2021 SPECIAL REBATE APPLICATION
April 27, 2020

Summary Legal Application
Pro Formas

MANITOBA PUBLIC INSURANCE

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LA.1 Legal Application

This Special Rebate Application results from the April 23, 2020 announcement of the Honourable Mr. Jeff Wharton, Minister of Crown Services, that Manitoba Public Insurance (MPI) provide economic relief to its customers during the COVID-19 pandemic. MPI makes this Application in the midst of a Province-wide state of emergency, declared pursuant to *The Emergency Measures Act,* C.C.S.M. c. E80 on March 20, 2020. MPI respectfully submits that these extraordinary circumstances be considered when assessing the nature and content of this Application.

MPI hereby applies to the Public Utilities Board of Manitoba (PUB), pursuant to section 44 of *The Public Utilities Board Act*, C.C.S.M. c. P280 and Rule 36 of the PUB *Rules of Practice and Procedure*, for:

1. an Order dispensing with the requirement under Rule 36(3) that an application for review and variance be made within 30 days of the order or decision;
2. a review and variation of the directives contained in Orders No. 159/18 and No. 176/19, to the extent that they do not require the issuance of rebates; and
3. a directive that MPI issue to ratepayers a percentage of their annualized premiums in respect of universal compulsory automobile insurance policies in force and earning premium on March 15, 2020, through a special rebate in an amount equal to the approximate sum of $58 million, by May 31, 2020 or as soon thereafter as is reasonably practicable.

MPI respectfully submits that the COVID-19 pandemic presents a pressing and unique situation that it could not have been reasonably anticipated within 30 days of Orders No. 159/18 and No. 176/19. MPI further submits that, as a result of the COVID-19 pandemic, its financial position has significantly improved at a time when the financial position of many of its ratepayers may have substantially declined, creating an urgent need for support. In this circumstance, MPI submits that it is just and reasonable to direct MPI to issue the special rebate requested herein.

LA.2 Financial Status of MPI

Throughout 2019, and in the months leading up to the COVID-19 pandemic, MPI experienced favourable financial performance, led by lower than anticipated claims experience as well as prudent management of investments and operating expenses. Basic posted year-to-date Q3 net income of $121.1 million, which exceeded the prior year period by $78.9 million. This trend continued into Q4 and, as a result, MPI entered the COVID-19 pandemic on strong financial footing.

Due to the positive results in the 2018/19 and 2019/20 fiscal years, the capital position of Basic grew at a rate faster than MPI anticipated as recently as twelve to eighteen months ago. As a result, MPI is in a better position to withstand the uncertainty accompanying the COVID-19 pandemic than it would have otherwise.

As the main source of the proposed rebate is the savings resulting from the estimated reduction in claims costs for the period March 15 – May 15, 2020; all else equal, the capital position of Basic (and its ability to pay future claims) should not deteriorate significantly. Put another way, as premiums charged during the COVID-19 pandemic are more than needed to cover the cost of claims – the excess would normally flow back to rate payers in the form of future rate decreases through the Capital Management Plan (CMP). The proposed rebate will, simply put, accelerate the rebate to policyholders in the form of a one-time payment, instead of in the future via lower rates. Due to the seriousness of the COVID-19 pandemic and the economic hardship facing many Manitobans, these funds must be distributed to ratepayers in a responsible, yet expeditious manner.

What follows is a discussion on the various relevant financial components to this Application. Unless otherwise stated, all 2019/20 figures are shown as the last 12 months to maintain comparability, as opposed to the actual 13 months that MPI will produce in its statutory reporting due to the change in year-end from February to March. Additionally, 2019/20 figures are best estimates and are subject to the finalization of the year-end process and external audit.

LA.2.1 Total Earned Revenues - Basic

The following figure assumes 0% rate change in 2021/22 and thereafter:

Figure 1 Total Earned Revenues – Basic

Line No.						
1	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
2	***($000)***					
3	**Current Forecast**	1,116,063	1,164,380	1,201,342	1,243,667	1,288,164
4	**Compliance Forecast**	1,115,126	1,169,091	1,213,206	1,261,832	1,312,606
5	**Change**	937	(4,711)	(11,864)	(18,165)	(24,442)

MPI projects its 2019/20 Basic Total Earned Revenues at $1.116 billion, which is essentially equal to the 2020 GRA compliance forecast. For 2020/21 and thereafter, the reduced revenue forecast reflects revised volume and upgrade projections, which MPI will include in the 2021 GRA.

Regarding the COVID-19 pandemic, MPI has not reduced the 2020/21 revenue projections for changes in customer behaviour (i.e. canceling insurance, switching to layup (comprehensive) coverage). Although MPI anticipates changes in need and behaviour as a result of the COVID-19 pandemic, these changes are difficult to predict. As shown in *Figure 2* below, customers to-date have cancelled or reduced coverage on less policies than they did during the weeks of mid-March to mid-April, 2019. Also, as described elsewhere herein, MPI can absorb some reduction in premium revenue, should this occur.

Figure 2 Cancelation and Layup Transactions by Calendar Week

Line		**Cancelations**		**Layups**	
No.	**Week**	**2019**	**2020**	**2019**	**2020**
1	**Week 12**	3,057	3,250	1,036	1,194
2	**Week 13**	2,713	3,401	1,356	1,033
2	**Week 14**	3,141	3,613	1,782	1,144
3	**Week 15**	3,191	2,489	1,778	929
4	**Week 16**	3,586	2,351	2,052	945

LA.2.2 Claims Incurred Before Provisions

Figure 3 Claims Incurred before Provisions – Basic

Line No.	Fiscal Year	2019/20	2020/21	2021/22	2022/23	2023/24
2	*($000)*					
3	**Current Forecast**	789,795	830,781	919,797	955,453	992,327
4	**Compliance Forecas**	822,574	927,907	965,979	1,009,297	1,055,926
5	**Change**	(32,779)	(97,126)	(46,182)	(53,844)	(63,599)

Relative to the compliance filing from the 2020 GRA, MPI is forecasting in the fiscal year 2019/20 a $32.8 million improvement in claims incurred before provisions (i.e. before interest rate impacts and DPAC adjustments), mainly due to a $38.9 million improvement in the Personal Injury Protection Plan (PIPP) forecast since the filing of the compliance forecast.

In the fiscal year 2020/21, the current Basic forecast improved by $97 million, which amount is comprised of:

1. a $39 million reduction from favourable claims results in 2019/2020; and
2. a $58 million reduction from the impact of the COVID-19 pandemic.

The $58 million reduction from the COVID-19 pandemic is further comprised of:

1. an observed $29 million reduction in claims costs from March 16 to April 15;
2. an assumed $29 million reduction in claims costs from April 16 to May 15; and
3. no assumed impacts on claims costs from May 16, 2020 to March 31, 2021.

The figures below show the observed reduction in collision claims from March 16, 2020 to April 15, 2020. As indicated, Basic collision claims was 63.5% and claims incurred was 56.6% under budget during this period. The favourable results saved MPI $17.7 million in Basic collision costs.

Figure 4 Basic Collision Claims Experience – March 16, 2020 to April 15, 2020

Line No.		Actual	Budget	Difference	% Difference
1	**Incurred**	$13,512,047	$31,169,310	($17,657,263)	-56.6%
2	**Claim Counts**	2,890	7,928	(5,038)	-63.5%
3	**Severity**	$4,675	$3,931	$744	18.9%

MPI assumes a perfect correlation between collision, property damage (PD), and bodily injury (BI) claims in terms of frequency. In other words, PD and BI claims occur because of an associated collision claim, and since collision claims are down 63%, MPI assumes PD and BI claims counts will follow the same trend. MPI estimated these amounts owing to a lag in the reporting of these claims (especially injury claims). Based on these assumptions, the projected Basic claims savings from March 16, 2020 through April 15, 2020 are as follows:

Figure 5 Forecasted Basic Claims Savings – March 16, 2020 to April 15, 2020

Line No.		Incurred	Claim Counts
1	**PIPP**	-$9,331,095	-705
2	**Basic Collision**	-$17,657,263	-5,038
3	**Basic Property Damage**	-$2,083,620	-2,766
4	**Basic Total**	**-$29,071,978**	**-8,510**

The $29 million estimate in the above figure is the basis for this Application.

With the recent extension of public health orders and the provincial state of emergency until May 18, 2020, MPI is confident that it will continue to save amounts at the same proportion.

LA.2.2.1 Risks to MPI's Financial Condition

In terms of Claims Forecast, Figures DCAT-27 and DCAT-28 from the 2020 GRA illustrates what the impact of a 1-in-100 year adverse Loss Ratio scenario - a catastrophic winter experience would be. This would reduce MPI's Total Equity by $158 million, and its Minimum Capital Test (MCT) ratio by 39.8%, without management action.

As of February 29, 2020, forecasted Total Equity at the end of 2020/21 is $531.7 million – please see *PF 2 Statement of Financial Position: $110M Rebate in 2020/21, No Rate changes*. If a 1-in-100 loss ratio event were to occur, this would result in an estimated reduction of $158 million, Basic Total Equity would be $373.7 million, or at an MCT ratio of 91%.

Further, it is important to recall that MPI increased its catastrophic reinsurance coverage in the 2019/20 fiscal year, which further mitigates the financial risk of a major catastrophic event.

The Pro Forma statements attached to this Application contain comparatives of actual, budgeted, and forecasted statements of operations as at February 28, 2020 versus the Compliance Filing schedules, dated December 10, 2019.

LA.2.3 Investments

Following completion of the 2017 GRA, the PUB ordered MPI to conduct an Asset Liability Management (ALM) study, which was completed by Mercer in November 2017. Implementation of the recommendations of the ALM study would see separation of the commingled investment portfolio into five unique portfolios: Basic Claims, Basic Rate Stabilization Reserve (RSR), Employee Future Benefits (EFB), Extension, and Special Risk Extension (SRE).

