

# SUMMARY LEGAL APPLICATION

2021 SPECIAL REBATE APPLICATION II  
November 30, 2020

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MANITOBA  
PUBLIC INSURANCE

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## Summary Legal Application

### LA.1 Legal Application

1 On November 30, 2020, the Honourable Mr. Jeff Wharton, Minister of Crown Services,  
2 announced that, subject to the approval of the Public Utilities Board of Manitoba  
3 (PUB), Manitoba Public Insurance (MPI) would provide customers with approximately  
4 \$69 million in relief in addition to the rebate of more than \$110 million it previously  
5 issued, \$58 million of which the PUB approved through Orders 67/20 and 71/20  
6 (Reasons for Decision in Order 67/20).

7 Similar to its Special Rebate Application (SRA) filed with the PUB on April 27, 2020  
8 (2021 SRA I), MPI makes this Application at a time when Manitoba remains under the  
9 March 20, 2020 state of emergency, declared pursuant to *The Emergency Measures*  
10 *Act*, C.C.S.M. c. E80. MPI further makes this Application following the Province-wide  
11 move to the Critical Level (Red) on the #RestartMB Pandemic Response System on  
12 November 12, 2020. MPI respectfully submits that these extraordinary circumstances  
13 must be considered when assessing the nature and content of this Application.

14 Through this Application, MPI applies to the PUB, pursuant to section 44 of *The Public*  
15 *Utilities Board Act*, C.C.S.M. c. P280 and Rules 3(2), 4(1), 18, 36(1) and 40(2) of the  
16 *PUB Rules of Practice and Procedure*, for:

- 17 1. an Order dispensing with the requirement under Rule 36(3) that an application  
18 for review and variance be made within 30 days of the order or decision;
- 19 2. directions on the procedure which will govern the conduct of this Application  
20 including, directions on proceeding by way of written hearing;
- 21 3. an Order that any evidence tendered by MPI in 2021 SRA I and the 2021  
22 General Rate Application (GRA), including any report, decision, finding or order  
23 made in respect thereof, be received as evidence in this proceeding, as  
24 required;

- 1 4. a review and variation of the directives contained in PUB Orders 159/18 and  
2 176/19, to the extent that they do not also direct MPI to issue to ratepayers,  
3 through a special rebate, a uniform percentage of their universal compulsory  
4 automobile insurance (Basic) premiums earned between March 16, 2020 and  
5 November 21, 2020, for all vehicle classes; and
- 6 5. a directive that MPI issue to ratepayers a percentage of their (Basic) premiums  
7 earned between March 16, 2020 and November 21, 2020, for all vehicle  
8 classes, through a special rebate, in an amount equal to the approximate sum  
9 of \$69 million, by December 23, 2020 or as soon thereafter as is reasonably  
10 practicable.

11 MPI respectfully submits that the increased severity of the COVID-19 pandemic in  
12 Manitoba and, in particular, the Province-wide move to the Critical Level (Red) on the  
13 #RestartMB Pandemic Response System on November 12, 2020, could not have been  
14 reasonably anticipated within 30 days of the issuance of PUB Orders No. 159/18 and  
15 176/19, nor could it have been reasonably anticipated before May 1, 2020, the date  
16 on which the PUB issued Order No. 67/20. MPI could therefore not have included the  
17 relief sought herein, through its SRA filed on April 27, 2020. MPI further submits that,  
18 as a result of the COVID-19 pandemic, its financial position continues to improve at a  
19 time when the financial position of many of its ratepayers may have substantially  
20 declined, creating again an urgent need for support.

21 This Application is *not* a request to issue an additional rebate to ratepayers for savings  
22 generated between March 15, 2020 and May 15, 2020 (i.e. the 2021 SRA I rebate  
23 period). This Application requests a rebate amount that is calculated using actual and  
24 projected savings in the subsequent period (i.e. May 16, 2020 to March 31, 2021).

**Figure 1 Comparisons of Special Rebate Applications**

	2021 SRA I	2021 SRA II
Entitlement Period (policy in force and earning premium)	March 15, 2020	March 16, 2020 – November 21, 2020
Savings Period for Purpose of Calculating Rebate Amount	March 15, 2020 – May 15, 2020	May 16, 2020 – March 31, 2021
Rebate Requested	\$58 million	\$69 million

1 This Application is also *not* a request by MPI to amend any of the relief it requested in  
2 the 2021 GRA. To be clear, MPI continues to seek a -8.8% overall rate indication for  
3 the period April 1, 2021 to March 31, 2022; a continuation of its Capital Management  
4 Plan (CMP) for that rating year (including the 5% rate reduction thereunder) and the  
5 other relief requested therein.

6 MPI appreciates that this Application represents a departure from the position it  
7 advanced during the course of the 2021 GRA, namely, that allowing the CMP to work  
8 as intended was preferred over issuing another rebate. However, since the close of the  
9 2021 GRA hearing on November 6, 2020, the adverse effects of the COVID-19  
10 pandemic have increased to such a degree as to warrant providing additional financial  
11 relief to Manitobans immediately. In this circumstance, MPI submits that it is just and  
12 reasonable to approve the special rebate sought herein.

## LA.2 Financial Status of MPI

1 Using results to the end of September 30, 2020, MPI estimates that Basic will retain  
2 capital in excess of \$69 million by March 31, 2021. Included in this forecast is the  
3 assumption that the PUB will approve the 8.8% Basic rate reduction that MPI requests  
4 in the 2021 GRA.

5 The Rate Stabilization Reserve (RSR) is also currently<sup>1</sup> at a Minimum Capital Test  
6 (MCT) ratio of approximately 107%, and is forecasted to grow to 132% by the end of  
7 the fiscal year (i.e. March 31, 2021) excluding the proposed \$69 million rebate. This  
8 substantial increase is primarily the result of a favourable claims experience brought  
9 on by recent public health orders, coupled with better than expected operating  
10 expenses. As such, the proposed \$69 million rebate is comprised of primarily claims  
11 savings, but also expected operating expense savings.

12 Should the PUB approve its request for a \$69 million rebate, MPI expects the MCT  
13 ratio for the RSR to decrease to 117% at the end of this fiscal year. This is the  
14 minimum MCT ratio at which the RSR can be to permit the 5% capital release for the  
15 2021/2022 rating year under the CMP, as requested in the 2021 GRA. MPI respectfully  
16 submits that any rebate ordered above this amount would require MPI to amend its  
17 2021 GRA.

18 As a result, MPI does not expect the capital position of Basic (and its ability to pay  
19 future claims) to deteriorate significantly. As premiums charged during the COVID-19  
20 pandemic exceed what is needed to cover the cost of claims – the excess would  
21 normally flow back to rate payers in the form of future rate decreases, through the  
22 CMP. The proposed rebate, following an approach similar to the one approved by the  
23 PUB in the 2021 SRA I, will accelerate the distribution of excess monies to  
24 policyholders in the form of a one-time payment, instead of via lower rates. Due to the  
25 seriousness of the COVID-19 pandemic and the economic hardship facing many

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<sup>1</sup> As at September 30;

1 Manitobans, these funds must be distributed to ratepayers in a responsible, yet  
2 expeditious manner, a balance which MPI respectfully submits this rebate strikes.

3 What follows is a set of statements and supporting evidence of various relevant  
4 financial components to this Application. All 2020/21 figures are best estimates and  
5 are subject to the finalization of the year-end process and external audit.

### LA.2.1 Total Earned Revenues - Basic

6 The following figure shows the forecasted revenues, assuming the -8.8% overall rate  
7 change for the 2021/22 rating year and 0% rate change thereafter:

**Figure 2 Total Earned Revenues – Basic**

Line No.	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1	(\$000)					
2	<b>Current Forecast</b>	1,150,746	1,135,434	1,128,735	1,169,362	1,211,280
3	<b>2021 GRA Rate Update</b>	1,148,935	1,133,869	1,129,129	1,169,750	1,211,681
4	<b>Change</b>	1,811	1,565	(394)	(388)	(401)

8 MPI projects its 2020/21 Basic Total Earned Revenues at \$1.150 billion, essentially  
9 equal to the 2021 GRA Rate Update (as at August 31, 2020), filed October 9, 2020  
10 (the 2021 GRA Rate Update).

11 In terms of the forecasted units, it is worth recapping that MPI adjusted these units  
12 down for 2020/21 (i.e. a decrease in forecasted units) to reflect policy cancellations  
13 and non-renewals resulting from government restrictions instituted to address the  
14 COVID-19 pandemic. As demonstrated in the 2021 GRA<sup>2</sup>, this adjustment resulted in a  
15 lower growth rate for 2020/21. *Figure 3* shows that, by November of this calendar  
16 year, more customers have reduced coverage on their policies to comprehensive, than  
17 in all of 2018 or 2019.

