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MANITOBA PUBLIC INSURANCE
2022/2023 GENERAL RATE APPLICATION

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TAB 1

LEGAL APPLICATION

2022 GENERAL RATE APPLICATION

June 28, 2021

MANITOBA
PUBLIC INSURANCE

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Legal Application

LA.1 Application

Manitoba Public Insurance (MPI) hereby applies to the Manitoba Public Utilities Board (PUB) for approval of the premiums charged with respect to universal compulsory driver and vehicle insurance (Basic), pursuant to Section 25(1) of The Crown Corporations Governance and Accountability Act, C.C.S.M. c. C336.

In this General Rate Application (GRA) MPI requests approval of rates for service for the 12-month period April 1, 2022, through March 31, 2023, including:

1. a 2.8% overall decrease in the break-even cost of Basic vehicle premiums:
    a) calculated in accordance with Accepted Actuarial Practice (AAP);
    b) based provisionally on the interest rate forecast as at March 31, 2021;
    c) to be updated to a final rate indication based on the interest rate forecast as at September 30, 2021;

2. removal of the 5.0% capital release approved by the PUB in Orders 146/20 and 1/21; and,

3. no changes to:
    a) Miscellaneous Permits and Certificates;
    b) Driver premiums;
    c) Basic Service and Transaction Fees; and
    d) Fleet Rebates and Surcharges.

MPI applies for leave for continued use of the Capital Management Plan (CMP) approved by the PUB in Order 176/19, for the 2022/23 insurance year (representing a one year extension of the two-year trial); largely because the CMP and its release provisions will not be made use of in this GRA owing to another Special Rebate Application (SRA) – *section LA.2.2 2022 Special Rebate Application*.

The Minimum Capital Test (MCT) ratio of the Basic Rate Stabilization Reserve (RSR) remains significantly higher than its 100% target due in large measure to the ongoing COVID-19 Pandemic. Given the persistence of the exceptional circumstances, MPI will file *another SRA,* through which MPI will again seek approval from the PUB to rebate excess capital from the RSR to its Basic ratepayers. Given the interconnectedness of the 2022 GRA and the soon to be filed SRA, MPI will also request that the PUB consolidate and/or to hear them together or concurrently.

Removing the 5.0% capital release provision will increase overall rates of service by 2.2% (provisionally). To some, this decision may seem counterintuitive. However, MPI submits that such action is required in these exceptional circumstances to ensure the equitable and timely return of excess capital. MPI further submits that any increase in future rates will be greatly offset by the funds ratepayers can expect to receive in advance through MPI's anticipated SRA (as of March 31, 2021, estimated to be $155 million).

MPI also applies for changes to Vehicle Discounts available through the Driver Safety Rating (DSR) system; chiefly, increases on the discount applied to DSR +10 to +15. The *Driver Safety Rating Chapter* details the requested changes, which involve:

- increasing the maximum merit level under the DSR scale from +15 to +16 in the 2022/23 policy year;
- allocating the rate decrease of 2.8% MPI is currently applying for to the DSR vehicle discount levels with the most significant need for rate decreases based on actuarial indications; and,
- making no changes to DSR driver premiums.

Equity and fairness drive the proposed changes to the DSR system, as registered owners with DSR ratings of +10 or higher currently subsidize drivers with lower DSR ratings. Additionally, the discounts associated with each DSR level do not reflect the relative risk of all drivers. The *Driver Safety Rating Chapter* provides further analysis of the benefits and financial impact of the proposed changes to the DSR.

LA.2 Discussion

Application Rate Tables presents tables detailing the requested rates and fees.

Ratemaking Appendix 3 contains experience-based rate adjustments, ranging from -15% to +15%, based on adjustment rules outlined in *Ratemaking Chapter RM.5*.

Ratemaking Appendix 2 contains combined classification offsets made for all vehicles (except off-road vehicles) to ensure revenue neutrality in the implementation of rate group, rate line and classification changes for 2021/22.

Driver Safety Rating Chapter Figure DSR-1, Current Vs Indicated Rates illustrates the current and actuarially indicated rates at each DSR level.

LA.2.1 Provisional Rate Request

The rates for service MPI currently requests are based on fiscal year-end results and on interest rates, as at March 31, 2021.

Prior to the hearing of its GRA, MPI will update its expense, revenue, investment, and claims forecasts and determine the need for any amendment thereafter. On or about October 1, 2021, MPI will file the following schedules in furtherance of this initiative:

1. **PF-1, 2, 3**: Pro Formas Statements;
2. **EPF-1, 3**: Extension Pro Formas 1 & 3;
3. **RM-1**: Indicated Rate Change;
4. **RM-12/13**: Overall and Major Class Required Rate Changes (with and without capital provisions);
5. **RM-14**: Major Class Summary Report; and
6. **INV-13**: Updates based on interest rates.

MPI will update these schedules based on current interest rates and include narratives of the material impacts of same in its pro forma statements and in its responses to information requests. MPI anticipates that the GRA public hearing will test this new evidence and further anticipates that the PUB will ultimately agree that its updated rate request is more accurate (should it differ from its *provisional* rate request) and accept same.

LA.2.2 2022 Special Rebate Application

As indicated above, MPI intends to file an SRA before the hearing of the 2022 GRA. MPI expects that this SRA will request a rebate amount that reduces the MCT ratio of the RSR from its current value to 100% using actual savings ($155 million) and projected savings generated between March 31, 2021 and September 30, 2021.

The SRA will not seek to amend any of the relief requested by MPI in its 2022 GRA. Should the financial condition of MPI continue to improve hereafter, the SRA will capture and incorporate that improvement into the request.

TAB 2

SUMMARY LEGAL APPLICATION

2022 SPECIAL REBATE APPLICATION

July 19, 2021

MANITOBA PUBLIC INSURANCE

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Summary Legal Application

LA.1 Legal Application

On June 17, 2021, the Government of Manitoba (the "Government") directed The Manitoba Public Insurance Corporation ("MPI") to distribute excess capital (as at March 31, 2021) from its universal compulsory automobile insurance line of business ("Basic") to ratepayers. MPI therefore applies to the Public Utilities Board of Manitoba ("PUB"), pursuant to section 44 of *The Public Utilities Board Act*, C.C.S.M. c. P280 and Rules 3(2), 4(1), 18, 36(1) and 40(2) of the PUB *Rules of Practice and Procedure*, for:

1. an Order dispensing with the requirement under Rule 36(3) that an application for review and variance be made within 30 days of the order or decision;
2. an Order that this Application be consolidated and/or heard together with the General Rate Application ("GRA") filed by MPI on June 28, 2021 (the "2022 GRA") and directions on the procedure that will govern the conduct of this Application in any event;
3. an Order that any evidence tendered by MPI in the 2022 GRA, including any report, decision, finding or order made in respect thereof, be received as evidence in this proceeding (to the extent that it is relevant and necessary);
4. a review and variation of the Directives contained in PUB Orders Nos. 176/19, 146/20 and 1/21, to the extent that they do not direct MPI to issue to ratepayers, through a rebate, a uniform percentage of the Basic premiums earned from November 22, 2020 to December 09, 2021, for all vehicle classes (for clarity, the last rebate application approved by the PUB was for an assessment period ending November 21, 2020);
5. an Order that MPI issue to ratepayers a percentage of their Basic premiums earned from November 22, 2020 to December 09, 2021, for all vehicle classes, through a rebate in an amount needed to lower the Minimum Capital Test ("MCT") ratio of the Rate Stabilization Reserve ("RSR") to 100%, using the excess capital

MPI projects it will accumulate from March 31, 2021 to March 31, 2022[1]; as soon thereafter as is reasonably practicable.

As to the late filing of this Application, MPI respectfully submits it could not have reasonably anticipated or predicted the ongoing severity of the COVID-19 Pandemic (the "Pandemic") in Manitoba and, in particular, the continued Province-wide health restrictions, within 30 days of the issuance of PUB Orders No. 176/19, 146/20, 1/21 and 7/21. As a result, MPI could not have included the relief sought herein through the Special Rebate Application ("SRA") it filed on November 30, 2020 (the "2021 SRA II"). Finally, as a result of the Pandemic, the financial position of MPI continues to improve at a time when the financial position of many of its ratepayers substantially declined, creating again an urgent need for the requested relief.

Regarding the need to consolidate this Application or have it heard together with the 2022 GRA, MPI respectfully submits that doing so would be the most expeditious and least expensive means to determine the issues raised in each application. As will become apparent, the issues to be resolved in this Application are inextricably linked with the issues raised by the 2022 GRA. Further, the outcome of one application will materially impact the other. MPI submits that the relief it requests through the 2022 GRA is just and reasonable only if the PUB is also prepared to grant the rebate relief requested herein. Conversely, the amount of the proposed rebate may be different if the PUB were to approve a lower overall rate indication than what MPI seeks through the 2022 GRA.

The interconnectedness of the two applications currently before the PUB is perhaps best highlighted by the key relief sought by MPI in the 2022 GRA, namely, the removal of the 5% capital release. The amount of the estimated rebate is inversely proportional to no longer releasing capital under the provisions of the Capital Management Plan ("CMP"). That is, the two amounts behave opposite in nature, whereby unwinding the capital release provision allows for a greater rebate and puts premium dollars back into the hands of ratepayers more expeditiously.

[1] By Labour Day (September 6) - All services, facilities and businesses are expected to be reopen, with limited restrictions in some cases.

Similar to the 2021 SRA II, MPI makes this Application to the PUB at a time when the Pandemic presents Manitoba and Manitobans with many extraordinary challenges. As of this writing, nearly 1,200 Manitobans have died of the COVID-19, while countless more suffer from the lasting effects of the virus. The third wave struck Manitoba particularly hard, overwhelming its hospitals and Intensive Care Units ("ICUs") and forcing the closure of schools, businesses, sports and other activities across the Province. Despite this, MPI believes there is reason to be cautiously optimistic about the future. Currently, more than 77% of eligible Manitobans have received at least one dose of the COVID-19 vaccine and more than 61% have received two doses. COVID-19 infection rates, hospitalizations (including admissions into ICUs) and deaths are falling. The Government eased and continues to ease public health restrictions. The Government also lowered its Pandemic Response System from a Response Level Red (Critical) to a Response Level Orange (Restricted). For many Manitobans (especially those who are fully vaccinated), life is now beginning to return to normal.

This is not to say that the impacts of the Pandemic on MPI are over. MPI continues and will continue to be affected by the Pandemic for an unknown period of time, in both direct and indirect ways. Directly, the Pandemic impacts its claims experience. As accurately predicting when the frequency and magnitude of claims costs will return to normal is very difficult, MPI implemented a conservative approach to ensure it can respond to a variety of outcomes. Indirectly, the imposition or lifting of health restrictions impacts local, national and international markets, which ultimately affects the value of the MPI investment portfolio (positively or negatively). MPI submits that the PUB should be mindful of this context when assessing the reasonableness of the requested rebate. This Application requests a rebate calculated on the basis of actual and projected excess capital available from Basic. As at March 31, 2021, Basic has approximately $155 million in excess capital. As per *Figure 1* below, by March 31, 2022, MPI currently forecasts that this excess capital will grow by $47 million, to $202 million. MPI expects to update its forecasting and rebate request in advance of the hearing of the 2022 GRA to ensure it is as accurate as possible.

Figure 1 Comparisons of Special Rebate Applications

Line No.		2021 SRA II	2022 SRA
1 2	Entitlement Period (policy in force and earning premium)	March 16, 2020 - November 21, 2020	November 22, 2020 - December 09, 2021
3 4	Savings Period for Purpose of Calculating Rebate Amount	May 16, 2020 - March 31, 2021	November 22, 2020 - March 31, 2022
5	Rebate Requested or Forecasted	$69 million	$202 million

Finally, this Application is *not* a request by MPI to amend any of the relief it requested in the 2022 GRA. To be clear, MPI continues to seek a -2.8% overall rate indication for the period April 1, 2022 to March 31, 2023, an extension of its CMP for another rating year along with the other relief requested in that application.

LA.2 Financial Status of MPI

Based on year-end results, as at March 31, 2021, MPI accumulated $155 million of excess capital in its RSR. Additionally, it currently forecasts this excess capital to grow by $47 million to $202 million by March 31, 2022. This forecast assumes that the PUB will approve the -2.8% overall rate indication requested in the 2022 GRA.

MPI submits that its ability to request this substantial rebate results primarily from its favourable claims experience (due to public health restrictions imposed during the third wave of the Pandemic), coupled with better than expected operating expenses. As such, this rebate request is comprised primarily of savings from lower than expected claims costs and higher than expected operating expense savings.

The MCT ratio of the RSR remains significantly higher than its 100% target[2] under the CMP. Given the continued unpredictability of the Pandemic, MPI presents its proposed rebate on a *provisional* basis. Prior to the hearing of the 2022 GRA, MPI will update its expense, revenue, investment, and claims forecasts and determine the final amount of the requested rebate. MPI will base its updated request primarily on July 31 actuals as

[2] The RSR is currently at an MCT ratio of 100%, and is forecasted to grow to 109% by the end of the 2022 rating year, including the currently estimated rebate of $202 million – please see 2022 GRA PF.3.

well as interest rates as at August 31. On or about October 1, 2021, MPI will file the following schedules in furtherance of this initiative:

1. **PF-1, 2, 3**: Pro Formas Statements;
2. **EPF-1, 3**: Extension Pro Formas 1 & 3;
3. **RM-1**: Indicated Rate Change;
4. **RM-12/13**: Overall and Major Class Required Rate Changes (with and without capital provisions);
5. **RM-18, 19, and 20**: Summary of Premium Increases/Decreases by Major Class, Territory and Vehicle Type, Dollar and Percent Distribution
6. **RM-14**: Major Class Summary Report; and
7. **INV-13**: Updates based on interest rates.

In addition to the above, MPI will also provide a schedule with the average rebate by major class.

MPI will maintain the MCT ratio of the RSR at 100%, as per its obligation under the *Reserves Regulation,* Man. Reg. 76/2019 (the "Reserves Regulation"). Therefore, MPI respectfully submits that the PUB should determine the rebate amount concurrently or immediately following its determination of the overall rate indication MPI seeks approval of in the 2022 GRA. MPI does not expect the capital position of Basic (and its ability to pay future claims) to deteriorate significantly or at all as a result of the proposed rebate. As premiums received during the COVID-19 pandemic exceeded what was needed to cover the cost of claims – the excess would normally flow back to ratepayers in the form of future rate decreases, through the CMP. The proposed rebate, following an approach similar to the one approved by the PUB in the 2021 SRA I and II, will accelerate the distribution of excess monies to ratepayers in the form of a one-time payment, instead of through lower future rates.

With its 2022 GRA, MPI filed a comprehensive set of statements and evidence that also underpin or relate to this SRA. MPI respectfully requests that this evidence also be received by the PUB for use in this application. Additionally, MPI updated the exhibits that follow, acknowledging similar requests in previous SRAs.

LA.2.1 Total Earned Revenues - Basic

The following figure shows the forecasted revenues, assuming the -2.8% overall rate change for the 2022/23 rating year and 0% rate change thereafter:

Figure 2 Total Earned Revenues – Basic

Line No.						
1	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
2	***($000)***					
3	**2022 GRA**	1,146,260	1,144,838	1,144,931	1,199,466	1,243,011
4	**2021 SRA II**	1,150,746	1,135,434	1,128,735	1,169,362	1,211,280
5	**Change**	(4,486)	9,404	16,196	30,104	31,731

MPI projects its 2021/22 Basic Total Earned Revenues to be $1.14 billion, or approximately 1% higher than it did in the update filed on November 30, 2020 in the 2021 SRA II. This change results primarily from the fact that 2020/21 actual premiums were higher than forecasted and partially offset by lower than expected driver premiums.

In 2022/23 and beyond, MPI expects earned premiums to be higher mainly due to the anticipated elimination of the 5% capital release provision and the greater than expected 2021/22 premiums. However, as indicated above, this additional capital will be captured in the projected rebate of $202 million. MPI further expects that this increase will be partially offset by lower than expected driver premiums resulting from an anticipated increase in movement up the Driver Safety Rating ("DSR") scale caused by lower collision frequency in 2020/21.

Figure 3 Layup Transactions by Month

Line No.	Month	2017	2018	YoY (%)	2019	YoY (%)	2020	YoY (%)	2021	YoY (%)
		Layups								
1	January	7,502	7,821	4%	8,221	5%	8,252	0%	5,972	-28%
2	February	4,717	4,670	-1%	5,335	14%	5,241	-2%	4,668	-11%
2	March	8,135	7,272	-11%	8,323	14%	11,252	35%	10,733	-5%
3	April	16,350	16,639	2%	18,099	9%	19,122	6%	13,890	-27%
4	May	12,676	13,350	5%	13,378	0%	16,135	21%	11,909	-26%
5	June	8,176	8,288	1%	8,467	2%	11,527	36%	8,686	-25%
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%	13,483	4%		
11	December	8,206	8,725	6%	8,915	2%	8,160	-8%		
12	**TOTAL**	**114,483**	**116,716**	**2%**	**121,623**	**4%**	**133,292**	**10%**	**55,858**	**-58%**

As illustrated in the above figure, also contributing to revenue increases is the impact of layup transactions. In the 2021/22 fiscal year, layup transactions have declined sharply compared to the previous year, the net impact of which is an increase in premiums. However, despite this decline (and the increase in coverages), MPI also saw more policy cancellations within this time, as depicted in *Figure 4*, below:

Figure 4 Cancelations Transactions by Month

Line No.	Month	2017	2018	YoY (%)	2019	YoY (%)	2020	YoY (%)	2021	YoY (%)
		Cancelations								
1	January	13,505	13,573	11%	15,133	11%	14,404	-5%	13,915	-3%
2	February	11,365	11,353	12%	12,719	12%	12,730	0%	12,256	-4%
2	March	12,526	12,912	7%	13,761	7%	14,121	3%	15,469	10%
3	April	13,746	14,051	10%	15,402	10%	13,498	-12%	15,233	13%
4	May	14,690	14,619	6%	15,557	6%	12,942	-17%	14,600	13%
5	June	14,457	14,435	-1%	14,263	-1%	14,891	4%	15,088	1%
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%	16,523	-6%		
11	December	13,704	14,430	0%	14,430	0%	14,112	-2%		
12	**TOTAL**	**172,095**	**179,014**	**4%**	**184,341**	**3%**	**161,181**	**-13%**	**86,561**	**-46%**

For 2022/23 and thereafter, MPI will continue to monitor and adjust its revenue forecast as necessary to ensure that it continues to represent a best estimate. MPI will report any changes in the 2023 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
2	*($000)*					
3	**2022 GRA**	620,145	839,934	904,591	941,024	980,586
4	**2021 SRA**	726,131	907,409	921,285	953,995	986,447
5	**Change**	(105,986)	(67,475)	(16,694)	(12,971)	(5,861)

Relative to the rate update provided with the 2021 SRA II, MPI forecasts a $67 million improvement in claims incurred before provisions (i.e. before interest rate impacts and Deferred Premium Acquisition Cost ("DPAC") adjustments) in the fiscal year 2021/22.

In the fiscal year 2022/23 and thereafter, the current Basic forecast is 1% to 2% lower than forecasted in the 2021 SRA II. MPI submits that this forecasting methodology remains consistent and aligned to the evidence received by the PUB in the 2022 GRA.

Figure 6 below shows the observed reduction in ultimate collision claims for the 2020/21 insurance year (comparing Figure CI-12 from 2022 GRA to Figure CI-11 from 2021 GRA), as well as the expected impacts to Bodily Injury ("BI") and Property Damage ("PD") claims. As indicated, MPI adjusted its forecast for the 2022 GRA to lower the Basic ultimate collision claims by 6% as compared to the 2021 GRA. This translates to a savings of $36.2 million in respect of Basic ultimate collision costs, in addition to PD savings of $4.2 million.

Figure 6 Claims Incurred before Provisions Forecast – 2022 GRA compared to 2021 GRA

Line No.	Fiscal Year	2021/22	2022/23	2023/24	2024/25
1	*($000)*				
2	Weekly Indemnity	($380)	$4,697	$8,706	$10,880
3	ABO - Indexed	($6,010)	($1,330)	$275	$1,360
4	ABO – Non-Indexed	($4,749)	($2,073)	($1,838)	($1,745)
5	PIPP Enhancements	$207	($88)	$118	$1,823
6	Public Liability - BI	$210	$321	$550	$759
7	Collision	($36,184)	($10,263)	($11,130)	($11,775)
8	Comprehensive	($2,062)	($2,628)	($2,945)	($3,299)
9	Property Damage	($4,230)	($1,062)	($1,035)	($998)
10	Basic Total	($53,198)	($12,427)	($7,298)	($2,995)

Providing further detail, *Figure 7* shows the budget for Basic Collision Incurred, on a financial reporting basis, as well as the actuarial views for the 2022 GRA and the most current forecast, prepared for this Application. The column titled: 'Total Claims Counts', includes all claims counts as part of the financial reporting view, and is not exclusive to collision claims.