The Basic Claims portfolio was fully implemented on March 1, 2019 and is comprised entirely of fixed income assets which are dollar duration matched to the associated liabilities. The portfolio acts as a hedge against the impact of interest rate changes on the liabilities. The ALM strategy ensures that investment losses in the Basic Claims portfolio are offset by the corresponding reduction of the Basic Claims liabilities, since both are interest rate sensitive and have similar duration and size. And should the value of the Basic Claims portfolio fall below the Basic Claims liabilities, funds will be transferred from the RSR portfolio in order to ensure they again match.

An added benefit in the context of this rebate Application was the removal of growth assets from the Basic Claims portfolio, with equities having sustained greater losses than bonds during the course of the pandemic. For example, the RSR portfolio, with total equities of approximately 35%, has shown a higher negative return than the Basic Claims portfolio since the outset of the COVID-19 pandemic.

The performance of the MPI Investment Fund during these unprecedented times is being closely monitored by MPI and its Board of Directors. The PUB and its advisors, along with GRA Intervenors, are understandably enquiring about how the proposed rebate of $58 million will be sourced and what impact, if any, the rebate will have on the Investment Fund.

MPI has significant cash and premium revenues which it can use to fund the rebate. At the outset of the COVID-19 pandemic, MPI decided (somewhat fortuitously) to maintain higher levels of cash than it would normally, as a contingency for the unknown impacts of COVID-19. As a result, MPI held back $85 million in cash that would otherwise have been transferred to the Investment Fund. As such, the sale of any invested assets will be minimized or not necessary at all, which means that unrealized losses currently showing in the RSR portfolio will not be realized. MPI now has operational cash of approximately $165 million, of which approximately $80 million can be used to fund the rebate (combined rebate of $110 million between Basic and Extension). The remaining $30 million will be funded from revenues.

So while the performance of the various asset classes in each of the portfolios is not impacted by the proposed rebate (and therefore of little relevance to this Application), MPI nonetheless provides a snapshot of portfolio values as at March 31, 2020.

Figure 6 Investment Fund Preliminary Valuations

Line No.	Fiscal Year	January 31, 2020	February 29, 2020	March 31, 2020	Monthly Change Feb-Mar	Capital Return
1	***($000)***					
2	**Basic**	2,125.0	2,129.6	2,127.0	(2.6)	-0.1%
3	**Extension**	154.1	151.1	157.4	6.2	0.2% *
4	**SRE**	207.7	203.7	196.8	(7.0)	-3.4%
5	**RSR**	391.7	383.9	370.3	(13.6)	-3.5%
6	**EFB**	498.2	489.4	476.9	(12.4)	-2.5%
7	**Total**	3,376.7	3,357.7	3,328.4	(29.3)	-0.9%
8	** $6 million of operational cash was deposited into global equities in late March*					

Since the end of December 2019, the equity portfolio is down approximately 14%, but other growth assets, namely, real estate and infrastructure, are up 1.6% and 1.3% respectively. Again, the removal of these asset classes from the investments backing the Basic Claims liabilities has positioned MPI well for this unforeseen pandemic. The Basic Claims portfolio was enhanced by the addition of a 20% allocation to corporate bonds, which are currently yielding 3.80% compared to just 2.30% for their counterpart bonds in government.

MPI will provide a robust analysis of its investments in the normal course with the filing of the 2021 GRA.

The PUB should have no concerns that the proposed rebate will have an adverse effect on the Investment Fund or ratepayers in the 2021 GRA and going forward.

LA.2.3.1 Investment Income Excluding Interest Rate Impacts

Figure 7 Investment Income Excluding Interest Rate Impacts

Line No.	Fiscal Year	2019/20	2020/21	2021/22	2022/23	2023/24
1	***($000)***					
2	**Current Forecast**	53,606	83,964	84,300	83,408	84,791
3	**Compliance Forecast**	78,170	72,953	72,957	72,428	75,054
4	**Change**	(24,564)	11,011	11,343	10,980	9,737

The investment portfolio of MPI experienced significant volatility in March 2020, which contributed to the investment income (excluding interest rate impacts) to fall $24.6 million relative to the compliance forecast. The main reason for this decline is that the total equity portfolio declined by 9.1% in March and in total by 14.5% since December 31, which resulted in a $33.3 million impairment of equities.

In 2020/21, the current investment income forecast (excluding interest rate impacts) is expected to fall by approximately $11 million per year.

MPI continues to use the following key assumptions for investment forecasts:

- naïve interest rates;
- equity returns based on 5th percentile 20-year Canadian equity return (i.e. 6.8% per year);
- infrastructure and real estate based on inflation + 5% and inflation + 4% respectively; and
- investment allocations per the Investment Policy Statement.

LA.2.4 Net Interest Rate Impact

Figure 8 Net Interest Rate Impact

Line No.	Investment Income - Interest Rate Impact Fiscal Year	2019/20	2020/21	2021/22	2022/23	2023/24
1	***($000)***					
2	**Current Forecast**	80,528	1,824	1,062	281	(198)
3	**Compliance Forecast**	80,437	(95)	(153)	(239)	(62)
4	**Change**	91	1,919	1,215	520	(136)
6	**Claims Incurred - Interest Rate Impact**					
7	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
8	***($000)***					
9	**Current Forecast**	59,785	15,499	16,933	15,411	12,800
10	**Compliance Forecast**	61,401	15,825	18,834	16,134	15,131
11	**Change**	(1,616)	(326)	(1,901)	(723)	(2,331)
12	**Net Interest Rate Impact**					
13	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
14	***($000)***					
15	**Current Forecast**	20,743	(13,675)	(15,871)	(15,130)	(12,998)
16	**Compliance Forecast**	19,036	(15,920)	(18,987)	(16,373)	(15,193)
17	**Change**	1,707	2,245	3,116	1,243	2,195

MPI hedges its Basic claims portfolio for the impact of interest rates. As shown in the above figure, the net impact of changes in interest rates on the fixed income portfolio and claims liabilities remains stable, relative to the compliance forecast. This result supports the effectiveness of the Basic claims ALM program and suggests that the portfolio can withstand even the most significant shocks to interest rates.

The reason the net interest rate impact is not closer to zero in 2019/20 is because of the implementation of the new investment portfolio; however, this impact was forecasted in the compliance forecast. In 2021/22 and thereafter, the portfolio experiences a net loss from interest rates, due to declining yield on non-marketable bonds, which are not hedged.

LA.2.5 Net income

The following figure assumes 0% rate change for 2021/22 and thereafter:

Figure 9 Net Income – Basic

Line No.	Fiscal Year	2019/20	2020/21	2021/22	2022/23	2023/24
1	***($000)***					
2	**Current Forecast**	110,818	95,167	27,934	33,962	21,624
3	**Compliance Forecast**	108,392	(10,082)	(17,543)	(15,266)	(28,493)
4	**Change**	2,426	105,249	45,477	49,228	50,117

MPI's 2019/20 net income forecast is estimated at $110.8 million, relative to the $108.4 million in the compliance forecast. As discussed above, relative to the compliance forecast expectations, better than expected claims results in the latter half of 2019/20 were offset by lower than anticipated investment income (mainly from the stock market crash in March 2020).

In 2020/21, net income is projected to rise to $95.2 million, of which $58 million is anticipated to come from the claims costs savings in the months of March through May 2020. This anticipated $58 million in net income forms the basis of this Application.

Although there are clearly risks to this forecast, including reductions in premium revenue, further declines in the stock market and winter storms, there is also potential for additional financial benefits including further claims reductions beyond May 2020. The forecasts would have to deteriorate a further $37 million to arrive at a break-even net income position.

In 2021/22 and thereafter, the forecast assumes no rate changes. However, MPI will revise its forecasts later this year to reflect break-even rates in the 2021 GRA. The applied for rate indication should bring down the net income forecasts closer to zero.

LA.3 Capital Management Plan

The portion of the proposed rebate from Basic will not alter the ongoing mechanics of the CMP in any meaningful way. Last year, as part of the 2020 GRA, MPI presented the CMP to the PUB for approval, subsequently approved by PUB Order No. 176/19 for a two-year trial period (including a Basic target capital level of 100% MCT).

The essence of the CMP is the transfer of capital from Extension to Basic should the Extension MCT ratio of the Extension Reserve exceed 200% at fiscal year-end. If the RSR is below 100% MCT, the monies transferred from Extension are then used to bring the RSR closer to that target, and if these transfers are not sufficient to bring the RSR to 100% MCT within 5 years, then MPI would apply for a capital build provision. If the balance of the RSR level exceeds 100% MCT after the transfer from Extension, the excess monies are used to reduce the Basic rate charged to customers through a capital release provision.

When a capital release is triggered under the CMP (i.e. the balance of the RSR is greater than 100% MCT on April 1 of any given year), the excess capital is released in equal amounts over three 3 years, in the form of rate decreases. When a capital build is triggered under the CMP (i.e. the balance of the RSR is less than 100% MCT on April 1 of any given year), the capital required to build the RSR is collected in equal amounts over five 5 years in the form of rate increases.

The result is that MPI will require a capital build or release provision in each GRA, unless forecasted capital transfers can build the RSR to the 100% MCT target in less than five 5 years; or capital releases cause a decline in the RSR to the 100% MCT target in less than three 3 years.

The proposed $58 million rebate from Basic is, according to MPI’s Chief Actuary, a capital release of excess monies now being held in the RSR. As a result of the significant reduction in claims costs beginning March 2020, coupled with Basic’s strong financial performance, the RSR balance has now exceeded its MCT ratio of 100%, all without the benefit of the projected transfer of capital from Extension ($75 million on March 31, 2020).