<sup>2</sup> 2021 GRA, Part V Revenues, figure REV-6. Forecasted HTA Unit Growth – 2020/21 to 2024/25;



**Figure 3 Layup Transactions by Month**

Line No.	Month	Layups						
		2017	2018	YoY (%)	2019	YoY (%)	2020	YoY (%)
1	January	7,502	7,821	4%	8,221	5%	8,252	0%
2	February	4,717	4,670	-1%	5,335	14%	5,241	-2%
2	March	8,135	7,272	-11%	8,323	14%	11,252	35%
3	April	16,350	16,639	2%	18,099	9%	19,122	6%
4	May	12,676	13,350	5%	13,378	0%	16,135	21%
5	June	8,176	8,288	1%	8,467	2%	11,527	36%
6	July	5,999	6,269	5%	7,060	13%	8,191	16%
7	August	5,761	6,302	9%	6,224	-1%	6,568	6%
8	September	7,324	8,185	12%	8,078	-1%	8,408	4%
9	October	14,543	14,996	3%	16,598	11%	16,953	2%
10	November	15,094	14,199	-6%	12,925	-9%	10,081	-
11	December	8,206	8,725	6%	8,915	2%	-	-
12	<b>TOTAL</b>	<b>114,483</b>	<b>116,716</b>	<b>2%</b>	<b>121,623</b>	<b>4%</b>	<b>121,730</b>	<b>-</b>

- 1 However, despite the decline in coverages, fewer policies were cancelled within the  
2 same timeframe, as depicted in the *Figure 4*, below:

**Figure 4 Cancellations Transactions by Month**

Line No.	Month	Cancellations						
		2017	2018	YoY (%)	2019	YoY (%)	2020	YoY (%)
1	January	13,505	13,573	11%	15,133	11%	14,404	-5%
2	February	11,365	11,353	12%	12,719	12%	12,730	0%
2	March	12,526	12,912	7%	13,761	7%	14,121	3%
3	April	13,746	14,051	10%	15,402	10%	13,498	-12%
4	May	14,690	14,619	6%	15,557	6%	12,942	-17%
5	June	14,457	14,435	-1%	14,263	-1%	14,891	4%
6	July	13,460	14,889	1%	15,099	1%	16,308	8%
7	August	14,352	15,835	-3%	15,439	-3%	15,222	-1%
8	September	15,540	15,766	3%	16,236	3%	16,676	3%
9	October	17,098	18,934	-1%	18,679	-1%	18,786	1%
10	November	17,652	18,217	-3%	17,623	-3%	11,603	-
11	December	13,704	14,430	0%	14,430	0%	-	-
12	<b>TOTAL</b>	<b>172,095</b>	<b>179,014</b>	<b>4%</b>	<b>184,341</b>	<b>3%</b>	<b>161,181</b>	<b>-</b>

- 3 MPI is confident that the 8.8% rate reduction sought in the 2021 GRA remains just  
4 and reasonable. MPI submits that this methodology remains consistent and aligned to  
5 the evidence received by this Board in the 2021 GRA.

- 1 For 2022/23 and thereafter, MPI will continue to monitor and adjust its revenue  
2 forecast as necessary, to ensure that it continues to represent a best estimate of  
3 volume and upgrade projections. MPI will report any changes in the 2022 GRA.

## LA.2.2 Claims Incurred Before Provisions

**Figure 5 Claims Incurred before Provisions – Basic**

Line No.	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1						
2	(\$000)					
3	<b>Current Forecast</b>	726,131	907,409	921,285	953,995	986,447
4	<b>2021 GRA Rate Update</b>	794,920	905,402	920,450	953,868	986,376
5	<b>Change</b>	(68,789)	2,007	835	127	71

- 4 Relative to the rate update provided within the 2021 GRA Rate Update, MPI forecasts  
5 a \$69 million improvement in claims incurred before provisions (i.e. before interest  
6 rate impacts and DPAC adjustments) in the fiscal year 2020/21, which was comprised  
7 of approximately \$31 million for collision, \$28 million in PIPP, \$5 million in property  
8 damage, and \$5 million in internal loss adjustment expenses (ILAE)<sup>3</sup>.

- 9 In the fiscal year 2021/22 and thereafter, the current Basic forecast remains as  
10 forecasted in the 2021 GRA or slightly above, confirming that there should be no  
11 changes to the rate sought therein.

- 12 *Figure 6* below shows the observed reduction in ultimate collision claims for the  
13 2020/21 loss insurance year (i.e. from April 1, 2020 to March 31, 2021), as well as  
14 the expected impacts to PIPP and Property Damage (PD). Note that *Figure 6* is on an  
15 ultimate basis excluding ILAE, and will therefore not align with *Figure 5*, which is on a  
16 financial reporting basis. As indicated, MPI expects Basic ultimate collision claims to be  
17 almost 9.6% under budget compared to the 2021 GRA Rate Update. This translates to  
18 a savings of \$40.1 million in respect of Basic ultimate collision costs, in addition to PD

<sup>3</sup> Please see PF 4 Explanation;

- 1 savings of \$4.3 million and PIPP savings of \$14.1 million, each of which are discussed  
2 further below.

**Figure 6 Basic Claims Experience – April 1, 2020 to March 31, 2021**

Line No.	Forecast excluding COVID-19	COVID-19 Adjustment	2021 GRA	COVID-19 until March 31, 2021	Difference from		Difference from 2021 GRA
					Forecast excluding COVID-19 Adjustment	%	
	[a]	[b]	[c] = [a] + [b]	[d]	[e] = [d] - [a]		[f] = [d] - [c]
1	Weekly Indemnity	\$93,074,139	(\$9,033,837)	\$84,040,303	\$77,504,546	(\$15,569,593) -16.73%	(\$6,535,756)
2	ABO-Indexed	\$69,087,548	(\$6,265,301)	\$62,822,247	\$57,530,471	(\$11,557,077) -16.73%	(\$5,291,776)
3	ABO-NonIndexed	\$33,820,374	(\$3,363,053)	\$30,457,321	\$28,162,847	(\$5,657,527) -16.73%	(\$2,294,474)
4	Collision	\$451,372,477	(\$35,314,526)	\$416,057,952	\$375,866,156	(\$75,506,321) -16.73%	(\$40,191,795)
5	Property Damage	\$42,868,368	(\$4,167,240)	\$38,701,127	\$34,450,951	(\$8,417,417) -19.64%	(\$4,250,177)
6	<b>Total</b>		(\$58,143,957)			(\$116,707,935)	(\$58,563,978)

- 3 Providing further detail, *Figure 7* shows the budget for Basic Collision Incurred, on a  
4 financial reporting basis, as well as the actuarial views for the 2021 GRA Rate Update  
5 and the most current forecast, prepared for this Application. The column titled: 'Total  
6 claim counts', includes all claim counts as part of the financial reporting view, and is  
7 not exclusive to collision claims.

**Figure 7 Budgeted Claims - Basic Collision**

Line No.	Reported Month	Direct Basic Collision Incurred	Total Claims Count	2021 GRA October 9th Update			2021 Special Rebate Application II		
				Accident Month	Collision Incurred	Collision Claim Counts	Accident Month	Collision Incurred	Collision Claim Counts
1	Mar-19	\$42,428,558	23,037	Mar-19	\$30,206,091	8,298	Mar-20	\$30,222,594	8,304
2	Apr-19	\$29,497,169	21,334	Apr-19	\$23,417,628	6,489	Apr-20	\$23,419,067	6,490
3	May-19	\$29,460,574	25,076	May-19	\$26,322,426	6,910	May-20	\$26,342,933	6,904
4	Jun-19	\$29,423,980	26,472	Jun-19	\$28,671,363	7,320	Jun-20	\$28,655,688	7,329
5	Jul-19	\$32,050,930	27,423	Jul-19	\$28,802,048	7,449	Jul-20	\$28,835,357	7,465
6	Aug-19	\$31,875,010	26,602	Aug-19	\$29,228,236	7,433	Aug-20	\$29,227,194	7,437
7	Sep-19	\$33,618,175	24,688	Sep-19	\$31,089,099	7,638	Sep-20	\$31,062,274	7,650
8	Oct-19	\$38,814,635	24,496	Oct-19	\$43,597,411	10,362	Oct-20	\$43,646,865	10,377
9	Nov-19	\$44,011,095	23,907	Nov-19	\$45,745,001	10,202	Nov-20	\$45,793,820	10,216
10	Dec-19	\$49,207,554	23,483	Dec-19	\$46,626,682	10,795	Dec-20	\$46,639,124	10,818
11	Jan-20	\$54,404,015	26,271	Jan-20	\$46,856,997	11,100	Jan-20	\$46,848,185	11,099
12	Feb-20	\$42,371,892	20,860	Feb-20	\$30,236,676	7,900	Feb-20	\$30,216,080	7,901
13	Mar-20	\$42,388,230	23,037	Mar-20	\$25,030,767	6,221	Mar-20	\$25,132,572	6,320
14	Apr-20	\$31,555,949	21,375	Apr-20	\$15,477,284	3,965	Apr-20	\$15,529,195	3,916
15	May-20	\$29,999,545	26,361	May-20	\$18,765,358	4,932	May-20	\$19,041,765	4,961
16	Jun-20	\$29,963,557	28,108	Jun-20	\$24,618,476	6,488	Jun-20	\$24,960,767	6,583
17	Jul-20	\$32,120,691	27,816	Jul-20	\$26,850,210	7,064	Jul-20	\$28,038,023	7,305
18	Aug-20	\$32,394,818	28,272	Aug-20	\$27,168,994	7,049	Aug-20	\$27,907,307	7,338
19	Sep-20	\$34,187,907	24,644	Sep-20	\$33,744,974	7,872	Sep-20	\$31,232,634	8,107
20	Oct-20	\$39,498,048	25,204	Oct-20	\$40,167,646	9,103	Oct-20	\$39,589,317	8,897
21	Nov-20	\$44,780,915	24,445	Nov-20	\$47,051,641	10,046	Nov-20	\$38,053,615	8,057
22	Dec-20	\$50,065,715	23,298	Dec-20	\$51,353,848	11,652	Dec-20	\$41,537,506	9,345
23	Jan-21	\$55,351,829	26,875	Jan-21	\$49,024,023	11,462	Jan-21	\$42,137,274	9,768
24	Feb-21	\$43,085,903	21,268	Feb-21	\$40,430,751	9,663	Feb-21	\$36,799,083	8,720
25	Mar-21	\$40,933,158	22,472	Mar-21	\$32,309,916	8,159	Mar-21	\$31,039,671	7,511

1 In this Application, unlike the evidence heard at the 2021 GRA, MPI assumes a direct  
2 one-to-one correlation between collision, PD and PIPP claims (in terms of costs). Even  
3 though it has been harder to predict a precise correlation between both<sup>4</sup> – owing to a  
4 lag in the reporting of these claims (especially PIPP claims) – MPI submits that this  
5 correlation continues to exist. Regarding PD claims, MPI expects a higher decrease, of  
6 19.6%, as compared to the 2021 GRA Rate Update. Based on these assumptions, the  
7 projected Basic ultimate claims savings from April 1, 2020 through March 31, 2021 is  
8 \$58.6 million.