Figure 7 Budgeted Claims - Basic Collision

				2021/22 Budget			2022 GRA		
Line No.	Reported Month	Direct Basic Collision Incurred	Total Claims Count	Accident Month	Collision Incurred	Collision Claim Counts	Accident Month	Collision Incurred	Collision Claim Counts
1	Apr-20	$31,555,949	21,375	Apr-20	$15,826,680	4,019	Apr-20	$15,538,461	3,939
2	May-20	$29,999,545	26,361	May-20	$19,339,451	5,043	May-20	$18,911,783	4,931
3	Jun-20	$29,963,557	28,108	Jun-20	$24,789,872	6,344	Jun-20	$24,509,482	6,284
4	Jul-20	$32,120,691	27,816	Jul-20	$27,479,811	6,732	Jul-20	$27,515,991	6,730
5	Aug-20	$32,394,818	28,272	Aug-20	$26,969,178	6,598	Aug-20	$27,091,030	6,599
6	Sep-20	$34,187,907	24,644	Sep-20	$28,111,694	6,733	Sep-20	$28,398,902	6,757
7	Oct-20	$39,498,048	25,204	Oct-20	$35,269,964	7,933	Oct-20	$35,225,007	7,996
8	Nov-20	$44,780,915	24,445	Nov-20	$28,389,795	5,917	Nov-20	$28,509,377	6,098
9	Dec-20	$50,065,715	23,298	Dec-20	$33,109,971	6,892	Dec-20	$32,870,520	7,068
10	Jan-21	$55,351,829	26,875	Jan-21	$30,310,951	6,603	Jan-21	$29,912,910	6,802
11	Feb-21	$43,085,903	21,268	Feb-21	$29,288,979	6,994	Feb-21	$28,509,208	7,098
12	Mar-21	$40,933,158	22,472	Mar-21	$32,673,338	7,906	Mar-21	$27,043,964	6,486
13	Apr-21	$24,392,117	10,770	Apr-21	$25,094,722	6,237	Apr-21	$21,987,607	5,526
14	May-21	$27,376,512	18,584	May-21	$27,680,492	6,622	May-21	$24,207,352	5,867
15	Jun-21	$28,138,600	21,998	Jun-21	$29,577,679	6,873	Jun-21	$25,959,187	6,109
16	Jul-21	$29,632,911	23,576	Jul-21	$29,447,374	6,848	Jul-21	$28,956,341	6,853
17	Aug-21	$30,085,463	24,463	Aug-21	$29,590,470	6,790	Aug-21	$29,319,113	6,802
18	Sep-21	$31,563,736	24,599	Sep-21	$31,255,028	7,013	Sep-21	$30,870,126	6,987
19	Oct-21	$40,299,630	27,220	Oct-21	$41,452,267	9,020	Oct-21	$41,685,632	9,152
20	Nov-21	$45,821,828	27,456	Nov-21	$48,512,026	9,960	Nov-21	$48,149,234	9,985
21	Dec-21	$45,139,650	26,617	Dec-21	$53,074,039	11,541	Dec-21	$52,082,316	11,566
22	Jan-22	$53,661,314	30,596	Jan-22	$50,573,731	11,430	Jan-22	$50,305,665	11,572
23	Feb-22	$40,888,522	25,448	Feb-22	$41,584,459	9,643	Feb-22	$41,290,972	9,729
24	Mar-22	$37,518,278	25,784	Mar-22	$33,853,643	8,008	Mar-22	$32,799,535	7,880

LA.2.3 Investments

In November 2017, MPI conducted an Asset Liability Management ("ALM") study, with the assistance of Mercer. As a result of the implementation of the recommendations of the ALM Study, MPI backed Basic liabilities exclusively with fixed income assets in the Basic Claims portfolio, beginning March 1, 2019. The Basic Claims portfolio shows a very reasonable return on investment ("ROI"), outperforming the benchmark portfolios in British Columbia (Insurance Corporation of British Columbia) and Saskatchewan (Saskatchewan Government Insurance).[3] Over the 12 months ended at March 31, 2021 the Basic Claims portfolio had an ROI of 3.3%, outperforming its policy benchmark by 0.9%[4]. The RSR and EFB portfolios had strong ROIs of 11.8%

[3] See 2022 GRA, Investments 10.8 at pages 56 and 57;
[4] See 2022 GRA, Investments, Appendix 9

and 12.6% respectively, but underperformed their respective benchmarks due to the underperformance of small-cap Canadian and global equities.

MPI also enhanced the Basic Claims portfolio with a 20% allocation to corporate bonds (which at May 31, 2021 yielded 3.11% compared to 2.30% for government bonds).

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

The investment income allocated to Basic for fiscal year 2020/21 is $89.5 million – see *2022 GRA, Figure INV-1*. In the 2022 GRA, MPI forecasts investment income to be $100.5 million for 2021/22 and $99.7 million for 2022/23[5].

MPI has significant cash and premium revenues it can use to fund the requested rebate. As at June 30, 2021, MPI holds $156.0 million of operational cash. It further expects that its cash reserve will increase by a sufficient amount between this date and the date on which it begins to mail out rebate cheques. In preparation for the distribution of a third rebate, MPI will optimize the investment of this excess cash in liquid short-term instruments to ensure the necessary funds will be available without impacting the health of the investment portfolio.

While MPI does not expect the requested rebate to impact the performance of the various asset classes in each of the portfolios, it nonetheless provides an updated snapshot of the values of these portfolios, as at May 31, 2021:

[5] See 2022 GRA, Investments Figure INV-1

Figure 8 Investment Fund Preliminary Valuations

Line No.	Fiscal Year	March 31, 2021	April 30, 2021	May 31, 2021	Monthly Change May-April	Capital Return
1	***($000)***					
2	**Basic**	2,078.4	2,085.5	2,104.1	18.6	0.89%
3	**Extension**	172.2	182.1	184.7	2.6	1.45%
4	**SRE**	240.1	257.3	260.7	3.4	1.33%
5	**RSR**	554.9	557.4	568.0	10.6	1.90%
6	**EFB**	509.3	512.5	517.1	4.6	0.90%
7	**Total**	3,555.0	3,594.8	3,634.7	39.8	1.11%

MPI provided a robust analysis of its investments in the normal course in the 2022 GRA. This analysis continues to represent the best estimate available to MPI. By this Application, MPI does not propose any change to its investment forecasts nor to its strategy. The proposed rebate will have no adverse effect on the Investment Fund or on ratepayers, in either the 2022 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	***($000)***					
2	**2022 GRA**	88,878	100,008	99,241	101,041	102,664
3	**2021 SRA II**	80,960	90,180	89,068	88,106	87,969
4	**Change**	7,918	9,828	10,173	12,935	14,695

MPI provided[6] a thorough schedule of investment income separated out by Basic Claims, RSR and Employee Future Benefits. MPI submits that this evidence continues to support the reported investment income to Basic.

MPI uses the following key assumptions for investment forecasts:

- Naïve interest rates;

[6] Refer to 2022 GRA, Investment Appendix 9 Benchmark Returns.

- Equity returns based on 5th percentile 20-year Canadian equity return (6.6% per year);
- Infrastructure and real estate based on inflation + 5% and inflation + 4% respectively; and
- Target weights for each asset class as per Section 7.0 of the Investment Policy 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	**2022 GRA**	650	541	483	(9)	(10)
3	**2021 SRA II**	128,869	445	24	(10)	(55)
4	**Change**	(128,219)	96	459	1	45
6	**Claims Incurred - Interest Rate Impact**					
7	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
8	***($000)***					
9	**2022 GRA**	44,194	12,477	11,681	11,753	10,044
8	**2021 SRA II**	163,601	2,551	20,535	15,260	15,300
11	**Change**	(119,407)	9,926	(8,854)	(3,507)	(5,256)
12	**Net Interest Rate Impact**					
13	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
14	***($000)***					
15	**2022 GRA**	(43,544)	(11,936)	(11,198)	(11,762)	(10,054)
16	**2021 SRA II**	(34,732)	(2,106)	(20,511)	(15,270)	(15,355)
17	**Change**	(8,812)	(9,830)	9,313	3,508	5,301

MPI hedges its Basic claims portfolio against the impact of interest rates. As shown in *Figure 10* above, the net impact of changes in interest rates on the fixed income portfolio and on claims liabilities remains stable year over year, relative to the SRA II forecast. This supports the effectiveness of the Basic claims ALM program and the claim that the portfolio can withstand the most significant shocks to interest rates.

Again, MPI provides this information herein only to satisfy the PUB that the proposed rebate and the release of significant capital held by Basic will not have an adverse effect on the investment portfolio(s) going forward.

LA.2.5 Net income

The following figure shows the forecasted net income, assuming the -2.8% rate change and elimination of the capital release provision for the 2022/23 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	*($000)*					
2	**2022 GRA**	290,782	67,314	4,623	10,285	4,209
3	**2021 SRA II**	186,793	8,972	(42,282)	(50,147)	(52,791)
4	**Change**	103,989	58,342	46,905	60,432	57,000

MPI net income for 2020/21 is higher than expected by approximately $104 million compared to the forecasted net income provided in 2021 SRA II. As discussed above, relative to the 2021 SRA II, MPI experienced a greater decrease in claims costs, which it expects will last, at least to some degree, until September 30, 2021.

In 2021/22, MPI projects a Basic net income of $67.3 million, or approximately $58.3 million greater than forecasted in the 2021 SRA II. This increase is primarily due to lower than expected claims due to revised COVID – 19 assumptions. Please refer to *Pro Forma PF 5, lines 24 to 32* for the detailed explanation on this item.

In 2022/23 and thereafter, the net income differences are primarily due to the combination of the elimination of the 5.0% capital release provision and lower than expected claims costs. The removal of the capital release provision from premiums increases forecasted premiums and, coupled with an expected decrease in claims costs, favourably affects net income.

LA.3 Capital Management Plan

The requested rebate does not depend on cash transfers under the CMP. The projected $202 million rebate from Basic results from excess Basic capital (i.e. >100% MCT) in the 2020/21 fiscal year and anticipated excess Basic capital (i.e. >100% MCT) in fiscal year 2021/22. A large portion of the excess capital is comprised of favorable net income (i.e. lower claims costs) related to the Pandemic, but also includes various impacts related to the MCT calculation, including the removal of anticipated transfers of capital from Extension.

As per the *Reserves Regulation,* MPI must target a Basic MCT ratio of 100%. Currently, MPI achieves this target through execution of the CMP. The figure below shows the forecasted impact of the proposed rebate on Basic Total Equity and the MCT ratio:

Figure 12 Total Equity and MCT

Line No.	Basic Total Equity					
1	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
2	***($000)***					
3	**2022 GRA**	433,835	454,768	501,639	562,721	624,657
4	**2021 SRA II**	504,854	553,013	553,210	548,106	542,722
5	**Change**	(71,019)	(98,245)	(51,571)	14,615	81,935
6	**Transfer from Extension**					
8	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
8	***($000)***					
9	**2022 GRA**	-	-	39,301	46,681	53,021
10	**2021 SRA II**	59,426	31,689	36,384	39,978	42,340
11	**Change**	(59,426)	(31,689)	2,917	6,703	10,681
12	**Basic Rebate**					
13	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
14	***($000)***					
15	**2022 GRA**	(282,626)	(47,330)	-	-	-
16	**2021 SRA II**	(127,000)	-	-	-	-
17	**Change**	(155,626)	(47,330)	-	-	-
18	**MCT Ratio**					
19	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
20	**2022 GRA**	100.0%	100.0%	101.5%	109.2%	119.1%
21	**2021 SRA II**	116.5%	111.1%	105.5%	101.6%	99.0%
22	**Change**	-16.5%	-11.1%	-4.0%	7.6%	20.1%

As shown in *Figure 12* above, following the issuance of the requested rebate, MPI forecasts Total Equity at the end of fiscal year 2023/24 to be $562.7 million, equating to an MCT Ratio of 109.2%. The increasing MCT ratio is primarily due to the expected resumption of extension capital transfers commencing in 2022/23 and onward. MPI will calculate the final rebate amount on October 1, 2021, which should reduce the forecasted MCT ratio of the RSR from its current value to 100% at the end of fiscal year 2021/22.

The primary focus of MPI is to provide an optimal rebate in conjunction with the most updated and accurate rate requirement. Accordingly, MPI will provide updates to both the 2022 GRA overall rate indication and this proposed rebate on October 1, 2021; based on July 31 actuals and August 31 interest rates.

MPI submits that this updated forecast will be its best estimate. It anticipates that the Basic RSR will continue to remain at or near the 100% MCT target for at least the near term.

LA.3.1 Extension

The rebate MPI proposes herein does not depend on or relate to any excess amounts from the reserves of its Extension line of business or on the use of capital transfers under the CMP. *Figure 13* below, shows that overall Extension forecast should remain relatively unchanged from the 2021 GRA Rate Update.

Figure 13 Extension Capital Transfers

Line No.						
		Extension Net Income				
1	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
2	***($000)***					
3	**2022 GRA**	55,690	57,236	47,727	50,928	55,697
4	**2021 SRA II**	55,494	44,346	39,312	41,602	45,871
5	**Change**	196	12,890	8,415	9,326	9,826
6		**Extension MCT Ratio**				
7	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
8	***($000)***					
9	**2022 GRA**	196.2%	200.0%	200.0%	200.0%	200.0%
10	**2021 SRA II**	200.0%	200.0%	200.0%	200.0%	200.0%
11	**Change**	-3.8%	0.0%	0.0%	0.0%	0.0%
12		**Extension Capital Transfers and Rebates**				
13	**Fiscal Year**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
14	***($000)***					
15	**2022 GRA**					
16	**Capital Transfer to DVA**	(60,000)	(53,494)	-	-	-
17	**Capital Transfer to Basic**	-	-	(39,301)	(46,681)	(53,021)
18	**Rebate**	(52,322)	-	-	-	-
19	**Total**	(112,322)	(53,494)	(39,301)	(46,681)	(53,021)
20	**2021 SRA II**					
21	**Capital Transfer to DVA**	-	-	-	-	-
22	**Capital Transfer to Basic**	(59,426)	(31,689)	(36,384)	(39,978)	(42,340)
23	**Rebate**	(52,000)	-	-	-	-
24	**Total**	(111,426)	(31,689)	(36,384)	(39,978)	(42,340)
25	**Capital transfer/rebate change**	(896)	(21,805)	(2,917)	(6,703)	(10,681)

In 2020/21, the total capital transfer and rebate amounts resemble the forecasted amounts MPI provided in the 2021 SRA II. However, as indicated in the 2022 GRA, MPI directed the Extension capital transfer to its administration of The *Drivers and Vehicles Act* ("DVA") line of business, rather than to Basic. MPI uses the same capital transfer approach again in 2021/22, although the amount of the capital transfer to DVA is approximately $21.8 million greater versus the forecast provided in the 2021 SRA II. This difference is mainly due to greater than expected Extension net income and the impacts of the MCT calculation.

In 2022/23 and thereafter, MPI again forecasts a transfer of all excess Extension capital to Basic such that the Extension MCT ratio remains at 200%, consistent with the 2022 GRA and the CMP.

LA.4 Rebate Rules

As previously indicated, MPI will calculate the final amount to rebate on October 1, 2021. This amount will capture the improvements in claims incurred before provisions (i.e. before interest rate impacts and DPAC adjustments) and anticipated favourable operating expenses as at July 31. The rationale for the proposed rebate is that, given the reduced claims costs and operating expenses, customers would have paid significantly less to insure their motor vehicles between November 22, 2020, and December 09, 2021 had MPI calculated premiums on a monthly (as opposed to annual) basis.

As a result, MPI proposes a rebate to Basic customers who had a policy that earned premiums between November 22, 2020 and December 09, 2021. As indicated, MPI currently estimates the amount of this rebate to be $202 million.

Additionally, MPI proposes that this rebate benefit *all* vehicle classes. This is because MPI intends for this rebate to provide relief to all customers who overpaid for insurance as a result of the Pandemic. If a policy did not earn premium during this period, the customer paid no premium and should therefore not be entitled to financial relief. The qualification period in this Application is similar to the period identified in the 2021 SRA II and includes the traditional riding earning period for motorcycles.

LA.5 Implementation Strategy

In considering the relief requested in this Application, MPI suggests that it follow a similar approach used for the 2021 SRA II, as it represents a proven and prudent strategy for the actual distribution of approved rebates to entitled customers. Below, MPI outlines its implementation strategy, which incorporates the lessons learned from both 2021 SRA I and II; and discusses how it plans to resolve any problems as they arise.

As indicated, MPI requests approval to issue a rebate in an amount to be calculated on October 1, 2021, the amount needed to reduce the MCT ratio of the RSR to 100%. MPI proposes that it rebate this amount to its customers in January 2022. It anticipates that the primary source of funding for this rebate will be excess cash and premium revenues.

The next question is who will qualify for the rebate and the rules for establishing entitlement. As explained above, a policyholder is qualified to receive a rebate if they had a Basic policy in force and earning premiums between November 22, 2020 and December 09, 2021. Using this rule, MPI expects approximately 675,000 customers will qualify for a rebate.

Once qualified, MPI will calculate the amount of the rebate to which each customer is entitled (applying any setoff as required). MPI will then distribute rebate cheques to qualified customers via regular mail, to their last known address on file.

MPI anticipates that the total cost of issuing the rebates will be approximately $973,000, itemized as follows (assuming 675,000 different recipients):

Figure 14 Rebates Cost

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

In the 2021 SRA I and II, MPI outlined the various problems it anticipated could arise during the implementation phase of the rebate initiative, as well as its proposed solutions. This time around, MPI suggests that it avoid issuing rebate cheques during a peak holiday season, as occurred in the 2021 SRA II. Instead, MPI proposes that it issue cheques in January 2022. Proceeding in this fashion would alleviate the need for staff to work additional overtime to compensate for lower capacity due to scheduled vacations.

As MPI successfully implemented the rebate using these and other solutions in the past two SRAs, it proposes that same procedure be used for this rebate.

LA.5.1 Communication Strategy

MPI developed an effective communication strategy for the issuance of the past two rebates and proposes use of that same strategy in respect of this rebate.

TAB 3

PRO FORMAS

2022 GENERAL RATE APPLICATION

June 28, 2021

MANITOBA
PUBLIC INSURANCE

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Pro Formas

The base financial forecast supporting the 2022 General Rate Application (GRA) is founded on Accepted Actuarial Practice (AAP) for rate setting and the Capital Management Plan (CMP) established by Manitoba Public Insurance (MPI). As such, MPI submits forecasted Pro Forma statements (*PF.1*, *PF.2*, *PF.3*), which show a requested Basic break even rate decrease of 2.8%, the elimination of the 2021 GRA capital release provision of 5.0% and approximately $155 million in excess capital that MPI can currently rebate to ratepayers from its Basic line of business. As discussed during the 2021 GRA proceedings, the Basic financial outer year forecasts submitted in that GRA included, as per the CMP, the 5.0% capital release provision, which must now be reset/reversed in order to establish the Basic rate required for the 2022 GRA.

Also included in the 2022 GRA forecast is $202.7 million that MPI anticipates it can rebate to ratepayers from Basic by year end 2021/22. This estimated rebate is comprised of the approximately $155 million in excess capital referenced above, plus an additional $47 million in excess capital that MPI forecasts Basic will retain at the end of the 2021/22 fiscal year. This anticipated rebate from Basic does not include any monies from the Extension line of business.

For the 2022 GRA (including the base financial forecast), MPI transferred excess capital in the Extension reserves to its Driver and Vehicle Licensing/Registration (DVA) line of business totaling approximately $60 million and $53.5 million in the fiscal years 2020/21 and 2021/22, respectively. This represents a change from the 2021 GRA, wherein the forecasts provided indicated expected transfers of excess capital from Extension to Basic in the fiscal year 2020/21 and onwards. Notwithstanding this, MPI expects to resume transfers of excess capital from Extension to Basic beginning again in the fiscal year 2022/23.

Pro Forma statements (*PF.4 through PF.7*) contain comparatives of actual, budgeted, and forecasted statements of operations for the 2021 and 2022 GRAs.

Pro Forma statements (*PF.8 through PF.10*) reflect the 2022 GRA base financial forecast, except with a 0% rate increase (necessarily excluding any rate change). These Pro Forma statements also exclude the capital release provision (include the elimination of the capital release provision) and any capital transferred from Extension.

This Chapter also includes the base financial forecast for Extension, shown in *EPF.1* and *EPF.3*. Although MPI does not apply for rates related to Extension, it recognizes that Extension financials impact Basic (through operation of transfers under the CMP) and therefore the importance of providing this forecast.

Please note that the financial forecast presented in the 2022 GRA assumes no changes resulting from the move to the IFRS 9 – Financial Instruments or IFRS 17 – Insurance Contracts accounting standards. The *Claims Incurred Chapter Section CI.2.5* and the *Investments Chapter*, Impacts of IFRS 9 & 17 (page 23 thereof) each discuss the future impacts of these changes.

PF- 1 Statement of Operations: -2.8% Basic Rate Change and Elimination of 5.0% Capital Release Provision

Multi-year - Statement of Operations

Line No.	*2022/23 Basic rate change of -2.8% and elimination of 5.0% Capital Release Provision* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,147,520**	**1,189,831**	**1,232,868**	**1,277,404**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,114,868**	**1,169,061**	**1,211,742**	**1,255,545**
12	Service Fees & Other Revenues	25,792	26,228	30,063	30,405	31,269	33,044
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,144,931**	**1,199,466**	**1,243,011**	**1,288,589**
14	Claims Incurred	620,145	839,934	904,591	941,024	980,586	1,023,972
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,432	302	3,362	10,711	6,873
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,477	11,681	11,753	10,044	10,122
17	**Total Claims Incurred**	**653,828**	**855,843**	**916,574**	**956,139**	**1,001,341**	**1,040,967**
18	Claims Expense	141,720	149,509	147,719	151,167	152,772	156,205
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,934	12,598	12,800
20	**Total Claims Costs**	**803,256**	**1,018,601**	**1,077,363**	**1,120,240**	**1,166,711**	**1,209,972**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,141	79,099	80,894
23	Commissions	43,384	45,961	48,013	51,667	54,152	54,166
24	Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
25	Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,693
26	**Total Expenses**	**141,824**	**159,472**	**162,669**	**169,973**	**174,745**	**177,927**
27	**Underwriting Income (Loss)**	**201,180**	**(33,235)**	**(95,101)**	**(90,747)**	**(98,445)**	**(99,310)**
28	**Investment Income**	88,878	100,008	99,241	101,041	102,664	105,330
29	(b) Investment Income - Interest Rate Impact	650	541	483	(9)	(10)	(11)
30	**Net Investment Income**	**89,528**	**100,549**	**99,724**	**101,032**	**102,654**	**105,319**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**67,314**	**4,623**	**10,285**	**4,209**	**6,009**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,936)	(11,198)	(11,762)	(10,054)	(10,133)

PF- 2 Statement of Financial Position: -2.8% Basic Rate Change and Elimination of 5.0% Capital Release Provision

Multi-year - Statement of Financial Position

Line No.	*2022/23 Basic rate change of -2.8% and elimination of 5.0% Capital Release Provision* (C$ 000s, rounding may affect totals)	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	138,600	100,000	100,000	100,000	100,000	100,000
5	Investments	2,947,377	2,939,897	3,095,249	3,270,988	3,470,325	3,673,482
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,259	431,956	447,224	462,545	478,155
9	Deferred policy acquisition costs	37,259	30,602	31,200	31,055	20,981	14,918
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,937	42,138	32,478
13	**Total Assets**	**3,679,762**	**3,643,467**	**3,832,435**	**4,023,323**	**4,211,141**	**4,407,091**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,130,035	2,226,924	2,319,124	2,410,671	2,504,099
22	**Total Liabilities**	**3,245,785**	**3,188,699**	**3,330,796**	**3,460,602**	**3,586,484**	**3,717,273**
23	**Equity**						
24	Retained Earnings	448,678	468,662	512,586	569,552	626,782	686,587
25	Accumulated Other Comprehensive Income	(14,701)	(13,894)	(10,947)	(6,831)	(2,125)	3,231
26	**Total Equity**	**433,977**	**454,768**	**501,639**	**562,721**	**624,657**	**689,818**
27	**Total Liabilities & Equity**	**3,679,762**	**3,643,467**	**3,832,435**	**4,023,323**	**4,211,141**	**4,407,091**

PF- 3 Statement of Changes in Equity: -2.8% Basic Rate Change and Elimination of 5.0% Capital Release Provision