The proposed rebate is tantamount to a capital release under the CMP, but rather than have the capital released incrementally and in equal amounts over the 3-year time horizon under the CMP, MPI proposes to release the additional capital from the COVID-19 claims reductions all at once in the form of a rebate. Owing largely to forecasted claims experience and expenses, both favourable, Basic will continue to be at or near 100% MCT. And with a forecasted transfer of capital from Extension on March 31, 2021 under the CMP, a capital release will be triggered under the CMP, but this time in the form of a rate decrease as would occur in the normal course whenever the RSR exceeds 100% MCT.

As previously indicated, MPI proposes to fund the balance of the total rebate (i.e. $52 million) directly from Extension. As the CMP does not contemplate rebates, but rather rate decreases when the RSR exceeds 100% MCT, there is no requirement under the CMP to first transfer the excess Extension monies to Basic before same can be released in the form of a rebate.

LA.3.1 Total Equity and Minimum Capital Test Ratio

As per the *Reserves Regulation,* Man Reg. 76/2019, MPI must target a Basic MCT ratio of 100%. This MCT target is achieved through execution of the CMP. As a result of the COVID-19 pandemic, MPI is currently charging rates and making profits not contemplated in the prior GRA hearings. MPI believes that, in these unique and unforeseen circumstances, it is neither reasonable nor prudent to apply the strict wording of the CMP (i.e. extend future rate reductions over a 3 year period). Rather, MPI has applied for a rebate of the COVID-19 claims savings of $58 million, which is effectively the equivalent of reducing current rates by this same amount. The Government of Manitoba has announced MPI is to rebate an additional $52 million of excess capital from Extension. The figure below shows how Basic Total Equity and the MCT ratio are forecasted to be impacted by these rebates:

Figure 10 Total Equity and MCT

Line No.						
			Basic Total Equity			
1	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
2	***($000)***					
3	**Current Forecast**	395,930	531,748	613,260	705,530	789,866
4	**Compliance Forecast**	390,090	427,639	456,472	496,709	525,595
5	**Change**	5,840	104,109	156,788	208,821	264,271
6				**Transfer from Extension**		
7	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
8	***($000)***					
9	**Current Forecast**	-	68,622	47,345	50,366	53,739
10	**Compliance Forecast**	75,133	42,501	44,482	48,937	48,444
11	**Change**	(75,133)	26,121	2,863	1,429	5,295
12				**Basic Rebate**		
13	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
14	***($000)***					
15	**Current Forecast**	-	(58,000)	-	-	-
16	**Compliance Forecast**	-	-	-	-	-
17	**Change**	-	(58,000)	-	-	-
18				**MCT Ratio**		
19	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
20	**Current Forecast**	97.7%	130.1%	132.0%	144.9%	156.5%
21	**Compliance Forecast**	96.4%	98.7%	98.9%	95.2%	103.6%
22	**Change**	1.3%	31.4%	33.1%	49.6%	53.0%

As shown above, in 2019/20 MPI forecasts a Total Equity ($395.9 million) and MCT Ratio (97.7%) that are slightly higher than the compliance forecast. Although the current forecast appears close to the compliance forecast in 2019/20, it was achieved *despite* not transferring any capital from Extension at year end 2019/20 (a $75.1 million capital transfer from Extension was assumed in the compliance forecast). Rather than applying the Extension capital transfer, MPI has instead received government approval to immediately rebate $52 million from Extension in May 2020 (this is shown in the Extension section that follows).

In 2020/21, MPI's Basic Total Equity ($531.7 million) and MCT Ratio (130.1%) are anticipated to improve significantly. However, these improvements are not attributable to the COVID-19 pandemic. Although MPI anticipates earning an additional $58 million due to the COVID-19 pandemic, it assumes that it will rebate an equivalent amount in May 2020 and that this amount will therefore not form part of the 2020/21 Total Basic Equity. The improvement in the Total Basic Equity results almost entirely from the higher projected non-pandemic Basic net income of approximately $46 million (relative to the compliance forecast), along with the anticipated capital transfer from Extension of $68 million.

Based on the projected levels of Basic MCT in excess of 130% in 2020/21 and thereafter, MPI will use the CMP in the 2021 GRA to distribute excess funds through the capital release process. This will move the Basic MCT gradually back toward 100% over the next 3 years.

The following figures depicts the total equity and MCT positions of Basic and Extension at March 31, 2020 and May 31, 2020; after release of the proposed rebate:

Figure 11 Projected Total Equity & MCT - Before & After Rebate

Line No.		BASIC		EXTENSION	
		March, 2020	May, 2020	March, 2020	May, 2020
1	*(C$ 000s, rounding may affect totals)*				
2	**Total Equity**				
3	**Retained Earnings**				
4	Beginning Balance	319,914	430,732	104,984	145,741
5	Net Income (Loss) from annual operations	110,818	108,321	40,757	4,726
6	Surplus Distribution/Rebate	-	(58,000)	-	(52,000)
7	Transfer (to) / from Non-Basic Retained Earnings	-	-	-	-
8	**Total Retained Earnings**	**430,732**	**481,053**	**145,741**	**98,467**
9	**Total Accumulated Other Comprehensive Income**				
10	Beginning Balance	(48,956)	(34,802)	(3,966)	(2,996)
11	Other Comprehensive Income for the Year	14,154	-	970	-
12	**Total Accumulated Other Comprehensive Income**	(34,802)	(34,802)	(2,996)	(2,996)
13	**Total Equity Balance**	**395,930**	**446,251**	**142,746**	**95,471**
14	**MINIMUM CAPITAL TEST (C$ 000s)**				
15	Total Equity Balance	395,930	446,251	142,746	95,471
16	Less: Assets Requiring 100% Capital	35,489	35,489	3,024	3,024
17	Capital Available	360,441	410,762	139,722	92,447
18	Minimum Capital Required (100% MCT)	368,892	371,408	37,665	35,301
19	**MCT Ratio %** (Line 17) / (Line 18)	**97.7%**	**110.6%**	**371.0%**	**261.9%**

Figure 11 shows that both Basic and Extension are projected to remain above their respective capital targets after payment of the special rebate. The months of April and May are historically amongst the lowest claims months to begin with, while the additional reduction in claims due to COVID-19 is offset by the rebate. The result for Basic is an increase in MCT from 97.7% to 110.6%. Extension is also forecasted to remain above its 200% target for this two month period. In the case of Extension, any remaining excess capital will flow back to Basic as it normally would under the CMP.

Are there risks to MPI's forecast not being achieved? Basic has a 100% MCT capital reserve target because each of its forecasts contains an element of risk. These risks and their expected magnitude have been provided to the PUB in prior GRAs. Based on the above forecasts, MPI anticipates that the RSR will exceed its 100% MCT target in the near term. Under the CMP, MPI would have released excess capital over the 100% MCT target. The issuance of this rebate simply expedites that process.

LA.3.2 Extension

As discussed above, the effect of this Application and the Government announcement related to excess Extension reserves is a pause in the transfer component of the CMP in 2019/20 in order to respond to the COVID-19 pandemic. As a result of forecast volatility and contemplation of the special rebate, MPI has not transferred excess Extension capital to Basic at the end of fiscal 2019/20. Instead, MPI will provide an immediate rebate of $52 million to policyholders in May, 2020.

At the end of 2020/21, Extension is forecasted to have $68.6 million in excess capital above the 200% MCT target, which MPI will transfer to Basic. In 2020/21 and thereafter, MPI is forecasting to transfer all excess Extension capital to Basic such that the Extension MCT ratio remains at 200% MCT, consistent with the compliance forecast.

Figure 12 Extension Capital Transfers

Line No.						
			Extension Net Income			
1	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
2	***($000)***					
3	**Current Forecast**	40,757	53,599	50,004	53,190	56,051
4	**Compliance Forecast**	55,706	45,181	47,559	50,905	52,772
5	**Change**	(14,949)	8,418	2,445	2,285	3,279
6				**Extension MCT Ratio**		
7	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
8	***($000)***					
9	**Current Forecast**	371.0%	200.0%	200.0%	200.0%	200.0%
10	**Compliance Forecast**	200.0%	200.0%	200.0%	200.0%	200.0%
11	**Change**	170.9%	0.0%	0.0%	0.0%	0.0%
12				**Extension Capital Transfers and Rebates**		
13	**Fiscal Year**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
14	***($000)***					
15	**Current Forecast**					
16	**Capital Transfer**	-	(68,622)	(47,345)	(50,366)	(53,799)
17	**Rebate**	-	(52,000)	-	-	-
18	**Total**	-	(120,622)	(47,345)	(50,366)	(53,799)
19	**Compliance Forecast**	(75,133)	(42,501)	(44,482)	(48,937)	(48,444)
20	**Change**	75,133	(78,121)	(2,863)	(1,429)	(5,355)

LA.4 Rebate Rules

On April 23, 2020, the Honourable Mr. Wharton announced that MPI proposed to issue to its customers a total rebate of approximately $110 million. The government and MPI worked collaboratively to determine that the proposed rebate should consist of a $52 million capital release from the excess maintained by MPI in its Extension Reserve, coupled with a $58 million reduction in Basic premiums (subject to PUB approval).

On the Extension side, the $52 million in excess represents earnings generated in the fiscal year 2019/20. MPI will provide this portion of the total rebate to all Basic policyholders, prorated on a percentage of their Basic vehicle premiums earned in the fiscal year 2019/20. Purchase of Extension products will not be a condition precedent for the receipt of this portion of the rebate. In other words, customers who only purchased a Basic policy will also be entitled to share in the $52 million release from the Extension Reserve.

