close outs and to close original request noted in PUB (MPI) 1-77.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

This question withdrawn by Public Utilities Board (PUB) counsel on August 26.

PUB (MPI) 2-32

Part and Chapter:	**Part IV (ii) - VM Appendix 1** **PUB (MPI) 1-77**	**Page No.:**	**1**
PUB Approved Issue No:	**10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years**		
Topic:	**Value Management**		
Sub Topic:	**Agile Delivery**		

Preamble to IR:

In response to PUB (MPI) 1-79, MPI noted Waterfall methodology for Salvage management was used because the project could begin without an impact on the Agile Transformation Roadmap.

Question:

a) Please file the Agile Transformation Roadmap.

b) Please file a table of 2019/20 IT initiatives and indicate whether Waterfall or Agile is currently in use, and for those initiatives continuing post 2019/20 using Waterfall, whether the initiatives will transition to Agile.

Rationale for Question:

To understand scope of Agile delivery for IT initiatives.

RESPONSE:

a) Here is the high level roadmap for our Agile SDLC Transformation:

Work Stream	3 Months	6 Months	9 Months⁺
Extending the Agile Foundation	• Establish 2 new Agile Teams (Finance & HR) • Agile Training (foundations, workshops, role-based) • Product Manager / Product Owner CoP • Scrum Master CoP • Business Owner / Product Manager for BI3, AOL, DVA, Public Web • Align OCM, KMS and Communications with Agile workflow	• Establish Delivery roadmaps by Program • Re-Align Scrum Master Position • Program Level KPIs • Align resource management with product teams rather than projects for Agile programs • Integrate Agile estimation and forecasting into Value Management workflow	• Align Portfolio Management for Agile workflow • Build traceability between corporate strategic goals and Agile SDLC metrics • Extend the Agile SDLC into the remaining application support teams
Nova	• Solution Governance • Agile Training (foundations, workshops, role-based)	• Establish new Agile teams for delivery	

b) The table below includes details related to 2019/20 initiatives and their mode of project delivery (Waterfall or Agile). The mode of delivery will generally remain the same until a project is fully executed (i.e. waterfall projects are not converted to an agile mode of delivery during the project life cycle).

Initiative (19/20)	**Agile or Waterfall**
BI3 / Fineos	Agile
AOL PUB Release	Agile
Compulsory Extension Revision project (CERP)	Agile
Technology Risk Management Program	Waterfall
Finance Re-engineering	Waterfall
Information Security Maturity (ISM)	Waterfall
Total Loss	Waterfall
Mandatory Entry Level Training (MELT)	Waterfall/Agile Hybrid
Credit Card Strategy	Waterfall
Salvage Management System	Waterfall
Bill 7 – Immediate Roadside Prohibitions	Waterfall
Traffic and Transport Modernization	Waterfall
Claims Dispute Tribunal (CDT)	Waterfall
MPI Fiscal Year-end (FYE) Change	Waterfall/Agile Hybrid
System change for Driver Testing Appointment Scheduling	Agile
ISO Report Distribution	Agile
Renewal Doc Redesign	Agile
2020 GRA	Agile
Credit Card Masking	Agile
Class 5 RT restriction for Wpg Customers	Agile
New Car Protection - New Comment	Agile
IRP Fee Schedule Changes 2019	Agile
Website Content Refresh	Agile
Website Navigation & Architecture	Agile
Website Rebrand	Agile

PUB (MPI) 2-33

Part and Chapter:	**PUB (MPI) 1-82** **Part IV (ii) - VM Appendix 1**	**Page No.:**	**1**
PUB Approved Issue No:	**10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years**		
Topic:	**Project Nova**		
Sub Topic:			

Preamble to IR:

MPI has indicated that the approach to Project Nova has significantly changed since the initial Legacy Systems Modernization (LSM) business case was prepared.

MPI reported that the Project Nova leadership team conducted research and gathered information from comparable companies that had recently completed an LSM initiative similar to Project Nova, and received insight from Gartner and industry analysts.

Question:

a) Please provide the information gathered from comparable companies, describe the organizations and the nature of the transformative efforts.

b) Please describe the customer input undertaken or envisioned and a summary of the results.

c) Please clarify how response filed in PUB (MPI) 1-82(a) answers the question of the factors leading to significantly changing the approach for Project Nova.

Rationale for Question:

To further understand answer to original question pertaining to factors leading to the change of approach for Project Nova.

RESPONSE:

a) In late 2019 and early 2020, the Project Nova leadership team met with representatives from the following organizations: Gartner (insurance industry expert and legacy modernization expert analysts), ICBC, Portage Mutual, Wawanesa Insurance, Red River Mutual, and Ontario Ministry of Transportation. The objective of these 1-2 hour meetings was to gather information pertaining to project approach/issues, approaches to business requirements and transformation, approaches to customer and stakeholder engagement. MPI also endeavoured to obtain advice regarding the lessons learned in their respective firm's legacy modernization of Property & Casualty Insurance or Driver & Vehicle Administration domains. MPI exchanged no formal documentation/intellectual property during these meetings. These meetings were brief but meaningful to MPI because they guided the approach MPI took to Project Nova without significantly burdening leaders in marketplace/industry.

b) In May 2020, MPI completed four focus group sessions with the objective of seeking customer input and feedback regarding its website functionality, usability, intuitiveness, searchability, and general feedback. The focus group highlighted opporunties to better organize the website[1] for high-volume customer needs as well as better search and organization topics that would facilitate a more responsive and intuitive user experience. Incrementally, in June 2020, a *Voice of the Customer ePanel* survey was conducted to better understand customer preference for online service and self-service options with MPI. The survey captured feedback from 1,056 customers who agreed to participate in ongoing surveying through the ePanel. These ePanelists represent a cross-section of the overall MPI customer population.

[1] mpi.mb.ca

Key Highlights

- Customers are well-versed in conducting household business online, including banking, shopping, and paying bills.

- Use of online options for completing household business is significantly higher among customers under age 40, and age 40 to 64, compared to those age 65 and older.After adjusting to COVID-19, there is a significant shift in preference for how to receive service from MPI. More than half of customers (52%) state a preference for online (23% preferred this option prior to COVID-19), one-third for in-person (32%; 61% prior to COVID-19), and 13% telephone (15% prior to COVID-19).

- Preference for online (going forward) is significantly higher among the younger demographic (63% among those under age 40; 54% among those age 40 to 64; 39% among those age 65 and older).Two-thirds of customers (67%) said they would be likely to create an online account; nearly all of those (63% overall) said they would be likely to use it for most of their MPI business.