Multi-year - Statement of Changes in Equity

Line No.	*2022/23 Basic rate change of -2.8% and elimination of 5.0% Capital Release Provision* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	468,662	512,586	569,552	626,782
6	Net Income (Loss) from annual operations	290,782	67,314	4,623	10,285	4,209	6,009
7	Premium Rebate	(127,201)	(47,330)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)	-	-	-	-	-
9	Transfer from Extension Retained Earnings	-	-	39,301	46,681	53,021	53,796
10	**Total Retained Earnings**	**448,678**	**468,662**	**512,586**	**569,552**	**626,782**	**686,587**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(13,894)	(10,947)	(6,831)	(2,125)
13	Other Comprehensive Income on Available for Sale Assets	53,984	807	2,947	4,116	4,706	5,356
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(13,894)	(10,947)	(6,831)	(2,125)	3,231
16	**Total Equity Balance**	**433,977**	**454,768**	**501,639**	**562,721**	**624,657**	**689,818**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	433,835	454,768	501,639	562,721	624,657	689,818
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,937	42,138	32,478
20	Capital Available	401,793	411,756	450,513	509,784	582,519	657,340
21	Minimum Capital Required (100% MCT)	401,793	411,871	444,048	466,694	488,935	513,525
22	**MCT Ratio %** (Line 20) / (Line 21)	**100.0%**	**100.0%**	**101.5%**	**109.2%**	**119.1%**	**128.0%**

PF- 4 Statement of Operations - 2020/21 Comparative

Line No.		2021 GRA 2020-21FB	2022 GRA 2020-21A	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2						
3	Motor Vehicles	1,079,495	1,091,979	12,484		1.16
4	Drivers	67,146	66,714	(432)		(0.64)
5	Reinsurance Ceded	(13,615)	(13,761)	(146)		1.07
6	**Total Net Premiums Written**	**1,133,026**	**1,144,932**	**11,906**	**(1)**	**1.05**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,067,604	1,066,886	(718)		(0.07)
9	Drivers	66,781	67,343	562		0.84
10	Reinsurance Ceded	(13,615)	(13,761)	(146)		1.07
11	**Total Net Premiums Earned**	**1,120,770**	**1,120,468**	**(302)**		**(0.03)**
12	Service Fees & Other Revenues	28,208	25,792	(2,416)		(8.56)
13	**Total Earned Revenues**	**1,148,978**	**1,146,260**	**(2,718)**		**(0.24)**
14	**Net Claims Incurred**	820,094	620,145	(199,949)		(24.38)
15	DPAC \ Premium Deficiency Adjustment	(8,509)	(10,511)	(2,002)		23.53
16	(a) Claims Incurred - Interest rate impact	35,326	44,194	8,868		25.10
17	**Total Claims Incurred**	**846,911**	**653,828**	**(193,083)**	**(2)**	**(22.80)**
18	Claims Expense	143,490	141,720	(1,770)	(4)	(1.23)
19	Road Safety/Loss Prevention	11,234	7,708	(3,526)	(4)	(31.39)
20	**Total Claims Costs**	**1,001,635**	**803,256**	**(198,379)**		**(19.81)**
21	**Expenses**					
22	Operating	71,865	70,063	(1,802)	(4)	(2.51)
23	Commissions	43,823	43,384	(439)		(1.00)
24	Premium Taxes	32,292	23,978	(8,314)		(25.75)
25	Regulatory/Appeal	5,120	4,399	(721)	(4)	(14.08)
26	**Total Expenses**	**153,100**	**141,824**	**(11,276)**		**(7.37)**
27	**Underwriting Income (Loss)**	**(5,757)**	**201,180**	**206,937**		**(3,594.53)**
28	**Investment Income**	83,796	88,878	5,082		6.06
29	(b) Investment Income - Interest rate impact	575	650	75		13.04
30	**Total Investment Income**	**84,371**	**89,528**	**5,157**	**(3)**	**6.11**
31	**Gain (Loss) on Sale of Property**	-	**74**	**74**		-
32	**Net Income (Loss)**	**78,614**	**290,782**	**212,168**		**269.89**
33	**Allocated Corporate Expenses**					
34	Claims Expense	143,490	141,720	(1,770)		(1.23)
35	Road Safety/Loss Prevention	11,234	7,708	(3,526)		(31.39)
36	Operating	71,865	70,063	(1,802)		(2.51)
37	Regulatory/Appeal	5,120	4,399	(721)		(14.08)
38	**Total Allocated Corporate Expenses**	**231,709**	**223,890**	**(7,819)**		**(3.37)**
39	**Allocated Corporate Expenses**					
40	Normal Operations	225,970	216,638	(9,332)	(4)	(4.13)
41	Initiatives Implementation	5,739	7,252	1,513	(4)	26.36
42	Initiatives Ongoing	-	-	-		
43	**Total Allocated Corporate Expenses**	**231,709**	**223,890**	**(7,819)**		**(3.37)**
44	***Total net positive impact due to interest rates**	**(34,751)**	**(43,544)**	**(8,793)**		**25.30**

Explanation of Significant Variances - 2020/21 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,133,026**	2021 GRA
2			10,420	Higher than expected premium related to volume
3			7,103	Higher than expected related to upgrade and non HTA growth
4			(432)	Lower than expected driver premium
5			(5,186)	Higher than expected fleet rebates
6			1	Other
7			**1,144,932**	2022 GRA
8	*detailed explanations along with commentary found in *Part IV Revenues*			
9	(2)	Net Claims Incurred	**846,911**	2021 GRA
10			(103,005)	Decreased Collision claims
11			(54,970)	Decreased PIPP and Liability claims
12			(20,581)	Decreased Comprehensive claims
13			(8,788)	Decreased Property Damage claims
14			(6,496)	Decreased ILAE
15			(3,384)	Decreased ULAE
16			(2,724)	Other Impacts
17			(2,002)	Decreased Write Down DPAC
18			8,868	Increased Interest Rate Impact
19			**653,828**	2022 GRA
20	*detailed explanations along with commentary found in *Part IV Claims Incurred*			
21	(3)	Investment Income	**84,371**	2021 GRA
22			75	Lower than expected ALM impact due to interest rate forecast
23			4,455	Higher than expected interest income
24			4,696	Higher than expected equity investment income
25			(8,573)	Lower than expected alternative investment income
26			(64)	Higher than expected investment manager fees
27			(4,809)	Higher than expected amortization of bond premium
28			(526)	Higher than expected pension expense
29			10,025	Recovery of previous year write-downs
30			(122)	Other
31			**89,528**	2022 GRA
32	*detailed explanations along with commentary found in *Part V Investments*			
33	(4)	Allocated Corporate Expenses	**225,970**	2021 GRA
34		(Normal Operations)	(4,553)	Lower than expected regular salaries
35			(568)	Lower than expected overtime expense
36			975	Higher than expected benefit expense
37			546	Higher than expected data processing expense
38			1,712	Higher than expected special service expense
39			(1,117)	Lower than expected Safety / Loss Prevention Program expense
40			(608)	Lower than expected printing and stationery
41			(1,614)	Lower than expected driver education expense
42			(604)	Lower than expected furniture and equipment expense
43			(3,501)	Other
44			**216,638**	2022 GRA
45	(4)	Allocated Corporate Expenses	**5,739**	2021 GRA
46		(Initiatives)	841	Higher than expected data processing expense
47			672	Other
48			**7,252**	2022 GRA
49	*detailed explanations along with commentary found in *Part IV Expenses*			

PF- 5 Statement of Operations - 2021/22 Comparative

Line No.		2021 GRA 2021-22F	2022 GRA 2021-22FB	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,006,302	1,035,261	28,959		2.88
4	Drivers	68,094	61,179	(6,915)		(10.16)
5	Reinsurance Ceded	(13,887)	(15,629)	(1,742)		12.54
6	**Total Net Premiums Written**	**1,060,509**	**1,080,811**	**20,302**	**(1)**	**1.91**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,041,998	1,070,733	28,735		2.76
9	Drivers	67,623	63,506	(4,117)		(6.09)
10	Reinsurance Ceded	(13,888)	(15,629)	(1,741)		12.54
11	**Total Net Premiums Earned**	**1,095,733**	**1,118,610**	**22,877**		**2.09**
12	Service Fees & Other Revenues	27,095	26,228	(867)		(3.20)
13	**Total Earned Revenues**	**1,122,828**	**1,144,838**	**22,010**		**1.96**
14	**Net Claims Incurred**	900,171	839,934	(60,237)		(6.69)
15	DPAC \ Premium Deficiency Adjustment	1,300	3,432	2,132		164.00
16	(a) Claims Incurred - Interest rate impact	7,209	12,477	5,268		73.08
17	**Total Claims Incurred**	**908,680**	**855,843**	**(52,837)**	**(2)**	**(5.81)**
18	Claims Expense	143,233	149,509	6,276	(4)	4.38
19	Road Safety/Loss Prevention	13,628	13,249	(379)	(4)	(2.78)
20	**Total Claims Costs**	**1,065,541**	**1,018,601**	**(46,940)**		**(4.41)**
21	**Expenses**					
22	Operating	72,052	76,113	4,061	(4)	5.64
23	Commissions	43,408	45,961	2,553		5.88
24	Premium Taxes	33,289	32,607	(682)		(2.05)
25	Regulatory/Appeal	5,160	4,791	(369)	(4)	(7.15)
26	**Total Expenses**	**153,909**	**159,472**	**5,563**		**3.61**
27	**Underwriting Income (Loss)**	**(96,622)**	**(33,235)**	**63,387**		**(65.60)**
28	**Investment Income**	89,121	100,008	10,887		12.22
29	(b) Investment Income - Interest rate impact	311	541	230		73.95
30	**Total Investment Income**	**89,432**	**100,549**	**11,117**	**(3)**	**12.43**
31	**Gain on Sale of Property**	5,997		(5,997)		(100.00)
32	**Net Income (Loss) from Annual Operations**	**(1,193)**	**67,314**	**68,507**		**(5,742.41)**
33	**Allocated Corporate Expenses**					
34	Claims Expense	143,233	149,509	6,276		4.38
35	Road Safety/Loss Prevention	13,628	13,249	(379)		(2.78)
36	Operating	72,052	76,113	4,061		5.64
37	Regulatory/Appeal	5,160	4,791	(369)		(7.15)
38	**Total Allocated Corporate Expenses**	**234,073**	**243,662**	**9,589**		**4.10**
39	**Allocated Corporate Expenses**					
40	Normal Operations	229,077	231,392	2,315	(4)	1.01
41	Initiatives Implementation	2,058	12,270	10,212	(4)	496.21
42	Initiatives Ongoing	2,938	-	(2,938)	(4)	(100.00)
43	**Total Allocated Corporate Expenses**	**234,073**	**243,662**	**9,589**		**4.10**
44	***Total net positive impact due to interest rates**	**(6,898)**	**(12,138)**	**(5,240)**		**75.96**

Explanation of Significant Variances - 2021/22 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,060,509**	2021 GRA
2			(5,709)	Lower than expected premium related to volume
3			17,484	Higher than expected 2020/21 premiums
4			18,574	Lower rate change (-10.5% applied vs -8.8 decrease ordered)
5			(6,915)	Lower than expected Drivers Premiums
6			(1,519)	Higher than expected fleet rebates
7			(1,742)	Lower than expected reinsurance premiums
8			129	Other
9			**1,080,811**	2022 GRA
10	*detailed explanations along with commentary found in *Part IV Revenues*			
11	(2)	Net Claims Incurred	**908,680**	2021 GRA
12			(42,621)	COVID-19 Adjustment
13			(8,251)	Lower forecast for Collision claims
14			(3,212)	Lower forecast for PIPP and Liability claims
15			(3,108)	Lower forecasted ULAE
16			(2,066)	Lower forecast for Comprehensive claims
17			(1,544)	Lower forecasted Property Damage claims
18			5,268	Increased forecasted Interest Rate Impact
19			2,133	Increased forecasted Write Down DPAC
20			566	Increased forecasted ILAE
21			(2)	Other
22			**855,843**	2022 GRA
23	*detailed explanations along with commentary found in *Part IV Claims Incurred*			
24	(3)	Investment Income	**89,432**	2021 GRA
25			4,034	Higher than expected interest income
26			8,293	Higher than expected equity investment income
27			(3,328)	Lower than expected alternative investment income
28			152	Lower than expected investment manager fees
29			1,960	Lower than expected amortization of bond premium
30			6	Other
31			**100,549**	2022 GRA
32	*detailed explanations along with commentary found in *Part V Investments*			
33	(4)	Allocated Corporate Expenses	**229,077**	2021 GRA
34		(Normal Operations)	(2,366)	Lower than expected salaries
35			2,404	Higher than expected data processing expense
36			(1,434)	Lower than expected merchant fees expense
37			813	Higher than expected amortization of deferred development
38			2,898	Other
39			**231,392**	2022 GRA
40	(4)	Allocated Corporate Expenses	**2,058**	2021 GRA
41			1,220	Higher than expected salaries
42			8,482	Higher than expected data processing expense
43		(Initiatives Implementation)	510	Other
44			**12,270**	2022 GRA
45	(4)	Allocated Corporate Expenses	**2,938**	2021 GRA
46		(Initiatives Ongoing)	(2,280)	Lower than expected data processing expense
47			(690)	Lower than expected amortization expense
48			32	Other
49			**-**	2022 GRA
50	*detailed explanations along with commentary found in *Part IV Expenses*			

PF- 6 Statement of Operations - 2022/23 Comparative

Line No.		2021 GRA 2022-23F	2022 GRA 2022-23F	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,042,862	1,099,690	56,828		5.45
4	Drivers	69,212	63,772	(5,440)		(7.86)
5	Reinsurance Ceded	(14,166)	(15,942)	(1,776)		12.54
6	**Total Net Premiums Written**	**1,097,908**	**1,147,520**	**49,612**	(1)	**4.52**
		-				
7	**Net Premiums Earned**					
8	Motor Vehicles	1,025,032	1,068,311	43,279		4.22
9	Drivers	68,656	62,499	(6,157)		(8.97)
10	Reinsurance Ceded	(14,165)	(15,942)	(1,777)		12.55
11	**Total Net Premiums Earned**	**1,079,523**	**1,114,868**	**35,345**		**3.27**
12	Service Fees & Other Revenues	28,623	30,063	1,440		5.03
13	**Total Earned Revenues**	**1,108,146**	**1,144,931**	**36,785**		**3.32**
		-	-			
14	**Net Claims Incurred**	916,689	904,591	(12,098)		(1.32)
15	DPAC \ Premium Deficiency Adjustment	(1,800)	302	2,102		(116.78)
16	(a) Claims Incurred - Interest rate impact	12,917	11,681	(1,236)		(9.57)
17	**Total Claims Incurred**	**927,806**	**916,574**	**(11,232)**	(2)	**(1.21)**
18	Claims Expense	146,819	147,719	900	(4)	0.61
19	Road Safety/Loss Prevention	13,502	13,070	(432)	(4)	(3.20)
20	**Total Claims Costs**	**1,088,127**	**1,077,363**	**(10,764)**		**(0.99)**
21	**Expenses**					
22	Operating	75,921	76,108	187	(4)	0.25
23	Commissions	42,817	48,013	5,196		12.14
24	Premium Taxes	32,811	33,924	1,113		3.39
25	Regulatory/Appeal	5,201	4,624	(577)	(4)	(11.09)
26	**Total Expenses**	**156,750**	**162,669**	**5,919**		**3.78**
27	**Underwriting Income (Loss)**	**(136,731)**	**(95,101)**	**41,630**		**(30.45)**
		-				
28	**Investment Income**	91,381	99,241	7,860		8.60
29	(b) Investment Income - Interest rate impact	165	483	318		192.73
30	**Total Investment Income**	**91,546**	**99,724**	**8,178**	(3)	**8.93**
			-			
31	**Net Income (Loss)**	**(45,185)**	**4,623**	**49,808**		**(110.23)**
32	**Allocated Corporate Expenses**					
33	Claims Expense	146,819	147,718	899		0.61
34	Road Safety/Loss Prevention	13,502	13,070	(432)		(3.20)
35	Operating	75,921	76,108	187		0.25
36	Regulatory/Appeal	5,201	4,624	(577)		(11.09)
37	**Total Allocated Corporate Expenses**	**241,443**	**241,520**	**77**		**0.03**
38	**Allocated Corporate Expenses**					
39	Normal Operations	227,960	229,875	1,915	(4)	0.84
40	Initiatives Implementation	397	8,130	7,733	(4)	1,947.86
41	Initiatives Ongoing	13,086	3,515	(9,571)	(4)	(73.14)
42	**Total Allocated Corporate Expenses**	**241,443**	**241,520**	**77**		**0.03**
43	***Total impact due to interest rates**	**(12,752)**	**(11,198)**	**1,554**		**(12.19)**

Explanation of Significant Variances - 2022/23 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,097,908**	2021 GRA
2			23,868	Applied 2022/23 rate change (-2.8% & eliminate 5.0% capital release provision)
3			30,288	Higher than expected 2021/22 premiums
4			(5,440)	Lower than expected Drivers Premiums
5			1,449	Lower than expected premium related to upgrade
6			1,060	Higher than expected premium related to volume
7			(1,776)	Higher than expected reinsurance premiums
8			163	Other
9			**1,147,520**	2022 GRA
10	*detailed explanations along with commentary found in *Part IV Revenues*			
11	(2)	Net Claims Incurred	**927,806**	2021 GRA
12			(12,882)	Lower forecast for Collision + Comprehensive claims
13			(3,425)	Lower forecasted ULAE
14			(1,236)	Lower forecasted Interest Rate Impact
15			(1,061)	Lower forecasted Property Damage claims
16			2,102	Higher forecasted Write Down DPAC
17			2,698	Increased forecasted ILAE
18			2,572	Increased forecast for PIPP and Liability claims
19			**916,574**	2022 GRA
20	*detailed explanations along with commentary found in *Part IV Claims Incurred*			
21	(3)	Investment Income	**91,546**	2021 GRA
22			3,897	Higher than expected interest income
23			5,162	Higher than expected equity investment income
24			(3,828)	Lower than expected alternative investment income
25			2,649	Lower than expected amortization of bond premium
26			298	Other
27			**99,724**	2022 GRA
28	*detailed explanations along with commentary found in *Part V Investments*			
29	(4)	Allocated Corporate Expenses	**227,960**	2021 GRA
30		(Normal Operations)	(1,765)	Lower than expected salary expense
31			(1,154)	Lower than expected benefit expense
32			3,534	Higher than expected data processing expense
33			(2,335)	Lower than expected merchant fees
34			1,919	Higher than expected amortization of deferred development
35			1,716	Other
36			**229,875**	2022 GRA
37	(4)	Allocated Corporate Expenses	**397**	2021 GRA
38		(Initiatives Implementation)	1,141	Higher than expected salary expense
39			6,206	Higher than expected data processing expense
40			386	Other
41			**8,130**	2022 GRA
42	(4)	Allocated Corporate Expenses	**13,086**	2021 GRA
43		(Initiatives Ongoing)	1,041	Higher than expected salary expense
44			(9,852)	Lower than expected data processing expense
45			(619)	Lower than expected amortization of deferred development
46			(141)	Other
47			**3,515**	2022 GRA
48	*detailed explanations along with commentary found in *Part IV Expenses*			

PF- 7 Statement of Operations - 2023/24 Comparative

Line No.		2021 GRA 2023-24F	2022 GRA 2023-24F	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,080,898	1,140,113	59,215		5.48
4	Drivers	70,412	65,978	(4,434)		(6.30)
5	Reinsurance Ceded	(14,447)	(16,260)	(1,813)		12.55
6	**Total Net Premiums Written**	**1,136,863**	**1,189,831**	**52,968**	(1)	**4.66**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,062,348	1,120,426	58,078		5.47
9	Drivers	69,816	64,895	(4,921)		(7.05)
10	Reinsurance Ceded	(14,448)	(16,260)	(1,812)		12.54
11	**Total Net Premiums Earned**	**1,117,716**	**1,169,061**	**51,345**		**4.59**
12	Service Fees & Other Revenues	30,271	30,405	134		0.44
13	**Total Earned Revenues**	**1,147,987**	**1,199,466**	**51,479**		**4.48**
14	**Net Claims Incurred**	950,279	941,024	(9,255)		(0.97)
15	DPAC \ Premium Deficiency Adjustment	4,642	3,362	(1,280)		(27.57)
16	(a) Claims Incurred - Interest rate impact	10,717	11,753	1,036		9.67
17	**Total Claims Incurred**	**965,638**	**956,139**	**(9,499)**	(2)	**(0.98)**
18	Claims Expense	154,181	151,167	(3,014)	(4)	(1.95)
19	Road Safety/Loss Prevention	13,553	12,934	(619)	(4)	(4.57)
20	**Total Claims Costs**	**1,133,372**	**1,120,240**	**(13,132)**		**(1.16)**
21	**Expenses**					
22	Operating	79,898	78,141	(1,757)	(4)	(2.20)
23	Commissions	44,298	51,667	7,369		16.64
24	Premium Taxes	33,965	35,560	1,595		4.70
25	Regulatory/Appeal	5,293	4,605	(688)	(4)	(13.00)
26	**Total Expenses**	**163,454**	**169,973**	**6,519**		**3.99**
27	**Underwriting Income (Loss)**	**(148,839)**	**(90,747)**	**58,092**		**(39.03)**
28	**Investment Income**	89,713	101,041	11,328		12.63
29	(b) Investment Income - Interest rate impact	78	(9)	(87)		(111.54)
30	**Total Investment Income**	**89,791**	**101,032**	**11,241**	(3)	**12.52**
31	**Net Income (Loss)**	**(59,048)**	**10,285**	**69,333**		**(117.42)**
32	**Allocated Corporate Expenses**					
33	Claims Expense	154,181	151,167	(3,014)		(1.95)
34	Road Safety/Loss Prevention	13,553	12,934	(619)		(4.57)
35	Operating	79,898	78,141	(1,757)		(2.20)
36	Regulatory/Appeal	5,293	4,605	(688)		(13.00)
37	**Total Allocated Corporate Expenses**	**252,925**	**246,847**	**(6,078)**		**(2.40)**
38	**Allocated Corporate Expenses**					
39	Normal Operations	229,414	228,270	(1,144)	(4)	(0.50)
40	Initiatives Implementation	999	6,473	5,474	(4)	547.95
41	Initiatives Ongoing	22,512	12,104	(10,408)	(4)	(46.23)
42	**Total Allocated Corporate Expenses**	**252,925**	**246,847**	**(6,078)**		**(2.40)**
43	***Total net positive impact due to interest rates**	**(12,301)**	**(11,762)**	**539**		**(4.38)**