<sup>4</sup> Transcript October 20, 2020, pg. 361, line 17;

### LA.2.2.1 Risks to MPI's Financial Condition

1 In terms of Claims Forecast, *Figures FCT-35 and FCT-36* from the 2021 GRA illustrate  
2 what the impact of a 1 year, 1-in-100 adverse Loss Ratio scenario (i.e. a catastrophic  
3 winter) would be. Such an event, with management action, would reduce Total Equity  
4 by \$159 million, and the MCT ratio of the RSR by 40.7%.

5 As MPI forecasts as at September 30, 2020, that Total Equity would be \$504.8 million,  
6 or an MCT ratio of 116.5%, at the end of 2020/21 (see *PF 2 and PF 3*). The Pro Forma  
7 statements attached to this Application contain comparatives of actual, budgeted, and  
8 forecasted statements of operations as at September 30, 2020, versus those in the  
9 2021 GRA Rate Update (as at August 31, 2020).

### LA.2.3 Investments

10 Following completion of the 2017 GRA, the PUB ordered MPI to conduct an Asset  
11 Liability Management (ALM) study, which was completed by Mercer in November  
12 2017. As the PUB is aware<sup>5</sup>, MPI fully implemented the Basic Claims portfolio on March  
13 1, 2019. Basic liabilities are now backed by fixed income assets in the Basic Claims  
14 portfolio. The Basic Claims portfolio shows a very reasonable return on investment,  
15 outperforming the benchmark portfolios in British Columbia (Insurance Corporation of  
16 British Columbia) and Saskatchewan (Saskatchewan Government Insurance).<sup>6</sup>

17 The investment strategy employed by MPI could not have positioned Basic customers  
18 better for the uncertainties of the COVID-19 pandemic. Over the 9 months ended at  
19 September 30, 2020, the equity portfolio decreased by 2.6%, infrastructure was up  
20 5.4% and real estate was up 0.6 %. As heard in the 2021 GRA, the equity portfolio  
21 peaked on February 20, 2020 and reached its low on March 24, 2020, falling by  
22 24.1% during this period. From March 24 to September 30 the portfolio has increased  
23 by 23.2%.

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<sup>5</sup> Refer to INV.2.3 and Investments Appendix 12;

<sup>6</sup> See 2021 GRA, Investments 10.8 at pages 51 and 52;

1 A 20% additional allocation to corporate bonds (which at September 30, 2020 were  
2 yielding 2.66% compared to just 1.56% for government bonds), enhanced the Basic  
3 Claims portfolio.

4 The ALM strategy ensures that investment losses in the Basic Claims portfolio are  
5 offset by the corresponding reduction of the Basic Claims liabilities, since both are  
6 interest rate sensitive and have similar duration and size.

7 The investment income allocated to Basic for fiscal year 2019/20 was \$59.6 million –  
8 see 2021 GRA, Figure INV-1. However, as shown in the response to the 2021 GRA  
9 Undertaking #7, for the 13-month period ending March 31, 2020, the share of  
10 investment income allocated to Basic was \$107.2 million, with Basic earning \$47.6  
11 million in the first of those 13 months (i.e. March 2019). In the 2021 GRA Rate  
12 Update, MPI forecasted total Basic investment income to be \$205.7 million for  
13 2020/21 and \$87.9 million for 2021/22 (in the original 2021 GRA filing, MPI forecasted  
14 investment income to be \$84.4 million for 2020/21 and \$89.4 million for 2021/22)<sup>7</sup>.

15 MPI has significant cash and premium revenues that it can use to fund the rebate  
16 requested herein. At November 20, 2020, MPI held \$135.8 million of operational cash,  
17 which it expects will only increase until the date on which the rebate cheques are  
18 mailed. Therefore, as with the previous rebate paid in May 2020, MPI can fund the  
19 entire rebate out of operational cash. No investment assets need to be liquidated.

20 The rebate requested herein will not impact the performance of the various asset  
21 classes in each of the portfolios. Nonetheless, MPI provides an updated snapshot of  
22 portfolio values as at September 30, 2020.

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<sup>7</sup> Please refer to CAC (MPI) 1-2, CAC (MPI) 1-9, PUB (MPI) 1-11. This evidence of the 2021 GRA provides further information on the return on the equity portfolio: decline in March 2020 and subsequent recovery to current date;

**Figure 8 Investment Fund Preliminary Valuations**

Line No.	Fiscal Year	July 31, 2020	August 31, 2020	September 30, 2020	Monthly Change Aug-Sept	Capital Return
1	<i>(\$000)</i>					
2	<b>Basic</b>	2,229.4	2,211.6	2,219.5	7.9	0.4%
3	<b>Extension</b>	166.2	167.0	166.7	(0.3)	-0.2%
4	<b>SRE</b>	214.7	215.6	233.3	17.7	-0.1% *
5	<b>RSR</b>	393.0	394.6	486.4	91.8	-0.1% **
6	<b>EFB</b>	504.4	502.3	501.5	(0.8)	-0.2%
7	<b>Total</b>	3,507.7	3,491.1	3,607.4	116.3	0.2%

\* \$18 million of operational cash was deposited into global low volatility equities, provincial bonds, real estate, and FRN's (to fund private debt drawdowns) in late September

\*\* \$92 million of operational cash was deposited into the portfolio to bring assets to target in late September

1 MPI provided a robust analysis of its investments in the normal course with the filing  
2 of the 2021 GRA, which analysis continues to be its best estimate. By this Application,  
3 MPI does not propose any change to its investment forecasts nor to its strategy. The  
4 proposed rebate will have no adverse effect on the Investment Fund or on ratepayers,  
5 in either the 2021 GRA or in upcoming rate applications.

### LA.2.3.1 Investment Income Excluding Interest Rate Impacts

**Figure 9 Investment Income Excluding Interest Rate Impacts**

Line No.	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(\$000)</i>					
2	<b>Current Forecast</b>	80,960	90,180	89,068	88,106	87,969
3	<b>2021 GRA Rate Update</b>	81,221	87,463	86,564	85,168	84,923
4	<b>Change</b>	(261)	2,717	2,504	2,938	3,046

6 MPI provided<sup>8</sup> a thorough schedule of investment income separated out by Basic  
7 Claims, RSR and Employee Future Benefits, and pro-rated from 2020/21 through

<sup>8</sup> Refer to 2021 GRA, response to PUB (MPI) 1-33, Appendix 2.

1 2022/23. MPI submits that this evidence continues to support the reported investment  
2 income to Basic.

3 MPI uses the following key assumptions for investment forecasts:

- 4 • Naïve interest rates;
- 5 • Equity returns based on 5th percentile 20-year Canadian equity return (i.e.  
6 6.8% per year);
- 7 • Infrastructure and real estate based on inflation + 5% and inflation + 4%  
8 respectively; and
- 9 • Target weights for each asset class as per Section 7.0 of the Investment Policy  
10 Statement.

#### LA.2.4 Net Interest Rate Impact

**Figure 10 Net Interest Rate Impact**

Line No.	Investment Income - Interest Rate Impact Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1	(\$000)					
2	Current Forecast	128,869	445	24	(10)	(55)
3	2021 GRA Rate Update	124,523	394	87	24	(21)
4	Change	4,346	51	(63)	(34)	(34)
6	Claims Incurred - Interest Rate Impact					
7	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
8	(\$000)					
9	Current Forecast	163,601	2,551	20,535	15,260	15,300
8	2021 GRA Rate Update	157,903	8,160	17,935	15,197	15,274
11	Change	5,698	(5,609)	2,600	63	26
12	Net Interest Rate Impact					
13	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
14	(\$000)					
15	Current Forecast	(34,732)	(2,106)	(20,511)	(15,270)	(15,355)
16	2021 GRA Rate Update	(33,380)	(7,766)	(17,848)	(15,173)	(15,295)
17	Change	(1,352)	5,660	(2,663)	(97)	(60)

11 MPI hedges its Basic claims portfolio against the impact of interest rates. As shown in  
12 Figure 10 above, the net impact of changes in interest rates on the fixed income



1 portfolio and on claims liabilities remains stable, relative to the compliance forecast.  
2 This result supports the effectiveness of the Basic claims ALM program and suggests  
3 that the portfolio can withstand even the most significant shocks to interest rates.

### LA.2.5 Net income

4 The following figure shows the forecasted net income, assuming the -8.8% overall  
5 rate change for the 2021/22 rating year and 0% rate change thereafter:

**Figure 11 Net Income – Basic**

Line No.	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1	<b>(\$000)</b>					
2	<b>Current Forecast</b>	186,793	8,972	(42,282)	(50,147)	(52,791)
3	<b>2021 GRA Rate Update</b>	105,384	42	(41,194)	(53,230)	(56,042)
4	<b>Change</b>	81,409	8,930	(1,088)	3,083	3,251

6 MPI estimates its 2020/21 net income forecast at \$186.8 million, compared to the  
7 \$105.4 million forecasted in the 2021 GRA Rate Update. As discussed above, relative  
8 to the 2021 GRA Rate Update, MPI experienced a decrease in claims costs, which it  
9 expects will last, to some degree, until March 2022.

10 In 2021/22, MPI projects net income to rise to \$8.9 million, of which \$3.5 million is  
11 anticipated to come from interest rate impacts on investment income. Please refer to  
12 Pro Forma PF 5, lines 24 to 32 for the detailed explanation on this item.

13 In 2022/23 and thereafter, the forecast assumes no rate changes. However, MPI will  
14 revise its forecasts for the 2022 GRA to reflect break-even rates.