    - The likelihood to create and use an online account is highest among the youngest age group. Eight in ten customers under age 40 would create an account (81%) and use it for most of their MPI business (78%). Two-thirds of customers age 40 to 64 would create (68%) and use (64%) an online account. Only half of customers age 65 and older would create (55%) and use (50%) an online account.

- Customers who would not create and use an online account cite a number of reasons, including:

    - The desire to complete insurance transactions in-person.
    - The desire to support their local Broker network.
    - A mistrust of anything online.
    - Concerns for the security of their personal and financial information.

  - A lack of desire to do these transactions on a self-serve basis.
  - Customers also express concern that it be easy to use and always work. This unknown factor is a concern since MPI does not currently offer online services, so customers cannot speak from a place of experience.

- At least half of customers say they are comfortable with conducting business with MPI online through a customer portal. In general, customers reported either equal or slightly stronger comfort levels than actual likelihood of completing the transaction. In every instance, customers under age 40 are significantly more likely than older customers (both groups aged 40 to 64 and 65 years or older) to say they are comfortable and likely to complete these transactions online.

- The top ranked transactions to bring online:
  - Renewing a driver's licence
  - Making an address change
  - Renewing insurance
  - Renewing vehicle registration
  - Filing a claim
  - Reviewing correspondence

As Project Nova progresses in the future, MPI intends to continue to engage with customers with respect to customer service delivery experience changes to ensure that customer needs and satisfaction levels will be met in a post Project Nova operational model.

c) The two primary differences in the approach to Project Nova are; the approach to analyzing current state documentation and day-to-day operations by applying LEAN Six Sigma methods and practices in this analysis/review as shared in *CAC (MPI) 2-22,* and the methods for engaging/confirming customer needs by directly engaging with customers as shared in (b) above. These changes in approach to

Project Nova were invoked under the Project Nova leadership of the Chief Transformation Officer and were deemed to be necessary changes to maximize on the outcomes of Project Nova as well as ensuring customer engagement was a focal point and integrated early and throughout the project lifecycle. Other contributing factors to the changes in approach were due to information learned and realized via the industry and legacy modernization research completed as stated in (a) above.

PUB (MPI) 2-34

Part and Chapter:	**PUB (MPI) 1-85** **Part IV (ii) – VM Appendix 1**	**Page No.:**	**13**
PUB Approved Issue No:	**10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years**		
Topic:	**Project Nova**		
Sub Topic:			

Preamble to IR:

Question:

a) Please file the evaluation framework used in all of the Project Nova RFPs issued.

b) If selections of vendors through the RFP processes have been completed, please provide the final evaluation and associated cost of each respondent, including the selected vendor and the rationale for selection.

c) Please provide a listing of the status of each of the RFPs.

Rationale for Question:

Value Management is expected to ensure gaps in budget are accounted for in advance of initiatives approval and commencement.

RESPONSE:

a) The following Request for Proposal (RFP) framework is the formal RFP process that MPI used for all Project Nova RFPs:

RFP Milestones	RFP#	RFP Title:		Complexity (Measured in Business Days)			VM Manager	VM RFP Lead	VM RFP Process Owner	VP/ ITBT Directors/ OBC/ Stakeholders	Legal	Purchasing	Project Team
Phase	Activity #	Description	Status	Low	Medium	High							
1 - Requirements	1.0	RFP Requirements Gathering and Development		3	7	14	C,I	A	I				R
	1.1	Engage Gartner and peers as required to finalize requirements		3	7	14	A	R	I				C, S
	2.0	RFP Initial Requirements Review and Feedback		1	2	3	A	R	I				C
	2.1	Reviewers: Project Team, Vendor Management, ITBT Senior Leadership team (Directors), Business Stake Holders...		0	0	0	A	R	I	R	I		S, I
	3.0	Review RFP document with Gartner and receive their feedback – if required for complex tenders.		5	5	5	A	R					C
	4.0	Integrate requirements feedback from the Initial Review process into RFP		1	1	2	C	R, A					I
	5.0	Finalize RFP Evaluation Criteria and Schedule of events		2	2	2	C	R, A	I				S
2 - Review and Approval	6.0	Define preferred vendor list based on Gartner feedback and market research		0	0	0	C	A	R				I
	7.0	Request RFP number from Purchasing (utilize RFP email template)		0	0	0	C	A	I		I	R	
	8.0	Complete Legal Review		2	3	4	C	A	I		R		
	9.0	Send final RFP document to key stakeholders (i.e. ITBT Director(s), OBC's, Stakeholders responsible for initiative) for final review and approval		2	2	3	A	S,C	S, I	R			I
3 - RFP Response Evaluations and Vendor Selection	10.0	Finalize RFP Evaluation Scoring Matrix for evaluation		0	0	0	C	I	R, A				S
	11.0	Release RFP to Vendors via Merx		3	3	3	A	R	I			R	I
	12.0	Time on Merx to receive RFP responses (including vendor questions and mpi response)		15	25	40	C	R	A			R	I
	13.0	Execute RFP Evaluation Scoring Matrix with all participants to determine successful vendor. This includes calibration of scores		5	10	20	C, S	R	A				I
	13.1	If required execute Demonstrations, POC and Reference Checks and update evaluation scoring matrix		5	10	15	C	A	R				S, I
	14.0	Create RFP recommendation presentation for ITBT Directors, OBC's and Executive team		1	1	1	A	S	R	I			I
	15.0	Receive approval to proceed with recommendation - RFP's over $750k ($500k if not lowest bidder) will require Board approval.		2	2	2	R, A	S	S, I	C			I
4 - Vendor Engagement and Contract Negotiations	16.0	Notify successful vendor		0	0	0	A	C	I			R	I
	17.0	Notify Legal to prepare for contract discussions		0	0	0	A	R	I		I		
	18.0	Start negotiations and creation of contract documents (MSA, MLA, SOW, PO..)		2	2	2	R, A	I,S	S		C,S		I
	19.0	Finalize negotiated contract reviews and approvals (Legal, ITBT Directors, Executive Team)		7	14	28	R, A	I,S	S		C,S		I
	20.0	Sign Contract and notify the project team		5	5	5	A	C	R		S	I	I
Total Duration				**64**	**101**	**163**							

For the evaluation of each Project Nova RFP, MPI adhered to the following evaluation framework and scoring criteria:

