

Attachment B  
Agenda D.4  
June 24, 2021

Manitoba Public Insurance

# Risk Scorecards

Enterprise Risk Management  
6-10-2021

Risk Name	Risk Category	Priority Level	Date
19.01 Failure of Major Project	Operations	2	June 2021

**Description:**

Significant Nova Program issues will result in business disruption and failure to achieve MPI strategic and other program related objectives.

Risk Owners	Assessment Participants
Vice President & Chief Transformation Officer	Director, Nova Program Delivery

**Inherent Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	5	5	5	25
April 2021	5	5	5	25
January 2021	5	5	5	25
October 2020	5	5	5	25
June 2020	5	5	5	25
April 2020	5	5	5	25
March 2019	5	5	5	25
March 2018	n/a	n/a	n/a	n/a

**Residual Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	3	3	5	15
April 2021	3	3	5	15
January 2021	3	3	5	15
October 2020	3	3	5	15
June 2020	3	5	5	15
April 2020	3	5	5	15
March 2019	3	3	5	15
March 2018	n/a	n/a	n/a	n/a

**Trend:**

No change to residual risk rating over the last period.

**Risk Tolerance:**

Overall Nova program cost and schedule not to exceed contingency reserve
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**Risk Treatment Plan**

	Action	Action Owner	Date
1.	Update the Risk Identification, Analysis & Response Planning	Director, Nova Program Delivery /OBCs	Ongoing
2.	Monthly review of program risks and associated likelihood and impact assessment as well as action plan actions taken	Director, Nova Program Delivery /OBCs	Monthly
3	Ongoing Nova business case reviews and assessments as per Nova Value Management Strategy ‘Gate criteria’	Director, Nova Program Delivery /Value Management	Quarterly or triggered by Gate Criterion

**Status of Treatment Plan**

<p><b>Green</b> – Tracking to Plan</p> <p><b>Progress Last Period:</b></p> <ul style="list-style-type: none"> <li>• Integration of the Risk Management process into Azure DevOps RAID was started in March.</li> <li>• Additional risk management expertise was acquired to support program risk management planning during February, March and April.</li> <li>• Program stream level risk identification, analysis &amp; response planning updates being performed monthly and feeding into program level risks where applicable.</li> <li>• The Risk Management Plan has been updated to reflect the program organization and includes agile risk management processes.</li> </ul> <p>Program budget re-baseline forecasts have been approved by the Board members.</p>
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Risk Name	Risk Category	Priority Level	Date
19.02 Unanticipated Sharp Growth in PIPP Claims Retention Experience	Operations	3	June 2021

**Description:**

If PIPP claims retention increases due to increasing claims complexity, a resulting increase in reported injury relapses, and precedent setting court decisions that expand coverage causes variance of actual versus budget and impact customer rates.

Risk Owners	Assessment Participants
Vice President & Chief Actuary, Vice President & Chief Operations Officer	Director, Injury Claims Management

**Inherent Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	4	4	4	16
April 2021	4	4	4	16
January 2021	4	4	4	16
October 2020	4	4	4	16
June 2020	4	4	4	16
April 2020	4	4	4	16
April 2019	4	4	4	16
April 2018	4	4	4	16

**Residual Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	3	3	4	12
April 2021	3	3	4	12
January 2021	3	3	4	12
October 2020	3	3	4	12
June 2020	3	3	4	12
April 2020	3	3	4	12
March 2019	3	3	4	12
March 2018	4	3	4	16

**Trend:**

Trending positive over last year and in the first month of the new fiscal year.

In April, \$4.8M lower than budget for the fiscal year. COVID related impacts are resulting in lower claims volumes and therefore favorable results.

Due to refined and continuously improving metrics and the monitoring of various trigger points, such as claims frequency, severity, and injury duration trends, and the centralization of key functions such as intake and triage, reserving, and permanent impairment administration, MPI is equipped to identify and take resolving action on variations in trends faster. Combined with case management best practices, fraud awareness and contemporary investigation methods, these efforts have resulted in indications that retained claims growth is trending positively.

**Risk Tolerance:**

\$10M movement over budget for PIPP reserves (excluding interest rate impacts) to trigger a review & explanation of the root causes to the executive group, with further escalation as required.

