

Claims Incurred Forecast

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MANITOBA
PUBLIC INSURANCE

Agenda

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Claims Incurred Composition

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Basic Claims Incurred
Comparative
(2022 GRA vs 2021 GRA)

3

COVID Assumptions/
Repair Trade Agreement
Impacts

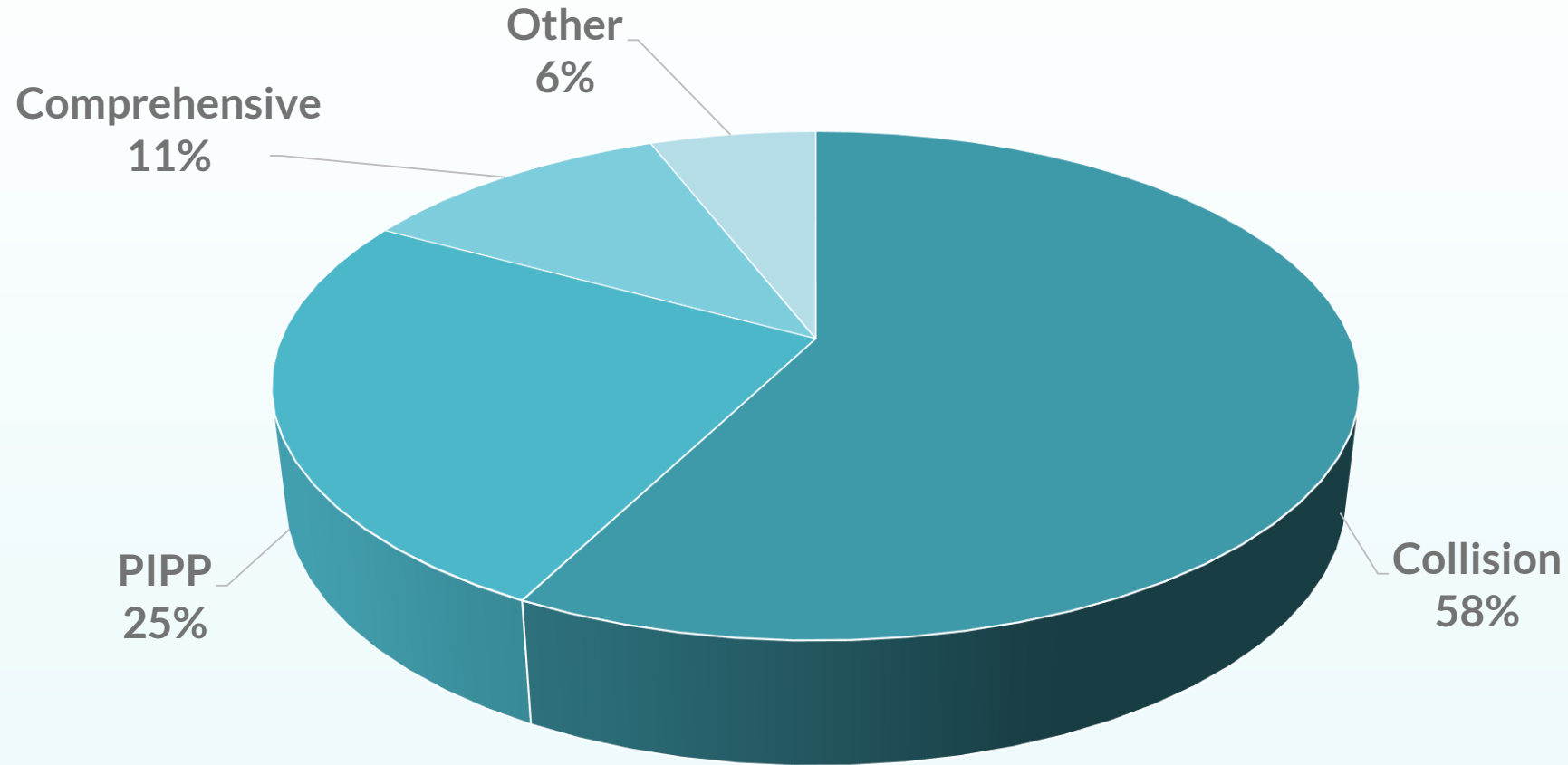
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Basic Claims Incurred
Comparative
(Rate Update vs 2022 GRA)