SCORING CRITERIA	
Weight (determined before RFP responses returned from vendors)	
Scale of 1 to 5	
5	Mandatory
3	Required
1	Optional
Score (based upon reviewing and analysing the RFP responses)	
Scale of 0 to 5	
0	Did not respond or does not meet requirements
1	Barely to partially meets requirements
2	Partially to mostly meets requirements (missing something fairly minor that can be worked around)
3	Satisfactory, meets requirements
4	Above satisfactory, meets and exceeds requirements in some areas
5	Outstanding, meets and exceeds requirements in many or all areas
Points = Weight x Score	
Explanation - any time a score other than 3 is given a brief explanation should be provided	
Evaluation Instructions and Approach	
Assumptions are not part of the evaluation process. Only official responses to our official RFP questions/requirements can be considered	
No response to a question or requirement is equivalent to a 0 (does not meet requirements)	
We cannot ask further questions, only clarity to existing responses	
Brochures/Sales Material are not considered part of the official response to requirements	
Each evaluator must evaluate independently, we will reconvene to answer questions and discuss	

RFP2894 Property and Casualty (P&C) Software Solution:

Step	Evaluation Criteria	Applicable Section(s)	%
1A	**Overall Corporate Evaluation**	Appendix C.2	5
	Corporate Values and Sustainable Development Procurement Guidelines		
	Functional Requirements	Section B.1 & Appendix D.1	25
	Product Development		
	Policy Management		
	Broker Management		
	Billing Management		
	Claims Management		
	Common Services		
	Non-Functional Requirements	Section B.2 & Appendix D.2	25
	General		
	On Prem Deployments		
	Cloud Deployments		
1B	**System Integrator Questions**	Section B.3 & Appendix D.3	10
2	**Demo**	Section 7.03	10
	Reference Checks	Appendix C.5	5
3	**Costs**	Appendix C.4	15
	Value-Add	Appendix C.3	5
Total			**100**

RFP2945 Property & Casualty (P&C) System Integrator (SI):

Step	Evaluation Criteria	Applicable Section(s)	%
ALL	**Costs**	Appendix C.4	Pass/Fail, If Pass, 25 See Note 3
	Overall Corporate Alignment, Strategic Fit & Risk	See Note 1	Pass/Fail, If Pass, 15 See Note 3
1	Corporate Values and Sustainable Development Procurement Guidelines	Appendix C.2	Pass/Fail
	Mandatory Requirements	Section B.1	Pass/Fail
	Vendor Solution Plan	Section B.2	Pass/Fail If Pass, 5
	Project Methodology • Requirement Management • Program/Project Management • Software Development Life Cycle • Gap Analysis	Section B.3	10
	Development and Configuration • Environment Management • Product Configuration • Product Integration and Interoperability • Quality Assurance / Testing	Section B.4	15
	Implementation • Organizational Change Management • Knowledge Transfer & End User Training • Production Rollout • System Maintenance & Support • Data Migration & Conversion	Section B.5	15
	Information Security Management	Section B.6	5
	Vendor Profile	Section B.7	10
	Optional Services • Program Organizational Change Management	Section B.8	See Note 4
2	**Oral Presentations**	Section 7.03	Response Validation
	Reference Checks	Appendix C.5	
3	**Value Added Services & Solutions**	Appendix C.3	See Note 2
Total			**100**

Note 1: Manitoba Public Insurance will evaluate a Vendor on "Overall Corporate Alignment, Strategic Fit & Risk" by assessing the overall risk to the Corporation in selecting the Vendor and the overall confidence the Corporation has in the Vendor's ability to deliver the Services in accordance with Manitoba Public Insurance's corporate goals and values. Without limiting the generality of the foregoing, Manitoba Public Insurance will assess factors such as:

- Vendor's expertise and experience in delivering solutions of similar size and complexity to Manitoba Public Insurance;
- Vendor's industry knowledge;
- Vendor's ability to guide Manitoba Public Insurance in alignment to industry best practice and Out of the Box product functionality;
- Complexity of the relationship between the Vendor and Manitoba Public Insurance, and the value of partnering with the Vendor;
- Vendor's investment and commitment in understanding the North American and Canadian auto insurance markets;
- Alignment to Manitoba Public Insurance's goals of self-sufficiency and agile methodology.

In order to evaluate the Vendors on Overall Corporate Alignment, Strategic Fit & Risk, Manitoba Public Insurance will utilize various applicable components in the Vendors Proposals, in particular but not limited to, the responses to the Vendor Profile requirements as found in Schedule B, Section B.7.

Note 2: Manitoba Public Insurance will use the Value Added Services & Solutions set out in a Vendor's completed Appendix C.3 (or, as derived from other components of the Vendor's Proposal and demonstration, if applicable) to adjust the Vendor's total score out of 100%. Any such adjustment will be capped at a maximum of 5%. Vendors are reminded that Manitoba Public Insurance will evaluate whether such solutions and services align with its Corporate Strategic Plan, Enterprise Architecture and Enterprise Risk, as per Section 3.05 of this RFP.

Note 3: Manitoba Pubic Insurance may choose to evaluate Costs and Overall Corporate Alignment, Strategic Fit & Risk (collectively, the "**Key Criteria**") throughout each of Evaluation Steps 1, 2 and 3. Evaluation scores for the Key Criteria completed in earlier steps may be adjusted in later steps as the Corporation gains more information about a Vendor's Proposal.

In any given evaluation step, the Key Criteria must meet certain thresholds in order to achieve a "Pass".

For Costs:
Through market research and indicative pricing provided by the respondents under RFP2894 Property and Casualty Solution, Manitoba Public Insurance has estimated the total cost for the Services under this RFP to be within a range of approximately $15 million CAD to $25 million CAD. As such, Manitoba Public Insurance expects Vendors' total costs, to generally align with or be lower than this estimated cost range. If total cost in a Vendor's Proposal materially exceeds this estimated cost range, Manitoba Public Insurance may, in its sole and unfettered discretion, choose to remove that Vendor from further consideration. Vendors who submit Proposals that exceed the estimated cost range should therefore aim to justify the higher costs in their Proposals.

For Overall Corporate Alignment, Strategic Fit & Risk:
If Manitoba Public Insurance identifies a risk that is material in nature such that the Corporation does not have confidence that a Vendor (1) will make a viable business partner; or (2) has the ability to properly deliver the Services as set out in this RFP, then Manitoba Public Insurance may, in its sole and unfettered discretion, choose to remove that Vendor from further consideration.

It is important to note that the Key Criteria are not simply Pass/Fail but will also be used to rank the Vendors overall through point-scoring as indicated in the table above. In particular, for Costs, Vendors are encouraged to submit their most competitive pricing since Cost will be scored out of 25 points.