**Risk Treatment Plan**

	Action	Action Owner	Date
1.	PIPP Product Changes	Director, Injury Claims Management / Vice President & Chief Actuary	2022
2.	Monitor and Adapt to COVID-19 Impacts	Director, Injury Claims Management	2021

**Status of Treatment Plan**

**Yellow**

The PIPP Product changes were previously targeted for 2021 are now targeted for implementation in 2022. This change in timeline is due to changes to the government timeline for legislative changes.

Ongoing monitoring of claims closure and retention rates throughout the critical stages of a claims (6 months, 12 months, and 24 months) is occurring to ensure that risk can be identified quickly.

With the impacts of COVID, additional productivity reporting has been implemented to ensure claims results and durations are not negatively impacted by the changes in the environment. Ongoing refinement of metrics is occurring to adapt regularly.

[REDACTED]

[REDACTED]

Risk Name	Risk Category	Priority Level	Date
19.05 Major Business Interruption	Operations	4	June 2021

**Description:**

If there is insufficient business continuity planning and disaster recovery capabilities, then it could result in extended business interruption in a major business continuity event (i.e. loss of premises, loss of technology, loss of business partner, loss of people, COVID19).

Risk Owners	Assessment Participants
Vice President Insurance & Risk Management & Chief Actuary	Sr Business Continuity Coordinator

**Inherent Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	4	3	4	16
April 2021	4	3	4	16
January 2021	4	3	4	16
Sep/Oct 2020	4	3	4	16
Jun 2020	2	4	5	10
April 2020	2	4	5	10
April 2019	2	4	5	10
April 2018	2	4	5	10

**Residual Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	4	2	4	16
April 2021	4	2	4	16
January 2021	4	2	4	16
Sep/Oct 2020	4	2	3	12
Jun 2020	2	2	3	6
April 2020	2	2	3	6
April 2019	2	2	3	6
April 2018	2	2	3	6

**Trend:**

Trending negative over the quarter and last 12 months.

Several MPI Service Centre locations have been shared with the Government of Manitoba / Shared Health to serve as drive-through testing sites for COVID-19. The spread of COVID-19 in Manitoba continues (i.e. Pandemic Response Framework level / code Red) potentially impacting employees and services to customers. The public health vaccination program has started and is expected to be completed by July 2021, depending on the availability of the vaccine supply and resources to distribute and inoculate citizens it could conclude earlier. A Return to the Workplace (RTW) framework is being developed in anticipation of a successful immunization program.

If there is a business interruption related to the Light Vehicle Accreditation Agreement (LVAA) negotiations and/or a Labour Interruption (LI) the BCMP Team and MPI Emergency Operations Centre (EOC) are available to provide support.

**Risk Tolerance:**

MPI has a very low tolerance for insufficient resiliency planning and execution for critical business functions. Maximum tolerable period of disruption is 48 hours for critical business functions.

**Risk Treatment Plan**

	<b>Action</b>	<b>Action Owner</b>	<b>Date</b>
1.	Identify Target Risk Appetite and Threshold	Sr Business Continuity Coordinator	Complete
2.	Conduct Gap Analysis against Thresholds	Sr Business Continuity Coordinator	Complete
3.	Develop Gap Closure Plan	Sr Business Continuity Coordinator	September 2021
4.	Execute Approved Gap Closure Plan	Sr Business Continuity Coordinator	TBD

**Status of Treatment Plan**

**Green** – Treatment Plan is on track

**Progress Last Period:**

- Business Interruption Gap Assessment has been completed. Results be included in the gap closure plan scheduled to complete September 2021.
- The MPI Corporate Incident Management Structure (C-IMS) maintained by the BCMP has successfully been leveraged to management and coordinated the response to and recovery from the COVID-19 situation via the MPI Emergency Operations Centre (EOC).
- BCMP has supported Cyber and Information Security (CIS) and the cyber risk assessment effort.
- BCMP has supported the Operational Risk Management (ORM) strategic initiative.
- BCMP has supported the IT DR Specialist with the IT DR Policy & IT DR Standard as well as conducting IT DR exercises.
- BCMP Team continues to be engaged in Project Nova (e.g. reviewing RFP requirements, synergies for BIA updates, etc.).
- BCMP and Premises are collaborating to ensure continuity requirements are included in the cityplace space planning project.
- The Labour Interruption (LI) Response Plan and Broker Interruption Response Plan have been updated following a phased approach, with the remaining critical areas to be completed based on a just in time approach.