Explanation of Significant Variances - 2023/24 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,136,863**	2021 GRA
2			56,664	Higher than expected 2022/23 premiums
3			601	Higher than expected premiums related to volume
4			(4,434)	Lower than expected Drivers Premiums
5			1,865	Higher than expected premium related to upgrade
6			(1,813)	Higher than expected reinsurance premiums
7			85	Other
8			**1,189,831**	2022 GRA
9	*detailed explanations along with commentary found in *Part IV Revenues*			
10	(2)	Net Claims Incurred	**965,638**	2021 GRA
11			(14,075)	Lower forecast for Collision + Comprehensive claims
12			(2,954)	Lower forecasted ULAE
13			(1,280)	Lower forecasted Write Down DPAC
14			(1,035)	Lower forecasted Property Damage claims
15			6,928	Increased forecast for PIPP and Liability claims
16			1,035	Increased forecasted Interest Rate Impact
17			1,882	Increased forecasted ILAE
18			1	Other
19			**956,139**	2022 GRA
20	*detailed explanations along with commentary found in *Part IV Claims Incurred*			
21	(3)	Investment Income	**89,791**	2021 GRA
22			2,486	Higher than expected interest income
23			5,913	Higher than expected equity investment income
24			(194)	Lower than expected alternative investment income
25			(323)	Higher than expected investment manager fees
26			3,488	Lower than expected amortization of bond premium
27			(129)	Other
28			**101,032**	2022 GRA
29	*detailed explanations along with commentary found in *Part V Investments*			
30	(4)	Allocated Corporate Expenses	**229,414**	2021 GRA
31		(Normal Operations)	(2,688)	Lower than expected salary expense
32			(1,905)	Lower than expected benefit expense
33			4,009	Higher than expected data processing expense
34			(2,464)	Lower than expected merchant fees
35			1,994	Higher than expected amortization of deferred development
36			(90)	Other
37			**228,270**	2022 GRA
38	(4)	Allocated Corporate Expenses	**999**	2021 GRA
39		(Initiatives Implementation)	3,230	Higher than expected data processing expense
40			1,942	Higher than expected salary expense
41			302	Other
42			**6,473**	2022 GRA
43	(4)	Allocated Corporate Expenses	**22,512**	2021 GRA
44		(Initiatives Ongoing)	2,927	Higher than expected salary expense
45			(8,372)	Lower than expected data processing expense
46			(4,608)	Lower than expected amortization of deferred development
47			(355)	Other
48			**12,104**	2022 GRA
49	*detailed explanations along with commentary found in *Part IV Expenses*			

PF- 8 Statement of Operations: +0.0% Rate Change and elimination of 5% Capital Release Provision

Line No.	2022/23 Basic rate change of 0.0% and elimination of 5.0% Capital Release Provision (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	Motor Vehicles	1,091,979	1,035,261	1,130,565	1,172,121	1,214,733	1,259,005
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,178,395**	**1,221,839**	**1,266,036**	**1,311,779**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,084,149	1,151,882	1,193,979	1,237,443
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,130,706**	**1,200,517**	**1,244,344**	**1,289,332**
12	Service Fees & Other Revenues	25,792	26,228	30,685	31,078	31,994	33,828
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,161,391**	**1,231,595**	**1,276,338**	**1,323,160**
14	Claims Incurred	620,145	839,934	904,591	941,024	980,586	1,023,972
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,432	(3,432)	-	2,778	6,307
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,477	11,681	11,753	10,044	10,122
17	**Total Claims Incurred**	**653,828**	**855,843**	**912,840**	**952,777**	**993,408**	**1,040,401**
18	Claims Expense	141,720	149,509	147,719	151,137	152,726	156,127
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,931	12,593	12,793
20	**Total Claims Costs**	**803,256**	**1,018,601**	**1,073,629**	**1,116,845**	**1,158,727**	**1,209,321**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,127	79,077	80,856
23	Commissions	43,384	45,961	48,506	52,891	55,468	55,489
24	Premium Taxes	23,978	32,607	34,399	36,503	37,828	39,187
25	Regulatory/Appeal	4,399	4,791	4,624	4,604	4,644	4,692
26	**Total Expenses**	**141,824**	**159,472**	**163,637**	**172,125**	**177,017**	**180,224**
27	**Underwriting Income (Loss)**	**201,180**	**(33,235)**	**(75,875)**	**(57,375)**	**(59,406)**	**(66,385)**
28	**Investment Income**	88,878	100,008	101,197	101,180	103,129	105,046
29	(b) Investment Income - Interest Rate Impact	650	541	620	(9)	(2)	(2)
30	**Net Investment Income**	**89,528**	**100,549**	**101,817**	**101,171**	**103,127**	**105,044**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**67,314**	**25,942**	**43,796**	**43,721**	**38,659**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,936)	(11,061)	(11,762)	(10,046)	(10,124)

PF- 9 Statement of Financial Position:+0.0% Rate Change and elimination of 5% Capital Release Provision

Line No.	*2022/23 Basic rate change of 0.0% and elimination of 5.0% Capital Release Provision* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Assets**						
4	Cash and cash equivalents	138,600	100,000	100,000	100,000	100,000	100,000
5	Investments	2,947,377	2,939,897	3,076,581	3,235,011	3,411,154	3,590,903
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,259	440,971	456,573	472,231	488,196
9	Deferred policy acquisition costs	37,259	30,602	35,950	39,260	37,139	31,665
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,938	42,141	32,482
13	**Total Assets**	**3,679,762**	**3,643,467**	**3,827,532**	**4,004,901**	**4,177,817**	**4,351,304**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	606,639	629,679	653,221	677,660
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,130,035	2,226,924	2,319,124	2,410,671	2,504,099
22	**Total Liabilities**	**3,245,785**	**3,188,699**	**3,345,833**	**3,476,191**	**3,602,639**	**3,734,015**
23	**Equity**						
24	Retained Earnings	448,678	468,662	494,604	538,400	582,121	620,780
25	Accumulated Other Comprehensive Income	(14,701)	(13,894)	(12,905)	(9,690)	(6,943)	(3,491)
26	**Total Equity**	**433,977**	**454,768**	**481,699**	**528,710**	**575,178**	**617,289**
27	**Total Liabilities & Equity**	**3,679,762**	**3,643,467**	**3,827,532**	**4,004,901**	**4,177,817**	**4,351,304**

PF- 10 Statement of Changes in Equity:+0.0% Rate Change and elimination of 5% Capital Release Provision

Multi-year - Statement of Changes in Equity

Line No.	*2022/23 Basic rate change of 0.0% and elimination of 5.0% Capital Release Provision* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	468,662	494,604	538,400	582,121
6	Net Income (Loss) from annual operations	290,782	67,314	25,942	43,796	43,721	38,659
7	Premium Rebate	(127,201)	(47,330)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)	-				
9	Transfer from Extension Retained Earnings	-	-	-	-	-	-
10	**Total Retained Earnings**	**448,678**	**468,662**	**494,604**	**538,400**	**582,121**	**620,780**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(13,894)	(12,905)	(9,690)	(6,943)
13	Other Comprehensive Income on Available for Sale Assets	53,984	807	989	3,215	2,747	3,452
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(13,894)	(12,905)	(9,690)	(6,943)	(3,491)
16	**Total Equity Balance**	**433,977**	**454,768**	**481,699**	**528,710**	**575,178**	**617,289**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	433,835	454,768	481,699	528,710	575,178	617,289
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,938	42,141	32,482
20	Capital Available	401,793	411,756	430,573	475,772	533,037	584,807
21	Minimum Capital Required (100% MCT)	401,793	411,871	442,396	458,375	479,835	504,754
22	**MCT Ratio % (Line 20) / (Line 21)**	**100.0%**	**100.0%**	**97.3%**	**103.8%**	**111.1%**	**115.9%**

EPF- 1 Extension Statement of Operations

Multi-year - Statement of Operations

Line No.	*2022/23 Basic rate change of -2.8% and elimination of 5.0% Capital Release Provision* *(C$ 000s, rounding may affect totals)*	*For the Years Ended February,*			*For the Years Ended March 31,*						
1		2017A	2018A	2019A	2020A	2021A	2022FB	2023A	2024F	2025F	2026F
2	**EXTENSION**	**2016/17A**	**2017/18A**	**2018/19A**	**2019/20A***	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	152,890	158,469	162,861	155,063	160,042	176,718	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,587)	(1,522)	(1,567)	(1,903)	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**151,303**	**156,947**	**161,294**	**153,160**	**158,253**	**174,770**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**										
7	Motor Vehicles	149,475	155,720	160,848	157,842	156,701	169,339	179,976	186,046	192,149	198,547
8	Reinsurance Ceded	(1,587)	(1,522)	(1,567)	(1,903)	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**147,888**	**154,198**	**159,281**	**155,939**	**154,912**	**167,391**	**177,989**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,403	10,747	11,752	12,461	10,902	12,437	13,236	13,622	14,122	14,782
11	**Total Earned Revenues**	**158,291**	**164,945**	**171,033**	**168,400**	**165,814**	**179,828**	**191,225**	**197,641**	**204,204**	**211,220**
12	**Net Claims Incurred**	67,195	66,114	65,685	69,516	55,933	78,317	94,794	94,912	95,953	97,172
13	(a) Claims Incurred - Interest Rate Impact	n/a	n/a	-	-	99	123	(128)	-	-	-
14	**Total Claims Incurred**	**67,195**	**66,114**	**65,685**	**69,516**	**56,032**	**78,440**	**94,666**	**94,912**	**95,953**	**97,172**
15	Claims Expense	10,236	11,852	10,491	11,100	11,792	12,330	12,387	13,770	14,430	15,027
16	Road Safety/Loss Prevention	996	1,006	908	1,013	641	1,093	1,098	1,192	1,206	1,249
17	**Total Claims Costs**	**78,427**	**78,972**	**77,083**	**81,629**	**68,465**	**91,863**	**108,151**	**109,874**	**111,589**	**113,448**
18	**Expenses**										
19	Operating	8,545	8,580	9,431	8,910	7,851	8,160	8,202	8,878	9,228	9,553
20	Commissions	34,025	34,138	35,256	34,788	34,142	33,655	32,228	32,649	31,758	30,936
21	Premium Taxes	4,484	4,672	4,825	4,735	4,701	5,080	5,399	5,581	5,764	5,956
22	Regulatory/Appeal	13	9	8	12	13	12	11	25	44	63
23	**Total Expenses**	**47,067**	**47,399**	**49,520**	**48,445**	**46,707**	**46,907**	**45,840**	**47,133**	**46,794**	**46,508**
24	**Underwriting Income (Loss)**	**32,797**	**38,574**	**44,431**	**38,326**	**50,642**	**41,058**	**37,234**	**40,634**	**45,821**	**51,264**
25	**Investment Income**	5,191	6,348	11,349	(723)	5,038	15,991	10,268	10,188	9,796	9,421
26	(b) Investment Income - Interest Rate Impact	n/a	n/a	828	280	4	187	225	106	80	54
27	**Net Investment Income**	**5,191**	**6,348**	**12,177**	**(443)**	**5,042**	**16,178**	**10,493**	**10,294**	**9,876**	**9,475**
28	**Gain (Loss) on Sale of Property**	-	-	115	-	6	-	-	-	-	-
29	**Net Income (Loss) from Annual Operations**	**37,988**	**44,922**	**56,721**	**37,883**	**55,690**	**57,236**	**47,727**	**50,928**	**55,697**	**60,739**
30	**Total net Impact due to interest rate change (b) - (a)**	**-**	**-**	**828**	**280**	**(95)**	**64**	**353**	**106**	**80**	**54**

EPF-1- 1 Extension Statement of Operations: 2016/17 Comparative

Line No.		2016-17A	2016-17B	Inc (dec)	Increase / (Decrease)
1					
2	*(C$ 000s, except where noted)*	$	$	$	%
3	**Net Premiums Written**				
4	Motor Vehicles	152,890	152,811	79	0.05
5	Reinsurance Ceded	(1,587)	(1,586)	(1)	0.06
6	**Total Net Premiums Written**	**151,303**	**151,225**	**78**	0.05
7	**Net Premiums Earned**				
8	Motor Vehicles	149,475	149,825	(350)	(0.23)
9	Reinsurance Ceded	(1,587)	(1,586)	(1)	0.06
10	**Total Net Premiums Earned**	**147,888**	**148,239**	**(351)**	(0.24)
11	Service Fees & Other Revenues	10,403	10,556	(153)	(1.47)
12	**Total Earned Revenues**	**158,291**	**158,795**	**(504)**	(0.32)
13	**Net Claims Incurred**	67,195	68,326	(1,131)	(1.68)
14	(a) Claims Incurred - Interest rate impact	-		-	-
15	**Total Claims Incurred**	**67,195**	**68,326**	**(1,131)**	(1.68)
16	Claims Expense	10,236	10,594	(358)	(3.50)
17	Road Safety/Loss Prevention	996	994	2	0.20
18	**Total Claims Costs**	**78,427**	**79,914**	**(1,487)**	(1.90)
19	**Expenses**				
20	Operating	8,545	9,026	(481)	(5.63)
21	Commissions	34,025	33,875	150	0.44
22	Premium Taxes	4,484	4,495	(11)	(0.25)
23	Regulatory/Appeal	13	13	-	-
24	**Total Expenses**	**47,067**	**47,409**	**(342)**	(0.73)
25	**Underwriting Income (Loss)**	**32,797**	**31,472**	**1,325**	4.04
26	**Investment Income**	5,191	1,189	4,002	77.09
27	(b) Investment Income - Interest rate impact	-		-	-
28	**Total Investment Income**	**5,191**	**1,189**	**4,002**	77.09
29	**Gain / (Loss) on Sale of Property**	-	-	-	-
30	**Net Income (Loss)**	**37,988**	**32,661**	**5,327**	14.02

EPF-1- 2 Extension Statement of Operations: 2017/18 Comparative

Line No.		2017-18A	2017-18B	Inc (dec)	Increase / (Decrease)
1					
2	*(C$ 000s, except where noted)*	$	$	$	%
3	**Net Premiums Written**				
4	Motor Vehicles	158,469	158,766	(297)	(0.19)
5	Reinsurance Ceded	(1,522)	(1,522)	-	-
6	**Total Net Premiums Written**	**156,947**	**157,244**	**(297)**	(0.19)
7	**Net Premiums Earned**				
8	Motor Vehicles	155,720	156,257	(537)	(0.34)
9	Reinsurance Ceded	(1,522)	(1,522)	-	-
10	**Total Net Premiums Earned**	**154,198**	**154,735**	**(537)**	(0.35)
11	Service Fees & Other Revenues	10,747	11,186	(439)	(4.08)
12	**Total Earned Revenues**	**164,945**	**165,921**	**(976)**	(0.59)
13	**Net Claims Incurred**	66,114	67,043	(929)	(1.41)
14	(a) Claims Incurred - Interest rate impact	-		-	-
15	**Total Claims Incurred**	**66,114**	**67,043**	**(929)**	(1.41)
16	Claims Expense	11,852	11,102	750	6.33
17	Road Safety/Loss Prevention	1,006	983	23	2.29
18	**Total Claims Costs**	**78,972**	**79,128**	**(156)**	(0.20)
19	**Expenses**				
20	Operating	8,580	9,196	(616)	(7.18)
21	Commissions	34,138	34,325	(187)	(0.55)
22	Premium Taxes	4,672	4,688	(16)	(0.34)
23	Regulatory/Appeal	9	15	(6)	(66.67)
24	**Total Expenses**	**47,399**	**48,224**	**(825)**	(1.74)
25	**Underwriting Income (Loss)**	**38,574**	**38,569**	**5**	0.01
26	**Investment Income**	6,348	7,292	(944)	(14.87)
27	(b) Investment Income - Interest rate impact	-		-	-
28	**Total Investment Income**	**6,348**	**7,292**	**(944)**	(14.87)
29	**Gain / (Loss) on Sale of Property**	-	-	-	-
30	**Net Income (Loss)**	**44,922**	**45,861**	**(939)**	(2.09)

EPF-1- 3 Extension Statement of Operations: 2018/19 Comparative

Line No.		2018-19A	2018-19B	Inc (dec)	Increase / (Decrease)
2	*(C$ 000s, except where noted)*	$	$	$	%
3	**Net Premiums Written**				
4	Motor Vehicles	162,861	164,073	(1,212)	-0.74%
5	Reinsurance Ceded	(1,567)	(1,627)	60	-3.69%
6	**Total Net Premiums Written**	**161,294**	**162,446**	**(1,152)**	-0.71%
7	**Net Premiums Earned**				
8	Motor Vehicles	160,848	161,046	(198)	-0.12%
9	Reinsurance Ceded	(1,567)	(1,627)	60	-3.69%
10	**Total Net Premiums Earned**	**159,281**	**159,419**	**(138)**	-0.09%
11	Service Fees & Other Revenues	11,752	11,885	(133)	-1.12%
12	**Total Earned Revenues**	**171,033**	**171,304**	**(271)**	-0.16%
13	**Net Claims Incurred**	65,685	69,060	(3,375)	-4.89%
14	(a) Claims Incurred - Interest rate impact	-		-	
15	**Total Claims Incurred**	**65,685**	**69,060**	**(3,375)**	-4.89%
16	Claims Expense	10,491	11,325	(834)	-7.36%
17	Road Safety/Loss Prevention	908	1,060	(152)	-14.34%
18	**Total Claims Costs**	**77,084**	**81,445**	**(4,361)**	-5.35%
19	**Expenses**				
20	Operating	9,431	9,451	(20)	-0.21%
21	Commissions	35,256	35,443	(187)	-0.53%
22	Premium Taxes	4,825	4,831	(6)	-0.12%
23	Regulatory/Appeal	8	12	(4)	-33.33%
24	**Total Expenses**	**49,520**	**49,737**	**(217)**	-0.44%
25	**Underwriting Income (Loss)**	**44,429**	**40,122**	**4,307**	10.73%
26	**Investment Income**	11,349	6,788	5,667	67.19%
27	(b) Investment Income - Interest rate impact	828		(278)	
28	**Total Investment Income**	**12,177**	**6,788**	**5,389**	79.39%
29	**Gain / (Loss) on Sale of Property**	115	159	(44)	-27.67%
30	**Net Income (Loss)**	**56,721**	**47,069**	**9,652**	20.51%

EPF-1- 4 Extension Statement of Operations: 2019/20 Comparative

Line No.					
1		2019-20A	2019-20FB	Inc (dec)	Increase / (Decrease)
2	*(C$ 000s, except where noted)*	$	$	$	%
3	**Net Premiums Written**				
4	Motor Vehicles	155,063	156,944	(1,881)	(1.21)
5	Reinsurance Ceded	(1,903)	(1,995)	92	(4.83)
6	**Total Net Premiums Written**	**153,160**	**154,949**	**(1,789)**	(1.17)
7	**Net Premiums Earned**				
8	Motor Vehicles	157,842	159,787	(1,945)	(1.23)
9	Reinsurance Ceded	(1,903)	(1,995)	92	(4.83)
10	**Total Net Premiums Earned**	**155,939**	**157,792**	**(1,853)**	(1.19)
11	Service Fees & Other Revenues	12,461	12,263	198	1.59
12	**Total Earned Revenues**	**168,400**	**170,055**	**(1,655)**	(0.98)
13	**Net Claims Incurred**	69,516	68,225	1,291	1.86
14	(a) Claims Incurred - Interest rate impact	-	11	(11)	
15	**Total Claims Incurred**	**69,516**	**68,236**	**1,280**	1.84
16	Claims Expense	11,100	11,387	(287)	(2.59)
17	Road Safety/Loss Prevention	1,013	1,163	(150)	(14.81)
18	**Total Claims Costs**	**81,629**	**80,786**	**843**	1.03
19	**Expenses**				
20	Operating	8,910	9,307	(397)	(4.46)
21	Commissions	34,788	35,037	(249)	(0.72)
22	Premium Taxes	4,735	4,794	(59)	(1.25)
23	Regulatory/Appeal	12	12	-	-
24	**Total Expenses**	**48,445**	**49,150**	**(705)**	(1.46)
25	**Underwriting Income (Loss)**	**38,326**	**40,119**	**(1,793)**	(4.68)
26	**Investment Income**	(723)	6,414	(7,137)	987.14
27	(b) Investment Income - Interest rate impact	280	(161)	441	157.50
28	**Total Investment Income**	**(443)**	**6,253**	**(6,696)**	1,511.51
29	**Gain / (Loss) on Sale of Property**	-	-		
30	**Net Income (Loss)**	**37,883**	**46,372**	**9,652**	25.48

EPF-1- 5 Extension Statement of Operations: 2020/21 Comparative

Line No.					Increase /
1		2020-21A	2020-21FB	Inc (dec)	(Decrease)
2	*(C$ 000s, except where noted)*	$	$	$	%
3	**Net Premiums Written**				
4	Motor Vehicles	160,042	158,100	1,942	1.21
5	Reinsurance Ceded	(1,789)	(1,778)	(11)	0.61
6	**Total Net Premiums Written**	**158,253**	**156,322**	**1,931**	1.22
7	**Net Premiums Earned**				
8	Motor Vehicles	156,701	156,644	57	0.04
9	Reinsurance Ceded	(1,789)	(1,778)	(11)	0.61
10	**Total Net Premiums Earned**	**154,912**	**154,866**	**46**	0.03
11	Service Fees & Other Revenues	10,902	12,065	(1,163)	(10.67)
12	**Total Earned Revenues**	**165,814**	**166,931**	**(1,117)**	(0.67)
13	**Net Claims Incurred**	55,933	65,135	(9,202)	(16.45)
14	(a) Claims Incurred - Interest rate impact	99	(27)	126	
15	**Total Claims Incurred**	**56,032**	**65,108**	**(9,076)**	(16.20)
16	Claims Expense	11,792	11,745	47	0.40
17	Road Safety/Loss Prevention	641	919	(278)	(43.37)
18	**Total Claims Costs**	**68,465**	**77,772**	**(9,307)**	(13.59)
19	**Expenses**				
20	Operating	7,851	7,849	2	0.03
21	Commissions	34,142	35,060	(918)	(2.69)
22	Premium Taxes	4,701	3,139	1,562	33.23
23	Regulatory/Appeal	13	12	1	7.69
24	**Total Expenses**	**46,707**	**46,060**	**647**	1.39
25	**Underwriting Income (Loss)**	**50,642**	**43,099**	**7,543**	14.89
26	**Investment Income**	5,038	7,700	(2,662)	(52.84)
27	(b) Investment Income - Interest rate impact	4	989	(985)	(24,625.00)
28	**Total Investment Income**	**5,042**	**8,689**	**(3,647)**	(72.33)
29	**Gain / (Loss) on Sale of Property**	**6**	**-**		
30	**Net Income (Loss)**	**55,690**	**51,788**	**3,902**	7.01

EPF- 3 Extension Statement of Changes in Equity: Basic Rate Change of -2.8% and Elimination of 5.0% Capital Release Provision

Multi-year - Statement of Changes in Equity

Line No.	*2022/23 Basic rate change of -2.8% and elimination of 5.0% Capital Release Provision*	*For the Years Ended March 31,*					
1	*(C$ 000s, rounding may affect totals)*	**2020A**	**2021FB**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	89,977	98,402	102,649	105,323
6	Net Income (Loss) from annual operations	55,690	57,237	47,727	50,927	55,695	60,739
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(53,494)	-	-	-	-
9	Transfer (to) / from Basic Retained Earnings	-	-	(39,301)	(46,681)	(53,021)	(53,796)
10	**Total Retained Earnings**	**86,234**	**89,977**	**98,403**	**102,648**	**105,323**	**112,266**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	4,242	2,307	1,061	252
13	Other Comprehensive Income on Available for Sale Assets	15,990	(6,464)	(1,935)	(1,246)	(809)	(352)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,706	4,242	2,307	1,061	252	(100)
16	**Total Equity Balance**	**96,940**	**94,219**	**100,710**	**103,710**	**105,576**	**112,167**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	96,940	94,219	100,710	103,710	105,576	112,167
19	Less: Assets Requiring 100% Capital	2,696	3,633	4,316	4,436	3,516	2,697
20	Capital Available	94,244	90,586	96,394	99,274	102,060	109,470
21	Minimum Capital Required (100% MCT)	48,028	45,294	48,196	49,636	51,029	54,737
22	MCT Ratio % (Line 17) / (Line 18)	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

TAB 4

BASIC AUTOPAC COVERAGE

2022 GENERAL RATE APPLICATION

June 28, 2021

MANITOBA PUBLIC INSURANCE

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Basic Autopac Coverage

BAC.1 Introduction

The Manitoba Public Insurance Corporation (MPI) was established as a crown corporation in 1971, to provide and administer Basic compulsory, universally available automobile insurance coverage (referred to as Autopac) to Manitoba motorists. Basic compulsory insurance is the minimum level of coverage that is legally required to operate a vehicle on the roadway in Manitoba. Extended coverage is also provided on an optional basis, through MPI's Autopac Extension and Special Risk Extension (SRE) lines of business, in competition with private insurance companies.