Pursuant to the CMP, MPI would be required to transfer the $52 million in excess funds in the Extension Reserve to Basic in order to reduce the overall rate indication sought in the 2021 General Rate Application (GRA). Therefore, MPI submits that it is just and reasonable that the release of the excess amounts in the Extension Reserve benefit all customers with Basic policies, not just those who purchased that additional coverage. Instead of seeking to return monies to customers through a reduction in rates for the 2021/22 insurance year, MPI wishes to provide them with a direct and immediate benefit, as the current need is critical.

On the Basic side, the $58 million portion of the total rebate represents a return to those with Basic policies in effect on March 15, 2020, the savings generated as a result of the provincial state of emergency and public health orders (i.e. a reduction in claims costs). The rationale for the proposed rebate is that, given the reduced claims costs, these customers would have paid significantly less in premiums to insure their motor vehicles after March 15, 2020 had MPI calculated their premiums on a monthly (as opposed to annual) basis. MPI estimates that Basic saved approximately $29 million in claims costs between March 16 and April 15, 2020 and expects similar savings over the next 30 days.

As a result, MPI proposes a rebate to Basic customers with a policy in effect and earning premiums on March 15, 2020, a total of $58 million from Basic. If the rebate is approved, customers who meet the above criteria would receive a 5.63% rebate of their Basic in-force premium on March 15, 2020. The reason MPI is proposing this rebate only go to customers with policies *in force* and *earning* premium on March 15, 2020 is because the rebate is intended to provide relief to customers who overpaid for insurance as a result of the COVID-19 pandemic. If a policy is not in-force on March 15, the customer pays no premium on it and no financial relief is justified. Similarly, if a policy is not earning premium (i.e. motorcycles) the customer is similarly paying no premium and no financial relief is justified.

MPI selected March 15, 2020 as the eligibility date because it is the first day of the week on which the Government of Manitoba declared a Province-wide state of emergency (officially declared Friday, March 20, 2020). Prior to March 20, customers would not have experienced economic hardship as result of that state of emergency. MPI submits that March 15 sets a fair baseline for the determination of entitlement to the proposed rebate.

MPI appreciates that some of its customers (approximately 700,000) will dislike the proposed rebate and the rules for determining rebate entitlement and amounts. However, MPI proposes a simple approach as a means to reduce costs and given the time required to complete the process.

LA.4.1 Illustrative examples for typical customer in each major class

The rebate of $58 million from the Basic side is equal to a 5.63% reduction in premiums for *Highway Traffic Act* (HTA) vehicles in the private passenger, commercial and public major classes. The rebate is applied to the in-force premiums as of March 15, 2020 for these vehicles. The figure below shows the average premium reduction by major class.

Figure 13 Average Dollar Rebate by Major Class

		2021 Rate Model					
Line No.	Major Class	Number of Vehicles	2020 Total Premiums	2020 Average Rate	2019 Average Rate	Avg Rate for Policies-in Force on Mar 15, 2020	Avg $ Rebate for Policies-in Force on Mar 15, 2020
1	[1]	[2]	[3]	[4]	[5]	[6]	[7]
2	Private Passenger	812,577	962,170,215	1,184	1,195	1,194	67
3	Commercial	46,597	38,585,701	828	823	823	46
4	Public	12,562	26,896,699	2,141	1,940	1,949	110
5	[5] = [4] / (1 + Major Class average change from the 2020 GRA compliance filing)						
6	[6] = 11.5/12 * [5] + 0.5/12 * [4] based on the assumption of uniform renewals throughout the year						
7	[7] = [6] * 5.63%						

LA.4.2 Motorcyclists

Motorcyclists will receive the same percentage of the rebate from Extension (i.e. $52 million) as other qualifying customers. This roughly translates to 4.5% return on premiums paid. However, motorcyclists will not receive a percentage of the rebate from Basic (i.e. $58 million) for the following reasons:

1. The Basic portion of the rebate assumes that motorcycles do not significantly contribute to the lower claims frequency between March 15, 2020 and May 15, 2020. Although a few motorcyclists take to the road during this time period, MPI defines the riding season in Manitoba (for the purposes of calculating premiums) as running from May 1st to September 30th.
2. Motorcycle premiums are fully earned during the May 1st to September 30th riding season, which means that MPI has yet to earn premiums for the period in question (March 15, 2020 - May 15, 2020). As all premiums are earned during the riding season, the type of payment plan has no impact on the rebate availability (pay-in-full versus installments).

LA.5 Implementation Strategy

In considering the relief requested in this Application, the PUB must also decide whether MPI presents a prudent strategy for the actual distribution of approved rebates to customers. Below, MPI outlines its implementation strategy and discusses how it plans to resolve any problems as they arise.

As indicated, MPI expects to issue rebates to customers totaling $110 million. Therefore, the first question relates to how MPI plans to source the $110 million required to issue the rebate cheques. As explained above, MPI held back $85 million in cash that would otherwise have been transferred to the Investment Fund, and it now has $165 million of operational cash, of which approximately $80 million can be used to fund the rebate. The remaining $30 million is expected to be funded from revenues, requiring little or no liquidation of any investment assets.

The next question is who will qualify for the rebate and the rules for establishing entitlement. As explained above, a policyholder is qualified to receive a rebate if they had a Basic policy in force and earning premiums on March 15, 2020. Using these rules, MPI expects that approximately 700,000 customers will qualify for a rebate.

Once qualified, MPI will calculate the amount of the rebate to which the customer is entitled. MPI will then distribute rebate cheques to qualified customers via regular mail to their last known address on file.

MPI anticipates that the total cost of issuing the rebates will be approximately $973,000, itemized as follows (assuming 700,000 different recipients):

Figure 14 Rebates Cost

Line No.	Description	Cost
1	Cost of Purchasing and Printing Cheques	300,000
2	Postage	623,000
3	Administrative Costs (effort)	50,000
4	**Total Cost**	**973,000**

While is it impossible to foresee all of the problems that could potentially arise during the implementation phase of the rebate initiative, the following list identifies the problems MPI expects and the manner in which it proposes to respond to each:

	Problem	Solution
1.	Customer reports not receiving rebate cheque.	Upon confirming initial cheque has not been cashed, a replacement cheque will be issued subject to proper identification verification.

	Problem	Solution
2.	Customer disputes non-entitlement or amount of entitlement.	Inserts are prepared that clearly explain each rebate in understandable terms. In prior years, a description of the rebate was printed on the back of the premium rebate cheque stock. Scripts are prepared for CCO to address concerns - plan for routing escalation once script exhausted.
3.	Increase in calls to Contact Centre.	Add additional employees (CCAs) to the Contact Centre.
4.	Increase in volume of customer reports not receiving rebate cheque.	Add 2 Rebate Clerks in Banking to accommodate cheque inquiries and returned cheques. Media announcement is made in advance to advise customers to update their current address if they have moved (in prior years customers were directed to brokers who receive a commission for this). Customers asked to wait a specified period before inquiring.
5.	Increase in volume of replacement cheques.	Secure additional stock of replacement cheques.
6.	Increase in volume of cheques returned "Return to Sender".	Secure additional on-site storage containers in Banking and meeting rooms for 3 months.
7.	Specific customer groups require special handling.	If printing is outsourced, hold back customer groups, such as Fleets, if necessary to print internally.
8.	Canada Post capacity issues.	Need to coordinate testing and delivery with Canada Post. If MPI outsources the printing and mailing, it will need to coordinate with Canada Post for testing the mail content and delivery plan - especially if occurring in another city.

	Problem	Solution
9.	Inputs/Stock not received when required.	Monitor. Communicate. (depending on solution, there are several inputs required to adhere to schedule.)
10.	Concerns about applicability of garnishment orders on premium rebate.	Banking to confirm that garnishment orders do not attach to premium rebate

LA.5.1 Communication Strategy

Developing an effective communication strategy requires an understanding of the information customers need and the most effective ways to distribute same. It also involves balancing the direction to issue rebates to customers in an expeditious manner with the desire to fully educate and be responsive to concerns.

MPI anticipates that its customers will have the following questions about the rebates:

1. when will MPI issue rebates?
2. will I be entitled to a rebate?
3. if so, how much of a rebate will I be entitled to?
4. how will I be notified of my entitlement to a rebate?
5. how will I receive my rebate?
6. when will I receive my rebate?
7. what can I do if I don’t receive my rebate or have other questions?
8. can MPI afford to issue rebates?

The communication strategy MPI expects to employ will have 2 phases:

PHASE 1: This phase has already begun and will continue until no longer required. It involves the distribution of general information to the public to assist in setting up expectations for the rebate. MPI will share this information to the public on its website, via social media and through media releases as it becomes available.

PHASE 2: This phase involves the distribution of specific information to customers receiving the rebate and includes the method MPI used to calculate their entitlement and how to contact MPI regarding inquiries related to their rebate. MPI will include this information in a standard form letter that will accompany each rebate cheque.