Risk Name	Risk Category	Priority Level	Date
19.14 Forecasting Variances	Financial	4	June 2021

**Description:**

Actual financial results are significantly different (+/-) from forecast, which impacts credibility and rate volatility.
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Risk Owners	Assessment Participants
Chief Financial Officer	Corporate Controller, Vice President Insurance and Risk Management & Chief Actuary

**Inherent Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	3	4	4	12
April 2021	3	3	3	9
January 2021	3	3	3	9
Sep/Oct 2020	3	4	4	12

**Residual Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	3	4	4	12
April 2021	3	3	3	9
January 2021	3	3	3	9
Sep/Oct 2020	3	4	4	12

**Trend:**

Negative over the quarter, neutral over the year.

Corporate Net Income – March 31st is \$178.1M after the surplus distribution of \$179.5M vs a Budget of \$81M for a net difference of \$97.1M over budget.

**Key Factors for financial results:**

- Surplus Distributions for the year \$179.5M.
- Lower Claims Activity due to lower vehicle traffic, resulting from COVID -19 impacts – YTD Net Claims Incurred [not including interest rate impacts] is ~20 – 30% ahead of budget.
- **Lower** Compensation throughout our business due to vacancy management/lower activity – overall expenses [including Operating, Commissions, Premium Taxes and Regulatory] are \$12.6M ahead of budget.
- **Interest rate impacts** are causing continued volatility – due to fluctuations in interest rates – this is offset by our ALM strategy.

**Rate Setting:**

- GRA Forecast with COVID19 impacts is uncertain, which impacts rate setting, rebates and forecasting performance.
- Corporation is expected to meet budgets provided to Government. Significant rebates and budget variances (e.g. COVID19) impacts performance relative to Government’s expectations.

**Risk Appetite:**

One year net income should not fall to be less than -\$60M relative to budget, based on the 1-in-5 year scenario.

**Risk Treatment Plan**

	Action	Action Owner	Date
1.	Create action plans based on ongoing monthly/quarterly variance analysis.	Corporate Controller	EC Meetings we review actuals and performance, and highlight actions points for resolution and are executed.
2.	Yearly financial reporting and strategies for financial stewardship.	Corporate Controller through budgeting processes and tracking thereafter [quarterly]	Ongoing
3.	Review of Financial Statements and changes with AFRC and Board – with fiduciary financial outcomes/monitoring for management of overall financial performance to budget/forecasts	Vice President & Chief Financial Officer	Ongoing

4.	Business level review of budgets	Corporate Controller	Ongoing to ensure financial results are in line with expectations. No significant issues noted.
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**Status of Treatment Plan**

**Green** – Tracking to Plan  
All risk treatments are ongoing.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Risk Name	Risk Category	Priority Level	Date
20.01 Workforce Capacity	People	3	June 2021

**Description:**

If there is an inadequate capacity of staff, due to a lack of understanding of supply and demand leading to poor decision making, it will negatively impact our ability to meet Corporate objectives on time, on budget and place undue stress on employees.

Risk Owners	Assessment Participants
Vice President & Chief People Officer	Manager, HR Business Partnerships, Director, Strategy & Portfolio Management

**Inherent Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	5	3	3	15
April 2021	5	3	3	15
January 2021	5	3	3	15
Sep/Oct 2020	5	3	3	15

**Residual Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	5	3	3	15
April 2021	4	3	3	12
January 2021	4	3	3	12
Sep/Oct 2020	4	3	3	12

**Trend:**

Negative over the quarter, and negative since October 2020.

The residual likelihood score increased because of capacity issues within SRE due to the impact of COVID19 and staff on sick leave.

**Risk Tolerance:**

There is little tolerance for significant capacity risks for key areas. At a minimum, capacity issues (present and forecasted) are known and plans are in place with specific actions identified to create or add capacity.