MPI Claims Incurred at a Glance

2022/23 Claims Incurred Costs



Basic Claims Incurred (2022 GRA vs 2021 GRA)

Fiscal Year	2022 GRA (\$000)	Last Year's Forecast (\$000)	Variance to Rate Update (\$000)
2018/19	\$892,258	\$892,258	-
2019/20*	\$864,949	\$864,949	-
2020/21	\$653,828	\$846,911	(\$196,083)
2021/22	\$855,844	\$908,680	(\$52,836)
2022/23	\$916,574	\$927,805	(\$11,231)
2023/24	\$956,139	\$965,638	(\$9,229)
2024/25	\$1,001,341	\$1,008,108	(\$6,767)



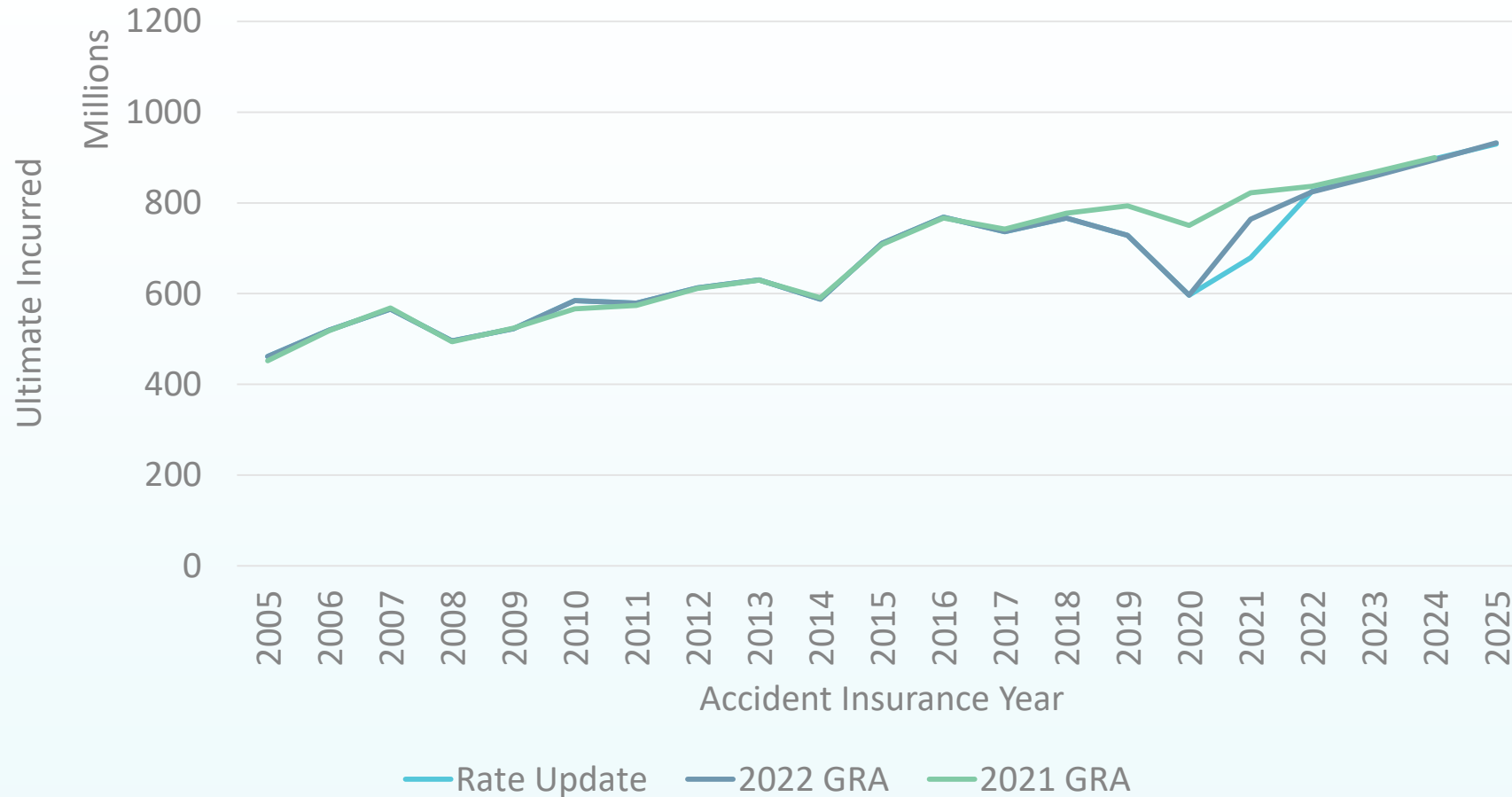
Breakdown of 2022/23 Variance from 2021 GRA Forecast