Compulsory insurance was introduced in Manitoba in response to a number of problems that existed under the previous private auto insurance system which failed to provide Manitobans with adequate, affordable automobile insurance.

Compulsory, public insurance provides fair and affordable automobile insurance and addresses the issues that existed under the old system.

BAC.2 Exceptional Coverage through Effective Public Auto Insurance

Manitobans continue to benefit from a public auto insurance system. The value that MPI strives to provide to all Manitobans is reflected in our Corporate Mission Statement:

> *Exceptional coverage and service, affordable rates and safer roads through public auto insurance.*

As a public auto insurer, MPI is accountable to all Manitobans to deliver Basic compulsory insurance that provides value through:

- Guaranteed access for all Manitobans to Basic automobile insurance
    - Guaranteed, reasonable basic level of protection (see *Appendix 1*)

    - Guaranteed availability; no one can be denied the ability to insure their vehicle, as long as they are eligible to register the vehicle for use on the roadway
    - Guaranteed/non-discriminatory rating; not based on age, gender, or other personal factors but based solely on the vehicle risk (type of vehicle, use, territory), and the driver's record (Driver Safety Rating (DSR))
    - Guaranteed access to injury benefits; all Manitoba residents are entitled to Personal Injury Protection Plan (PIPP) benefits under Part 2 of *The Manitoba Public Insurance Corporation Act*, regardless of fault and whether they drive or register an automobile
    - Guaranteed access by making Autopac services available throughout Manitoba

- Exceptional, comprehensive, coverage
    - Among the most comprehensive insurance coverage in Canada (see *Comparison of Basic Policies to Other Jurisdictions*)
    - Appropriate compensation in that Basic Autopac includes all-perils physical damage coverage, third party liability (TPL) coverage, and no-fault automobile accident injury coverage with most economic losses being compensated

In addition to exceptional coverage, with guaranteed access, public insurance offers other fundamental advantages, including:

- Affordable rates (premiums)
    - Motorists are required to purchase compulsory auto insurance; therefore premiums must be affordable
    - MPI provides rates that are consistently among the lowest in Canada for comparable coverage and service (see *Benchmarking BMK-1*)
- Fiscal responsibility and accountability
    - Providing cost-effective coverage and service
    - Operating within strict guidelines and legislation, to protect public interests

  - Investing in Manitoba where prudent, and using investment income to support maintenance of adequate capital
  - Adhering to best practices in insurance
  - As a non-profit provider, the Basic compulsory program operates on a self-sustaining basis and policy premiums reflect the forecast cost of insurance, with no expectation of profit
  - Funds are held to pay claims and maintain a Basic Insurance Rate Stabilization Reserve, used to protect motorists from rate increases due to unexpected adverse events
  - Evolving products and services to meet the diverse needs of Manitobans

A single public administrator of the public auto insurance plan delivers certain efficiencies that further contribute to realizing the mission of comprehensive coverage with affordable rates, namely:

- Consistent interpretation and application of the plan and the coverage provided thereunder
- Avoidance of extraneous administrative costs
- The ability to improve the plan and make it more responsive to the needs of the public with greater ease
- A better control of costs through close working relationships with repair shops, medical clinics and other business partners.

BAC.3 Corporate Priority Reviews

In the 2021 GRA, MPI described a number of reviews conducted to ensure consistency with its mission, and delivering value to Manitobans. The following provides an update on these reviews:

- Basic Compulsory Insurance Review:
  - The Basic Compulsory insurance coverage (and related Autopac Extension products) review resulted in the implementation, effective April 1, 2021, of new coverage levels for TPL, Maximum Insured Value, and the Basic Autopac deductible. The new levels are reflected in *Appendix 1*.

- Transitioning a customer's coverage in the 2021/22 insurance year:
    - Customers receiving a Renewal Notice/Statement of Account Notice (mailed 45 days prior to the product/term expiry) will have their coverage level defaulted to the level closest to what they currently have. Comparable coverage is available for a comparable cost. The Notice will also display a comparison of the base premium for their current coverage, and the defaulted (2021/22) coverage.

    - The Renewal/Statement of Account documents will be accompanied by a cover letter, explaining the important coverage changes, and how to read the annual notice. It explains that:
        - Customers who wish to accept their defaulted coverage levels and have no other changes to their policy can pay their Autopac as they usually do.

        - Customers who do not want to keep the defaulted level can change it, at no cost, by visiting an Autopac agent before making a payment on their policy. They will receive a new insurance certificate once the changes are applied.

- PIPP Coverage Review:
    - The PIPP entitlements and coverage review, which proposed a number of coverage changes/enhancements, is pending formal government approval. Additional details will be included in future applications, once government approval is obtained.

- Appeal Process Review (Claims Dispute Tribunal (CDT)):
    - The CDT, aimed at streamlining and expediting the appeal process for physical damage claims issues and liability disputes, was initially expected

to be operational by late 2020.[1] However, the legislation approval (Bill 17) did not proceed at that time. The legislation was re-introduced under Bill 15[2], and received Royal Assent on May 20, 2021. MPI expects to establish the CDT in the fall of 2021.

- Motorcycle Product Review:
  - The Motorcycle Product Review included analysis of the fairness of motorcycle rates with the following objectives:

    1. Reduce motorcycle rates
    2. Increase road safety
    3. Ensure that all motorcyclists contribute a fair share to the premium pool

  - Three proposals were highlighted, to assist in achieving the objectives noted above:

    1. Reconfiguration of the seasonal earning of motorcycle premiums
    2. Introduction of a proposed motorcycle driver's licence premium
    3. Eligibility for a DSR discount for Basic-registered motorcycles for customers not holding a valid class 6 driver's licence

  - As mentioned in the 2021 GRA, MPI has decided to defer development of the Motorcycle Product Review initiatives until Project Nova has been implemented. It is anticipated that system change costs will be significantly lower, and thus more favorable, following Project Nova implementation.

In addition to these initiatives, MPI has also prepared an update on the current state of the Vehicle For Hire insurance use. Under *The Vehicle for Hire Act*, a vehicle for hire

[1] MPI News Release: https://www.mpi.mb.ca/Pages/nr2019nov27.aspx
[2] The Manitoba Public Insurance Corporation Amendment Act (Claim Dispute Tribunal) (gov.mb.ca)

is a vehicle hired to transport a passenger for compensation on a single trip basis. Please see the *Vehicle For Hire Chapter*, for details.

BAC.4 Evolving PIPP Coverage Meets the Needs of Manitobans

Throughout its history, MPI has meaningfully changed its Basic Compulsory insurance plan to continually improve service and value, and to respond to the needs of Manitobans in the face of changing technologies, customer preferences, demographics, and other factors.

The most notable change was the introduction of PIPP: a pure no-fault injury compensation plan introduced on March 1, 1994, and a key component of the Basic Compulsory insurance plan. Modeled after Québec's no-fault plan, it replaced the tort system that existed in Manitoba previously, which included the right to sue an at-fault party while providing limited no-fault accident benefits.

Under PIPP, a claimant's right to sue for compensation was removed, and replaced with guaranteed, scheduled, comprehensive, consistently applied, and timely injury benefits, for real economic loss and for permanent physiological and psychological impairments caused by the motor vehicle accident, regardless of fault. In addition, benefits are indexed annually to ensure that they meet changing economic conditions. PIPP helps ensure that Autopac claims costs are stabilized, and that premiums remain stable, predictable, affordable and among the lowest in Canada.

A dispute resolution process is available to claimants who feel that they have not been adequately compensated under PIPP. This dispute resolution process consists of:

- A review of decision(s) by the Internal Review Office
- A right of appeal to the Automobile Injury Compensation Appeal Commission (AICAC)
- An option for an independent mediation by the Automobile Injury Mediation office (after filing an appeal, but prior to scheduling a hearing with AICAC)

- Claimants considering an appeal of PIPP claim decisions can also engage claimant advisers via the Claimant Adviser Office (CAO)
- A further limited right of appeal of an AICAC decision to the Manitoba Court of Appeal (with leave from the court)
- Note: AICAC and the CAO fall under the jurisdiction of Manitoba Finance and are independent of MPI

Most PIPP benefits provide unlimited coverage, based strictly on medical need and proven disability. MPI has policies and guidelines in place to ensure that claims are managed, while still providing claimants with the care they require.

There are eight overarching coverage categories that are central to PIPP:

- Medical and Personal Expenses
- Personal Care Assistance Expenses
- Rehabilitation Expenses
- Income Replacement Indemnity
- Retirement Income Benefit
- Caregiver Expenses
- Permanent Impairment Benefits
- Death Benefits

PIPP's products and services have been continuously monitored and reviewed since its inception in 1994 to ensure that it continues to adhere to the core principles and objectives upon which it was based. This also reinforces achieving PIPP's vision:

> *"We will support Manitobans in their recovery from automobile accidents by being leaders in providing a personal injury rehabilitation plan..."* [3]

The active monitoring of PIPP includes strategic reviews of coverage, as well as cyclical coverage reviews of its many components. These reviews include jurisdictional

[3] 2012 GRA Volume III AI.12 Attachment, Post Implementation Review, page 13

comparisons with other Canadian plans, to ensure that PIPP provides among the most comprehensive bodily injury coverage in Canada.

As a result of these reviews, numerous enhancements to PIPP have been implemented since its introduction in 1994, to ensure continued high levels of support in the face of challenging and evolving claimant needs, particularly for those most seriously injured.

See *Appendix 2* for a complete chronological listing of all legislated PIPP coverage enhancements that have come into force since 1994.

As mentioned above, another review of PIPP has been completed, and a number of coverage changes/enhancements have been proposed to government. The intent of the changes are to modernize benefits, ensuring indemnities reflect economic loss. Some coverage enhancements have been proposed and additional detail will be included in future applications, following formal government approval.

TAB 5

RATEMAKING

2022 GENERAL RATE APPLICATION

June 28, 2021

MANITOBA
PUBLIC INSURANCE

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[provided electronically only]

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Ratemaking

RM.1 Certificate Of The Actuary

I, Luke Johnston, a Fellow of the Canadian Institute of Actuaries, certify that:

1. I have derived the indicated rate(s) in accordance with Accepted Actuarial Practice (AAP) in Canada, on behalf of Manitoba Public Insurance (MPI), for the Basic Autopac program (Basic) for rates effective April 1, 2022 for new and renewal business.

2. I have reviewed the data underlying this rate application for reasonableness and consistency, and I believe the data is reliable and sufficient for the determination of the indicated rate changes.

3. The indicated rate changes, shown below, were calculated in accordance with AAP in Canada and assume a 0% profit provision. Further, the indicated rate changes result is an overall rate change of -2.5% plus an additional rate change of -0.3% due to anticipated movement of registered owners on the MPI Driver Safety Rating (DSR) scale. The overall 2022/23 rate change is -2.8%.

Figure RM- 1 Indicated Rate Change

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	$1,161	$1,130	-2.6%
2	Commercial	$865	$858	-0.8%
3	Public	$2,139	$2,208	3.2%
4	Motorcycles	$903	$888	-1.7%
5	Trailers	$73	$68	-6.6%
6	Off-Road Vehicles	$7	$6	-14.3%
7	Overall	$885	$863	-2.5%
8	DSR Scale Movement			-0.3%
9	Overall including DSR Scale Movement			-2.8%

June 25, 2021 Winnipeg, MB

Signature of Actuary **Date** **Location**

RM.2 Rate Model

MPI simulates the impacts of adjustments to vehicle premiums through use of a rate model. The model analyzes the combined impact on premiums resulting from rate and classification changes. The 2022/23 rate modeling process considered the impact on a vehicle population of 1,190,681 vehicles.

The rate model uses the vehicle population in Manitoba at a point in time. MPI chose this point in time (consistent with prior GRAs) to obtain the greatest number of vehicles registered. With the exception of the following seasonally used vehicles, MPI took the vehicle population as of November 1, 2020:

- Snowmobiles and snow vehicles as of January 1, 2021; and
- Motorhomes, motorcycles, mopeds, trailers and off road vehicles (except for snowmobiles and snow vehicles) as of August 1, 2020.

For Basic, the vehicle classification plan groups vehicles together by using the following four classifications – rating territories, insurance uses, vehicle rating factors, and driving records. When any of these classification components change (e.g. passenger vehicle rate groups) or the relationship between components change (e.g. relationship between rates for passenger vehicle rate groups), the impact is determined by applying the changes to the rate model.

MPI applies rate group classification and rate line relativity changes to the model one at a time. To ensure that these changes do not result in a revenue increase or decrease, offsets are added to ensure revenue neutrality. For 2022/23, MPI applied the following changes:

- rate group changes for the Canadian Loss Experience Automobile Rating (CLEAR) rated passenger vehicles and light trucks;
- rate group changes for heavy trucks and heavy-rated–as-light trucks;
- rate group changes for motorcycles, mopeds, motorhomes, trailers and buses; and

- rate line changes for passenger vehicles, light trucks, heavy trucks, motorcycles, mopeds, motorhomes, trailers and buses.

For further information on the vehicle classification plan, refer to *VCR Vehicle Classification System and Rate Groups*. For further information on the rate group classification and rate line relativity changes for 2022/23 and their impact on the vehicle population in the rate model, refer to *RM.3*.

After MPI applies all classification and relativity changes, it applies experience adjustments to produce the overall revenue change. Experience adjustments represent the revenue changes required for each individual classification group (e.g. All Purpose Passenger Vehicles in Territory 1). For further information on the determination of the required rate changes, refer to *RM.4*. For information on experience adjustments, refer to *RM.5*.

MPI adjusts rates to maintain relative ranking rules between vehicle classifications and ensure the capping of rate changes as per rules approved by The Public Utilities Board of Manitoba (PUB). For further information on relative ranking and capping rules, refer to *RM.5.3*.

For the 2022/23 GRA, MPI ran an additional step to determine the impact on the rate model population of vehicles for changes to the vehicle discount percentages for those customers at the highest levels of the DSR scale. *RM.4.2.6* discusses these changes, while *RM.6* discusses their impacts.

RM.3 Rate Group and Rate Line

MPI uses vehicle rating factors, reflecting the characteristics of a vehicle, to group together vehicles with similar risks. Vehicle rating factors include rate group, gross vehicle weight, engine displacement, seating capacity, and body style. This section discusses the changes made to the rate groups for the different vehicle types, as well as the associated rate line changes.

Further information on the vehicle rating factors can be found in *VCR Vehicle Classification System and Rate Groups*.

RM.3.1 Rate Group

For 2022/23, MPI applied rate group changes to passenger vehicles, light trucks, heavy-rated-as-light trucks, heavy trucks, motorcycles, mopeds, motorhomes, trailers and buses.

Passenger Vehicle and Light Trucks (including Heavy-Rated-as-Light Trucks)
MPI uses the CLEAR system for assigning rate groups to passenger vehicles and light trucks (including heavy-rated-as-light trucks). Changes to rate group assignments from updated CLEAR rate groups result in changes to overall revenues. Offset adjustments are applied to ensure revenue neutrality. MPI calculates two offsets for CLEAR rated vehicles: one for passenger vehicles (0.89%), and one for light trucks (2.19%). For each respective vehicle type, MPI calculates the offset based on the percentage change in revenue, and then applies it equally to the rates for all rate groups. MPI applies rate group offsets to all insurance uses for passenger vehicles and light trucks, except those which are flat rated (i.e. one rate applies to all rate groups).

For 2022/23, the effects of CLEAR rate group reassignments to passenger vehicles and light trucks (including heavy-rated-as-light trucks) are as follows:

- 45.6% (377,634 vehicles) receive lower rates;
- Less than 0.1% (380 vehicles) remain unchanged; and
- 54.3% (449,682 vehicles) receive higher rates.

Of those increasing:

- 41.8% (187,931 vehicles) increase by less than $20;
- 13.7% (61,611 vehicles) increase by $20 to $39;
- 22.9% (103,148 vehicles) increase by $40 to $59;
- 12.0% (53,829 vehicles) increase by $60 to $79;
- 4.5% (20,310 vehicles) increase by $80 to $99;

- 4.7% (20,994 vehicles) increase by $100 to $149;
- 0.4% (1,829 vehicles) increase by $150 to $199;
- Less than 0.1% (27 vehicles) increase by $200 to $249; and
- Less than 0.1% (3 vehicles) increase by $250 to $299.

Heavy Truck Rate Groups

As in previous years, MPI adjusts heavy truck rate groups down one rate group per model year. This adjustment allows for the assignment of the newest model year vehicles to the highest rate group while vintaging the remaining model year vehicles.

The annual vintaging of the heavy truck rate groups results in a change in revenue. MPI applied a rate group offset adjustment of 4.16% to ensure revenue neutrality.

MPI flat rates certain heavy trucks that do not carry physical damage coverage under Basic. These trucks are therefore unaffected by rate group changes and the offset adjustment.

For 2022/23, rate group changes for heavy trucks with physical damage coverage resulted in:

- 39.6% (11,119 vehicles) decrease in rate;
- 0.1% (37 vehicles) remain unchanged; and
- 60.3% (16,929 vehicles) increase in rate.

Of those increasing:

- 56.2% (9,509 vehicles) increase by less than $20;
- 37.4% (6,338 vehicles) increase by $20 to $29;
- 3.2% (537 vehicles) increase by $30 to $39;
- 2.4% (405 vehicles) increase by $40 to $49;
- 0.6% (105 vehicles) increase by $50 to $59; and
- 0.2% (35 vehicles) increase by $60 to $69.

Motorcycles, Mopeds, Motorhomes, Trailers and Buses Rate Groups

In 2021/22, among the changes to the Basic product, the Maximum Insured Value (MIV) increased from $50,000 to $70,000. As a result, for vehicle types where the rate groups are determined based on the value of the vehicle, MPI increased the number of rate groups to accommodate vehicles valued between $50,000 and $70,000.

Vehicle types affected by this change are motorcycles, mopeds, motorhomes, trailers and buses. For these vehicle types, MPI increased the number of rate groups as follows:

- Motorcycles and mopeds – Added rate groups 10 and 11 to current rate groups 0 to 9
- Motorhomes – Added rate groups 11 to 14 to current rate groups 0 to 10
- Trailers – Added rate groups 14 to 17 to current rate groups 0 to 13
- Buses – Added rate groups 14 to 17 to current rate groups 0 to 13

For vehicles with these vehicle types, if the vehicle was already at the highest current rate group and if excess value was purchased under Extension insurance (therefore implying a higher value of the vehicle), MPI revised the rate groups to the higher rate groups based on the excess value purchased. For example, if a motorhome had $8,000 excess value under Extension insurance, MPI revised the rate group for the motorhome from the highest current rate group of 10 (value between $45,001 to $50,000) to the new rate group 12 (value between $55,001 to $60,000).

MPI determined rate group offset adjustments for these vehicle types concurrently with rate line offset adjustments, as discussed in *RM.3.2.2*, to ensure revenue neutrality.

RM.3.2 Rate Line

While the individual rate group assigned is an important factor in the premium paid, an equally important factor is how rate groups relate to one another and to the underlying costs of providing Basic coverage. The relationship between rate groups is defined by a rate line, which is individually determined for different vehicle types. Rate line relativity adjustments are applied to passenger vehicles, light trucks, heavy trucks, motorcycles, motorhomes, buses and trailers. These adjustments modify the relative difference between rates charged across the rate group spectrum.

RM.3.2.1 Rate Line Relativity Analytical Process

The analytical process consists of the following steps:

- Historical loss data is organized by coverage, rate group, territory, insurance use, DSR level, body style (for motorcycles only) and engine size (for motorcycles only). This data includes the changes to the Basic product. The addition of the DSR level is a change for the 2022/23 GRA for the purpose of determining the DSR level relativities. *Driver Safety Rating Appendix 1 – DSR Pricing Review* contains a further discussion of the DSR level relativities.
- For each coverage (collision, comprehensive, Personal Injury Protection Plan (PIPP), third party liability (TPL), and property damage), losses are examined for differences across rate groups. Historically, it has been shown that physical damage coverages (collision and comprehensive) increase by rate group, while the other coverages (PIPP, TPL and property damage) do not have a consistent increasing relationship by rate group.
- The minimum bias procedure is used to develop combined (collision and comprehensive) physical damage relativities.
- Curves are fitted to the physical damage relativities using regression analysis. In general, the fitted relativities are then used to produce the expected average physical damage costs by rate group. However, the actual relativities are occasionally used if the experience for a certain rate group does not fit well within the selected regression line.
- Average costs for the other coverages (PIPP, TPL and property damage) and for operating expenses are then added to the selected physical damage costs. The outcome is a set of indicated relativities relating the average total cost per rate group.
- The indicated relativities are then credibility weighted with the current relativities.

Rate line relativities for passenger vehicles, light trucks, heavy trucks, motorcycles, motorhomes, trailers and buses can be found in *Appendix 1 – Rate Line Relativities*.

RM.3.2.2 Rate Line Impacts

Passenger Vehicles and Light Trucks

All insurance uses for passenger vehicles, light trucks, and heavy-rated-as-light trucks, excluding Police/Emergency trucks (which are flat rated), receive rate line adjustments. MPI applied a rate line offset adjustment of 2.08% to passenger vehicles and 0.54% to light trucks to ensure revenue neutrality.

For 2022/23, due to rate line adjustments:

- 37.1% (307,460 vehicles) receive a rate decrease;
- 2.9% (23,794 vehicles) remain unchanged; and
- 60.0% (496,442 vehicles) receive a rate increase.