### LA.3 Capital Management Plan

15 This second rebate is not dependent on cash transfers under the CMP. The proposed  
16 \$69 million rebate from Basic is a result of the significant reduction in claims costs  
17 beginning March 2020, coupled with the financial performance of Basic; all without the  
18 benefit of any transfers of capital from Extension. Unlike the 2021 SRA I, this rebate is

1 sourced entirely from Basic. It will therefore not affect the expected transfer of excess  
2 capital from Extension under the CMP, as proposed in the 2021 GRA.

### LA.3.1 Total Equity and Minimum Capital Test Ratio

3 As per the *Reserves Regulation*, Man. Reg. 76/2019, MPI must target a Basic MCT  
4 ratio of 100%. MPI achieves this target through execution of the CMP. The figure  
5 below shows the forecasted impact of the proposed rebate on Basic Total Equity and  
6 the MCT ratio:

**Figure 12 Total Equity and MCT**

Line No.	Basic Total Equity					
	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1						
2	(\$000)					
3	Current Forecast	504,854	553,013	553,210	548,106	542,722
4	2021 GRA Rate Update	501,090	540,781	540,761	531,765	522,354
5	Change	3,764	12,232	12,449	16,341	20,368
6	Transfer from Extension					
8	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
8	(\$000)					
9	Current Forecast	59,426	31,689	36,384	39,978	42,340
10	2021 GRA Rate Update	63,177	32,739	36,210	39,833	42,221
11	Change	(3,751)	(1,050)	174	145	119
12	Basic Rebate					
13	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
14	(\$000)					
15	Current Forecast	(127,000)	-	-	-	-
16	2021 GRA Rate Update	(58,000)	-	-	-	-
17	Change	(69,000)	-	-	-	-
18	MCT Ratio					
19	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
20	Current Forecast	116.5%	111.1%	105.5%	101.6%	99.0%
21	2021 GRA Rate Update	115.3%	110.9%	105.4%	100.5%	97.1%
22	Change	1.2%	0.2%	0.1%	1.1%	1.9%

1 As shown in *Figure 12* above, following the issuance of the requested rebate, MPI  
2 forecasts Total Equity at the end of the fiscal year 2020/21 to \$504.8 million, equating  
3 to an MCT Ratio of 116.5%. This rebate will bring MPI to a financial status slightly  
4 improved as compared to the 2021 GRA Rate Update, which is mostly attributable to  
5 changes to allocation and updating monthly balances.

6 The primary focus of MPI was to provide an optimal rebate while maintaining the 5%  
7 applied for capital release in the 2021 GRA. As previously indicated, a rebate in excess  
8 of \$69 million would unfavorably impact the 5% capital release. As can be seen in the  
9 MCT Ratio figure, MPI expects to achieve a 100% Basic MCT ratio at the end of the 3  
10 years (2023/24), per the CMP.

11 The following figure depicts the Total Equity and MCT positions of Basic and Extension  
12 at August 31, 2020 and September, 2020; after release of the proposed rebate:

**Figure 13 Projected Total Equity & MCT - Before & After Rebate**

Line No.		BASIC		EXTENSION	
		August, 2020	September, 2020	August, 2020	September, 2020
1	<i>(C\$ 000s, rounding may affect totals)</i>				
2	<b>Total Equity</b>				
3	<b>Retained Earnings</b>				
4	Beginning Balance	440,522	440,522	142,866	142,866
5	Net Income (Loss) from annual operations	105,384	186,792	56,716	55,496
6	Surplus Distribution/Rebate	(58,000)	(127,000)	(52,000)	(52,000)
7	Transfer (to) / from Non-Basic Retained Earnings	63,177	59,426	(63,177)	(59,426)
8	<b>Total Retained Earnings</b>	<b>551,083</b>	<b>559,740</b>	<b>84,405</b>	<b>86,936</b>
9	<b>Total Accumulated Other Comprehensive Income</b>				
10	Beginning Balance	(34,296)	(34,296)	(2,367)	(2,367)
11	Other Comprehensive Income for the Year	49,550	45,515	7,671	6,990
12	Change in Remeasurement of Employee Future Benefit	(65,247)	(66,105)	n/a	n/a
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(49,993)</b>	<b>(54,886)</b>	<b>5,304</b>	<b>4,623</b>
14	<b>Total Equity Balance</b>	<b>501,090</b>	<b>504,854</b>	<b>89,710</b>	<b>91,560</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>				
16	Total Equity Balance	501,090	504,854	89,710	91,560
17	Less: Assets Requiring 100% Capital	39,658	39,658	3,432	3,432
18	<b>Capital Available</b>	<b>461,432</b>	<b>465,196</b>	<b>86,278</b>	<b>88,128</b>
19	Minimum Capital Required (100% MCT)	400,132	399,229	43,139	44,064
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>115.3%</b>	<b>116.5%</b>	<b>200.0%</b>	<b>200.0%</b>

13 *Figure 13* shows that MPI projects both Basic and Extension to remain above their  
14 respective capital targets after the issuance of this rebate. The result for Basic is an

1 increase in the MCT ratio, from 115.3% to 116.5%. MPI also forecasts Extension to  
2 remain at its 200% MCT ratio target. In the case of Extension, MPI expects that any  
3 capital in excess of the 200% MCT ratio will be transferred to Basic in accordance with  
4 the CMP.

5 MPI submits that this forecast is its best estimate. While there are risks associated  
6 with this forecasting exercise, MPI explained these risks and their expected magnitude  
7 in the 2021 GRA. Based on the above forecasts, MPI anticipates that the RSR will  
8 continue to remain at the 100% MCT target in at least the near term.

### LA.3.2 Extension

9 As discussed above, this rebate is not related to any excess Extension reserves or use  
10 of the transfer component of the CMP. *Figure 14* shows that overall Extension forecast  
11 should remain relatively unchanged from the 2021 GRA Rate Update.

**Figure 14 Extension Capital Transfers**

Line No.	Extension Net Income					
	Fiscal Year	2020/21	2021/22	2022/23	2023/24	2024/25
1	<b>Fiscal Year</b>					
2	<b>(\$000)</b>					
3	<b>Current Forecast</b>	55,494	44,346	39,312	41,602	45,871
4	<b>2021 GRA Rate Update</b>	56,717	44,256	39,274	41,545	45,769
5	<b>Change</b>	(1,223)	90	38	57	102
6	<b>Extension MCT Ratio</b>					
7	<b>Fiscal Year</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
8	<b>(\$000)</b>					
9	<b>Current Forecast</b>	200.0%	200.0%	200.0%	200.0%	200.0%
10	<b>2021 GRA Rate Update</b>	200.0%	200.0%	200.0%	200.0%	200.0%
11	<b>Change</b>	0.0%	0.0%	0.0%	0.0%	0.0%
12	<b>Extension Capital Transfers and Rebates</b>					
13	<b>Fiscal Year</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
14	<b>(\$000)</b>					
15	<b>Current Forecast</b>					
16	<b>Capital Transfer</b>	(59,426)	(31,689)	(36,384)	(39,978)	(42,340)
17	<b>Rebate</b>	(52,000)	-	-	-	-
18	<b>Total</b>	(111,426)	(31,689)	(36,384)	(39,978)	(42,340)
19	<b>2021 GRA Rate Update</b>	(63,177)	(32,739)	(36,210)	(39,833)	(42,221)
20	<b>Change</b>	3,751	1,050	(174)	(145)	(119)

1 At the end of 2020/21, Extension is forecasted to have \$59.4 million in capital above  
2 the 200% MCT target, which MPI will transfer to Basic – exactly as it sought to do in  
3 the 2021 GRA. The Extension transfer in the current forecast is slightly lower than the  
4 transfer expected in the 2021 GRA Rate Update, due to slight movements including  
5 lower net income and a higher capital requirement. In 2021/22 and thereafter, MPI is  
6 forecasting to transfer all excess Extension capital to Basic such that the Extension  
7 MCT ratio remains at 200% MCT, consistent with the 2021 GRA Rate Update and in  
8 compliance with the CMP.

## LA.4 Rebate Rules

1 As previously indicated, MPI calculates the \$69 million rebate requested herein on the  
2 basis of improvements in claims incurred before provisions (i.e. before interest rate  
3 impacts and DPAC adjustments) and anticipated favorable operating expenses. The  
4 rationale for the proposed rebate is that, given the reduced claims costs and operating  
5 expenses, customers would have paid significantly less to insure their motor vehicles  
6 between March 16, 2020 and November 21, 2020, had MPI calculated premiums on a  
7 monthly (as opposed to annual) basis.

8 As a result, MPI proposes a rebate to Basic customers with a policy and earning  
9 premiums between March 16, 2020 and November 21, 2020, a total of \$69 million  
10 from Basic. If the rebate is approved, customers who meet the above criteria will  
11 receive an approximate 6% rebate of their Basic earned premium during this period.

12 Additionally, MPI proposes that this rebate benefit *all* vehicle classes, including the  
13 Motorcycle class, with policies *earning* premium between March 16, 2020 and  
14 November 21, 2020. This is because MPI intends for this rebate to provide relief to all  
15 customers who overpaid for insurance as a result of the COVID-19 pandemic. If a  
16 policy is not earning premium during this period, the customer pays no premium and  
17 no financial relief is justified. In the 2021 SRA I, the applicable period to qualify for a  
18 rebate was a single day (i.e. March 15, 2020). The qualification period in this  
19 Application is longer and (unlike the 2021 SRA I), and includes the traditional riding  
20 earning period for motorcycles.