Note 4: Manitoba Public Insurance seeks to understand the Organizational Change Management services that Vendors offer. Manitoba Public Insurance will use the information provided under a Vendor's completed Appendix D.7 to evaluate whether such services align with its Organizational Change Management strategy under Project Nova and to adjust the Vendor's total score out of 100%. Any such adjustment will be capped at a maximum of 5%. Vendors are reminded that Manitoba Public Insurance may not proceed with procuring additional Organizational Change Management services to support Project Nova. Manitoba Public Insurance expects Organizational Change Management services to be included in the Implementation services for the Duck Creek OnDemand solution defined in this RFP.

RFP2946 Driver and Vehicle Administration (DVA) Solution and SI:

Step	Evaluation Criteria	Applicable Section(s)	%
1a	**Corporate Values and Sustainable Development Procurement Guidelines**	Appendix C.2	P/F
	Functional Requirements	**Section B.1 & Appendix D.1**	30
	Driver Licensing		
	Vehicle Registration		
	Billing Management		
	Agency Management		
	Common Services		
1b	**Non-Functional Requirements**	**Section B.2 & Appendix D.2**	20
	General		
	On Prem Deployments		
	Cloud Deployments		
	Implementation Services	Section B.3 & Appendix D.3	20
2	**Demo Presentation**	Section 7.03	Response Validation
	Reference Check Interview	Appendix C.5	P/F and Response Validation
3	**Strategic Fit and Risk**	See Note 3 below	15
	Costs	Appendix C.4	15 See Note 2 below
	Value Added Services & Solutions	Appendix C.3	See Note 1 below
Total			**100**

Note 1: Manitoba Public Insurance will use the Value Added Services & Solutions set out in a Vendor's completed Appendix C.3 (or, as derived from other components of the Vendor's Proposal and demonstration, if applicable) to adjust the Vendor's total score out of 100%. Any such adjustment will be capped at a maximum of 5%. Vendors are reminded that Manitoba Public Insurance will evaluate whether such solutions and services align with its Corporate Strategic Plan, Enterprise Architecture and Enterprise Risk.

Note 2:

Costs will be evaluated based on the information provided by Vendors in in Appendix C.4, in addition to Manitoba Public Insurance's internal assessment of the "Total Cost of Ownership" (or "TCO") of a Vendor's solution and Services. Manitoba Public Insurance intends to assess and quantify the financial impact of deploying a solution and Services over its life cycle. Accordingly, TCO will include all direct and indirect costs associated with procuring and using the solution and Services, including but not limited to the following:

- all costs paid by Manitoba Public Insurance to the Successful Vendor, both one-time and ongoing; and
- Manitoba Public Insurance's internal operational costs (both IT related and business related) that are impacted by the deployment of a Vendor's solution and Services. For example, a Vendor's solution may help Manitoba Public Insurance realize cost reductions due to process efficiencies, or may create cost increases due to the complexity of a Vendor's solution, resulting in diminished operational performance.

Note 3:

Strategic Fit and Risk

Manitoba Public Insurance will evaluate a Vendor on "Strategic Fit and Risk" by assessing the overall risk to the Corporation by selecting the Vendor and the overall confidence the Corporation has in the Vendor's ability to deliver the solution and Services. Without limiting the generality of the foregoing, Manitoba Public Insurance will assess factors such as:

- Vendor's domain-specific knowledge;
- Complexity of the relationship between the Vendor and Manitoba Public Insurance, and the long-term value of partnering with the Vendor;
- Vendor's investments into research and development in the applicable fields/areas;
- Completeness of vision;
- Ability to execute;
- Market presence;
- Other Strategic Fit and Risk factors as deemed appropriate by MPI.

In order to evaluate the Vendors on Strategic Fit and Risk, MPI will utilize:

c) Various applicable components in the Vendors Proposals, in particular but not limited to, the responses provided in the sections on Vendor Statistics, Vendor Viability and Vision – Product and Service in NFR Section B.2.

d) External reputable global research and advisory firms and their services or research material.

RFP2938 Application Platform Solution and SI:

Step	Evaluation Criteria	Applicable Sections	%
1	Corporate Values Sustainable Development Procurement Guidelines	Appendix C.2	P/F
	Functional Requirements	Section B.1 & Appendix D.1	35
	Non-Functional Requirements	Section B.2 & Appendix D.2	25
	Implementation Services	Section B.3 & Appendix D.3	10
2	Demo Presentation	Section 7.03	Response Validation
	Reference Check Interview	Appendix C.5	P/F and Response Validation
3	Costs	Section 5.00 & Appendix C.4	15 See Note 2
4*	Strategic Fit and Risk	See Note 3	15
	Additional Optional Requirements	Section B.4 & Appendix D.4	See Note 1
	Value Added	Section 3.03 & Appendix C.3	
Total			**100**

Note 1: Manitoba Public Insurance will use the Value Added Services & Solutions set out in a Vendor's completed Appendix C.3 (or, as derived from other components of the Vendor's Proposal and demonstration, if applicable) to adjust the Vendor's total score out of 100%. Any such adjustment will be capped at a maximum of 5%. Vendors are reminded that Manitoba Public Insurance will evaluate whether such solutions and services align with its Corporate Strategic Plan, Enterprise Architecture and Enterprise Risk.

Note 2:

Costs will be evaluated based on the information provided by Vendors in in Appendix C.4, in addition to Manitoba Public Insurance's internal assessment of the "Total Cost of Ownership" (or "TCO") of a Vendor's solution and Services. Manitoba Public Insurance intends to assess and quantify the financial impact of deploying a solution and Services over its life cycle. Accordingly, TCO will include all direct and indirect costs associated with procuring and using the solution and Services, including but not limited to the following:

- all costs paid by Manitoba Public Insurance to the Successful Vendor, both one-time and ongoing; and
- Manitoba Public Insurance's internal operational costs (both IT related and business related) that are impacted by the deployment of a Vendor's solution and Services. For example, a Vendor's solution may help Manitoba Public Insurance realize cost reductions due to process efficiencies, or may create cost increases due to the complexity of a Vendor's solution, resulting in diminished operational performance.

Note 3:

Strategic Fit and Risk

Manitoba Public Insurance will evaluate a Vendor on "Strategic Fit and Risk" by assessing the overall risk to the Corporation by selecting the Vendor and the overall confidence the Corporation has in the Vendor's ability to deliver the solution and Services. Without limiting the generality of the foregoing, Manitoba Public Insurance will assess factors such as:

- Vendor's domain-specific knowledge;
- Complexity of the relationship between the Vendor and Manitoba Public Insurance, and the long-term value of partnering with the Vendor;
- Vendor's investments into research and development in the applicable fields/areas;
- Completeness of vision;
- Ability to execute;
- Market presence;
- Other Strategic Fit and Risk factors as deemed appropriate by MPI.