- Collision/Comprehensive.....\$12.9 million
- Unallocated Loss Adjustment Expense.....\$3.4 million
- PIPP and Bodily Injury.....\$2.6 million
- All other.....\$2.5 million
- **Total**.....**\$11.2 million**

Green = Better
Red = Worse



Basic Losses Total



Average Annual Growth 2005/06 to 2019/20 = 3.32%



2021/22 COVID-19 Assumptions

1

August through October

- -20% below normal
- Frequency to remain at low levels through fourth wave

2

November through December

- -15% below normal
- Exiting the fourth wave, expect transition back to normal

3

January through February

- -10% below normal
- As businesses return to normal, employees may have to return to the office, increasing traffic

4

March

- -5% below normal



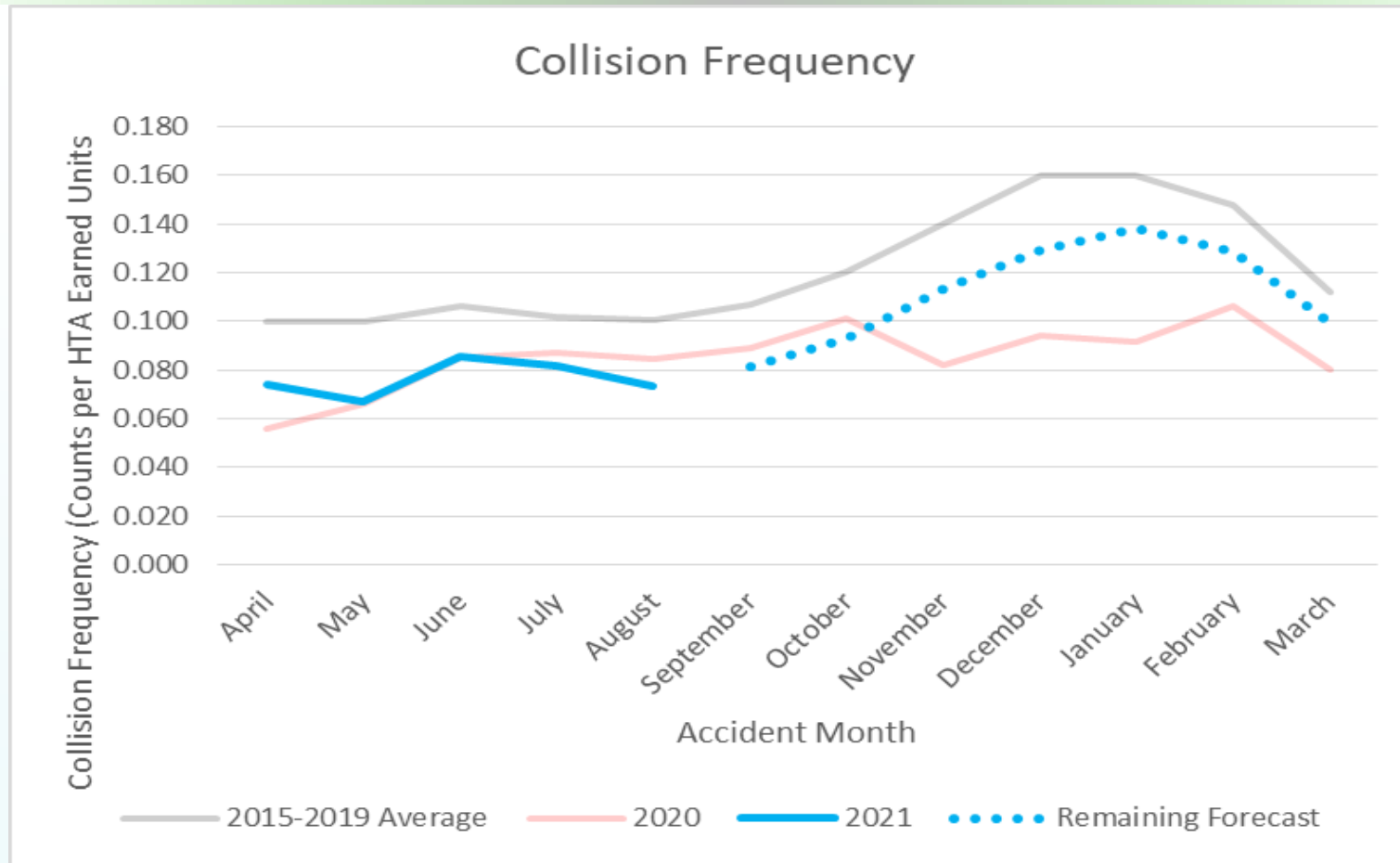
2021/22 COVID-19 Assumptions

Assumptions based on various factors including:

- Expected return to work plans for Government and MPI in new year
- Correspondence with ICBC and SGI (both assuming collision frequency returns to normal in 2022/23)
- Current state of case counts and potential fourth wave at time of COVID-19 assumption preparation
- Observed year to date experience as at first week of September 2021
 - Collision frequency continues to be favourable (i.e. +20% below claims frequency)
- Other information (e.g. traffic/mobility reports)



COVID-19 Impacts – 2021/22 Collision Frequency



	April	May	June	July	August
*Actual	-22%	-30%	-16%	-16%	-24%



COVID-19 Updated 2021/22 Impact

With updated assumptions, following impacts added to forecast:

- **\$47 million** decrease to Collision