Figure 1 - Investment Portfolios Preliminary Valuations

Line No.	Fiscal Year	January 31, 2020	February 29 ,2020	March 31 ,2020	Monthly Change Feb-Mar	Capital Return
1	***($000)***					
2	**Basic**	2,125.0	2,129.6	2,127.0	(2.6)	-0.1%
3	**Extension**	154.1	151.1	157.4	6.2	0.2% *
4	**SRE**	207.7	203.7	196.8	(7.0)	-3.4%
5	**RSR**	391.7	383.9	370.3	(13.6)	-3.5%
6	**EFB**	498.2	489.4	476.9	(12.4)	-2.5%
7	**Total**	3,376.7	3,357.7	3,328.4	(29.3)	-0.9%

8 ** $6 million of operational cash was deposited into global equities in late March*

Figure 2 - Basic Portfolio

Line No.	Fiscal Year	January 31, 2020	February 29 ,2020	March 31 ,2020	Monthly Change Feb-Mar 2020	Capital Return
1	***($000)***					
2	**Provincial Bonds**	1,098.2	1,100.1	1,093.1 *	(7.0)	
3	**Corporate Bonds**	423.5	424.1	424.1	-	
4	**MUSH Bonds**	538.5	536.5	534.0 **	(2.5) ***	
5	**Cash**	54.7	58.9	66.0	7.0	
6	**Floating Rate Notes**	10.1	10.0	9.9	(0.1)	
7	**Total**	2,125.0	2,129.6	2,127.0	(2.6)	-0.1%

8 ** Assumed that $7M of Provincial bonds were sold, which is what increased cash by $7M*

9 *** Feb 28, 2020 adjusted for average decline in last 2 months.*

10 **** Change due to maturities of MUSH bonds*

Figure 3 - Extension Portfolio

Line No.	Fiscal Year	January 31, 2020	February 29 ,2020	March 31 ,2020	Monthly Change Feb-Mar 2020	Capital Return
1	***($000)***					
2	**Fixed Income**	49.6	52.1	57.3	5.2	
3	**Provincial Bonds**	31.9	32.1	32.1	-	
4	**Corporate Bonds**	14.8	14.9	14.9	-	
5	**Private Debt - Mid-Term**	2.9	5.2	10.4	5.2 *	
6	**Public Equities**	52.4	49.0	49.6	0.6	-11.0% **
7	**Alternatives**	38.4	38.5	38.9	0.4	
8	**Real Estate**	27.1	27.1	27.3	0.2	
9	**Infrastructure**	11.3	11.5	11.7	0.2	
10	**Cash**	3.5	1.2	6.3	5.1	
11	**Floating Rate Notes**	10.3	10.3	5.3	(5.0) ***	
12	**Total**	154.1	151.1	157.4	6.2	0.2% ****

13 ** $5.25 million new investment in Private Debt in March*
14 *** $6 million adjusted for deposit of operational cash was deposited into global equities in late March*
15 **** FRNs were sold to fund private debt drawdown*
16 ***** adjusted for deposit*

Figure 4 - SRE Portfolio

Line No.	Fiscal Year	January 31, 2020	February 29 ,2020	March 31 ,2020	Monthly Change Feb-Mar 2020	Capital Return
1	***($000)***					
2	**Fixed Income**	63.4	66.6	73.5	6.9	
3	**Provincial Bonds**	39.8	39.8	39.9	0.0	
4	**Corporate Bonds**	19.8	19.9	19.9	-	
5	**Private Debt - Mid-Term**	3.8	6.8	13.7	6.9 *	
6	**Public Equities**	70.3	65.8	58.3	(7.4)	-11.3%
7	**Private Equities**	0.4	0.4	0.4	-	
8	**Alternatives**	51.5	51.7	52.2	0.5	
9	**Real Estate**	36.4	36.3	36.6	0.3	
10	**Infrastructure**	15.1	15.4	15.7	0.3	
11	**Cash**	6.8	4.0	4.0	0.1	
12	**Floating Rate Notes**	15.4	15.3	8.3	(7.1) **	
13	**Total**	207.7	203.7	195.3	(7.0)	-3.4%

14 **$6.9 million new investment in Private Debt in March*
15 ***FRNs were sold to fund private debt drawdown*

Figure 5 - RSR Portfolio

Line No.	Fiscal Year	January 31, 2020	February 29 ,2020	March 31 ,2020	Monthly Change Feb-Mar 2020		Capital Return
1	*($000)*						
2	**Fixed Income**	121.3	125.8	135.1	9.2		
3	**Provincial Bonds**	75.6	76.0	76.0	-		
4	**Corporate Bonds**	38.0	38.2	38.2	-		
5	**Private Debt - Mid-Term**	7.7	11.7	20.9	9.2	*	
6	**Public Equities**	134.2	125.6	111.7	(13.9)		-11.1%
8	**Alternatives**	67.7	68.0	68.7	0.7		
9	**Real Estate**	47.8	47.8	48.1	0.3		
10	**Infrastructure**	19.9	20.2	20.6	0.4		
11	**Cash**	1.7	1.0	1.9	0.9		
12	**Floating Rate Notes**	66.8	63.5	53.0	(10.5)	**	
13	**Total**	391.7	383.9	370.3	(136.0)		-3.5%

14 **$9.2 million new investment in Private Debt in March*
15 ***FRNs were sold to fund private debt drawdown*

Figure 6 - EFB Portfolio

Line No.	Fiscal Year	January 31, 2020	February 29 ,2020	March 31 ,2020	Monthly Change Feb-Mar 2020	Capital Return
1	***($000)***					
2	**Fixed Income**	181.7	182.4	182.4	-	
3	**Corporate Bonds**	99.5	94.5	94.5	-	
4	**Private Debt - Long-Term**	82.2	87.9	87.9	-	
5	**Public Equities**	168.4	157.8	142.5	(15.4)	-9.7%
6	**Alternatives**	147.6	148.7	151.4	2.8	
7	**Real Estate**	74.9	74.7	76.1	1.4	
8	**Infrastructure**	72.7	73.9	75.3	1.4	
9	**Cash**	0.5	0.4	0.6	0.2	
10	**Floating Rate Notes**	-	-	-	-	
11	**Total**	498.2	489.4	476.9	(12.4)	2.5%

SUMMARY APPLICATION PRO FORMAS

2021 SPECIAL REBATE APPLICATION

April 27, 2020

MANITOBA PUBLIC INSURANCE

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Pro Formas

PF- 1 Statement of Operations: $110M Rebate in 2020/21, No Rate changes

Line No.	(C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2020P	2021B	2022F	2023F	2024F	2025F
2	**BASIC**	***2019/20P**	**2020/21B**	**2021/22F**	**2022/23F**	**2023/24F**	**2024/25F**
3	Motor Vehicles	1,062,979	1,095,558	1,134,516	1,175,389	1,217,905	1,261,372
4	Drivers	67,421	67,980	68,381	69,034	69,856	71,225
5	Reinsurance Ceded	(14,182)	(13,608)	(13,879)	(14,158)	(14,441)	(14,729)
6	**Total Net Premiums Written**	**1,116,218**	**1,149,930**	**1,189,018**	**1,230,265**	**1,273,320**	**1,317,868**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,035,999	1,081,546	1,116,481	1,156,467	1,198,223	1,241,250
9	Drivers	67,064	67,787	68,179	68,706	69,443	70,537
10	Reinsurance Ceded	(14,182)	(13,607)	(13,880)	(14,158)	(14,440)	(14,730)
11	**Total Net Premiums Earned**	**1,088,881**	**1,135,726**	**1,170,780**	**1,211,015**	**1,253,226**	**1,297,057**
12	Service Fees & Other Revenues	27,182	28,654	30,562	32,652	34,938	37,427
13	**Total Earned Revenues**	**1,116,063**	**1,164,380**	**1,201,342**	**1,243,667**	**1,288,164**	**1,334,484**
14	Claims Incurred	789,795	830,781	919,797	955,453	992,327	1,029,221
15	DPAC \ Premium Deficiency Adjustment	(1,801)	(8,353)	11,031	(3,090)	3,778	2,538
16	(a) Claims Incurred - Interest Rate Impact	59,785	15,499	16,933	15,411	12,800	6,555
17	**Total Claims Incurred**	**847,779**	**837,927**	**947,761**	**967,774**	**1,008,905**	**1,038,314**
18	Claims Expense	131,025	146,830	143,978	146,524	155,258	154,855
19	Road Safety/Loss Prevention	11,222	14,004	13,705	13,598	13,839	13,641
20	**Total Claims Costs**	**990,026**	**998,761**	**1,105,444**	**1,127,896**	**1,178,002**	**1,206,810**
21	**Expenses**						
22	Operating	69,636	74,207	73,042	76,388	81,008	81,108
23	Commissions	42,475	44,171	45,581	47,154	48,798	50,510
24	Premium Taxes	33,092	32,740	35,540	36,755	38,030	39,354
25	Regulatory/Appeal	4,150	5,122	5,160	5,201	5,295	5,389
26	**Total Expenses**	**149,353**	**156,240**	**159,323**	**165,498**	**173,131**	**176,361**
27	**Underwriting Income (Loss)**	**(23,316)**	**9,379**	**(63,425)**	**(49,727)**	**(62,969)**	**(48,687)**
28	**Investment Income**	53,606	83,964	84,300	83,408	84,791	88,042
29	(b) Investment Income - Interest Rate Impact	80,528	1,824	1,062	281	(198)	(248)
30	**Net Investment Income**	**134,134**	**85,788**	**85,362**	**83,689**	**84,593**	**87,794**
31	**Gain (Loss) on Sale of Property**	**-**	**-**	**5,997**	**-**	**-**	**-**
32	**Net Income (Loss) from Annual Operations**	**110,818**	**95,167**	**27,934**	**33,962**	**21,624**	**39,107**
33	**Surplus Distribution**	**-**	**(58,000)**	**-**	**-**	**-**	**-**
34	**Net Income (Loss) after Surplus Distribution**	**110,818**	**37,167**	**27,934**	**33,962**	**21,624**	**39,107**