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

21 The figure below shows the average premium reduction by major class:

**Figure 15 Average Dollar Rebate by Major Class**

Line No.	Major Class	2021 Rate Model			2019 Average Rate	Avg Rate for Earning Period from Mar 16, 2020 to Nov 21, 2020	Avg \$ Rebate for Earning Period from Mar 16, 2020 to Nov 21, 2020
		Number of Vehicles	2020 Total Premiums	2020 Average Rate			
1	[1]	[2]	[3]	[4]	[5]	[6]	[7]
2	Private Passenger	812,577	962,170,215	1,184	1,195	1,191	111
3	Commercial	46,597	38,585,701	828	823	825	77
4	Public	12,562	26,896,699	2,141	1,940	2,016	187
5	Motorcycles	17,694	14,986,833	847	806	821	76
6	Trailers	209,135	16,060,505	77	81	79	7
7	ORVs	71,939	503,573	7	8	8	1
8	[5] = [4] / (1 + Major Class average change from the 2020 GRA compliance filing)						
9	[6] = 62.5% * [5] + 37.5% * [4] based on the assumption of uniform renewals throughout the year						
10	[7] = [6] * 9.28%						

## LA.5 Implementation Strategy

1 In considering the relief requested in this Application, MPI suggests it follow the same  
 2 approach used for the 2021 SRA I, as it represents a prudent strategy for the actual  
 3 distribution of approved rebates to customers. Below, MPI outlines its implementation  
 4 strategy, which incorporates the lessons learned from the 2021 SRA I, and discusses  
 5 how it plans to resolve any problems as they arise.

6 As indicated, MPI requests approval to issue a rebate totaling \$69 million to its  
 7 customers. Therefore, the first question relates to how MPI plans to source the \$69  
 8 million required to issue the rebate cheques. As explained above, MPI has significant  
 9 cash and premium revenues which it can use to fund the rebate. As at November 20,  
 10 2020, MPI held \$135.8 million of operational cash, \$69 million of which MPI can use to  
 11 fund this rebate.

12 The next question is who will qualify for the rebate and the rules for establishing  
 13 entitlement. As explained above, a policyholder is qualified to receive a rebate if they  
 14 had a Basic policy in force and earning premiums between March 16, 2020 and  
 15 November 21, 2020. Using this rule, MPI expects approximately 675,000 customers  
 16 will qualify for a rebate.

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

4 MPI anticipates that the total cost of issuing the rebates will be approximately  
5 \$937,000, itemized as follows (assuming 675,000 different recipients):

**Figure 16 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	<b>Total Cost</b>	<b>973,000</b>

6 In the 2021 SRA I, MPI outlined the various problems it anticipated could arise during  
7 the implementation phase of the rebate initiative, as well as its proposed solutions.  
8 One new potential problem this time around relates to the fact that MPI expects to be  
9 issuing rebate cheques during a peak holiday season. Specifically, MPI anticipates that  
10 some of its staff may be required to work additional overtime to compensate for lower  
11 capacity due to scheduled vacations. It also anticipates that the delivery of cheques by  
12 Canada Post and the obtaining of MICR clearance may be delayed. However, neither of  
13 these potential problems may be viewed as fatal to this Application. As MPI was able  
14 to successfully implement the rebate using these and other solutions, it proposes that  
15 same procedure be used for this rebate.

#### LA.5.1 Communication Strategy

16 MPI developed an effective communication strategy for the issuance of the first rebate  
17 and proposes use of that same strategy in respect of this rebate.



# SUMMARY APPLICATION PRO FORMAS

2021 SPECIAL REBATE APPLICATION II

November 30, 2020

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MANITOBA  
PUBLIC INSURANCE

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## Pro Formas

PF- 1 Statement of Operations: +\$69M Rebate in 2020/21, -8.8%  
Basic Rate change in 2021/22

## Multi-year - Statement of Operations

Line No.		For the Years Ended March 31,				
		2021P	2022F	2023F	2024F	2025F
1	(C\$ 000s, rounding may affect totals)					
2	<b>BASIC</b>	<b>2020/21P</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	Motor Vehicles	1,083,735	1,026,045	1,063,360	1,102,141	1,141,779
4	Drivers	67,146	68,094	69,212	70,412	71,588
5	Reinsurance Ceded	(13,721)	(13,887)	(14,166)	(14,447)	(14,737)
6	<b>Total Net Premiums Written</b>	<b>1,137,160</b>	<b>1,080,252</b>	<b>1,118,406</b>	<b>1,158,106</b>	<b>1,198,630</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,069,777	1,054,180	1,045,162	1,083,228	1,122,448
9	Drivers	66,781	67,623	68,656	69,816	71,004
10	Reinsurance Ceded	(13,721)	(13,888)	(14,165)	(14,448)	(14,738)
11	<b>Total Net Premiums Earned</b>	<b>1,122,837</b>	<b>1,107,915</b>	<b>1,099,653</b>	<b>1,138,596</b>	<b>1,178,714</b>
12	Service Fees & Other Revenues	27,909	27,519	29,082	30,766	32,566
13	<b>Total Earned Revenues</b>	<b>1,150,746</b>	<b>1,135,434</b>	<b>1,128,735</b>	<b>1,169,362</b>	<b>1,211,280</b>
14	Claims Incurred	726,131	907,409	921,285	953,995	986,447
15	DPAC \ Premium Deficiency Adjustment	(2,087)	1,138	(533)	5,241	15,058
16	(a) Claims Incurred - Interest Rate Impact	163,601	2,551	20,535	15,260	15,300
17	<b>Total Claims Incurred</b>	<b>887,645</b>	<b>911,098</b>	<b>941,287</b>	<b>974,496</b>	<b>1,016,805</b>
18	Claims Expense	133,322	143,553	147,135	154,577	153,990
19	Road Safety/Loss Prevention	8,563	13,661	13,535	13,593	13,378
20	<b>Total Claims Costs</b>	<b>1,029,530</b>	<b>1,068,312</b>	<b>1,101,957</b>	<b>1,142,666</b>	<b>1,184,173</b>
21	<b>Expenses</b>					
22	Operating	65,897	72,194	76,064	80,077	80,086
23	Commissions	43,883	43,764	43,472	44,977	46,529
24	Premium Taxes	30,287	33,654	33,415	34,591	35,804
25	Regulatory/Appeal	4,185	5,160	5,201	5,294	5,393
26	<b>Total Expenses</b>	<b>144,252</b>	<b>154,772</b>	<b>158,152</b>	<b>164,939</b>	<b>167,812</b>
27	<b>Underwriting Income (Loss)</b>	<b>(23,036)</b>	<b>(87,650)</b>	<b>(131,374)</b>	<b>(138,243)</b>	<b>(140,705)</b>
28	<b>Investment Income</b>	80,960	90,180	89,068	88,106	87,969
29	(b) Investment Income - Interest Rate Impact	128,869	445	24	(10)	(55)
30	<b>Net Investment Income</b>	<b>209,829</b>	<b>90,625</b>	<b>89,092</b>	<b>88,096</b>	<b>87,914</b>
31	Gain (Loss) on Sale of Property	-	5,997	-	-	-
32	<b>Net Income (Loss) from Annual Operations</b>	<b>186,793</b>	<b>8,972</b>	<b>(42,282)</b>	<b>(50,147)</b>	<b>(52,791)</b>
33	Surplus Distribution	(127,000)	-	-	-	-
34	<b>Net Income (Loss) after Surplus Distribution</b>	<b>59,793</b>	<b>8,972</b>	<b>(42,282)</b>	<b>(50,147)</b>	<b>(52,791)</b>
35	Total net Impact due to interest rate change (b) - (a)	(34,732)	(2,106)	(20,511)	(15,270)	(15,355)

PF- 2 Statement of Financial Position: +\$69M Rebate in 2020/21, -  
8.8% Basic Rate change in 2021/22

## Multi-year - Statement of Financial Position

Line No.		2021P	2022F	2023F	2024F	2025F
1	<i>(C\$ 000s, rounding may affect totals)</i>					
2	<b>BASIC</b>	<b>2020/21P</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	<b>Assets</b>					
4	Cash and cash equivalents	85,573	89,454	91,700	93,021	94,262
5	Investments	3,107,604	3,230,066	3,332,612	3,447,581	3,574,912
6	Investment property	20,418	20,243	19,832	19,835	19,552
7	Accounts receivable	415,650	405,649	419,046	433,021	447,336
8	Deferred policy acquisition costs	24,730	24,047	25,802	21,831	8,071
9	Property and equipment	93,323	96,761	99,203	97,064	91,133
10	Deferred development costs	39,658	61,973	70,043	67,714	58,536
11		<b>3,786,956</b>	<b>3,928,193</b>	<b>4,058,238</b>	<b>4,180,067</b>	<b>4,293,802</b>
12	<b>Liabilities</b>					
13	Due to other insurance companies	545	545	545	545	545
14	Accounts payable and accrued liabilities	70,311	71,241	73,423	78,228	78,137
15	Financing lease obligation	5,368	5,253	5,131	5,008	4,885
16	Unearned premiums and fees	584,526	558,410	578,829	600,129	621,971
17	Provision for employee current benefits	18,903	19,600	20,341	21,092	21,852
18	Provision for employee future benefits	413,988	426,243	438,379	450,609	463,239
19	Provision for unpaid claims	2,188,460	2,293,887	2,388,380	2,476,351	2,560,451
20		<b>3,282,101</b>	<b>3,375,179</b>	<b>3,505,028</b>	<b>3,631,962</b>	<b>3,751,080</b>
21	<b>Equity</b>					
22	Retained Earnings	559,740	600,400	594,504	584,333	573,883
23	Accumulated Other Comprehensive Income	(54,886)	(47,387)	(41,294)	(36,227)	(31,160)
24	<b>Total Equity</b>	<b>504,854</b>	<b>553,013</b>	<b>553,210</b>	<b>548,106</b>	<b>542,723</b>
25	<b>Total Liabilities &amp; Equity</b>	<b>3,786,955</b>	<b>3,928,192</b>	<b>4,058,238</b>	<b>4,180,068</b>	<b>4,293,803</b>

PF- 3 Statement of Changes in Equity: +\$69M Rebate in 2020/21, -  
8.8% Basic Rate change in 2021/22