- **\$4 million** decrease to Property Damage
- **\$20 million** decrease to PIPP
- **\$72 million** total decrease to Basic Claims



2021 Light Vehicle Accreditation Agreement (LVAA)

- Initially, MPI estimated \$7 million impact throughout the forecast years in 2022 GRA

Summary of LVAA Cost Increases	Fiscal 2021/22	Fiscal 2022/23	Fiscal 2023/24	Fiscal 2024/25
(\$000)				
Total LVAA Cost Increase	\$14,927	\$18,480	\$22,874	\$28,971

- The majority of the increases are due to:
 - \$8.4 million from increases to the labour rate
 - \$4.0 million from increases related to materials
 - \$2.0 million for masking vehicles



Basic Claims Incurred – Rate Update vs 2022 GRA

Fiscal Year	2022 GRA Rate Update (\$000)	2022 GRA (\$000)	Variance to Rate Update (\$000)
2018/19	\$892,258	\$892,258	-
2019/20*	\$864,949	\$864,949	-
2020/21	\$653,828	\$653,828	-
2021/22	\$789,040	\$855,844	(\$66,804)
2022/23	\$922,780	\$916,574	\$6,206
2023/24	\$958,776	\$956,139	\$2,637
2024/25	\$998,267	\$1,001,341	(\$3,074)



Breakdown of 2022/23 Variance from 2022 GRA Forecast

- Collision (LVAA Update of \$12.0 million and TL Severity of \$5.4 million).....\$6.6 million
- Comprehensive Hail.....\$4.2 million
- PIPP.....\$1.0 million
- Property Damage/ILAE/other.....\$2.8 million
- Total.....\$6.2 million

Green = Better
Red = Worse



Summary

- COVID-19 Impacts removed from 2022/23 and outer forecasts
- Repair trade negotiated impacts included in 2021/22 and outer forecasts
- Collision severity continues to see positive results from salvage offset
- Comprehensive hail forecast updated to reflect favourable experience