**Risk Treatment Plan**

	Action	Action Owner	Date
1.	Aligning initiative work with available capacity.	President & CEO	Ongoing
2.	Complete workforce planning and capacity model with high engagement from management and directors.  Workforce planning completion and capacity model is made mandatory in order for management to receive a merit increase.  HR partners with management to address current and future capacity issues by either creating capacity (preferred) or adding capacity (adding FTE) if required.	Vice President & Chief People Officer	March 2022
3.	Understand demand for strategic initiatives and other executive driven initiatives. Have lean portfolio established.	Director, Strategy & Portfolio Management	Initial version June 2021, Final version December 2021
4.	Nova monitors the work velocity and sprint burndown to determine resource capacity and estimates relative to the release schedule. Gaps will be identified by scope change or increase in resources.	Nova OBCs and Manager, Nova Program Delivery	Ongoing
5.	Provide integrated view of enterprise wide supply and demand for decision making for Executive. 1. Monthly cadence of portfolio review with Senior Leadership Team. 2. Develop integrated framework and assessing current level of maturity and define desired level of maturity with action plan.	Vice President & Chief People Officer and Director, Strategy & Portfolio Management	#1. May 2021 #2. March 2022. Update provided September 2021.

**Status of Treatment Plan**

**Green** – Tracking to Plan

All risk treatments are on track for completion within the defined timeframe at this point in time.

Expected completion of capacity modelling for priority positions by end of March 2022. Corporate rollout in May 2021.

Risk Name	Risk Category	Priority Level	Date
20.03 Legislative Change Risk	Regulatory	2	June 2021

**Description:**

If key legislative changes required for Nova and other key corporate objectives experience significant delays, then it will negatively impact our ability to meet MPI objectives on time and on budget.

Risk Owners	Assessment Participants
General Counsel & Corporate Secretary	Director, DVA Policy and Registrar of Motor Vehicles, Government Relations Officer, Regulatory Accountability Officer, OBC, Nova DVA

**Inherent Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	5	2	3	15
April 2021	5	2	3	15
January 2021	5	2	3	15
Sep/Oct 2020	5	2	3	15

**Residual Risk Rating:**

	Likelihood	Financial Impact	Non-Financial Impact	Risk Score (Likelihood multiplied by the higher of Financial or Non-Financial Impact)
June 2021	4	2	3	12
April 2021	4	2	3	12
January 2021	5	2	3	15
Sep/Oct 2020	5	2	3	15

**Trend:**

Positive since April due to significant progress made, which includes:

- 1) A briefing in March with the Ministers of Crown Services and Manitoba Infrastructure;
- 2) Government direction to proceed to the Regulatory Accountability Committee (RAC);
- 3) Successful RAC review on April 8 with direction to proceed with final submission;
- 4) Successful submission of Legislative Proposal on May 14 to align with annual legislative intake;
- 5) Significant coordination and confirmation with the Legislative Counsel Office that they will be able to meet all required timeline for a November or December legislative introduction; and
- 6) Ongoing strategic meetings and engagement with RAS on streamlined approach to meeting Regulatory Accountability requirements.

**Risk Tolerance:**

Delayed key legislative amendments expected to result in \$5M increase in cost or result in significant business disruption.

**Risk Treatment Plan**

	Action	Action Owner	Date
1.	Bi-weekly meetings scheduled with the Regulatory Accountability Secretariat (RAS) to discuss NOVA projects and an adapted/streamlined approach to meeting Regulatory Accountability requirements for the approval of legislative and regulatory changes.  Also scheduling a future meeting (April 8, 2021) with the Regulatory Accountability Committee of Cabinet (RAC) dedicated to presentation and discussion of Nova legislative/regulatory challenges and opportunities.	Regulatory Accountability Officer	November 2020
2.	Submission to the Regulatory Accountability Committee (i.e. central government) to explain NOVA and seek overarching approval in principle for NOVA-relating regulation/Act changes submitted April 1 for presentation to RAC on April 8.	Director, DVA Policy and Registrar of Motor Vehicles, Government Relations Officer and Regulatory Accountability Officer	Complete April 2021
3.	4-year workplan developed outlining all anticipated NOVA legislation projects to allow joint work planning with government (RAS, Leg Counsel)	Director, DVA Policy and Registrar of Motor Vehicles and OBC, Nova DVA	Complete
4.	Nova legislative proposal submitted to the Regulatory Accountability Secretariat to advance legislation for introduction in the fall sitting of the upcoming Legislative Session	Director, DVA Policy and Registrar of Motor Vehicles and Regulatory Accountability Officer	Legislative Proposal submitted May 14, 2021  Legislation introduced November or December of 2021

**Status of Treatment Plan**

**Green** – Tracking to Plan

All risk treatment plans are completed or ongoing.