## Multi-year - Statement of Changes in Equity

Line No.		2021P	2022F	2023F	2024F	2025F
1	(C\$ 000s, rounding may affect totals)					
2	<b>BASIC</b>	<b>2020/21P</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	<b>Total Equity</b>					
4	<b>Retained Earnings</b>					
5	Beginning Balance	440,522	559,740	600,400	594,504	584,333
6	Net Income (Loss) from annual operations	186,792	8,971	(42,280)	(50,148)	(52,790)
	Surplus Distribution/Rebate	(127,000)	-	-	-	-
7	Transfer (to) / from Non-Basic Retained Earnings	59,426	31,689	36,384	39,978	42,340
8	<b>Total Retained Earnings</b>	<b>559,740</b>	<b>600,400</b>	<b>594,504</b>	<b>584,333</b>	<b>573,883</b>
9	<b>Total Accumulated Other Comprehensive Income</b>					
10	Beginning Balance	(34,296)	(54,886)	(47,387)	(41,294)	(36,227)
11	Other Comprehensive Income for the Year	45,515	7,498	6,093	5,067	5,067
12	Change in Remeasurement of Employee Future Bene	(66,105)	-	-	-	-
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>(54,886)</b>	<b>(47,387)</b>	<b>(41,294)</b>	<b>(36,227)</b>	<b>(31,160)</b>
14	<b>Total Equity Balance</b>	<b>504,854</b>	<b>553,013</b>	<b>553,210</b>	<b>548,106</b>	<b>542,722</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>					
16	Total Equity Balance	504,854	553,013	553,210	548,106	542,722
17	Less: Assets Requiring 100% Capital	39,658	61,973	70,043	67,714	58,536
18	Capital Available	465,196	491,040	483,167	480,392	484,186
19	Minimum Capital Required (100% MCT)	399,229	441,811	458,125	472,721	489,063
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>116.5%</b>	<b>111.1%</b>	<b>105.5%</b>	<b>101.6%</b>	<b>99.0%</b>

## PF- 4 Statement of Operations: 2020/21 Comparative

Line No.		2021 GRA -	2021 GRA -	Inc (dec)	Ref.	Increase / (Decrease) %
		August 2020 Rate Update 2020-21F	Summary Rebate Application II 2020-21P			
1	(C\$ 000s, except where noted)	\$	\$	\$		
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,080,096	1,083,735	3,639		0.34
4	Drivers	67,146	67,146	-		-
5	Reinsurance Ceded	(13,721)	(13,721)	-		-
6	<b>Total Net Premiums Written</b>	<b>1,133,521</b>	<b>1,137,160</b>	<b>3,639</b>	(1)	0.32
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,067,912	1,069,777	1,865		0.17
9	Drivers	66,781	66,781	-		-
10	Reinsurance Ceded	(13,721)	(13,721)	-		-
11	<b>Total Net Premiums Earned</b>	<b>1,120,972</b>	<b>1,122,837</b>	<b>1,865</b>		0.17
12	Service Fees & Other Revenues	27,963	27,909	(54)		(0.19)
13	<b>Total Earned Revenues</b>	<b>1,148,935</b>	<b>1,150,746</b>	<b>1,811</b>		0.16
14	<b>Net Claims Incurred</b>	794,920	726,131	(68,789)		(8.65)
15	DPAC \ Premium Deficiency Adjustment	(2,150)	(2,087)	63		(2.93)
16	(a) Claims Incurred - Interest rate impact	157,903	163,601	5,698		3.61
17	<b>Total Claims Incurred</b>	<b>950,673</b>	<b>887,645</b>	<b>(63,028)</b>	(2)	(6.63)
18	Claims Expense	139,366	133,322	(6,044)	(4)	(4.34)
19	Road Safety/Loss Prevention	9,434	8,563	(871)	(4)	(9.23)
20	<b>Total Claims Costs</b>	<b>1,099,473</b>	<b>1,029,530</b>	<b>(69,943)</b>		(6.36)
21	<b>Expenses</b>					
22	Operating	69,299	65,897	(3,402)	(4)	(4.91)
23	Commissions	43,832	43,883	51		0.12
24	Premium Taxes	32,301	30,287	(2,014)		(6.24)
25	Regulatory/Appeal	4,390	4,185	(205)	(4)	(4.67)
26	<b>Total Expenses</b>	<b>149,822</b>	<b>144,252</b>	<b>(5,570)</b>		(3.72)
27	<b>Underwriting Income (Loss)</b>	<b>(100,360)</b>	<b>(23,036)</b>	<b>77,324</b>		(77.05)
28	<b>Investment Income</b>	81,221	80,960	(261)		(0.32)
29	(b) Investment Income - Interest rate impact	124,523	128,869	4,346		3.49
30	<b>Total Investment Income</b>	<b>205,744</b>	<b>209,829</b>	<b>4,085</b>	(3)	1.99
31	<b>Net Income (Loss) from Annual Operations</b>	<b>105,384</b>	<b>186,793</b>	<b>81,409</b>		77.25
32	Surplus Distribution	(58,000)	(127,000)	(69,000)		
33	<b>Net Income (Loss) after Surplus Distribution</b>	<b>47,384</b>	<b>59,793</b>	<b>12,409</b>		26.19
34	<b>Allocated Corporate Expenses</b>					
35	Claims Expense	139,366	133,322	(6,044)		(4.34)
36	Road Safety/Loss Prevention	9,434	8,563	(871)		(9.23)
37	Operating	69,299	65,897	(3,402)		(4.91)
38	Regulatory/Appeal	4,390	4,185	(205)		(4.67)
39	<b>Total Allocated Corporate Expenses</b>	<b>222,489</b>	<b>211,967</b>	<b>(10,522)</b>		(4.73)
40	*Total impact due to interest rates	(33,380)	(34,732)	(1,352)		4.05

## Explanation of Significant Variances - 2020/21 Comparative

Line No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	Net Premiums Written	1,133,521	2021 GRA - August 2020 Rate Update
2			3,639	Higher than expected premium related to volume and upgrade
3			<u>1,137,160</u>	2021 GRA - Summary Rebate Application II
4	(2)	Net Claims Incurred	950,673	2021 GRA - August 2020 Rate Update
5			(31,035)	Lower forecasted Collision + Comprehensive claims
6			(28,116)	Lower forecasted PIPP and Liability claims
7			(5,135)	Lower forecasted ILAE
8			(4,503)	Lower forecasted Property Damage claims
9			5,698	Increased forecast for Interest Rate Impact
10			63	Increased forecast for Write Down DPAC
11			<u>887,645</u>	2021 GRA - Summary Rebate Application II
12	(3)	Investment Income	205,744	2021 GRA - August 2020 Rate Update
13			4,346	Higher than expected interest rate impact on ALM marketable bonds
14			1,148	Higher than expected interest income
15			1,223	Higher than expected equity investment income
16			(1,005)	Lower than expected alternative investment income
17			(691)	Higher than expected investment manager fees
18			(836)	Higher than expected amortization of bond premium
19			(99)	Lower than expected pension expense
20			(1)	Other
21			<u>209,829</u>	2021 GRA - Summary Rebate Application II
22	(4)	Allocated Corporate Expenses	222,489	2021 GRA - August 2020 Rate Update
23			(10,522)	Assumed 7.5% overall expense decrease for remainder of
24				year - based on year to date trends
25			<u>211,967</u>	2021 GRA - Summary Rebate Application II