RFP2966 Integration Platform Solution and SI:

Step	Evaluation Criteria	Applicable Section(s)	%
ALL	Overall Corporate Alignment, Strategic Fit & Risk	See Note 1	Pass/Fail, If Pass, 15 See Note 2
	Costs	Section 5.00 & Appendix C.4	25 See Note 2
1	Corporate Values and Sustainable Development Procurement Guidelines	Appendix C.2	Pass/Fail
	Mandatory Requirements	Section B.1 & Appendix D.1	Pass/Fail
	Functional Requirements	Section B.2 & Appendix D.2	30
	Non-Functional Requirements	Section B.3 & Appendix D.3	20
	Implementation Services	Section B.4 & Appendix D.4	10
2	Demo Presentation	Section 7.03	Response Validation
	Reference Check Interviews	Appendix C.5	
3	Value Added Services & Solutions	Section 3.04 & Appendix C.3	See Note 3
Total			100

Note 1: Overall Corporate Alignment, Strategic Fit & Risk

Manitoba Public Insurance will evaluate a Vendor on "Overall Corporate Alignment, Strategic Fit & Risk" by assessing the overall risk to the Corporation in selecting the Vendor and the overall confidence the Corporation has in the Vendor's ability to deliver the solution and Services in accordance with Manitoba Public Insurance's corporate goals and values. Without limiting the generality of the foregoing, Manitoba Public Insurance will assess factors such as:

- Vendor's domain-specific knowledge and experience;
- The long-term value of partnering with the Vendor;
- Vendor's investments into research and development in the applicable fields/areas;
- Ability to execute;
- Market presence;
- Other Strategic Fit and Risk factors as deemed appropriate by MPI.

In order to evaluate the Vendors on Strategic Fit and Risk, MPI will utilize:

- Various applicable components in the Vendors Proposals, in particular but not limited to, the responses provided in the sections on Vendor Statistics, Vendor Viability and Vision – Product and Service in NFR Section B.3.
- External reputable global research and advisory firms and their services or research material

Note 2: Key Criteria

Manitoba Pubic Insurance may choose to evaluate Overall Corporate Alignment, Strategic Fit & Risk and Costs (collectively, the "Key Criteria") throughout each of Evaluation Steps 1, 2 and 3. Evaluation scores for the Key Criteria completed in earlier steps may be adjusted in later steps as the Corporation gains more information about a Vendor's Proposal.

For Overall Corporate Alignment, Strategic Fit & Risk: If Manitoba Public Insurance identifies a risk that is material in nature such that the Corporation does not have confidence that a Vendor (1) will make a viable business partner; or (2) has the ability to properly deliver the Services as set out in this RFP, then Manitoba Public Insurance may, in its sole and unfettered discretion, choose to remove that Vendor from further consideration.

For Costs: Costs will be evaluated based on the information provided by Vendors in Appendix C.4, in addition to Manitoba Public Insurance's internal assessment of the "Total Cost of Ownership" (or "TCO") of a Vendor's Services. Manitoba Public Insurance intends to assess and quantify the financial impact of deploying the Services over its life cycle. Accordingly, TCO will include all direct and indirect costs associated with procuring and using the Services, including but not limited to the following:

- all costs paid by Manitoba Public Insurance to the Successful Vendor, both one-time and ongoing; and
- Manitoba Public Insurance's internal operational costs (both IT related and business related) that are impacted by the deployment of a Vendor's Services. For example, a Vendor's solution may help Manitoba Public Insurance realize cost reductions due to process efficiencies, or may create cost increases due to the complexity of a Vendor's solution, resulting in diminished operational performance.

It is important to note that the Key Criteria will be used to rank the Vendors overall through point-scoring as indicated in the table above.

Note 3: Value Added Services & Solutions

Manitoba Public Insurance will use the Value Added Services & Solutions set out in a Vendor's completed Appendix C.3 (or, as derived from other components of the Vendor's Proposal and demonstration, if applicable) to adjust the Vendor's total score out of 100%. Any such adjustment will be capped at a maximum of 5%. Vendors are reminded that Manitoba Public Insurance will evaluate whether such Services align with its Corporate Strategic Plan, Enterprise Architecture and Enterprise Risk.

b) **[Redated]**

c) The following depicts the listing and status of all issued Project Nova RFPs:

P&C Software Solution – RFP closed and contract negotiated awarded to the top ranked vendor (Duck Creek).

DVA Software & SI – top ranked vendor selected, in final stages of contract negotiations and agreements being prepared with objective of October 2020 completion.

Application Platform Software – top ranked vendor selected, in final stages of contract negotiations and agreements being prepared with objective of October 2020 completion.

P&C Insurance Software SI – top ranked vendor selected, in final stages of contract negotiations and agreements being prepared for initial Statement of Work (SOW) for discovery phase in October 2020 and comprehensive SOW for implementation phase in January 2021.

Integration Platform – in the third phase (evaluation) of the RFP process to identify the top ranked vendor by October 2020 at which point MPI will move to the fourth phase (contract negotiation).

PUB (MPI) 2-35

Part and Chapter:	**MPI (PUB) 1-88** **Part VI RM Appendix 3**	**Page No.:**	**1-6**
PUB Approved Issue No:	**12. Claims experience to date for the Vehicles for Hire (VFH) class and implications, if any, of new market entrants**		
Topic:	**VFH Claims Experience**		
Sub Topic:			

Preamble to IR:

MPI has provided the VFH claims experience as of February 29, 2020 for Loss Years 2018 and 2019 for each VFH classification.

The Private Passenger Major Class VFH loss ratio was 129.59% in 2018 and 120.01% in 2019. The Public Major Class VFH loss ratio was 88.05% in 2018 and 88.91% in 2019.

Question:

a) How credible does MPI consider the observed loss ratios for the Private Passenger Major Class VFH and the Public Major Class VFH?

b) Please indicate the expected loss ratio for Private Passenger VFH for the 2021/22 rating year based on the 2021 GRA filed rate structure, and all of the considerations that led to this indication.

c) Please indicate the expected loss ratio for Public VFH for the 2021/22 rating year based on the 2021 GRA filed rate structure, and all of the considerations that led to this indication.

d) To the extent that there are significant differences between c) and d), please indicate the steps being taken over time to result in fair and equitable rates for these two categories of VFH.

Rationale for Question:

To understand the emerging claims experience for the two subsets of Vehicles for Hire.