35 *2019/20 is projected for 12 months ending March 31, 2020

PF- 2 Statement of Financial Position: $110M Rebate in 2020/21, No Rate changes

Multi-year - Statement of Financial Position

Line No.		For the Years Ended March 31,					
1	*(C$ 000s, rounding may affect totals)*	**2020P**	**2021B**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**	***2019/20P**	**2020/21B**	**2021/22F**	**2022/23F**	**2023/24F**	**2024/25F**
3	**Assets**						
4	Cash and cash equivalents	204,688	100,000	100,000	100,000	100,000	100,000
5	Investments	2,679,060	3,008,511	3,189,222	3,375,465	3,574,505	3,793,092
6	Investment property	17,516	17,373	17,198	16,787	16,790	16,507
7	Due from other insurance companies	310	-	-	-	-	-
8	Accounts receivable	422,493	420,252	433,843	447,992	462,796	478,132
9	Deferred policy acquisition costs	9,367	14,003	4,101	8,376	5,831	4,553
11	Reinsurers' share of unearned premiums	-	1	-	-	1	-
12	Reinsurers' share of unpaid claims	6,109	-	-	-	-	-
13	Property and equipment	88,502	93,360	96,798	99,240	97,101	91,170
14	Deferred development costs	35,489	40,264	63,064	71,025	67,489	53,512
15		**3,463,534**	**3,693,764**	**3,904,226**	**4,118,885**	**4,324,513**	**4,536,966**
16	**Liabilities**						
17	Due to other insurance companies	658	601	601	601	601	601
18	Accounts payable and accrued liabilites	67,214	72,327	71,351	73,513	78,299	77,728
19	Financing lease obligation	5,476	5,370	5,255	5,132	5,010	4,887
20	Unearned premiums and fees	571,032	589,781	611,939	635,432	660,117	685,893
21	Provision for employee current benefits	17,633	18,323	19,021	19,762	20,512	21,273
22	Provision for employee future benefits	332,046	343,671	355,928	368,066	380,298	392,930
23	Provision for unpaid claims	2,073,545	2,131,942	2,226,870	2,310,850	2,389,811	2,459,160
24		**3,067,604**	**3,162,015**	**3,290,965**	**3,413,356**	**3,534,648**	**3,642,472**
25	**Equity**						
26	Retained Earnings	430,732	536,522	611,801	696,129	771,491	866,760
27	Accumulated Other Comprehensive Income	(34,802)	(4,774)	1,459	9,401	18,375	27,735
28	**Total Equity**	**395,930**	**531,748**	**613,260**	**705,530**	**789,866**	**894,495**
29	**Total Liabilities & Equity**	**3,463,534**	**3,693,763**	**3,904,225**	**4,118,886**	**4,324,514**	**4,536,967**
30	*2019/20 is projected for 12 months ending March 31, 2020						

PF- 3 Statement of Changes in Equity: $110M Rebate in 2020/21, No Rate changes

Multi-year - Statement of Changes in Equity

Line No.		For the Years Ended March 31,					
1	*(C$ 000s, rounding may affect totals)*	**2020P**	**2021B**	**2022F**	**2023F**	**2024F**	**2025F**
2	**BASIC**	***2019/20P**	**2020/21B**	**2021/22F**	**2022/23F**	**2023/24F**	**2024/25F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	319,914	430,732	536,522	611,801	696,129	771,491
6	Net Income (Loss) from annual operations	110,818	95,168	27,933	33,962	21,624	39,106
	Surplus Distribution/Rebate	-	(58,000)	-	-	-	-
7	Transfer (to) / from Non-Basic Retained Earnings	-	68,622	47,345	50,366	53,739	56,163
8	**Total Retained Earnings**	**430,732**	**536,522**	**611,801**	**696,129**	**771,491**	**866,760**
9	**Total Accumulated Other Comprehensive Income**						
10	Beginning Balance	(48,956)	(34,802)	(4,774)	1,459	9,401	18,375
11	Other Comprehensive Income for the Year	14,154	30,028	6,234	7,942	8,974	9,360
12	**Total Accumulated Other Comprehensive Income**	(34,802)	(4,774)	1,459	9,401	18,375	27,735
13	**Total Equity Balance**	**395,930**	**531,748**	**613,260**	**705,530**	**789,866**	**894,495**
14	**MINIMUM CAPITAL TEST (C$ 000s)**						
15	Total Equity Balance	395,930	531,748	613,260	705,530	789,866	894,495
16	Less: Assets Requiring 100% Capital	35,489	40,264	63,064	71,025	67,489	53,512
17	Capital Available	360,441	491,484	550,196	634,505	722,377	840,983
18	Minimum Capital Required (100% MCT)	368,892	377,832	416,822	437,960	461,539	486,600
19	**MCT Ratio %** (Line 17) / (Line 18)	**97.7%**	**130.1%**	**132.0%**	**144.9%**	**156.5%**	**172.8%**
20	*2019/20 is projected for 12 months ending March 31, 2020						

PF- 4 Statement of Operations - 2019/20 Comparative

Line No.		2020 GRA 2019-20FB	2021 GRA 2019-20P	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,057,941	1,062,979	5,038		0.48
4	Drivers	70,267	67,421	(2,846)		(4.05)
5	Reinsurance Ceded	(14,888)	(14,182)	706		(4.74)
6	**Total Net Premiums Written**	**1,113,320**	**1,116,218**	**2,898**	**(1)**	**0.26**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,034,264	1,035,999	1,735		0.17
9	Drivers	68,568	67,064	(1,504)		(2.19)
10	Reinsurance Ceded	(14,217)	(14,182)	35		(0.25)
11	**Total Net Premiums Earned**	**1,088,615**	**1,088,881**	**266**		**0.02**
12	Service Fees & Other Revenues	26,511	27,182	671		2.53
13	**Total Earned Revenues**	**1,115,126**	**1,116,063**	**937**		**0.08**
14	**Net Claims Incurred**	822,574	789,795	(32,779)		(3.98)
15	DPAC \ Premium Deficiency Adjustment	(17,630)	(1,801)	15,829		(89.79)
16	(a) Claims Incurred - Interest rate impact	61,401	59,785	(1,616)		(2.63)
17	**Total Claims Incurred**	**866,345**	**847,779**	**(18,566)**	**(2)**	**(2.14)**
18	Claims Expense	134,257	131,025	(3,232)	(4)	(2.41)
19	Road Safety/Loss Prevention	12,329	11,222	(1,107)	(4)	(8.98)
20	**Total Claims Costs**	**1,012,931**	**990,026**	**(22,905)**		**(2.26)**
21	**Expenses**					
22	Operating	72,200	69,636	(2,564)	(4)	(3.55)
23	Commissions	42,454	42,475	21		0.05
24	Premium Taxes	33,085	33,092	7		0.02
25	Regulatory/Appeal	4,671	4,150	**(521)**	**(4)**	(11.15)
26	**Total Expenses**	**152,410**	**149,353**	**(3,057)**		**(2.01)**
27	**Underwriting Income (Loss)**	**(50,215)**	**(23,316)**	**26,899**		**(53.57)**
28	**Investment Income**	78,170	53,606	(24,564)		(31.42)
29	(b) Investment Income - Interest rate impact	80,437	80,528	91		0.11
30	**Total Investment Income**	**158,607**	**134,134**	**(24,473)**	**(3)**	**(15.43)**
31	**Gain (Loss) on Sale of Property**		**-**	**-**		-
32	**Net Income (Loss)**	**108,392**	**110,818**	**2,426**		**2.24**
33	**Allocated Corporate Expenses**					
34	Claims Expense	134,257	131,025	(3,232)		(2.41)
35	Road Safety/Loss Prevention	12,329	11,222	(1,107)		(8.98)
36	Operating	72,200	69,636	(2,564)		(3.55)
37	Regulatory/Appeal	4,671	4,150	(521)		(11.15)
38	**Total Allocated Corporate Expenses**	**223,457**	**216,033**	**(7,424)**		**(3.32)**
39	**Allocated Corporate Expenses**					
40	Normal Operations	225,855	213,866	(11,989)	(4)	(5.31)
41	Initiatives Implementation	3,673	4,982	1,309	(4)	35.64
42	Initiatives Ongoing	-	-	-		-
43	**Total Allocated Corporate Expenses**	**229,528**	**218,848**	**(10,680)**		**(4.65)**
44	***Total net positive impact due to interest rates**	**19,036**	**20,743**	**1,707**		**8.97**

Explanation of Significant Variances - 2019/20 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,113,320**	2020 GRA
2			5,038	Higher than expected premium related to upgrade, fleets etc
3			(2,846)	Lower driver premiums primarily related to volume and DSR discount
4			706	Lower than expected reinsurance premiums
5			**1,116,218**	2021 GRA
6	(2)	Net Claims Incurred	**866,345**	2020 GRA
7			(38,861)	Decreased PIPP and Liability claims
8			(5,528)	Decreased Collision claims
9			(4,918)	Decreased Property Damage Claims
10			(1,616)	Decreased Interest Rate Impact
11			(1,385)	Other Impacts
12			15,829	Increased Write Down DPAC
13			11,961	Increased Comprehensive claims
14			5,951	Increased ILAE
15			**847,779**	2021 GRA
17	(3)	Investment Income	**158,607**	2020 GRA
18			2,227	Higher than expected interest income and gains/loss on alternative invest
19			6,612	Higher than expected net pension income
20			(33,312)	Impairment of Equity Investments
21			**134,134**	2021 GRA*
22	(4)	Allocated Corporate Expenses	**223,457**	2020 GRA
24			(7,424)	Due to items including salarie, initiatives, data processing etc
26			**216,033**	2021 GRA*