## PF- 5 Statement of Operations: 2021/22 Comparative

Line No.		2021 GRA - August 2020 Rate Update 2021-22F	2021 GRA - Summary Rebate Application II 2021-22F	Inc (dec)	Ref.	Increase / (Decrease)II %
1	(C\$ 000s, except where noted)	\$	\$	\$		
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,026,451	1,026,045	(406)		(0.04)
4	Drivers	68,094	68,094	-		-
5	Reinsurance Ceded	(13,887)	(13,887)	-		-
6	<b>Total Net Premiums Written</b>	<b>1,080,658</b>	<b>1,080,252</b>	<b>(406)</b>	(1)	<b>(0.04)</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,052,613	1,054,180	1,567		0.15
9	Drivers	67,623	67,623	-		-
10	Reinsurance Ceded	(13,888)	(13,888)	-		-
11	<b>Total Net Premiums Earned</b>	<b>1,106,348</b>	<b>1,107,915</b>	<b>1,567</b>		<b>0.14</b>
12	Service Fees & Other Revenues	27,521	27,519	(2)		(0.01)
13	<b>Total Earned Revenues</b>	<b>1,133,869</b>	<b>1,135,434</b>	<b>1,565</b>		<b>0.14</b>
14	<b>Net Claims Incurred</b>	905,402	907,409	2,007		0.22
15	DPAC \ Premium Deficiency Adjustment	1,482	1,138	(344)		(23.21)
16	(a) Claims Incurred - Interest rate impact	8,160	2,551	(5,609)		(68.74)
17	<b>Total Claims Incurred</b>	<b>915,044</b>	<b>911,098</b>	<b>(3,946)</b>	(2)	<b>(0.43)</b>
18	Claims Expense	144,032	143,553	(479)	(4)	(0.33)
19	Road Safety/Loss Prevention	13,714	13,661	(53)	(4)	(0.39)
20	<b>Total Claims Costs</b>	<b>1,072,790</b>	<b>1,068,312</b>	<b>(4,478)</b>		<b>(0.42)</b>
21	<b>Expenses</b>					
22	Operating	72,421	72,194	(227)	(4)	(0.31)
23	Commissions	43,702	43,764	62		0.14
24	Premium Taxes	33,607	33,654	47		0.14
25	Regulatory/Appeal	5,161	5,160	(1)	(4)	(0.02)
26	<b>Total Expenses</b>	<b>154,891</b>	<b>154,772</b>	<b>(119)</b>		<b>(0.08)</b>
27	<b>Underwriting Income (Loss)</b>	<b>(93,812)</b>	<b>(87,650)</b>	<b>6,162</b>		<b>(6.57)</b>
28	<b>Investment Income</b>	87,463	90,180	2,717		3.11
29	(b) Investment Income - Interest rate impact	394	445	51		12.94
30	<b>Total Investment Income</b>	<b>87,857</b>	<b>90,625</b>	<b>2,768</b>	(3)	<b>3.15</b>
31	Gain on Sale of Property	5,997	5,997			
32	<b>Net Income (Loss)</b>	<b>42</b>	<b>8,972</b>	<b>8,930</b>		<b>21,261.90</b>
33	<b>Allocated Corporate Expenses</b>					
34	Claims Expense	144,032	143,553	(479)		(0.33)
35	Road Safety/Loss Prevention	13,714	13,661	(53)		(0.39)
36	Operating	72,421	72,194	(227)		(0.31)
37	Regulatory/Appeal	5,161	5,160	(1)		(0.02)
38	<b>Total Allocated Corporate Expenses</b>	<b>235,328</b>	<b>234,568</b>	<b>(760)</b>		<b>(0.32)</b>
39	<b>Allocated Corporate Expenses</b>					
40	Normal Operations	230,332	229,571	(761)	(4)	(0.33)
41	Initiatives Implementation	2,059	2,059	-	(4)	-
42	Initiatives Ongoing	2,938	2,938	-	(4)	-
43	<b>Total Allocated Corporate Expenses</b>	<b>235,328</b>	<b>234,568</b>	<b>(761)</b>		<b>(0.32)</b>
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	1,080,658	2021 GRA - August 2020 Rate Update
2			(406)	Lower than expected premium related to volume and upgrade
3			<u>1,080,252</u>	2021 GRA - Summary Rebate Application II
4	(2)	Net Claims Incurred	915,044	2021 GRA - August 2020 Rate Update
5			(5,609)	Lower forecasted Interest Rate Impact
6			(344)	Lower forecasted Write Down DPAC
7			1,221	Increased forecast for ILAE
8			398	Increased forecast for Collision + Comprehensive claims
9			360	Increased forecast for PIPP and Liability claims
10			29	Increased forecast for Property Damage claims
11			<u>911,098</u>	2021 GRA - Summary Rebate Application II
12	(3)	Investment Income	87,857	2021 GRA - August 2020 Rate Update
13			51	Higher than expected interest rate impact on ALM marketable bonds
14			443	Higher than expected interest income
15			690	Higher than expected equity investment income
16			2,313	Higher than expected alternative investment income
17			(231)	Higher than expected investment manager fees
18			(499)	Lower than expected amortization of bond premium
19			1	Lower than expected pension expense
20			<u>90,625</u>	2021 GRA - Summary Rebate Application II
21	(4)	Allocated Corporate Expenses	235,328	2021 GRA - August 2020 Rate Update
22			(760)	Lower than expected due to allocation adjustments
23			<u>234,568</u>	2021 GRA - Summary Rebate Application II

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

Line No.		2021 GRA -	2021 GRA -	Inc (dec)	Ref.	Increase / (Decrease) %
		August 2020 Rate Update	Summary Rebate Application II			
		2022-23F	2022-23F			
1	(C\$ 000s, except where noted)	\$	\$	\$		%
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,063,739	1,063,360	(379)		(0.04)
4	Drivers	69,212	69,212	-		-
5	Reinsurance Ceded	(14,166)	(14,166)	-		-
6	<b>Total Net Premiums Written</b>	<b>1,118,785</b>	<b>1,118,406</b>	<b>(379)</b>	(1)	<b>(0.03)</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,045,554	1,045,162	(392)		(0.04)
9	Drivers	68,656	68,656	-		-
10	Reinsurance Ceded	(14,165)	(14,165)	-		-
11	<b>Total Net Premiums Earned</b>	<b>1,100,045</b>	<b>1,099,653</b>	<b>(392)</b>		<b>(0.04)</b>
12	Service Fees & Other Revenues	29,084	29,082	(2)		(0.01)
13	<b>Total Earned Revenues</b>	<b>1,129,129</b>	<b>1,128,735</b>	<b>(394)</b>		<b>(0.03)</b>
14	<b>Net Claims Incurred</b>	920,450	921,285	835		0.09
15	DPAC \ Premium Deficiency Adjustment	(1,038)	(533)	505		(48.65)
16	(a) Claims Incurred - Interest rate impact	17,935	20,535	2,600		14.50
17	<b>Total Claims Incurred</b>	<b>937,347</b>	<b>941,287</b>	<b>3,940</b>	(2)	<b>0.42</b>
18	Claims Expense	147,627	147,135	(492)	(4)	(0.33)
19	Road Safety/Loss Prevention	13,589	13,535	(54)	(4)	(0.40)
20	<b>Total Claims Costs</b>	<b>1,098,563</b>	<b>1,101,957</b>	<b>3,394</b>		<b>0.31</b>
21	<b>Expenses</b>					
22	Operating	76,299	76,064	(235)	(4)	(0.31)
23	Commissions	43,484	43,472	(12)		(0.03)
24	Premium Taxes	33,426	33,415	(11)		(0.03)
25	Regulatory/Appeal	5,202	5,201	(1)	(4)	(0.02)
26	<b>Total Expenses</b>	<b>158,411</b>	<b>158,152</b>	<b>(259)</b>		<b>(0.16)</b>
27	<b>Underwriting Income (Loss)</b>	<b>(127,845)</b>	<b>(131,374)</b>	<b>(3,529)</b>		<b>2.76</b>
28	<b>Investment Income</b>	86,564	89,068	2,504		2.89
29	(b) Investment Income - Interest rate impact	87	24	(63)		(72.41)
30	<b>Total Investment Income</b>	<b>86,651</b>	<b>89,092</b>	<b>2,441</b>	(3)	<b>2.82</b>
31	<b>Net Income (Loss)</b>	<b>(41,194)</b>	<b>(42,282)</b>	<b>(1,088)</b>		<b>2.64</b>
32	<b>Allocated Corporate Expenses</b>					
33	Claims Expense	147,627	147,135	(492)		(0.33)
34	Road Safety/Loss Prevention	13,589	13,535	(54)		(0.40)
35	Operating	76,299	76,064	(235)		(0.31)
36	Regulatory/Appeal	5,202	5,201	(1)		(0.02)
37	<b>Total Allocated Corporate Expenses</b>	<b>242,717</b>	<b>241,935</b>	<b>(782)</b>		<b>(0.32)</b>
38	<b>Allocated Corporate Expenses</b>					
39	Normal Operations	229,235	228,453	(782)	(4)	(0.34)
40	Initiatives Implementation	396	396	-	(4)	-
41	Initiatives Ongoing	13,086	13,086	-	(4)	-
42	<b>Total Allocated Corporate Expenses</b>	<b>242,717</b>	<b>241,935</b>	<b>(782)</b>		<b>(0.32)</b>
43	*Total net positive impact due to interest rates	(17,848)	(20,511)	(2,663)		14.92

## Explanation of Significant Variances - 2022/23 Comparative

Line

No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	Net Premiums Written	1,118,785	2021 GRA - August 2020 Rate Update
2			(379)	Lower than expected premium related to volume and upgrade
3			<u>1,118,406</u>	2021 GRA - Summary Rebate Application II
4	(2)	Net Claims Incurred	937,347	2021 GRA - August 2020 Rate Update
5			2,600	Increased forecast for Interest Rate Impact
6			532	Increased forecast for ILAE
7			505	Increased forecast for Write Down DPAC
8			283	Increased forecast for PIPP and Liability claims
9			17	Increased forecast for Collision + Comprehensive claims
10			3	Increased forecast for Property Damage claims
11			<u>941,287</u>	2021 GRA - Summary Rebate Application II
12	(3)	Investment Income	86,651	2021 GRA - August 2020 Rate Update
13			(63)	Lower than expected interest rate impact on ALM marketable bonds
14			(157)	Lower than expected interest income
15			2,044	Higher than expected equity investment income
16			1,831	Higher than expected alternative investment income
17			(340)	Higher than expected investment manager fees
18			(874)	Higher than expected amortization of bond premium
19			<u>89,092</u>	2021 GRA - Summary Rebate Application II
20	(4)	Allocated Corporate Expenses	242,717	2021 GRA - August 2020 Rate Update
21			(782)	Lower than expected due to allocation adjustments
22			<u>241,935</u>	2021 GRA - Summary Rebate Application II