RESPONSE:

a) MPI considers the actual loss ratios of these classes not to be credible given their sizes. Per *Ratemaking Appendix 9, Table 15*, MPI assigned all VFH classes the raw relativities minimum credibility (10%).

b) Per *Ratemaking Figure RM-12*, the implied loss ratio for the Private Passenger major class for the 2021/22 rating year is 77.0% (i.e. = $919.31 / $1,194.27). *Figure 1* below shows the implied loss ratios for VFH categories in the Private Passenger major class. MPI calculated the loss ratios without the proposed 5% Capital Release Provision, to ensure the loss ratios are based on breakeven rates.

Figure 1 Private Passenger: Implied Loss Ratio by VFH Category

Line No.	Description	Territory	Rate Model No. of Vehicles [a]	Major Class Average [b]	Major Class Loss Ratio [c]	Combined Relativity [d]	Claims Costs [e]	Indicated Rate [f]	Implied Loss Ratio [g]
1	Passenger Vehicle-for-Hire (Passenger Vehicle)	1	625	1,180.95	77.0%	2.0403	1,855.29	2,302.39	80.6%
2	Passenger Vehicle-for-Hire (Passenger Vehicle)	2	90	1,180.95	77.0%	1.7744	1,613.47	2,015.72	80.0%
3	Passenger Vehicle-for-Hire (Passenger Vehicle)	3	14	1,180.95	77.0%	1.8821	1,711.43	2,131.85	80.3%
4	Passenger Vehicle-for-Hire (Passenger Vehicle)	4	20	1,180.95	77.0%	1.8210	1,655.91	2,066.03	80.1%
5	Passenger Vehicle-for-Hire (Passenger Vehicle)	5	31	1,180.95	77.0%	2.0798	1,891.21	2,344.98	80.6%
6	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	1	6	1,180.95	77.0%	1.5936	1,449.07	1,820.81	79.6%
7	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	2	4	1,180.95	77.0%	1.3859	1,260.20	1,596.91	78.9%
8	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	3	3	1,180.95	77.0%	1.4700	1,336.71	1,687.61	79.2%
9	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	4	1	1,180.95	77.0%	1.4223	1,293.35	1,636.20	79.0%
10	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	5	3	1,180.95	77.0%	1.6244	1,477.12	1,854.07	79.7%
11	**Total**		**797**				**1,811.72**	**2,250.75**	**80.5%**

12 Notes:
13 [a] Per Part VI, RM Appendix 9, Table 16
14 [b] Per Part VI, Ratemaking, Figure RM-12; figures are prior to the Capital Release of 5%
15 [d] Per Part VI, RM Appendix 9, Table 16
16 [e] = [b] * [c] * [d]
17 [f] Per Part VI, RM Appendix 9, Table 16; revised so that the figures are prior to the Capital Release of 5%
18 [g] = [e] / [f]

c) Per *Ratemaking Figure RM-12*, the implied loss ratio for the Public major class for the 2021/22 rating year is 78.4% (= $1,747.20 / $2,228.72). *Figure 2* below shows the implied loss ratios for VFH categories in the Public major class. MPI calculated the loss ratios without the proposed 5% Capital Release Provision, to ensure the loss ratios are based on breakeven rates.

Figure 2 Public: Implied Loss Ratio by VFH Category

Line No.	Description	Territory	Rate Model No. of Vehicles [a]	Major Class Average [b]	Major Class Loss Ratio [c]	Combined Relativity [d]	Claims Costs [e]	Indicated Rate [f]	Implied Loss Ratio [g]
1	**Taxicab Vehicle-for-Hire**	1	467	2,152.36	78.4%	4.6197	7,795.56	9,570.76	81.5%
2	**Taxicab Vehicle-for-Hire**	2	97	2,152.36	78.4%	2.5512	4,305.08	5,331.51	80.7%
3	**Taxicab Vehicle-for-Hire**	3	44	2,152.36	78.4%	2.7549	4,648.69	5,748.84	80.9%
4	**Taxicab Vehicle-for-Hire**	4	9	2,152.36	78.4%	2.7190	4,588.17	5,675.34	80.8%
5	**Limousine Vehicle-for-Hire**	1	60	2,152.36	78.4%	1.4085	2,376.80	2,989.59	79.5%
6	**Limousine Vehicle-for-Hire**	2	17	2,152.36	78.4%	0.7778	1,312.58	1,697.08	77.3%
7	**Limousine Vehicle-for-Hire**	3	0	2,152.36	78.4%	0.8399	1,417.35	1,824.32	77.7%
8	**Limousine Vehicle-for-Hire**	4	0	2,152.36	78.4%	0.8290	1,398.90	1,801.91	77.6%
9	**Accessible Vehicle-for-Hire**	1	184	2,152.36	78.4%	1.1968	2,019.60	2,555.77	79.0%
10	**Accessible Vehicle-for-Hire**	2	11	2,152.36	78.4%	0.6609	1,115.32	1,457.50	76.5%
11	**Accessible Vehicle-for-Hire**	3	0	2,152.36	78.4%	0.7137	1,204.34	1,565.62	76.9%
12	**Accessible Vehicle-for-Hire**	4	3	2,152.36	78.4%	0.7044	1,188.66	1,546.57	76.9%
13	**Total**		**892**				**5,444.30**	**6,715.12**	**81.1%**

14 Notes:
15 [a] Per Part VI, RM Appendix 9, Table 16
16 [b] Per Part VI, Ratemaking, Figure RM-12; figures are prior to the Capital Release of 5%
17 [d] Per Part VI, RM Appendix 9, Table 16
18 [e] = [b] * [c] * [d]
19 [f] Per Part VI, RM Appendix 9, Table 16; revised so that the figures are prior to the Capital Release of 5%
20 [g] = [e] / [f]

d) Per the response to (b) and (c) above, there is no significant difference in the implied loss ratios, based on the 2021 GRA filed rate structure, for the VFH categories in the Private Passenger major class compared to the Public major class. However, as described above in (a), all VFH categories have very low credibility, and actual loss ratios could be different than the implied loss ratios.

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Part and Chapter:	**PUB (MPI) 1-90** **Part IV(i) – Benchmarking 2020 GRA**	**Page No.:**	**2**
PUB Approved Issue No:	**14. Operational Benchmarking**		
Topic:	**Corporate and Operational Metrics**		
Sub Topic:			

Preamble to IR:

Question:

a) Please elaborate on the descriptions, indicating how the results of the metric are to be interpreted and used by the Corporation to manage its operations.

b) Please provide the Corporation’s observations on its performance relative to the forecast trend for each of the metrics.

Rationale for Question:

To understand the Corporation's trend relative to performance under various internal corporate and operational metrics.