Of those receiving an increase:

- 55.2% (274,271 vehicles) increase by less than $10;
- 44.6% (221,654 vehicles) increase between $10 and $49;
- 0.1% (261 vehicles) increase between $50 to $99;
- Less than 0.1% (112 vehicles) increase between $100 to $149; and
- Less than 0.1% (144 vehicles) increase between $150 to $249.

Heavy Trucks

MPI applies rate line differentials to all heavy truck insurance uses that are not flat rated. MPI applied a rate line offset adjustment of -0.10% to ensure revenue neutrality.

For 2022/23, of heavy trucks receiving rate line changes:

- 68.9% (19,352 vehicles) decrease in rate;

- 3.1% (865 vehicles) remain unchanged; and
- 28.0% (7,868 vehicles) increase in rate.

Of those increasing:

- 81.7% (6,430 vehicles) increase by less than $20;
- 11.9% (935 vehicles) increase between $20 to $29;
- 4.4% (345 vehicles) increase between $30 to $39;
- 1.2% (95 vehicles) increase between $40 to $49; and
- 0.8% (63 vehicles) increase between $50 to $79.

Motorcycles and Mopeds

Unlike other vehicle types, a significant portion of motorcycle claims costs are injury related, which do not vary greatly relative to the value of the motorcycle. As a result, the rate line for motorcycles is much flatter in comparison to other types of vehicles.

MPI applies rate line adjustments to all vehicles in the motorcycle major class, which includes motorcycles and mopeds. MPI applied a rate line offset adjustment of 0.24% to ensure revenue neutrality. The offset adjustment also accounts for any additional revenue resulting from vehicles moving to higher rate groups as discussed in *R.M.3.1*.

For 2022/23, as a result of rate line adjustments:

- 49.4% (8,921 vehicles) decrease in rate;
- 0.6% (108 vehicles) remain unchanged; and
- 50.0% (9,051 vehicles) increase in rate.

Of those increasing:

- 92.2% (8,343 vehicles) increase by less than $10;
- 7.7% (693 vehicles) increase between $10 to $19; and
- 0.2% (15 vehicles) increase between $20 to $29.

Motorhomes

MPI applies rate line adjustments to motorhome insurance uses. MPI applied a rate line offset adjustment of -0.37% to ensure revenue neutrality. The offset adjustment also accounts for any additional revenue resulting from vehicles moving to higher rate groups as discussed in *R.M.3.1*.

For 2022/23, as a result of rate line changes:

- 65.3% (2,830 vehicles) decrease in rate;
- 0.4% (16 vehicles) remain unchanged; and
- 34.3% (1,486 vehicles) increase in rate.

Of those receiving rate increases:

- 20.7% (307 vehicles) increase by less than $10;
- 31.8% (473 vehicles) increase between $10 to $19;
- 3.3% (49 vehicles) increase between $20 to $29;
- 18.7% (278 vehicles) increase between $30 to $39;
- 19.9% (295 vehicles) increase between $40 to $49; and
- 5.6% (84 vehicles) increase between $50 to $69.

Trailers

MPI applies rate line adjustments to trailers. MPI applied a rate line offset adjustment of 0.13% to ensure revenue neutrality. The offset adjustment also accounts for any additional revenue resulting from vehicles moving to higher rate groups as discussed in *RM.3.1*.

For 2022/23, as a result of rate line changes:

- 37.8% (81,018 vehicles) decrease in rate;
- 37.1% (79,491 vehicles) remain unchanged; and
- 25.1% (53,862 vehicles) increase in rate.

Of those receiving rate increases:

- 90.4% (48,704 vehicles) increase by less than $10; and
- 9.6% (5,158 vehicles) increase between $10 to $19.

Buses

All insurance uses for buses, excluding Transit Buses in Territory 1 (which are flat rated), receive rate line adjustments. MPI applied a rate line offset adjustment of -0.35% to buses to ensure revenue neutrality. The offset adjustment also accounts for any additional revenue resulting from vehicles moving to higher rate groups as discussed in *R.M.3.1*.

For 2022/23, due to rate line adjustments:

- 62.9% (2,486 vehicles) receive a rate decrease;
- 23.3% (923 vehicles) remain unchanged; and
- 13.8% (547 vehicles) receive a rate increase.

Of those receiving an increase:

- 16.1% (88 vehicles) increase by less than $10;
- 72.6% (397 vehicles) increase between $10 to $19;
- 11.1% (61 vehicles) increase between $20 to $29; and
- 0.2% (1 vehicle) increase between $40 to $49.

RM.3.3 Combined Effect of Vehicle Rate Group and Rate Line Changes

To ensure revenue neutrality, combined offset adjustments are applied to offset changes in total revenue resulting from both rate group (*RM.3.1*) and rate line changes (*RM.3.2*). MPI determines these combined offset adjustments for each respective vehicle type. *Appendix 2 - Offsets* lists the Rate Group, Rate Line and Combined Offsets.

For 2022/23, as a result of combined rate group and rate line changes (for those vehicles receiving either one or both adjustments):

- 44.3% (485,691 vehicles) decrease in rate;
- 7.8% (85,284 vehicles) are unchanged; and
- 47.9% (525,545 vehicles) increase in rate.

Of those increasing:

- 21.3% (111,862 vehicles) increase by less than $10;
- 19.9% (104,514 vehicles) increase between $10 and $19;
- 13.1% (68,711 vehicles) increase between $20 and $29;
- 11.6% (60,748 vehicles) increase between $30 and $39;
- 7.9% (41,640 vehicles) increase between $40 to $49;
- 7.7% (40,619 vehicles) increase between $50 to $59;
- 8.1% (42,515 vehicles) increases between $60 to $69;
- 3.4% (17,654 vehicles) increase between $70 to $79;
- 3.2% (16,777 vehicles) increase between $80 to $89;
- 2.3% (12,015 vehicles) increase between $90 to $99;
- 1.5% (7,881 vehicles) increase between $100 to $149;
- Less than 0.1% (359 vehicles) increase between $150 to $199;
- Less than 0.1% (138 vehicles) increase between $200 to $249;
- Less than 0.1% (66 vehicles) increase between $250 to $299; and
- Less than 0.1% (46 vehicles) increase $300 or greater.

On a percentage increase basis, of those increasing:

- 81.3% (427,204 vehicles) increase by less than 5 percent;
- 11.1% (58,350 vehicles) increase between 5 and 7 percent;
- 0.4% (2,352 vehicles) increase between 7 and 8 percent;
- 0.4% (2,030 vehicles) increase between 8 and 9 percent;
- Less than 0.1% (103 vehicles) increase between 9 and 10 percent; and
- 6.8% (35,506 vehicles) increase between 12 and 13 percent.

RM.4 Required Rates and Rate Changes

This section provides the methodology used to determine the average required vehicle premium rates for the Basic program for the 2022/23 rating year[1]. The methodology used is in accordance with AAP in Canada. MPI determines the required rates inclusive of the changes to the Basic product from changes to the *Automobile Insurance Coverage Regulation*, M.R. 290/88R. Details of these product changes can be found in *Basic Autopac Coverage Chapter*.

RM.4.1 Overview of the Methodology

The purpose of ratemaking is twofold:

1. To determine the overall expected costs resulting from policies issued for a rating year, in this instance, 2022/23; and

2. To allocate the overall expected costs equitably to all insureds. The cost to the insured is the required rate.

Contributors to the overall expected costs are divided into 2 major categories:

1. Claims Costs – all costs associated with the settling of claims; and

2. Non-Claims Costs – divided into the following subcategories:

    - Commissions;
    - Premium Taxes;
    - Claims Expenses;
    - Operating Expenses;
    - Regulatory/Appeal;
    - Road Safety/Loss Prevention;

[1] Rating year is also referred to as policy year. The rates charged when policies are issued or renewed are dependent on the rating year for the policyholder at the time of issuance or renewal. The rates charged for rating year 2022/23 are referred to as 2022/23 rates.

- Fleet Rebate;
- Anti-Theft Discount; and
- Reinsurance.

Other income sources serve as offsets to reduce the overall expected costs. Other income sources include driver premiums, and service fees and other revenues.

First, the required rate is determined on an overall fleet basis. The overall fleet is then divided into six major classifications, and a required rate is determined for each major classification. Each major classification is then further divided into vehicle groups using rating variables, and a required rate is determined for each distinct vehicle group.

RM.4.1.1 Pure Premium Approach

MPI determines the overall required rate and the major classification required rates using the pure premium approach. This approach is independent of the current premium structure.

Claims costs are first individually determined for the following coverages:

1. TPL – Separated into Bodily Injury and Property Damage;
2. Accident Benefits, also known as PIPP – Separated into Income Replacement Indemnity (IRI), Accident Benefits - Other (Indexed), and Accident Benefits - Other (Non-Indexed); and
3. All Perils – Separated into Collision and Comprehensive.

These claims costs are then aggregated to determine the total claims costs, and then divided by the number of insured units to determine the total pure premium for all coverages. Non-claims costs on a per unit basis are then added to the total pure premium to determine the total costs per unit. The required rate is then determined by deducting the other income sources on a per unit basis from the total costs per unit.

The required rate change is derived by taking the required rate and dividing it by the current average rate adjusted for anticipated classification drift.

RM.4.1.2 Relativity Approach

MPI determines the required rates for all vehicle groups using the relativity approach. MPI presents a thorough discussion of this approach in *RM.4.4*. Briefly, the relativity approach compares the risk of each vehicle group to all other vehicle groups within the major classification. MPI then uses this relative risk to determine the required rate for the vehicle group.

RM.4.2 Determination of the Overall Required Rate

RM.4.2.1 Claims Costs

MPI bases the claims costs used for ratemaking on the results of its claims forecasting process. *Claims Incurred* presents a thorough discussion of the methodology and results of this process.

Rating Year Claims Costs

MPI bases its analyzing and forecasting of claims costs on the grouping of claims based on accident year (i.e. the year in which the accident occurred). For rating purposes, claims costs must be grouped based on rating year, which is the rating year of the policy in effect when the accident occurred. As such, claims costs on an accident year basis must be converted to claims cost on a rating year basis.

In respect of the 2022/23 rating year, claims costs are incurred over accident years 2022/23 and 2023/24. This is a result of staggered renewals (i.e. policies are renewed throughout the rating year, which results in the last policies for the rating year expiring on March 31, 2024). As such, MPI converts claims costs for accident years 2022/23 and 2023/24 to claims costs for rating year 2022/23.

A detailed discussion of the methodology used to convert the claims costs from an accident year basis to a rating year basis, including the derivation by coverage of the rating year 2022/23 claims costs, is presented in *Appendix 9 Table 2 - Rating Year 2022/23 Claims Costs*.

Improvements to PIPP Benefits

On October 8, 2009, the Government of Manitoba enacted improvements to PIPP benefits to claimants who meet the definition of "Catastrophic Injury". It enacted further improvements to PIPP benefits on August 19, 2011 and May 1, 2015.

A list of all improvements is provided below (all figures at April 1, 2021 level):

1. The minimum IRI for catastrophically injured claimants was increased to the Industrial Average Wage.

2. The maximum monthly Personal Care Assistance payment for catastrophically injured claimants was increased to $5,918.

3. The Vehicle Purchase Policy for catastrophically injured claimants was revised to allow for the purchase of a new vehicle every 5 years.

4. Claimants were now entitled to an Annual Spending Allowance for extraordinary expenses for leisure and recreational activities, with biannual limits ranging from $500 to $4,000 depending on the extent of the claimants' injuries.

5. Improvements to PIPP benefits per a reinterpretation of section 138 of *The Manitoba Public Insurance Corporation Act*. These improvements include benefits for modification of a secondary residence, as well as reimbursement for extraordinary expenses to support continuation of pre-accident activities.

6. The primary caregiver of a deceased claimant's dependents is now eligible for caregiver weekly indemnity benefits. Eligibility for this benefit depends on the deceased claimant's occupation directly preceding the accident.

7. If death (of a claimant) occurs more than 90 days after the accident, both the Death and Permanent Impairment benefits are now payable. Previously, the Death benefit payable was offset by the Permanent Impairment benefit already paid.

8. The maximum Permanent Impairment benefit for catastrophically injured claimants was increased to $260,541.

For the purpose of determining the overall required rate and the major classification required rates, MPI added the claims costs for these improvements to overall PIPP claims costs as follows:

- Improvement (i) – Added to IRI;
- Improvements (ii) to (vii) – Added to Accident Benefits - Other (Indexed); and
- Improvement (viii) – Added to Accident Benefits - Other (Non Indexed).

Discounting Claims Costs

To comply with AAP in Canada, MPI must discount the 2022/23 rating year claims costs using an appropriate investment return to reflect the time value of money.

MPI discounted payments from the midpoint of the development quarter/year to the end of rating year 2022/23 (i.e. March 31, 2023).

MPI uses the investment return to discount future payments is based on the market value weighted yield of the marketable bonds portfolio maintained by MPI (i.e. the new money yield). The investment return of 2.46% reflects the projected yield as at the midpoint of rating year 2022/23 (i.e. October 1, 2022). Paragraph 2620.15 of the Canadian Institute of Actuaries' Consolidated Standards of Practice states that the selected investment return is assumed to represent the "*expected investment income* *to be earned on assets that might be acquired with the net cash flows resulting from the revenue at the indicated rate*". Further, paragraph 2620.16 provides that the possible sets of such assets the actuary could consider using include "*fixed income assets of appropriate duration*".

Appendix 9 Table 2 - Rating Year 2022/23 Claims Costs presents the calculation of the discounted claims costs by coverage for rating year 2022/23.

Total Pure Premium

Appendix 9 Table 1 - Rating Year 2022/23 Claims Costs Summary of All Coverages provides a summary of the claims costs for the 2022/23 rating year by coverage. The total pure premium is the total discounted claims costs for all coverages divided by the corresponding total number of insured units. The table below summarizes the total discounted claims costs for the 2022/23 rating year (per *Appendix 9 Table 1 - Rating Year 2022/23 Claims Costs Summary of All Coverages*).

Figure RM- 2 Rating Year 2022/23 Discounted Claims Costs

Line No.	Coverage	Discounted Claims Costs
1	*($000)*	
2	Bodily Injury	5,513
3	Impact of Product Change	970
4	Property Damage	41,821
5	Impact of Product Change	446
6	Income Replacement Indemnity	96,563
7	PIPP Enhancement	1,195
8	Accident Benefits – Other (Indexed)	68,306
9	PIPP Enhancement	4,805
10	ULAE[1]	32,023
11	Accident Benefits – Other (Non-Indexed)	31,591
12	PIPP Enhancement	1,014
13	Collision	490,486
14	Impact of Product Change	-15,274
15	ULAE[1]	2,066
16	Comprehensive	115,260
17	Impact of Product Change	-16,392
18	Incurred Claims (Excl Impct of Prd Chng, PIPP Enh & ULAE[1])	849,541
19	Impact of Product Change	-30,250
20	PIPP Enhancement	7,014
21	ULAE[1]	34,089
22	**Total Incurred Claims**	**860,395**
23	[1]ULAE refers to Unallocated Loss Adjustment Expense, which are claims costs which cannot	
24	be allocated to individual claims.	

Based on the forecasted total number of insured units for the 2022/23 rating year of 1,232,900:

2022/23 Rating Year Total Pure Premium

= $860,395,000 / 1,232,900 = $697.86

RM.4.2.2 Non-Claims Costs

Beyond the settling of claims, the total premiums collected must also be sufficient to cover non-claims costs. The following subsections discuss these costs on an undiscounted basis, reference the sources for the figures as appropriate, and provide a basis for which these costs are assumed to be incurred.

Appendix 9 Table 3 - Rating Year 2022/23 Claims Expenses summarizes the derivation of claims expenses on both an undiscounted and discounted basis for rating year 2022/23. *Appendix 9 Table 4 - Rating Year 2022/23 Non-Claims Costs and Other Income Sources* summarizes the derivation of all other non-claims costs on a discounted basis for rating year 2022/23.

Commissions

Commissions paid to brokers consist of two components:

1. A variable amount paid as a percentage of written premiums (for both motor vehicles and drivers); and

2. A fixed amount paid per transaction.

For the 2022/23 rating year, the variable commission rate is 3.49% of written vehicle premiums. MPI does not "clawed back" these commissions if customers cancel their policies mid-year. MPI selected a variable commission rate of 3.75% of written vehicle premiums to account for commissions not being "clawed back".

For the 2022/23 rating year, the variable commission rate is 3.49% of written driver premiums. MPI selected a variable commission rate of 3.08% of written driver premiums because these commissions are not paid in certain transactions (e.g. when MPI Service Centres issue new driver's licenses).

The selection of different variable commission rates for written vehicle premiums and written driver premiums is a change for the 2022/23 GRA. In prior GRAs, MPI selected the same variable commission rate for both driver and vehicle premiums.

The commission flat fees for the 2022/23 rating year are $6,199,000, which corresponds to the commission flat fees for the 2022/23 fiscal year (*Expenses Chapter Exp.6.2*). MPI allocated this cost uniformly over development year 2022/23.

Premium Taxes

Premium taxes are paid at a rate of 3.0% of written premiums (both motor vehicles and drivers).

Claims Expenses

MPI assumes the claims expenses for the 2022/23 rating year to be 18.60% of undiscounted claims costs for the 2022/23 rating year or $154,636,000.

To determine the 18.60%, MPI first calculated the ratios of paid claims expenses to paid claims for fiscal years 2022/23 to 2025/26. MPI then applied these ratios to the claims costs for rating year 2022/23 based on when these claims costs are expected to be incurred/paid. MPI then selected 18.60% based on this review. *Appendix 9 Table 3 - Rating Year 2022/23 Claims Expenses* provides the details of the review.

Operating Expenses

The operating expenses for the 2022/23 rating year are $77,117,500, which corresponds to the average of the operating expenses for fiscal years 2022/23 and 2023/24 (*Pro Formas Chapter, page 16*).

MPI allocated this cost as follows:

- Front-end cost – Two-thirds of the operating expenses (i.e. 2/3 * $77,117,500) were considered as front-end cost i.e. the initial cost of writing/issuing the insurance policy. This cost was allocated uniformly over development year 2022/23 based on the assumption that policies are written uniformly throughout the year; and
- Maintenance and servicing of policy – The remaining one-third of the operating expenses (i.e. 1/3 * $77,117,500) was considered as the cost to maintain and service the insurance policy. This cost was allocated based on the portion of premium earned in the development quarter (for policies with rating year 2022/23) per the table below:

Figure RM- 3 Allocation by Development Quarter

Line No.	Development Year	Q1	Q2	Q3	Q4
1	2022/23	1/32	3/32	5/32	7/32
2	2023/24	7/32	5/32	3/32	1/32

Regulatory/Appeal

The regulatory/appeal costs for the 2022/23 rating year are $4,614,000, which corresponds to the average of the regulatory/appeal costs for fiscal years 2022/23 and 2023/24 (*Pro Formas Chapter, page 16*). MPI allocated this cost uniformly over development years 2022/23 and 2023/24.

Road Safety/Loss Prevention

The road safety/loss prevention costs for the 2022/23 rating year are $13,000,500, which corresponds to the average of the road safety/loss prevention costs for fiscal years 2022/23 and 2023/24 (*Pro Formas Chapter, page 16*). MPI allocated this cost uniformly over development years 2022/23 and 2023/24.

Fleet Rebate

MPI has a retrospective rating program for fleets. Historically, the program has an "off-balance" in that rebates exceed surcharges.

The fleet rebates for the 2022/23 rating year are $18,401,000. The $18,401,000 corresponds to the fleet rebates for the 2023/24 fiscal year (*Revenues Chapter Rev.1.3*) since MPI only assessed rebates/surcharges at the end of the registration period of each fleet. MPI allocated this cost uniformly over development year 2023/24.

Anti-Theft Discount

The anti-theft discounts for the 2022/23 rating year are $1,328,000, which corresponds to the anti-theft discounts for the 2022/23 fiscal year (*Revenues Chapter*

Rev.1.4). MPI allocated this cost uniformly over development years 2022/23 and 2023/24.

Reinsurance

MPI calculated the pure premium net of ceded claims resulting from major catastrophes. In the most recent 20 years, MPI experienced five major catastrophes:

1. August 21, 2001 Hail Storm – Gross claims of $18,442,000;
2. August 9 & 10, 2007 Hail Storm – Gross claims of $45,144,000;
3. August 13 & 14, 2009 Hail Storm – Gross claims of $30,267,000;
4. June 2 & 3, 2011 Hail Storm – Gross claims of $13,979,000; and
5. June 14, 2018 Hail Storm – Gross claims of $28,915,000.

   (Note: All figures as of March 31, 2021)

Due to a lack of catastrophe experience, it is difficult to determine an experience-based catastrophe load. Instead, as a proxy, MPI derived the catastrophe load using the forecasted catastrophe reinsurance written premium.

MPI is also protected financially from any losses from a single incident exceeding $10,000,000 through casualty reinsurance.

The costs of reinsurance for the 2022/23 rating year are $1,526,000 and $14,575,000 for casualty reinsurance and catastrophe reinsurance respectively. These figures correspond to the average of the reinsurance ceded written premiums for fiscal years 2022/23 and 2023/24. The reinsurance programs for these 2 fiscal years provide reinsurance coverage for losses for rating year 2022/23, which losses can occur over the 2 fiscal years.

MPI allocated this cost uniformly over development years 2022/23 and 2023/24. Further details on reinsurance can be found in *Revenues Chapter Rev.3*.

Discounting Non-Claims Costs

Similar to the discounting of claims costs, MPI discounted non-claims costs from the midpoint of the development quarter/year to the end of rating year 2022/23 (i.e. March 31, 2023). The table below summarizes the undiscounted and discounted non-claims costs for the 2022/23 rating year (per *Appendix 9 Table 3 - Rating Year 2022/23 Claims Expenses* and *Appendix 9 Table 4 - Rating Year 2022/23 Non-Claims Costs and Other Income Sources*), as well as the discounted costs per unit based on the forecasted total number of insured units of 1,232,900.

Figure RM- 4 Rating Year 2022/23 Non-Claims Costs

Line No.	Description	Undiscounted Costs ($000)	Discounted Costs	Disc Costs/ Insured Unit
1	Commission Flat Fees	6,199	6,275	5.09
2	Claims Expenses	154,636	152,388	123.60
3	Operating Expenses	77,118	77,749	63.06
4	Regulatory/Appeal	4,614	4,614	3.74
5	Road Safety/Loss Prevention	13,001	13,002	10.55
6	Fleet Rebate	18,401	18,179	14.75
7	Anti-Theft Discount	1,328	1,344	1.09
8	Reinsurance – Casualty	1,526	1,526	1.24
9	Reinsurance - Catastrophe	14,575	14,576	11.82

RM.4.2.3 Costs Offsets – Other Income Sources

Apart from vehicle premiums, MPI receives income from 2 other sources[2]. This income offsets some of the costs incurred, thus lowering the required rate. The following subsections discuss these income sources on an undiscounted basis, reference the sources for the figures as appropriate, and provide a basis for which these costs are assumed to be incurred. *Appendix 9 Table 4 - Rating Year 2022/23 Non-Claims Costs*

[2] Investment income earned on the RSR is not considered a costs offset for determining the breakeven required rates. The investment income earned on the RSR is added to capital and accounted for as part of MPI's Capital Management Plan as discussed in the *Rate Stabilization Reserve Chapter*.

and Other Income Sources summarizes the derivation of these income sources on a discounted basis for rating year 2022/23.