## PF- 7 Statement of Operations: 2022/23 Comparative

Line No.		2021 GRA -	2021 GRA -	Inc (dec)	Ref.	Increase / (Decrease) %
		August 2020 Rate Update 2023-24F	Summary Rebate Application II 2023-24F			
1	(C\$ 000s, except where noted)	\$	\$	\$		%
2	<b>Net Premiums Written</b>					
3	Motor Vehicles	1,102,534	1,102,141	(393)		(0.04)
4	Drivers	70,412	70,412	-		-
5	Reinsurance Ceded	(14,447)	(14,447)	-		-
6	<b>Total Net Premiums Written</b>	<b>1,158,499</b>	<b>1,158,106</b>	<b>(393)</b>	(1)	<b>(0.03)</b>
7	<b>Net Premiums Earned</b>					
8	Motor Vehicles	1,083,614	1,083,228	(386)		(0.04)
9	Drivers	69,816	69,816	-		-
10	Reinsurance Ceded	(14,448)	(14,448)	-		-
11	<b>Total Net Premiums Earned</b>	<b>1,138,982</b>	<b>1,138,596</b>	<b>(386)</b>		<b>(0.03)</b>
12	Service Fees & Other Revenues	30,768	30,766	(2)		(0.01)
13	<b>Total Earned Revenues</b>	<b>1,169,750</b>	<b>1,169,362</b>	<b>(388)</b>		<b>(0.03)</b>
14	<b>Net Claims Incurred</b>	953,868	953,995	127		0.01
15	DPAC \ Premium Deficiency Adjustment	5,202	5,241	39		0.75
16	(a) Claims Incurred - Interest rate impact	15,197	15,260	63		0.41
17	<b>Total Claims Incurred</b>	<b>974,267</b>	<b>974,496</b>	<b>229</b>	(2)	<b>0.02</b>
18	Claims Expense	155,060	154,577	(483)	(4)	(0.31)
19	Road Safety/Loss Prevention	13,647	13,593	(54)	(4)	(0.40)
20	<b>Total Claims Costs</b>	<b>1,142,974</b>	<b>1,142,666</b>	<b>(308)</b>		<b>(0.03)</b>
21	<b>Expenses</b>					
22	Operating	80,310	80,077	(233)	(4)	(0.29)
23	Commissions	44,990	44,977	(13)		(0.03)
24	Premium Taxes	34,603	34,591	(12)		(0.03)
25	Regulatory/Appeal	5,295	5,294	(1)	(4)	(0.02)
26	<b>Total Expenses</b>	<b>165,198</b>	<b>164,939</b>	<b>(259)</b>		<b>(0.16)</b>
27	<b>Underwriting Income (Loss)</b>	<b>(138,422)</b>	<b>(138,243)</b>	<b>179</b>		<b>(0.13)</b>
28	<b>Investment Income</b>	85,168	88,106	2,938		3.45
29	(b) Investment Income - Interest rate impact	24	(10)	(34)		(141.67)
30	<b>Total Investment Income</b>	<b>85,192</b>	<b>88,096</b>	<b>2,904</b>	(3)	<b>3.41</b>
31	<b>Net Income (Loss)</b>	<b>(53,230)</b>	<b>(50,147)</b>	<b>3,083</b>		<b>(5.79)</b>
32	<b>Allocated Corporate Expenses</b>					
33	Claims Expense	155,060	154,577	(483)		(0.31)
34	Road Safety/Loss Prevention	13,647	13,593	(54)		(0.40)
35	Operating	80,310	80,077	(233)		(0.29)
36	Regulatory/Appeal	5,295	5,294	(1)		(0.02)
37	<b>Total Allocated Corporate Expenses</b>	<b>254,312</b>	<b>253,541</b>	<b>(771)</b>		<b>(0.30)</b>
38	<b>Allocated Corporate Expenses</b>					
39	Normal Operations	230,801	230,030	(771)	(4)	(0.33)
40	Initiatives Implementation	999	999	-	(4)	-
41	Initiatives Ongoing	22,512	22,512	-	(4)	-
42	<b>Total Allocated Corporate Expenses</b>	<b>254,312</b>	<b>253,541</b>	<b>(771)</b>		<b>(0.30)</b>
43	*Total net positive impact due to interest rates	(15,173)	(15,270)	(97)		0.64

## Explanation of Significant Variances - 2023/24 Comparative

Line

No.	Ref.	Category	(C\$ 000s)	Explanation
1	(1)	Net Premiums Written	1,158,499	2021 GRA - August 2020 Rate Update
2			(393)	Lower than expected premium related to volume and upgrade
3			<u>1,158,106</u>	2021 GRA - Summary Rebate Application II
4	(2)	Net Claims Incurred	974,267	2021 GRA - August 2020 Rate Update
5			116	Increased forecast for ILAE
6			63	Increased forecast for Interest Rate Impact
7			39	Increased forecast for Write Down DPAC
8			7	Increased forecast for PIPP and Liability claims
9			5	Increased forecast for Collision + Comprehensive claims
10			(3)	Lower forecasted Property Damage claims
11			<u>974,496</u>	2021 GRA - Summary Rebate Application II
12	(3)	Investment Income	85,192	2021 GRA - August 2020 Rate Update
13			(34)	Lower than expected interest rate impact on ALM marketable bonds
14			(197)	Lower than expected interest income
15			2,167	Higher than expected equity investment income
16			2,168	Higher than expected alternative investment income
17			(351)	Higher than expected investment manager fees
18			(851)	Higher than expected amortization of bond premium
19			2	Lower than expected pension expense
20			<u>88,096</u>	2021 GRA - Summary Rebate Application II
21	(4)	Allocated Corporate Expenses	254,312	2021 GRA - August 2020 Rate Update
22			(771)	Lower than expected due to allocation adjustments
23			<u>253,541</u>	2021 GRA - Summary Rebate Application II

## EPF- 1 Statement of Operations: +\$69M Rebate in 2020/21, -8.8% Basic Rate change in 2021/22

## Multi-year - Statement of Operations

Line No.		For the Years Ended March 31,				
		2021P	2022F	2023F	2024F	2025F
1	(C\$ 000s, rounding may affect totals)					
2	<b>EXTENSION</b>	<b>2020/21P</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	Motor Vehicles	159,048	180,316	186,381	192,868	199,666
4	Reinsurance Ceded	(1,783)	(1,814)	(1,850)	(1,887)	(1,924)
5	<b>Total Net Premiums Written</b>	<b>157,265</b>	<b>178,502</b>	<b>184,531</b>	<b>190,981</b>	<b>197,742</b>
6	<b>Net Premiums Earned</b>					
7	Motor Vehicles	157,138	170,123	183,474	189,759	196,408
8	Reinsurance Ceded	(1,783)	(1,814)	(1,850)	(1,887)	(1,925)
9	<b>Total Net Premiums Earned</b>	<b>155,355</b>	<b>168,309</b>	<b>181,624</b>	<b>187,872</b>	<b>194,483</b>
10	Service Fees & Other Revenues	13,440	12,940	13,540	14,182	14,872
11	<b>Total Earned Revenues</b>	<b>168,795</b>	<b>181,249</b>	<b>195,164</b>	<b>202,054</b>	<b>209,355</b>
12	<b>Net Claims Incurred</b>	61,105	82,576	96,594	97,382	98,709
13	(a) Claims Incurred - Interest Rate Impact	335	(286)	-	-	-
14	<b>Total Claims Incurred</b>	<b>61,440</b>	<b>82,290</b>	<b>96,594</b>	<b>97,382</b>	<b>98,709</b>
15	Claims Expense	10,998	11,424	11,903	13,556	13,858
16	Road Safety/Loss Prevention	703	1,086	1,093	1,202	1,214
17	<b>Total Claims Costs</b>	<b>73,141</b>	<b>94,800</b>	<b>109,590</b>	<b>112,140</b>	<b>113,781</b>
18	<b>Expenses</b>					
19	Operating	7,303	8,035	8,681	9,519	9,725
20	Commissions	35,153	37,205	40,329	41,709	43,169
21	Premium Taxes	3,154	5,104	5,504	5,693	5,892
22	Regulatory/Appeal	6	11	12	17	22
23	<b>Total Expenses</b>	<b>45,616</b>	<b>50,355</b>	<b>54,526</b>	<b>56,938</b>	<b>58,808</b>
24	<b>Underwriting Income (Loss)</b>	<b>50,038</b>	<b>36,094</b>	<b>31,048</b>	<b>32,976</b>	<b>36,766</b>
25	<b>Investment Income</b>	5,379	7,508	8,260	8,637	9,120
26	(b) Investment Income - Interest Rate Impact	77	228	4	(11)	(15)
27	<b>Net Investment Income</b>	<b>5,456</b>	<b>7,736</b>	<b>8,264</b>	<b>8,626</b>	<b>9,105</b>
28	<b>Gain (Loss) on Sale of Property</b>	-	516	-	-	-
29	<b>Net Income (Loss) from Operations</b>	<b>55,494</b>	<b>44,346</b>	<b>39,312</b>	<b>41,602</b>	<b>45,871</b>
30	<b>Surplus Distribution</b>	(52,000)	-	-	-	-
31	<b>Net Income (Loss) after surplus distribution</b>	<b>3,496</b>	<b>44,346</b>	<b>39,312</b>	<b>41,602</b>	<b>45,871</b>
32	*2019/20 is projected for 12 months ending March 31	(258)	514	4	(11)	(15)

EPF- 3 Statement of Changes in Equity: +\$69M Rebate in 2020/21, -8.8%  
Basic Rate change in 2021/22

## Multi-year - Statement of Changes in Equity

Line No.		2021P	2022F	2023F	2024F	2025F
1	(C\$ 000s, rounding may affect totals)					
2	<b>EXTENSION</b>	<b>2020/21P</b>	<b>2021/22F</b>	<b>2022/23F</b>	<b>2023/24F</b>	<b>2024/25F</b>
3	<b>Total Equity</b>					
4	<b>Retained Earnings</b>					
5	Beginning Balance	142,866	86,936	99,593	102,521	104,145
6	Net Income (Loss) from annual operations	55,496	44,346	39,312	41,602	45,871
7		(52,000)	-	-	-	-
8	Transfer (to) / from Basic Retained Earnings	(59,426)	(31,689)	(36,384)	(39,978)	(42,340)
9	<b>Total Retained Earnings</b>	<b>86,936</b>	<b>99,593</b>	<b>102,521</b>	<b>104,145</b>	<b>107,676</b>
10	<b>Total Accumulated Other Comprehensive Income</b>					
11	Beginning Balance	(2,367)	4,624	6,824	8,606	10,119
12	Other Comprehensive Income	6,990	2,201	1,782	1,513	1,303
13	<b>Total Accumulated Other Comprehensive Income</b>	<b>4,623</b>	<b>6,825</b>	<b>8,606</b>	<b>10,119</b>	<b>11,422</b>
14	<b>Total Equity Balance</b>	<b>91,560</b>	<b>106,418</b>	<b>111,127</b>	<b>114,264</b>	<b>119,099</b>
15	<b>MINIMUM CAPITAL TEST (C\$ 000s)</b>					
16	Total Equity Balance	91,560	106,418	111,127	114,264	119,099
17	Less: Assets Requiring 100% Capital	3,432	5,398	6,121	5,948	5,147
18	Capital Available	88,128	101,020	105,006	108,316	113,952
19	Minimum Capital Required (100% MCT)	44,064	50,511	52,504	54,159	56,977
20	<b>MCT Ratio % (Line 17) / (Line 18)</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>	<b>200.0%</b>