RESPONSE:

a) MPI does not intend to use the results of the Crown benchmarking exercise to manage its operations. The intent is to compare Crown insurers to the extent possible considering their different business models.

b) The Crowns are presently ensuring alignment with descriptions and methodology. Please see the response to *Expenses EXP Appendix 1* for the Internal Operational Measures used for benchmarking performance.

PUB (MPI) 2-37

Part and Chapter:	**CAC (MPI) 1-17** **Part VI – Vehicle Classification System and Rate Groups**	**Page No.:**	
PUB Approved Issue No:	**1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts**		
Topic:	**Territorial Definitions**		
Sub Topic:			

Preamble to IR:

MPI has stated that it has not conducted a territory review since their introduction. A full review of all Basic products is currently underway, including a review of territories and insurance uses.

Question:

a) Please explain how the Corporation is undertaking its review of territories and the assessment criteria used to determine whether there is any cross subsidization.

b) Please file the results of any analysis if available.

Rationale for Question:

To understand whether any territorial analysis has been done and the outcome of such analysis if done.

RESPONSE:

a) and b)

MPI has not started its review of territories. The review of all Basic products will include a review of the current territories used for rate making purposes. However, priority will be given to product features where the current state cannot be easily transitioned into the new Project Nova environment (i.e. Driver Safety Rating, vehicle for hire, fleets, etc.). MPI considers a territorial review to be a low priority relative to other contemplated product changes.

PUB (MPI) 2-38

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

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 ^ (o)	PUB Approved RSR Range ^
1	*(C$000s, except where noted)*									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 ^ - 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

MANITOBA PUBLIC INSURANCE

2021 GENERAL RATE APPLICATION

Round 2 Information Requests

Confidential Questions - Public Responses

September 15, 2020

Public Utilities Board

MANITOBA
PUBLIC INSURANCE

PUB (MPI) CI 2-8 - Confidential

Part and Chapter:	**CAC (MPI) CI 1-7** **PUB (MPI) 1-51**	**Page No.:**	
PUB Approved Issue No:	**9. Cost of operations and cost containment measures**		
Topic:	**Physical Damage Re-engineering**		
Sub Topic:			

Preamble to IR:

Question:

a) Please provide the detail of the Project Net Ongoing Costs/ benefits for the 2020 and 2021 GRAs to support the indicated changes in Project Net Ongoing Benefits in the 2020 business case.

b) Please provide the supporting calculation for the foregone savings (Year 8 – 17) in the updated NPV analysis related to Part saving and Direct Repair (DR) program internal efficiencies reflected in PUB (MPI) 1-51.

Rationale for Question:

To understand changes in the NPV for the PDR.

RESPONSE:

a) *PUB (MPI) 1-51 Appendix 1, Changes in NPV 2021 GRA vs. 2020 GRA* presents the net changes by benefit/cost category. The detailed 2020 to 2021 GRA comparison for each benefit cost category is provided in *Appendix 1 - Confidential* to the document.

b) See *Appendix 1 - Confidential*.

Benefits Savings Category	Year 8 2017/2018	Year 9 2018/2019	Year 10 2019/2020	Year 11 2020/2021	Year 12 2021/2022	Year 13 2022/2023	Year 14 2023/2024	Year 15 2024/2025	Year 16 2025/2026	Year 17 2026/2027
GRA 2020 Internal Efficiencies	$1,774,290	$1,082,285	$1,478,651	$1,924,121	$1,984,724	$2,046,842	$2,110,513	$2,175,776	$2,242,670	$2,311,237
GRA 2021 Internal Efficiencies	$1,774,290	$1,082,285	$1,305,296	$1,119,683	$1,169,683	$1,208,925	$1,249,148	$1,290,377	$1,332,636	$1,375,952
Change	$0	$0	($173,355)	($804,438)	($815,041)	($837,917)	($861,365)	($885,399)	($910,034)	($935,285)

Note 1: 2017/18 includes a $1,000,000 one-time software saving
Note 2: The slight lower than planned savings in 2019/20 is due to lower than anticipated DR estimate volumes. This is a result of management's decision not to increase Earned Approval Limits by $250 per tier as originally planned.
Note 3: The 2020/21 and 2021/22 revised planned savings are also a function of keeping Earned Approval Limits at 2018/19 levels.

	Year 8 2017/2018	Year 9 2018/2019	Year 10 2019/2020	Year 11 2020/2021	Year 12 2021/2022	Year 13 2022/2023	Year 14 2023/2024	Year 15 2024/2025	Year 16 2025/2026	Year 17 2026/2027
GRA 2020 Claims Audit Recoveries	$518,712	$454,604	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
GRA 2021 Claims Audit Recoveries	$518,712	$454,604	$536,317	$450,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000
Change	$0	$0	$36,317	($50,000)	($100,000)	($100,000)	($100,000)	($100,000)	($100,000)	($100,000)

Claims audit recoveries expected to decline in 2020/21 with the implementation of Parts Autonomy process

Total Change Internal Efficiencies/Claims Audit Recoveries (per PUB 1-51 Appendix 1)	$0	$0	($137,038)	($854,438)	($915,041)	($937,917)	($961,365)	($985,399)	($1,010,034)	($1,035,285)

	Year 8 2017/2018	Year 9 2018/2019	Year 10 2019/2020	Year 11 2020/2021	Year 12 2021/2022	Year 13 2022/2023	Year 14 2023/2024	Year 15 2024/2025	Year 16 2025/2026	Year 17 2026/2027
GRA 2020 Parts Savings	$600,000	$520,000	$973,000	$1,267,000	$1,650,000	$1,691,250	$1,733,531	$1,776,870	$1,821,291	$1,866,824
	(Note 1)	**(Note 1)**	**(Note 2)**	**(Note 3)**	**(Note 3)**	**(Note 3)**	**(Note 3)**	**(Note 3)**	**(Note 3)**	**(Note 3)**
GRA 2021 Parts Savings	$360,000	$307,000	$323,446*	0	0	0	0	0	0	0
Change	($240,000)	($213,000)	($649,554)	($1,267,000)	($1,650,000)	($1,691,250)	($1,733,531)	($1,776,870)	($1,821,291)	($1,866,824)

Note 1: The reduction in actual parts savings for 2017/18 and 2018/19 is the result of an analysis of and revisions to the assumptions built-in to the reporting of Diamond Standard Part usage and savings calculations. The previous reporting approach was capturing any part with the "DS" in the suffix regardless if it applied to this initiative.

Note 2: The lower than anticipated savings for 2019/20 is due to two factors. The revised Diamond Standard parts reporting methodology mentioned above and secondly the decision not to implement the Car Parts Pro as a separate undertaking but rather to incorporate within the new Parts Autonomy process.