* Detail not readily available for 2019/20 due to amounts based on projections

PF- 5 Statement of Operations: 2020/21 Comparative

Line No.		2020 GRA 2020-21F	2021 GRA 2020-21B	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,101,066	1,095,558	(5,508)		(0.50)
4	Drivers	72,280	67,980	(4,300)		(5.95)
5	Reinsurance Ceded	(14,433)	(13,608)	825		(5.72)
6	**Total Net Premiums Written**	**1,158,913**	**1,149,930**	**(8,983)**	**(1)**	**(0.78)**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,084,045	1,081,546	(2,499)		(0.23)
9	Drivers	71,268	67,787	(3,481)		(4.88)
10	Reinsurance Ceded	(14,433)	(13,607)	826		(5.72)
11	**Total Net Premiums Earned**	**1,140,880**	**1,135,726**	**(5,154)**		**(0.45)**
12	Service Fees & Other Revenues	28,211	28,654	443		1.57
13	**Total Earned Revenues**	**1,169,091**	**1,164,380**	**(4,711)**		**(0.40)**
14	**Net Claims Incurred**	927,907	830,781	(97,126)		(10.47)
15	DPAC \ Premium Deficiency Adjustment	(3,040)	(8,353)	(5,313)		174.77
16	(a) Claims Incurred - Interest rate impact	15,825	15,499	(326)		(2.06)
17	**Total Claims Incurred**	**940,692**	**837,927**	**(102,765)**	**(2)**	**(10.92)**
18	Claims Expense	139,351	146,830	7,479	(4)	5.37
19	Road Safety/Loss Prevention	13,462	14,004	542	(4)	4.03
20	**Total Claims Costs**	**1,093,505**	**998,761**	**(94,744)**		**(8.66)**
21	**Expenses**					
22	Operating	74,157	74,207	50	(4)	0.07
23	Commissions	44,384	44,171	(213)		(0.48)
24	Premium Taxes	34,659	32,740	(1,919)		(5.54)
25	Regulatory/Appeal	5,326	5,122	**(204)**	**(4)**	(3.83)
26	**Total Expenses**	**158,526**	**156,240**	**(2,286)**		**(1.44)**
27	**Underwriting Income (Loss)**	**(82,940)**	**9,379**	**92,319**		**(111.31)**
28	**Investment Income**	72,953	83,964	11,011		15.09
29	(b) Investment Income - Interest rate impact	(95)	1,824	1,919		(2,020.00)
30	**Total Investment Income**	**72,858**	**85,788**	**12,930**	**(3)**	**17.75**
31	**Net Income (Loss) from Annual Operations**	**(10,082)**	**95,167**	**105,249**		**(1,043.93)**
32	**Surplus Distribution**	**-**	**(58,000)**	**(58,000)**		
33	**Net Income (Loss) after Surplus Distribution**	**(10,082)**	**37,167**	**47,249**		**(468.65)**
34	**Allocated Corporate Expenses**					
35	Claims Expense	139,351	146,830	7,479		5.37
36	Road Safety/Loss Prevention	13,462	14,004	542		4.03
37	Operating	74,157	74,207	50		0.07
38	Regulatory/Appeal	5,326	5,122	(204)		(3.83)
39	**Total Allocated Corporate Expenses**	**232,296**	**240,163**	**7,867**		**3.39**
40	***Total impact due to interest rates**	**(15,920)**	**(13,675)**	**2,245**		**(14.10)**

Explanation of Significant Variances - 2020/21 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,158,913**	2020 GRA
2			(5,508)	Lower than expected premium related to volume and upgrade
3			(4,300)	Lower driver premiums primarily related to volume and DSR dis
4			825	Lower than expected reinsurance premiums
9			**1,149,930**	2021 GRA
11	(2)	Net Claims Incurred	**940,692**	2020 GRA
12			(62,147)	Lower forecast for Collision + Comprehensive claims
13			(18,922)	Lower forecast for PIPP and Liability claims
14			(10,771)	Lower forecasted ULAE from Expense Reclassification
15			(7,634)	Lower forecasted Property Damage claims
16			(5,314)	Lower forecasted Write Down DPAC
17			(2,229)	Lower forecasted Interest Rate Impact
18			4,252	Increased forecasted ILAE
19			**837,927**	2021 GRA
21	(3)	Investment Income	**72,858**	2020 GRA
22			9,732	Higher than expected interest income
23			3,429	Higher than expected equity investment income
24			8,109	Higher than expected alternative investment income
25			(1,609)	Higher than expected investment manager fees
26			929	Lower than expected amortization of bond premium
27			(10,724)	Higher than expected pension expense
28			3,063	Other
29			**85,788**	2021 GRA
31	(4)	Allocated Corporate Expenses	**232,296**	2020 GRA
32			9,266	Higher than expected Data processing
33			(4,360)	Lower than expected salaries
34			1,410	Higher than expected Benefit expense
35			1,773	Higher than expected Special Services expense
36			(1,607)	Lower than expected Merchant Fees
37			1,385	All Other
38			**240,163**	2021 GRA

PF- 6 Statement of Operations: 2021/22 Comparative

Line No.		2020 GRA 2021-22F	2021 GRA 2021-22F	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,144,765	1,134,516	(10,249)		(0.90)
4	Drivers	74,110	68,381	(5,729)		(7.73)
5	Reinsurance Ceded	(14,722)	(13,879)	843		(5.73)
6	**Total Net Premiums Written**	**1,204,153**	**1,189,018**	**(15,135)**	**(1)**	**(1.26)**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,124,535	1,116,481	(8,054)		(0.72)
9	Drivers	73,190	68,179	(5,011)		(6.85)
10	Reinsurance Ceded	(14,722)	(13,880)	842		(5.72)
11	**Total Net Premiums Earned**	**1,183,003**	**1,170,780**	**(12,223)**		**(1.03)**
12	Service Fees & Other Revenues	30,203	30,562	359		1.19
13	**Total Earned Revenues**	**1,213,206**	**1,201,342**	**(11,864)**		**(0.98)**
14	**Net Claims Incurred**	965,979	919,797	(46,182)		(4.78)
15	DPAC \ Premium Deficiency Adjustment	3,120	11,031	7,911		253.56
16	(a) Claims Incurred - Interest rate impact	18,834	16,933	(1,901)		(10.09)
17	**Total Claims Incurred**	**987,933**	**947,761**	**(40,172)**	**(2)**	**(4.07)**
18	Claims Expense	139,484	143,978	4,494	(4)	3.22
19	Road Safety/Loss Prevention	13,420	13,705	285	(4)	2.12
20	**Total Claims Costs**	**1,140,837**	**1,105,444**	**(35,393)**		**(3.10)**
21	**Expenses**					
22	Operating	75,472	73,042	(2,430)	(4)	(3.22)
23	Commissions	45,977	45,581	(396)		(0.86)
24	Premium Taxes	35,932	35,540	(392)		(1.09)
25	Regulatory/Appeal	5,335	5,160	**(175)**	**(4)**	(3.28)
26	**Total Expenses**	**162,716**	**159,323**	**(3,393)**		**(2.09)**
27	**Underwriting Income (Loss)**	**(90,347)**	**(63,425)**	**26,922**		**(29.80)**
28	**Investment Income**	72,957	84,300	11,343		15.55
29	(b) Investment Income - Interest rate impact	(153)	1,062	1,215		(794.12)
30	**Total Investment Income**	**72,804**	**85,362**	**12,558**	**(3)**	**17.25**
31	**Gain on Sale of Property**					
32	**Net Income (Loss)**	**(17,543)**	**27,934**	**45,477**		**(259.23)**
33	**Allocated Corporate Expenses**					
34	Claims Expense	139,484	143,978	4,494		3.22
35	Road Safety/Loss Prevention	13,420	13,705	285		2.12
36	Operating	75,472	73,042	(2,430)		(3.22)
37	Regulatory/Appeal	5,335	5,160	(175)		(3.28)
38	**Total Allocated Corporate Expenses**	**233,711**	**235,885**	**2,174**		**0.93**
39	**Allocated Corporate Expenses**					
40	Normal Operations	225,418	226,767	1,349	(4)	0.60
41	Initiatives Implementation	750	1,114	364	(4)	48.53
42	Initiatives Ongoing	6,836	3,795	(3,041)	(4)	(44.49)
43	**Total Allocated Corporate Expenses**	**233,004**	**231,676**	**(1,328)**		**(0.57)**
44	***Total impact due to interest rates**	**(18,987)**	**(15,871)**	**3,116**		**(16.41)**

Explanation of Significant Variances - 2021/22 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,204,153**	2020 GRA
2			(10,249)	Lower than expected premium related to volume and upgrade
3			(5,729)	Lower driver premiums primarily related to volume and DSR di
4			843	Lower than expected reinsurance premiums
9			**1,189,018**	2021 GRA
10	(2)	Net Claims Incurred	**987,933**	2020 GRA
11			(32,006)	Lower forecast for Collision + Comprehensive claims
12			(12,228)	Lower forecasted ULAE from Expense Reclassification
13			(3,592)	Lower forecasted Property Damage claims
14			(473)	Lower forecasted Interest Rate Impact
15			7,912	Increased forecasted Write Down DPAC
16			107	Lower forecast for PIPP and Liability claims
17			107	Increased forecasted ILAE
18			**947,761**	2021 GRA
19	(3)	Investment Income	**72,804**	2020 GRA
20			5,255	Higher than expected interest income
21			9,246	Higher than expected equity investment income
22			9,513	Higher than expected alternative investment income
23			(2,179)	Higher than expected investment manager fees
24			524	Lower than expected amortization of bond premium
25			(10,994)	Higher than expected pension expense
26			1,193	Other
27			**85,362**	2021 GRA
28	(4)	Allocated Corporate Expenses	**233,711**	2020 GRA
29			7,186	Higher than expected Data processing
30			(4,855)	Lower than expected salaries
31			1,377	Higher than expected Benefit expense
32			1,964	Higher than expected Special Services expense
33			(1,081)	Lower than expected Merchant Fees
34			(2,417)	All Other
35			**235,885**	2021 GRA