Driver Premium

The driver premiums for the 2022/23 rating year are $63,772,000, which corresponds to the written driver premium for fiscal year 2022/23 (*Pro Formas Chapter, page 16*). MPI allocated this cost uniformly over development year 2022/23.

Service Fees and Other Revenues

The service fees and other revenues for the 2022/23 rating year are $30,881,500, which corresponds to the average of the service fees and other revenues for fiscal years 2022/23 and 2023/24 (*Pro Formas Chapter, page 16*).

MPI allocated this income based on the portion of premium earned in the development quarter (for policies with rating year 2022/23) per the table below:

Figure RM- 5 Allocation by Development Quarter

Line No.	Development Year	Q1	Q2	Q3	Q4
1	2022/23	1/32	3/32	5/32	7/32
2	2023/24	7/32	5/32	3/32	1/32

Discounting Other Income Sources

Similar to the discounting of claims costs, MPI discounted other income sources from the midpoint of the development quarter/year to the end of rating year 2022/23 (i.e. March 31, 2023). The figure below summarizes the undiscounted and discounted other income sources for the 2022/23 rating year (per *Appendix 9 Table 4 - Rating Year 2022/23 Non-Claims Costs and Other Income Sources*), as well as the discounted costs per unit based on the forecasted total number of insured units of 1,232,900.

Figure RM- 6 Rating Year 2022/23 Other Income Sources

Line No.	Description	Undiscounted Costs ($000)	Discounted Costs	Disc Costs/ Insured Unit
1	Driver Premium	63,772	64,553	52.36
2	Service Fees and Other Revenues	30,882	30,883	25.05

RM.4.2.4 Calculation of Overall Required Rate

MPI calculated the overall required rate for the 2022/23 rating year by equating the total income sources with total expenditures. The calculation of this rate, "P", on a per unit basis is presented below.

INCOME SOURCES

Vehicle Premium	=	P
Driver Premium	=	*$52.36*
Service Fees and Other Revenue	=	*$25.05*
Total Income	=	*$77.41 + $P*

EXPENDITURES

Claims Costs	=	*$697.86*
Claims Expense	=	*$123.60*
Operating Expense	=	*$63.06*
Regulatory/Appeal	=	*$3.74*
Road Safety/Loss Prevention	=	*$10.55*
Commissions	=	*0.0375 x $P + 0.0308 x $52.36*
Premium Taxes	=	*0.0300 x ($P + $52.36)*
Commission Flat Fee	=	*$5.09*
Catastrophe Load	=	*$11.82*
Casualty Load	=	*$1.24*
Fleet Rebates	=	*$14.75*
Anti-Theft Discount	=	*$1.09*
Total Expenditures	=	*$935.98 + (0.0675 x $P)*

OVERALL REQUIRED RATE, P

$77.41 + $P	=	*$935.98 + (0.0675 x $P)*
$P	=	*$920.72*

MPI requires an overall required rate of $920.72 if premiums for the 2022/23 rating year are all received on March 31, 2023 (i.e. end of rating year 2022/23). However, MPI receives premiums for the 2022/23 rating year from April 1, 2022 to March 31, 2023.

Similar to the discounting of costs, the revenue stream resulting from vehicle premiums must recognize the time value of money. MPI discounts vehicle premiums received from when they are received to the end of rating year 2022/23 (i.e. March 31, 2023).

MPI assumes that premiums will be received uniformly over the 2022/23 fiscal year as policies are renewed. Based on this assumption, MPI applies an adjustment factor of 0.9879 to the overall required rate, such that the final overall required rate is $909.58. MPI requires an overall required -rate of $909.58, so that when investment income is considered on premiums received, the overall required rate as of March 31, 2023 is $920.72.

The factor of 0.9879 is derived as follows assuming that MPI will receive premiums uniformly over the 2022/23 fiscal year.

Figure RM- 7 Derivation of Adjustment Factor

Line No.	2022/23 Fiscal Quarter	Weight	Factor
1	1	25%	1.0215 = 1.0246 ^ (10.5 /12)
2	2	25%	1.0153 = 1.0246 ^ (7.5 /12)
3	3	25%	1.0092 = 1.0246 ^ (4.5 /12)
4	4	25%	1.0030 = 1.0246 ^ (1.5 /12)
5		Weighted Factor:	1.0122
6		Reciprocal of Weighted Factor:	0.9879 = 1 / 1.0122

RM.4.2.5 Calculation of the Overall Required Rate Change

MPI determined the overall required rate change using the following four steps:

1. calculate the 2021/22 average rate;
2. estimate the impact of vehicle drift;
3. calculate the 2022/23 average rate without rate change based on the 2021/22 average rate and the vehicle drift; and

4. calculate the 2022/23 required rate change by comparing the 2022/23 average rate without rate change to the 2022/23 required rate.

MPI calculated the 2021/22 average rate of $888.59 based on the total premiums and total units derived from the population of vehicles as at November 1, 2020. MPI calculated the total premiums based on the approved 2021/22 rates.

Even without any rate change, MPI expects the 2021/22 average rate to change as the vehicle population changes. Newer and more expensive vehicles entering the fleet are subject on average to higher rate groups thus increasing the overall average rate. Conversely, older vehicles placed in lower rate groups will result in a decrease in the overall average rate. The total impact of these changes is the vehicle drift.

The estimated annual overall vehicle drift for rating year 2020/21 was 1.81% as determined per the rate model. For rating years 2021/22 and 2022/23, the projected annual overall vehicle drifts are 2.12% and 2.37% respectively[3].

MPI calculated the 2022/23 average rate without rate change by projecting the 2021/22 average rate forward, based on the drift, to March 31, 2023, the average earning date for the rating year 2022/23. This required a projection period of 29 months from November 1, 2020. As such, the appropriate vehicle drift factor is:

$$(1.0181)^{5/12} \times 1.0212 \times 1.0237 = 1.0533$$

MPI then calculated the 2022/23 average rate without rate change as:

2022/23 Average Rate Without Rate Change
= 2021/22 Average Rate x Vehicle Drift
= $888.59 x 1.0533 = $935.98

[3] Figures reflect overall vehicle drift. The HTA vehicle drift is 2.27%, 2.44% and 2.59% for 2020/21, 2021/22 and 2022/23 respectively per *Revenues Chapter Rev.1.2*.

MPI then calculated the required rate change as:

2022/23 Required Rate Change
= (2022/23 Required Rate / 2022/23 Avg. Rate Without Rate Change) - 1
= ($909.58 / $935.98) – 1 = -2.8%

RM.4.2.6 Driver Safety Rating Discounts

For the 2022 GRA, MPI applies for changes to the vehicle discount percentages for customers at the highest levels of the DSR scale, specifically DSR levels +10 to +15. The figure below presents the current and proposed vehicle discount percentages for these DSR levels. Further details of these changes can be found in *Driver Safety Rating Chapter*.

Figure RM- 8 Vehicle Discount

Line No.	DSR Level	Vehicle Discount Current	Vehicle Discount Proposed	Vehicle Discount Change
1	+15	33.0%	37.0%	4.0%
2	+14	30.0%	32.0%	2.0%
3	+13	29.0%	31.0%	2.0%
4	+12	28.0%	30.0%	2.0%
5	+11	27.0%	29.0%	2.0%
6	+10	26.0%	27.0%	1.0%

MPI projects changes to the vehicle discount percentages will result in a -2.6% premium decrease for rating year 2022/23. MPI determined the -2.6% value using the DSR simulation model used to determine driver premium and DSR upgrade as detailed in *Revenues Chapter Rev.2*.

By applying the proposed vehicle discount percentages to the 2022/23 policy year in the DSR simulation model, the projected DSR upgrade for the year decreases by 2.8% i.e. a 2.8% decrease in premiums. However, the 2.8% decrease in premiums is for merit eligible vehicles, which is approximately 93% of total vehicle premiums. As such, the 2.8% decrease for merit eligible vehicle premiums is equivalent to a 2.6% decrease (= 2.8% * 93%) for total vehicle premiums.

Given that the changes to the vehicle discount percentages will result in a -2.6% premium decrease, the 2022/23 required rate change was adjusted to -0.2%. The combined effect of both the premium decrease from rate changes (-0.2%) and the premium decrease from offering higher vehicle discounts (-2.6%) results in the -2.8% breakeven premium decrease.

RM.4.3 Major Classification Required Rates

For each major class – Private Passenger, Commercial, Public, Motorcycles, Trailers, and Off-Road Vehicles (ORVs) (or major class 1, 2, 3, 4, 5, and 6 respectively) – MPI employed the same approach to calculating the required rates as for the overall. MPI made the following additional considerations in the calculation of the required rates of the major classes. *Appendix 9 Table 7 – Major Classes Pure Premiums* presents the calculations of the indicated pure premiums by coverage for each major class.

1. The sum of the claims costs from the 6 major classes does not equal the overall claims costs due to the procedure used by MPI to code losses. In the event that the insurance use, which determines the major class, is not applicable (for example pedestrian or cyclist claims), no entry is made in the insurance use field when the claim is processed. In addition, MPI does not code claims such as unidentified motorists with a specific insurance use. As such, claims costs for these claims cannot be attributed to a major class.

2. Further to consideration (1) above, MPI revised its claims costs allocation for PIPP coverages pursuant to PUB Order 97/05, Order #1(b):

   > *"In any accident involving one or more MPI-insured vehicles and (i) one or more unidentified hit-and-run offenders, or (ii) another injured party or parties (including cyclists, pedestrians, and occupant(s) of out-of-province vehicles)… 50% of total PIPP costs are to be effectively allocated across all vehicle rating categories."*

   To comply with this Order, MPI created a special "pool" class. All PIPP claims costs which were to be allocated across all vehicle rating categories were assigned to the "pool" class. This included PIPP claims costs as per the order above, plus all PIPP claims costs arising out of consideration (i) which could not be successfully allocated as per the Order.

The PUB Order further added to the difference in claims costs as discussed in consideration (1) above. The *pro-rata* adjustment to account for this difference is described in considerations (10) and (11) below.

3. Further to consideration (2), pursuant to PUB Order 122/10, MPI expanded PUB Order 97/05, Order #1(b) to include single vehicle accidents involving wildlife/livestock. For accidents of this nature, 50% of total PIPP costs were allocated to the major class of the single vehicle, with the remaining 50% allocated to the "pool" class. This change resulted in a reduction of PIPP costs allocated to the major classes as presented in the figure below.

Figure RM- 9 Reduction of PIPP Costs

Line No.	Major Class	Reduction
1	Private Passenger	1.98%
2	Commercial	0.75%
3	Public	0.30%
4	Motorcycle	5.20%
5	**Overall**	**2.05%**

The reduction is absorbed by the "pool" class and allocated across all vehicle rating categories.

4. Unallocated Loss Adjustment Expenses (ULAE) and the impact of improvements to PIPP benefits were not considered in the derivation of the indicated pure premiums by major class per *Appendix 9 Table 7 - Major Classes Pure Premiums*. The *pro-rata* adjustment to account for this is described in consideration (10) below.

5. The calculation of the loss development factors by major class used data that, in some cases, exhibit significant year-to-year fluctuations and/or is not fully credible. The selected factors used considered both the major classes'

indications and the overall loss development factors taken from the "Appointed Actuary's Report as at March 31, 2021" as presented in External Actuary Review.

6. The historical pure premiums were trended forward to reflect the anticipated 2022/23 rating year costs levels.

For IRI, Accident Benefits - Other and Bodily Injury, trends were selected, by coverage, based on the extrapolation of past trends in the overall pure premiums. For these coverages, the selected trends were based on the overall indicated exponential trends for pure premiums for 2006/07 to 2020/21 rounded up to the nearest 0.25%, i.e. a 15-year trend. A trend of 0.00% was judgmentally selected if the indicated exponential trend was negative. The overall indicated exponential trends for pure premiums were derived based only on insured units under *The Highway Traffic Act* (HTA). This recognizes that the claims costs for these coverages are driven primarily by HTA-insured units.

For Collision, Comprehensive and Property Damage, trends were calculated, by coverage, based on the extrapolation of past trends in the overall pure premiums, as well as in the major classes' pure premiums. For these coverages, the trends were initially selected based on the overall indicated exponential trends for pure premiums.

Then, by major class, these initial selected trends were compared to the trends based on the respective major class's indicated exponential trends for pure premiums. If a significant difference is observed and the goodness-of-fit of the indicated exponential trend of the major class is high (as measured by the R-squared), then the initial selected trend is revised to the indicated exponential trend of the major class. Further, if the indicated exponential trend of the major class is negative, then the appropriateness of applying the initial selected trend is reviewed, and, where applicable, revised to the indicated exponential trend of the major class. This recognizes the differences in trends by major class, and reflects the differences where appropriate.

Further considerations for Collision, Comprehensive and Property Damage:

- The overall indicated exponential trends for pure premiums were derived based on HTA-insured units only. This recognizes that the primary driver of claims costs for these coverages are HTA-insured units;
- The selected trends were rounded up to the nearest 0.25%;
- a trend of 0.00% was judgmentally selected if the indicated exponential trend was negative;
- For Collision, the initial selected trend was based on the overall indicated exponential trend for pure premiums for 2011/12 to 2020/21 i.e. a 10-year trend. The selection of a shorter experience period recognizes both the stability in the year-over-year growth in pure premiums and the pure premium trends for more recent years; and
- For Comprehensive and Property Damage, the initial selected trend was based on the overall indicated exponential trend for pure premiums for 2006/07 to 2020/21 i.e. a 15-year trend.

The historical pure premiums were trended forward to March 31, 2023, the average accident date for all policies written under the April 1, 2022 rates. For the 2020/21 pure premiums, this required a trending of 2 years and 6 months (28 months) from the average accident date of September 30, 2020. This assumes a uniform distribution of renewals and claims across all months.

Appendix 9 Table 6 - Pure Premium Trend – Other Than PIPP shows the derivation of the overall trends, by coverage.

7. In calculating the indicated pure premiums, equal weights were given to historical indicators. For almost all major classes and coverages, MPI used data for the 5 most recent years. Exceptions to this are as follows:

- For Serious Losses[4], MPI used data for the 10 most recent years for Accident Benefits - Other (Indexed) and IRI to better smooth out the larger volatility in the data.
- For the Motorcycles major class, MPI used data for the 10 most recent years for Accident Benefits - Other and IRI to better smooth out the larger volatility in the data
- For the ORVs major class, MPI used data for the 10 most recent years for Bodily Injury and Property Damage to better smooth out the larger volatility in the data.

8. The calculation of the indicated pure premiums for Comprehensive coverage was done net of the total claims costs resulting from major catastrophes.

9. Per PUB Order 156/06, an analysis was performed to determine the reduction in Collision claims costs for the Motorcycle major class if such costs were allocated equally to all vehicles involved in an accident involving a vehicle in the Motorcycle major class. Based on the analysis, for the 2022 General Rate Application, the Collision pure premium for the Motorcycle major class was reduced by 24.25%, with the impact then allocated equally on a per unit basis to major classes 1, 2, and 3.

The figure below presents the reduction in the Collision claims costs for the Motorcycle major class for the most recent 5 years based on the revised claims costs allocation. The reduction of 24.25% was based on the 5-year weighted hi-lo average.

[4] For the purpose of ratemaking, a Serious Loss incident refers to an incident whereby the total Accident Benefits (PIPP) claims costs for the incident is greater than $500,000.

Figure RM- 10 Collision Claims Costs for the Motorcycle Major Class

Line No.	Insurance Year	Current Allocation SV Incident	Current Allocation MV Incident	Revised Allocation SV Incident	Revised Allocation MV Incident	$ Decrease	% Decrease
1	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2	16/17	806,467	799,529	806,467	399,765	399,765	24.89%
3	17/18	802,263	743,077	802,263	371,538	371,538	24.04%
4	18/19	754,214	722,513	754,214	361,256	361,256	24.46%
5	19/20	727,399	672,158	727,399	336,079	336,079	24.01%
6	20/21	680,165	576,658	680,165	288,329	288,329	22.94%
	All Years	3,770,506	3,513,934	3,770,506	1,756,967	1,756,967	24.12%

8 SV – Single Vehicle; MV – Multiple Vehicle
9 (5) = 50% of (3)
10 (6) = [(2) + (3)] - [(4) + (5)]
11 (7) = (6) / [(2) + (3)]

10. As a result of the above considerations, by coverage, the total claims costs from the six major classes will not equal the overall claims costs. In *Figure RM-11* (see below), the pure premiums as calculated in *Appendix 9 Table 7 - Major Classes Pure Premiums* were balanced to the overall pure premium on a pro-rata basis to account for this.

11. Further to consideration (10) and as a result of considerations (2) and (3), only 79.1% of the overall claims costs for IRI, 76.9% for Accident Benefits - Other (Indexed) and 73.5% for Accident Benefits - Other (Non-Indexed) were balanced based on actual major class experience. The remaining 20.9%, 23.1% and 26.5% respectively, representing the percentage of claims costs assigned to the "pool" class, were allocated equally on a per unit basis to major classes 1, 2, 3, and 4.

The figure below summarizes the above considerations, and presents the calculation of the total pure premiums of the major classes.

Figure RM- 11 Rating Year 2022/23 Total Pure Premium by Major Class

Line No.	Coverage	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	Pure Premium from Appendix 9, Table 9*						
2	Acc. Benefits – Other (Ind)	54.39	44.33	149.15	125.59	0.00	0.00
3	Acc. Benefits – Other (Non-Ind)	22.42	23.58	49.94	124.56	0.00	0.00
4	Bodily Injury	5.75	3.51	14.79	0.02	0.00	4.60
5	Collision	565.68	306.71	1,107.75	66.68	7.99	0.00
6	Comprehensive	106.23	81.67	123.33	0.00	36.83	0.00
7	Property Damage	47.95	76.46	85.64	3.24	0.10	0.70
8	Income Replacement Indemnity	82.02	84.62	188.50	269.35	0.00	0.00
9	**Total**	**884.44**	**620.88**	**1,719.10**	**589.44**	**44.92**	**5.30**
10	Balanced Pure Premium						
11	Acc. Benefits – Other (Ind)	83.97	68.45	230.29	193.92	0.00	0.00
12	Acc. Benefits – Other (Non-Ind)	23.27	24.47	51.83	129.27	0.00	0.00
13	Bodily Injury	5.68	3.46	14.58	0.02	0.00	4.54
14	Impact of Product Change	0.98	1.81	4.16	0.00	0.00	0.00
15	Collision	546.16	296.12	1,069.52	64.38	7.71	0.00
16	Impact of Product Change	-17.40	-2.09	-28.64	-2.41	-0.20	0.00
17	Comprehensive	118.07	90.78	137.08	0.00	40.94	0.00
18	Impact of Product Change	-18.35	-5.51	-12.98	0.00	-1.88	0.00
19	Property Damage	44.14	70.38	78.84	2.98	0.09	0.64
20	Impact of Product Change	0.45	0.83	1.91	0.00	0.00	0.00
21	Income Replacement Indemnity	78.41	80.89	180.19	257.48	0.00	0.00
22	**Total**	**865.37**	**629.61**	**1,726.79**	**645.63**	**46.67**	**5.18**
23	"Pool" Claims Costs						
24	Acc. Benefits – Other (Ind)	26.25	26.25	26.25	26.25	0.00	0.00
25	Acc. Benefits – Other (Non-Ind)	9.35	9.35	9.35	9.35	0.00	0.00
26	Income Replacement Indemnity	22.08	22.08	22.08	22.08	0.00	0.00
27	**Total Pure Premium**	**923.04**	**687.28**	**1,784.46**	**703.30**	**46.67**	**5.18**

28 *Accident Benefits - Other and Income Replacement Indemnity adjusted for wildlife/livestock costs reduction
29 per Board Order 122/10.
30 *Collision adjusted for cost allocation per Board Order 156/06.

12. Consistent with last year, based on the "HTA Power Unit Basis" approach, the Trailers and ORVs major classes were allocated 0% of the standard allocation of operating expenses.

13. The overall non-claims costs were allocated to the respective major classes as follows:

- claims expenses were allocated on the basis of claims costs;
- operating expenses, regulatory/appeal, road safety/loss prevention, commission flat fees, fleet rebates, anti-theft discount, and reinsurance were allocated on a per unit basis to applicable major classes;
- premium taxes and commissions on vehicles are 3.00% and 3.75% respectively of the major classes' required rates; and
- premium taxes and commissions on drivers are 3.00% and 3.08% respectively of the driver premiums as applicable to the major classes.

14. The overall other income sources were allocated to the respective major classes as follows:

- driver premiums and service fees were allocated on a per unit basis to applicable major classes.

15. The major classes' required rates were balanced back to the overall revenue requirements calculated in *RM.4.2*.

16. The premium decrease from changes to the vehicle discount percentages discussed in *RM.4.2.6* was allocated to the major classes. For major classes where rates are affected by DSR discounts (Private Passenger, Commercial, Public and Motorcycles), the required rate changes were adjusted for premium decreases resulting from vehicles in these major classes having larger discounts. The adjusted required rate changes then reflect the average changes to the 2021/22 rates for the respective major classes. The combination of both the changes to the 2021/22 rates and premium decreases from larger discounts results in the (full credibility) required rate changes for the respective major classes. For major classes where rates are not affected by DSR discounts (Trailers and ORVs) no adjustment is made to the required rate changes.

The following table shows the allocation of the premium decrease from changes to the vehicle discount percentages and the adjustments to the required rate changes for the major classes.