Note 3: Diamond Standard parts and the CarPart Pro software will continue to be available under the new Parts Autonomy frame work. However, because shops will be able to choose part types freely, MPI will not be able to accurately project savings based on part type, i.e. Diamond Standard aftermarket parts or recycled parts sourced through CarPart Pro. Instead, we will focus on realized parts savings (RPS), which is the difference between the OEM cost of a given part and the value of the alternate part actually used on the claim. With the significant transition to a Parts Autonomy model, the immediate target is maintaining the average savings per part that we saw over the last 2 calendar years across all alternate parts, approximately 19 % RPS. Applying this to all parts used during this time yields roughly $30M annually in actual savings from OEM. It includes the actual savings from DS realized during the last 2 years (~$300k). Given that CPP has not been implemented, there are no associated savings to account for. Going forward, we will maintain these savings overall, but with Parts Autonomy they may not come only from these specific part types.

* Actuals to February 29, 2020 $298,565

	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
	2017/2018	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**	**2026/2027**
GRA 2020 Predictive Analytics	$83,000	$323,000	$250,000	$256,250	$262,656	$269,223	$275,953	$282,852	$289,923	$297,171
GRA 2021 Predictive Analytics	$83,000	$323,000	$168,000	$0	$0	$0	$0	$0	$0	$0
Change	$0	$0	($82,000)	($256,250)	($262,656)	($269,223)	($275,953)	($282,852)	($289,923)	($297,171)

Source is Special Investigations Unit (SIU) – The number of strong leads and the corresponding number of claims with financial recoveries generated by Predictive Analytics in 2019/20 declined from 2018/19. A business decision was made to cease the program for physical damage total losses.

	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
	2017/2018	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**	**2026/2027**
GRA 2020 Loss of Use	$0	$0	$43,753	$89,694	$91,936	$94,235	$96,591	$99,005	$101,481	$104,018
GRA 2021 Loss of Use	$0	$0	$43,753	$89,694	$91,936	$93,775	$95,650	$97,563	$99,514	$101,505
Change	$0	$0	$0	$0	$0	($460)	($940)	($1,442)	($1,966)	($2,513)

Loss of Use staffing reductions - 1.5 FTE saving due to automation of certain claim process efforts was realized in 2019/20. A full year benefit realization will occur in 2020/21 and onward.

Net Reduction in Benefits Savings	**($240,000)**	**($213,000)**	**($868,592)**	**($2,377,688)**	**($2,827,697)**	**($2,898,850)**	**($2,971,790)**	**($3,046,563)**	**($3,123,215)**	**($3,201,793)**

Operating cost improvements

	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
	2017/2018	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**	**2026/2027**
GRA 2020 Direct Repair Operating Costs	$714,284	$687,815	$616,697	$616,697	$632,114	$647,917	$664,115	$680,718	$697,736	$715,179
GRA 2021 Direct Repair Operating Costs	$714,284	$687,815	$604,643	$616,697	$632,114	$647,917	$664,115	$680,718	$697,736	$715,179
Net Cost Reduction/Increase in Savings	$0	$0	$12,054	$0	$0	$0	$0	$0	$0	$0
GRA 2020 Direct Repair Premiums		$3,665,674	$1,600,000							
GRA 2021 Direct Repair Premiums		$3,665,674	$1,350,516							
Net Cost Reduction/Increase in Savings	$0	$0	$249,484	$0	$0	$0	$0	$0	$0	$0

Direct Repair Premiums were lower than forecasted and ceased in 2019/20.

Net Reduction in savings from ongoing costs/benefits (per PUB 1-51 Appendix 1)	**($240,000)**	**($213,000)**	**($607,054)**	**($2,377,688)**	**($2,827,697)**	**($2,898,850)**	**($2,971,790)**	**($3,046,563)**	**($3,123,215)**	**($3,201,793)**

PUB (MPI) CI 2-10 - Confidential

Part and Chapter:	**MPI (CMMG) CI 1-3 Confidential** **CAC (MPI) 1-52** **Part VII – Risk Management Framework**	**Page No.:**	
PUB Approved Issue No:	**Requested vehicle rate and any changes to other fees and discounts**		
Topic:	**Risk Assessment and Risk Management**		
Sub Topic:			

Preamble to IR:

MPI indicated that a reasonable consideration would be to apply interest rates at points on the yield curve that correspond to the duration of the liabilities for discounting purposes. Such an approach would provide a more appropriate discount rate for policy cash flows. The Motorcycle Class has a very large composition of Personal Injury Protection Plan claims that have a very long tail and, as a result, are more impacted by long-term interest rates. As of today, the yield curve is significantly flat and so there would be no substantial benefit in using that approach in the near term.

Question:

a) Please estimate the average duration of the motorcycle Major Use classification claims reserves.

b) Please estimate the yield for each asset class supporting the Basic claims portfolio, reflecting this average duration. Please calculate an indicated overall yield.

c) Please calculate the indicated rate change for the Motorcycle major use classification reflecting this indicated yield.

d) Please include indicated rate changes for other major use classifications, taking into consideration known differences in claims duration by major use classification.

Rationale for Question:

To understand the significance of the difference in claims duration on the AAP rate indications by Major Use classification.

RESPONSE:

a) Using an overall investment yield of 1.93% (see *PUB (MPI) 2-11(b)*), the estimated average duration of the claims for the Motorcycle major class for rating year 2021/22 is 8.89 years.

b) The Basic Claims portfolio used to determine the overall investment return for ratemaking includes government and corporate bonds. The weighted average yield of the bonds in the Basic Claims portfolio with a duration within 0.5 years of the duration of the claims for the Motorcycle major class (8.89 years) is 1.96%. This yield is only marginally different from the overall investment yield of 1.93%, and would change the duration of the claims for the Motorcycle major class from 8.89 to 8.86. Given the marginal change, MPI did not recast the bonds in the Basic Claims portfolio.

c) Assuming an overall investment yield of 1.96%, the required rate change for the Motorcycle major class will decrease by 0.2% from 10.2% per *PUB (MPI) 2-11, Figure 10*, to 10.0%.

d) Based on the responses from part (b) and part (c) above, recalculating the rate changes for other major use classification will not result in material differences to their indicated rates because the current yield curve is flat (i.e. motorcycles are the most extreme case and experienced a rate change of only 0.2%). However, MPI recognizes that the yield curve typically slopes upward (based on historical experience) and that it is more equitable for all classes (including motorcycles) to the select a discount rate that recognizes the duration of policy cash flows. MPI intends to propose this change in the 2022 GRA (subject to approval by the MPI Board of Directors if so required).