PF- 7 Statement of Operations: 2022/23 Comparative

Line No.		2020 GRA 2022-23F	2021 GRA 2022-23F	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,190,689	1,175,389	(15,300)		(1.28)
4	Drivers	75,948	69,034	(6,914)		(9.10)
5	Reinsurance Ceded	(15,016)	(14,158)	858		(5.71)
6	**Total Net Premiums Written**	**1,251,621**	**1,230,265**	**(21,356)**	**(1)**	**(1.71)**
			-			
7	**Net Premiums Earned**					
8	Motor Vehicles	1,169,429	1,156,467	(12,962)		(1.11)
9	Drivers	75,024	68,706	(6,318)		(8.42)
10	Reinsurance Ceded	(15,016)	(14,158)	858		(5.71)
11	**Total Net Premiums Earned**	**1,229,437**	**1,211,015**	**(18,422)**		**(1.50)**
12	Service Fees & Other Revenues	32,395	32,652	257		0.79
13	**Total Earned Revenues**	**1,261,832**	**1,243,667**	**(18,165)**		**(1.44)**
			-			
14	**Net Claims Incurred**	1,009,297	955,453	(53,844)		(5.33)
15	DPAC \ Premium Deficiency Adjustment	3,701	(3,090)	(6,791)		(183.49)
16	(a) Claims Incurred - Interest rate impact	16,134	15,411	(723)		(4.48)
17	**Total Claims Incurred**	**1,029,132**	**967,774**	**(61,358)**	**(2)**	**(5.96)**
18	Claims Expense	138,957	146,524	7,567	(4)	5.45
19	Road Safety/Loss Prevention	13,712	13,598	(114)	(4)	(0.83)
20	**Total Claims Costs**	**1,181,801**	**1,127,896**	**(53,905)**		**(4.56)**
21	**Expenses**					
22	Operating	76,989	76,388	(601)	(4)	(0.78)
23	Commissions	47,740	47,154	(586)		(1.23)
24	Premium Taxes	37,334	36,755	(579)		(1.55)
25	Regulatory/Appeal	5,423	5,201	(222)	(4)	(4.09)
26	**Total Expenses**	**167,486**	**165,498**	**(1,988)**		**(1.19)**
27	**Underwriting Income (Loss)**	**(87,455)**	**(49,727)**	**37,728**		**(43.14)**
			-			
28	**Investment Income**	72,428	83,408	10,980		15.16
29	(b) Investment Income - Interest rate impact	(239)	281	520		(217.57)
30	**Total Investment Income**	**72,189**	**83,689**	**11,500**	**(3)**	**15.93**
31	**Net Income (Loss)**	**(15,266)**	**33,962**	**49,228**		**(322.47)**
32	**Allocated Corporate Expenses**					
33	Claims Expense	138,957	146,524	7,567		5.45
34	Road Safety/Loss Prevention	13,712	13,598	(114)		(0.83)
35	Operating	76,989	76,388	(601)		(0.78)
36	Regulatory/Appeal	5,423	5,201	(222)		(4.09)
37	**Total Allocated Corporate Expenses**	**235,081**	**241,711**	**6,630**		**2.82**
38	**Allocated Corporate Expenses**					
39	Normal Operations	225,463	225,418	(45)	(4)	(0.02)
40	Initiatives Implementation	782	750	(32)	(4)	(4.09)
41	Initiatives Ongoing	8,110	7,164	(946)	(4)	(11.66)
42	**Total Allocated Corporate Expenses**	**234,355**	**233,332**	**(1,023)**		**(0.44)**
43	***Total net positive impact due to interest rates**	**(16,373)**	**(15,130)**	**1,243**		**(7.59)**

Explanation of Significant Variances - 2022/23 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,251,621**	2020 GRA
2			(15,300)	Lower than expected premium related to volume and upgrade
3			(6,914)	Lower driver premiums primarily related to volume and DSR
4			858	Lower than expected reinsurance premiums
5			**1,230,265**	2021 GRA
6	(2)	Net Claims Incurred	**1,029,132**	2020 GRA
7			(37,368)	Lower forecast for Collision + Comprehensive claims
8			(13,666)	Lower forecasted ULAE from Expense Reclassification
9			(6,791)	Lower forecasted Write Down DPAC
10			(3,933)	Lower forecasted Property Damage claims
11			(177)	Lower forecasted Interest Rate Impact
12			(57)	Increased forecasted ILAE
13			632	Increased forecasted PIPP claims
14			**967,774**	2021 GRA
15	(3)	Investment Income	**72,189**	2020 GRA
16			1,873	Higher than expected interest income
17			8,519	Higher than expected equity investment income
18			14,511	Higher than expected alternative investment income
19			(2,587)	Higher than expected investment manager fees
20			(1)	Higher than expected amortization of bond premium
21			(11,265)	Higher than expected pension expense
22			449	Other
23			**83,689**	2021 GRA
25	(4)	Allocated Corporate Expenses	**235,081**	2020 GRA
26			12,626	Higher than expected Data processing
27			(5,610)	Lower than expected salaries
28			1,506	Higher than expected Benefit expense
29			(1,012)	Higher than expected Special Services expense
30			(880)	All Other
31			**241,711**	2021 GRA

EPF- 1 Statement of Operations: $110M Rebate in 2020/21, No Rate changes

Multi-year - Statement of Operations

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2020P**	**2021B**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	***2019/20P**	**2020/21B**	**2021/22F**	**2022/23F**	**2023/24F**	**2024/25F**
3	Motor Vehicles	156,304	160,181	165,256	170,768	176,690	182,923
4	Reinsurance Ceded	(1,905)	(1,911)	(1,949)	(1,989)	(2,028)	(2,068)
5	**Total Net Premiums Written**	**154,399**	**158,270**	**163,307**	**168,779**	**174,662**	**180,855**
6	**Net Premiums Earned**						
7	Motor Vehicles	158,728	158,576	162,839	168,143	173,870	179,955
8	Reinsurance Ceded	(1,905)	(1,911)	(1,949)	(1,988)	(2,028)	(2,068)
9	**Total Net Premiums Earned**	**156,823**	**156,665**	**160,890**	**166,155**	**171,842**	**177,887**
10	Service Fees & Other Revenues	12,343	13,019	13,684	14,406	15,186	16,029
11	**Total Earned Revenues**	**169,166**	**169,684**	**174,574**	**180,561**	**187,028**	**193,916**
12	**Net Claims Incurred**	67,945	65,120	69,379	70,056	71,074	72,234
13	(a) Claims Incurred - Interest Rate Impact	-	65	(181)	(67)	-	-
14	**Total Claims Incurred**	**67,945**	**65,185**	**69,198**	**69,989**	**71,074**	**72,234**
15	Claims Expense	11,000	12,217	11,925	11,865	12,550	12,315
16	Road Safety/Loss Prevention	861	1,165	1,135	1,099	1,115	1,080
17	**Total Claims Costs**	**79,806**	**78,567**	**82,258**	**82,953**	**84,739**	**85,629**
18	**Expenses**						
19	Operating	8,883	8,265	8,459	8,883	9,300	9,272
20	Commissions	35,019	34,623	35,595	36,751	37,999	39,326
21	Premium Taxes	4,762	3,197	4,885	5,044	5,216	5,399
22	Regulatory/Appeal	12	12	12	12	16	20
23	**Total Expenses**	**48,676**	**46,097**	**48,951**	**50,690**	**52,531**	**54,017**
24	**Underwriting Income (Loss)**	**40,684**	**45,020**	**43,365**	**46,918**	**49,758**	**54,270**
25	**Investment Income**	(740)	7,560	5,839	6,136	6,250	6,548
26	(b) Investment Income - Interest Rate Impact	813	1,019	284	136	43	6
27	**Net Investment Income**	**73**	**8,579**	**6,123**	**6,272**	**6,293**	**6,554**
28	**Gain (Loss) on Sale of Property**	**-**	**-**	**516**	**-**	**-**	**-**
29	**Net Income (Loss) from Operations**	**40,757**	**53,599**	**50,004**	**53,190**	**56,051**	**60,824**
30	**Surplus Distribution**	-	(52,000)	-	-	-	-
31	**Net Income (Loss) after surplus distribution**	**40,757**	**1,599**	**50,004**	**53,190**	**56,051**	**60,824**
32	*2019/20 is projected for 12 months ending March 31, 2020						

EPF- 3 Statement of Changes in Equity: $110M Rebate in 2020/21, No Rate changes

Multi-year - Statement of Changes in Equity

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2020P**	**2021B**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	***2019/20P**	**2020/21B**	**2021/22F**	**2022/23F**	**2023/24F**	**2024/25F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	104,984	145,741	78,719	81,380	84,204	86,517
6	Net Income (Loss) from annual operations	40,757	53,599	50,006	53,191	56,052	60,824
7		-	(52,000)	-	-	-	-
8	Transfer (to) / from Basic Retained Earnings	-	(68,622)	(47,345)	(50,366)	(53,739)	(56,163)
9	**Total Retained Earnings**	**145,741**	**78,718**	**81,380**	**84,205**	**86,517**	**91,178**
10	**Total Accumulated Other Comprehensive Income**						
11	Beginning Balance	(3,966)	(2,995)	2,109	3,807	4,941	5,944
12	Other Comprehensive Income	970	5,104	1,698	1,134	1,003	1,022
13	**Total Accumulated Other Comprehensive Income**	(2,996)	2,109	3,807	4,941	5,944	6,966
14	**Total Equity Balance**	**142,746**	**80,827**	**85,186**	**89,146**	**92,462**	**98,145**
15	**MINIMUM CAPITAL TEST (C$ 000s)**						
16	Total Equity Balance	142,746	80,827	85,186	89,146	92,462	98,145
17	Less: Assets Requiring 100% Capital	3,024	3,437	5,357	6,050	5,780	4,627
18	Capital Available	139,722	77,390	79,829	83,096	86,682	93,518
19	Minimum Capital Required (100% MCT)	37,665	38,695	39,913	41,548	43,341	46,757
20	**MCT Ratio % (Line 17) / (Line 18)**	**371.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**
21	*2019/20 is projected for 12 months ending March 31, 2020						