Figure RM- 12 Required Rate Changes by Major Class Adjusted for DSR Discount Changes

Line No.	Major Class	2022/23 Prem Change Based on Required Change	Major Class % of Total Discount	2022/23 Prem Change Breakdown: DSR Discount Change	2022/23 Prem Change Breakdown: Rate Change	Full Credibility Required Change	Required Change Breakdown: DSR Discount Change	Required Change Breakdown: Rate Change
1		[1]	[2]	[3]	[4]	[5]	[6]	[7]
2	Private Passenger	($31,931,725)	97.5%	($29,652,916)	($2,278,808)	-3.0%	-2.8%	-0.2%
3	Commercial	($423,322)	0.2%	($50,534)	($372,788)	-1.0%	-0.1%	-0.9%
4	Public	$1,301,631	0.4%	($126,487)	$1,428,118	5.0%	-0.5%	5.5%
5	Motorcycles	($324,288)	1.9%	($575,638)	$251,350	-1.9%	-3.3%	1.5%
6	Trailers	($1,175,223)	0.0%	$0	($1,175,223)	-6.7%	0.0%	-6.7%
7	Off-Road Vehicles	($45,185)	0.0%	$0	($45,185)	-8.0%	0.0%	-8.0%
8	Overall	($32,598,111)	100.0%	($30,405,576)	($2,192,535)	-2.8%	-2.6%	-0.2%

9 Notes:
10 [1] Figure RM-13; Premium Change = 22/23 Average Rate Without Rate Change * Full Credibility Required Change * 22/23 Units
11 [2] Based on modeling the new discount percentages on the population of vehicles in the Rate Model (RM.2)
12 [3] Overall = -2.6% * $935.98 * 1,232,900 (RM.4.2.6 & Figure RM-14; allocated to the major classes based on 'Major Class % of Total Discount'
13 [4] = [1] - [3]
14 [5] Figure RM-14; Reflects the change from both DSR discount change and rate change
15 [6] = [3] / [1] * [5]
16 [7] = [5] - [6]; The Applied for Change in RM-14

17. The applied for rate change for each major class was credibility weighted depending on the number of insured units in the class. In doing so, the methodology assigns a measure of reliability to the major class experience on its own, and then balances that with the overall experience. The applied for rate change for each major class was assigned a credibility of $\frac{N}{N+K}$.

Here, *N* is the number of insured units in the class and *K* is a constant. The constant, *K*, is equal to 6,000, and was judgmentally chosen in order that the largest major class – Private Passenger – was at least 99% credible. The complement of credibility, $1-\frac{N}{N+K}$, was assigned to the overall applied for rate change.

Figure RM-13 summarizes the calculation of the required rates of the major classes based on breakeven rates.

Figure RM-14 summarizes the calculation of the required rates of the major classes based on breakeven rates adjusted for DSR discount changes. The GRA is based on this calculation *(see RM.4.2.6)*.

Figure RM- 13 Rating Year 2022/23 Major Classification Required Rate Changes – Breakeven Rates

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	697.86	923.04	687.28	1,784.46	703.30	46.67	5.18
3	Claims Expense	123.60	163.48	121.73	316.05	124.56	8.27	0.92
4	Road Safety	10.55	14.05	14.05	14.05	14.05	0.00	0.00
5	Operating Expense	63.06	83.99	83.99	83.99	83.99	0.00	0.00
6	Regulatory/Appeal	3.74	4.98	4.98	4.98	4.98	0.00	0.00
7	Commission: Vehicle	34.53	45.59	34.36	86.30	33.80	2.73	0.25
8	Prem Tax: Vehicle	27.62	36.47	27.49	69.04	27.04	2.18	0.20
9	Comm & Prem Tax: Driver	3.18	4.24	4.24	4.24	4.24	0.00	0.00
10	Commission Flat Fee	5.09	6.78	6.78	6.78	6.78	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.75	20.05	20.05	20.05	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.36	69.73	69.73	69.73	69.73	0.00	0.00
16	Service Fees	25.05	33.36	33.36	33.36	33.36	0.00	0.00
17	Req Rate (Raw)	920.72	1,215.67	916.36	2,301.35	901.29	72.70	6.54
18	Req Rate (Bal)	909.58	1,200.96	905.27	2,273.50	890.38	71.82	6.46
19	21/22 Average Rate	888.59	1,165.66	867.45	2,145.90	905.87	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21 22	22/23 Average Rate Without Rate Change	935.98	1,238.66	914.17	2,165.03	907.45	77.00	7.02
23	Full Cred Req Change	-2.8%	-3.0%	-1.0%	5.0%	-1.9%	-6.7%	-8.0%
24	Applied for Change	-2.8%	-3.0%	-1.0%	5.0%	-1.9%	-6.7%	-8.0%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		-3.0%	-1.2%	2.4%	-2.1%	-6.6%	-7.6%
27	Cred Wtd Req Rate		1,200.98	903.38	2,216.99	888.34	71.90	6.49
28	Cred Wtd Req Rate (Bal)	909.58	1,201.80	904.00	2,218.52	888.95	71.95	6.49
29	Cred Wtd Change (Bal)		-3.0%	-1.1%	2.5%	-2.0%	-6.6%	-7.6%

Figure RM- 14 Rating Year 2022/23 Major Classification Required Rate Changes – Breakeven Rates Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	697.86	923.04	687.28	1,784.46	703.30	46.67	5.18
3	Claims Expense	123.60	163.48	121.73	316.05	124.56	8.27	0.92
4	Road Safety	10.55	14.05	14.05	14.05	14.05	0.00	0.00
5	Operating Expense	63.06	83.99	83.99	83.99	83.99	0.00	0.00
6	Regulatory/Appeal	3.74	4.98	4.98	4.98	4.98	0.00	0.00
7	Commission: Vehicle	34.53	45.59	34.36	86.30	33.80	2.73	0.25
8	Prem Tax: Vehicle	27.62	36.47	27.49	69.04	27.04	2.18	0.20
9	Comm & Prem Tax: Driver	3.18	4.24	4.24	4.24	4.24	0.00	0.00
10	Commission Flat Fee	5.09	6.78	6.78	6.78	6.78	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.75	20.05	20.05	20.05	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.36	69.73	69.73	69.73	69.73	0.00	0.00
16	Service Fees	25.05	33.36	33.36	33.36	33.36	0.00	0.00
17	Req Rate (Raw)	920.72	1,215.67	916.36	2,301.35	901.29	72.70	6.54
18	Req Rate (Bal)	909.58	1,200.96	905.27	2,273.50	890.38	71.82	6.46
19	21/22 Average Rate	888.59	1,165.66	867.45	2,145.90	905.87	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21 22	22/23 Average Rate Without Rate Change	935.98	1,238.66	914.17	2,165.03	907.45	77.00	7.02
23	Full Cred Req Change	-2.8%	-3.0%	-1.0%	5.0%	-1.9%	-6.7%	-8.0%
24	Applied for Change	-0.2%	-0.2%	-0.9%	5.5%	1.5%	-6.7%	-8.0%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		-0.2%	-0.8%	3.6%	1.1%	-6.6%	-7.5%
27	Cred Wtd Req Rate		1,235.97	907.02	2,243.00	917.09	71.95	6.50
28	Cred Wtd Req Rate (Bal)	934.20	1,236.44	907.36	2,243.85	917.44	71.98	6.50
29	Cred Wtd Change (Bal)		-0.2%	-0.7%	3.6%	1.1%	-6.5%	-7.4%

RM.4.4 Vehicle Group Required Rates

MPI subdivided the composition of vehicles in each major class using the following rating variables:

- territory;
- insurance use;
- rate group;
- DSR level – merit eligible vehicles
- gross vehicle weight – trucks in the Commercial and Public major classes only; and
- body style and engine displacement – Motorcycles major class only.

MPI uses these rating variables to further differentiate the required rates for different vehicle groups. An explanation of the rate group relativities is contained in *RM.3*. An explanation of the DSR level relativities is contained in *Driver Safety Rating, Appendix 1 – DSR Pricing Review*. The discussion below focuses on the relativity approach used to determine and apply the relativities for the other rating variables.

The concept of relativities is commonly used in the insurance industry. Simply put, if MPI chose a distinct group from an entire population, the relativity of the group is a measure of the risk of the group compared to the population. For example, a group, which on average costs twice as much to insure when compared to the population, will have a relativity of 2. The use of relativities promotes equitable rates since riskier groups can expect to pay more than groups with lower risk.

To determine the relativities for the rating variables applicable to respective major classes, MPI ran the following three steps for each major class. MPI assumed that the territory distribution for each major class is distinct and independent. For each of the major classes, MPI:

1. determined the actual or raw relativities;

2. determined the current relativities; and

3. using the raw and current relativities, determined the new relativities.

In each of the above three steps, MPI balanced the relativities in order that the average relativity for each rating variable within the major class is one.

To determine the actual or raw relativities, MPI first arranged the claims costs and earned units by applicable rating variables. For higher accuracy and also to smooth out year-to-year fluctuations, MPI used data for the 5 most recent insurance years – 2016/17 to 2020/21. MPI used data for the 10 most recent years – 2011/12 to 2020/21 – for PIPP claims costs resulting from Serious Loss incidents.

For claims costs, MPI started with the total claims costs for all coverages as presented in *Appendix 9 Table 8 - Reported Loss and ALAE with Hail and Actual Serious Losses*. These claims costs include the changes to the Basic product. MPI then adjusted these claims costs for each of the 5 insurance years, as applicable:

1. deducted the claims costs resulting from Serious Loss incidents as presented in *Appendix 9 Table 9 - Reported Serious Losses and ALAE*;

2. for the claims costs presented in *Appendix 9 Table 9 - Reported Serious Losses and ALAE*, calculated the 10-year average; and

3. added the 10-year average back into the claims costs calculated in (i) above.

Appendix 9 Table 10 - Reported Loss and ALAE without Hail and with 10-Year Average Expected Serious Losses presents the adjusted claims costs. *Appendix 9 Table 11 - Earned Units* presents the earned units. *Appendix 9 Table 12 - Raw Pure Premiums without Hail and with 10-Year Average Expected Serious Losses* presents the pure premiums, which are the adjusted claims costs per earned unit.

Using the pure premiums and earned units as discussed above, as well as the minimum-bias procedure[5], MPI then calculated the raw relativities for the rating variables applicable to the major class.

To determine the current relativities, MPI used a similar approach to the above. However, instead of using the pure premiums and earned units to determine the relativities, MPI used the current average rates and total units derived from the population of vehicles per the rate model. The current average rates reflect the approved 2021/22 rates. Current relativities must be determined since current average rates are not based strictly on a relativity approach[6].

MPI determined the new relativities based on a credibility weighted average of the raw relativities and current relativities. In doing so, the methodology mitigates against large fluctuations that can occur in the raw relativities, a result of the individual groupings not being large enough to be statistically reliable. For each raw relativity, a credibility of $\frac{N}{N+K}$ was assigned. Here, N is the 5-year earned units used to determine the raw relativity and K is a constant. The constant, K, is equal to 60,000, and was judgmentally chosen in order that the largest insurance use – All Purpose Passenger Vehicle – was at least 95% credible. The complement of credibility, $1-\frac{N}{N+K}$, was assigned to the corresponding current relativity.

The credibility assigned to each raw relativity was subjected to a minimum of 10% (i.e. if $\frac{N}{N+K}$ <10%, the raw relativity was assigned a credibility of 10%) and the remaining 90% was assigned to the current relativity. Assigning a minimum credibility ensures that the new relativities for smaller groups partially reflect their historical claims costs.

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[5] Refer to https://www.casact.org/pubs/forum/02fforum/02ff591.pdf for a detailed discussion of the minimum bias procedure.
[6] This is a due to various factors including balancing to the overall and major classes' rate requirements, capping of rate changes, changes in the composition of vehicles (especially for smaller vehicle groups), reclassification of vehicles, etc.

For the Passenger VFH (Passenger Vehicle) insurance use, MPI did not apply the credibility formula as discussed above. Per PUB Order 1/21, Order #3, "*There shall be consecutive rate increases of 20% for the Passenger VFH Major Class in the 2022/23 and 2023/24 GRAs, unless MPI can demonstrate that the Passenger VFH Major Class is no longer being subsidized.*" In response to this PUB Order, and given that the raw relativity (2.8181) is 19.6% higher than the current relativity (2.3558), MPI applied the full 100% credibility to the raw relativity (and 0% to the current relativity).

<u>*Appendix 9 Table 13 - New Relativity Calculation*</u> presents the derived raw and current relativities, the assigned credibilities, and the new relativities for all major classes.

MPI then used the new relativities to determine the indicated rates for all distinct vehicle groups based on the following formula:

$$(RR_C - E_C) \times \prod RV_{C,I} + EX_C + \sum (E_{C,H} \times P_{C,H})$$

For major class C; C = 1, 2, 3, 4, 5, and 6;

RR_C is the required rate

E_C is the per unit operating expense*

$RV_{C,I}$ is the relativity for the rating variable applicable to the vehicle group; I representing the number of distinct rating variables[7]

EX_C is the per unit operating expense* exclusive of all targeted initiatives

$E_{C,H}$ is the per unit operating expense* of targeted initiative H; H = 1 to # of targeted initiatives

$P_{C,H}$ is the indicator for targeted initiative H with a value of 1 if the initiative targets the combination or 0 otherwise

*Refers to the sum of operating expense, regulatory/appeal and road safety/loss prevention

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[7] For example, for all vehicles in the Private Passenger major class, I = 2 since only the territory and insurance use relativities (for the major class) are applicable.

MPI assumed that the relativities interact multiplicatively, the common approach in the insurance industry.

There is no targeted initiative for the 2022/23 rating year. As such, the per unit operating expense exclusive of all targeted initiatives, EX_C, is equal to $103.02 for C = 1, 2, 3, and 4, and $0.00 for C = 5 and 6 (similar to the per unit operating expense, E_C).

Appendix 9 Table 14 - Indicated Rate Calculation presents the indicated rates for all distinct vehicle groups using the above formula.

MPI balanced back the indicated rates to the revenue requirements by major class as calculated in *RM.4.3*. It then compared the balanced indicated rates to the current average rates to determine the balanced indicated rate changes. This approach assumes that the relative average rate group and discount levels do not vary between the experience period and the rating period.

RM.5 Experience Adjustments

Appendix 3 – 2022 Experience Rate Adjustments presents the experience rate adjustments applied to each risk classification.

RM.5.1 Rules

1. If the indicated increase or decrease is 10% or less, set the initial estimate of the experience adjustment as the amount of the indicator.

2. If the indicated increase or decrease is greater than 10%, set the initial estimate of the experience adjustment as 10%, plus one-third the difference between the indicated increase or decrease and 10%, to a maximum of an additional 5%.

3. From adjustment (2) above, if the indicated decrease is 25% or more, the initial estimate of the experience adjustment is capped at −15%. Similarly, if the indicated increase is 25% or more, the adjustment is capped at 15%.

4. Since adjustment (2) above limits the maximum experience adjustment to 15%, the rate adjustment is balanced to arrive at the same overall revenue as if the indicated increase or decrease had been applied. The 15% maximum increase or decrease still applies.

5. The above rules apply with some exceptions to the Motorcycles major class. The above rules do not apply to the U-drive Moped insurance use in Territories 2, 3, and 4. A detailed explanation of the exceptions made to the above rules is contained in *RM.5.2* below.

6. In response to PUB Order 148/04, all 2022/23 rates are subject to a ± 20% cap from 2021/22 rates.

RM.5.2 Exceptions

For the Motorcycles major class, MPI made the following modifications:

- Mopeds and motorcycles with a Motorscooter body style and an engine displacement less than or equal to 500 cc's were rated together. The initial estimates of the experience adjustments, by territory and use (all purpose and pleasure), are based on the weighted averages of the indicated changes. The rules per *RM.5.1* above continue to apply. This maintains the synchronization of rates for these vehicles as in last year's rate application.

- The initial estimates of the experience adjustments for motorcycles in the middle engine displacement (ED) range (between 500 to 1000 cc's) and high-ED range (greater than 1000 cc's) were adjusted as follows:
    - If there are more motorcycles in the middle ED range than the high ED range (by territory, use, and body style) and the initial estimates of the experience adjustment for the high ED range is lower, then adjust the

estimate for the high ED range to be equal to the estimate for the middle ED range.

  - If there are more motorcycles in the high ED range than the middle ED range (by territory, use, and body style) and the initial estimates of the experience adjustment for the middle ED range is higher, then adjust the estimate for the middle ED range to be equal to the estimate for the high ED range.

- This ensures that the rates for motorcycles in the high ED range will continue to be higher than the corresponding rates for motorcycles in the middle ED range.

For the U-Drive Moped insurance use in territories 2, 3, and 4, MPI did not calculate the indicated rate adjustments due to a lack of experience. Consistent with last year, MPI set the rates for this insurance use, by territory and rate group, equal to the rates for the All-Purpose Moped insurance use.

RM.5.3 Special Adjustments and Capping

MPI uses relative ranking rules to ensure that less restrictive rating categories have higher rates than more restrictive ones, resulting in special rate adjustments. MPI makes these adjustments to the rates after it completes all classification and experience adjustments.

An example of a restriction is that the rate for pleasure insurance use must be lower than the rate for all purpose insurance use (by territory and vehicle type). MPI would make a special rate adjustment if the rate for pleasure insurance use is higher than the rate for all purpose insurance use.

For 2022/23, the following insurance uses received special adjustments affecting 573 vehicles:

- Farming All Purpose Truck 4540 kg or less; Territory 4 – rates decreased to be $1.00 less than All Purpose Truck (138 vehicles);

- Farming All Purpose Truck 4540 kg or less; Territory 5 – rates increased to be equal to the Territory 2 rates (379 vehicles);
- All Purpose Motorhome; Territory 1 – rates increased to be $2.00 more than Pleasure (52 vehicle);
- All Purpose Motorhome; Territory 4 – rates increased to be $2.00 more than Pleasure (1 vehicle);
- Pleasure Motorcycle (Motorscooter); Territory 4; 501-1000cc – rates decreased to be $2.00 less than All Purpose Motorcycle (Motorscooter) (2 vehicles); and
- All Purpose Motorcycle (Motorscooter); Territory 4; 501-1000cc – rates to be increased to equal the rates for 0-500 cc. (1 vehicle).

In response to PUB Order 148/04, all 2022/23 rates are subject to a ± 20% cap from 2021/22 rates. Special adjustments are applied after applying the ± 20% cap.

RM.5.4 Final Impact of Rate Changes

Transition from Experience Rate Requirement Indicators to Applied For Rate Adjustments

The steps taken to transition from the experience rate requirement indicators to the applied for rate adjustments by major class are outlined below. *Appendix 4 – Transition from Rate Requirement Indicators to Applied for Rate Adjustment* provides a table showing the average rate, the change from the original rate model, and the total premium for each of the steps.

A. Original Rate Model Before Changes – This section shows the base scenario prior to any required changes and adjustments. It is based on the population of vehicles as of November 1, 2020, with the exception of the following seasonally used vehicles:

- Snowmobiles and snow vehicles as of January 1, 2021
- Motorhomes, motorcycles, mopeds, trailers and off road vehicles (except for snowmobiles and snow vehicles) as of August 1, 2020

B. **After Classification Changes and CLEAR Adjustments –** This section shows the impact of applying all classification changes and CLEAR adjustments, including rate line changes, as presented in *RM.3*.

C. ***Balanced Indicated Adjustments* –** This section shows the impact of applying the balanced indicated changes as presented in *Appendix 9 Table 14 – Indicated Rate Calculation*. The balanced indicated changes are derived based on the major classes' required rates and the relativities by major class as discussed in *RM.4.3* and *RM.4.4* respectively. The balanced indicated changes include balancing back to the revenue requirements by major class.

D. ***Capped Indicated Adjustments* –** This section shows the impact of applying the capped indicated changes. The capped indicated changes are obtained after applying the experience adjustment rules, as presented in *RM.5.1*, to the balanced indicated changes. Any shortfall or excess generated by these rules are not adjusted for in this section.

E. ***Balanced Capped Indicated Adjustments* –** This section shows the impact of applying the balanced capped indicated changes. The capped indicated changes are balanced back to recover any shortfall or excess generated as a result of applying the experience adjustment rules.

F. ***Applied for Adjustment (Final Rate Model)* –** This section shows the Rate Model output after all changes are applied. Apart from the classification changes, CLEAR adjustments and experience adjustments discussed above, the Rate Model applies the following business rules:

7. The final rates are all rounded to even dollars. The impact of this is particularly noticeable (on a percentage basis) in groups where there are a large number of vehicles with low rates.

8. The rates are checked to ensure that rate reversals, such as pleasure truck rates being greater than all-purpose truck rates, do not occur.

9. Based on PUB Order 148/04, all 2022/23 final rates are subject to a ±20% maximum change from 2021/22 final rates.

RM.6 Summary and Distribution Reports

By major class, the proposed rate changes differ slightly from experience rate changes due to capping rules. MPI applies a 15% increase/decrease cap to experience-based indicators and all final rates are capped at a 20% increase/decrease.

Figure RM-15 shows a -2.5% proposed overall rate change including changes to the vehicle discount percentages for customers at the highest levels of the DSR scale. The -2.5% is the combined effect of the following:

- -0.2% overall rate change from experience adjustments; and
- -2.3% overall rate change from changes to the vehicle discount percentages.

The -2.5% reflects the impact on the rate model population of vehicles (i.e. the population as of November 1, 2020). MPI expects a further -0.3%[8] of premium revenue by rating year 2022/23 as a result of changes to the distribution of vehicles by DSR level. Specifically, given the significantly lower Collision frequency in 2020/21 resulting from the COVID-19 Pandemic, MPI expects a significant movement (of registered owners) up the DSR scale in 2021/22, which will carry into 2022/23. This movement will result in more registered owners receiving discounts, accounting for the -0.3% of driver premium revenue. The total impact of both the -2.5% and -0.3% is the breakeven premium overall decrease of -2.8% for rating year 2022/23.

[8] Per Revenues Rev 1.2, the DSR upgrade factor for 2021/22 is -0.25%. This includes an adjustment to the movements (of registered owners) on the DSR scale to recognize the lower Collision frequency in 2020/21. Excluding this adjustment, the DSR upgrade factor for 2021/22 is 0.05% i.e. the impact of movements on the DSR scale is 0.30%.

Figure RM- 15 Major Class Summary Report

				Proposed Average Rate		Proposed Rate Change		
Line No.	Major Class	Vehicle Count	Current Average Rate	Without DSR Change	With DSR Change	Without DSR Change	With DSR Change	Experience Rate Change*
1	Private Passenger	824,512	$1,161	$1,159	$1,130	-0.2%	-2.6%	-0.2%
2	Commercial	46,950	$865	$858	$858	-0.7%	-0.8%	-0.7%
3	Public	10,994	$2,139	$2,217	$2,208	3.6%	3.2%	3.6%
4	Motorcycles	18,080	$903	$913	$888	1.2%	-1.7%	1.1%
5	Trailers	214,371	$73	$68	$68	-6.6%	-6.6%	-6.5%
6	Off-Road Vehicles	75,774	$7	$6	$6	-14.3%	-14.3%	-7.4%
7	Overall	1,190,681	$885	$883	$863	-0.2%	-2.5%	-0.2%
8	*Per Figure RM-14; without DSR change							

Figure RM-16 and *Figure RM-17* show the distribution of vehicles by dollar and percent changes after all adjustments. The proposed rate changes result in a rate decrease for 73.1% of vehicles, no change in rates for 1.0% of vehicles, and a rate increase for 25.9% of vehicles. 41.3% of vehicles experience a rate change of +/- $20 or less (including vehicles receiving a $0 change in rates) and 45.8% of vehicles experience a rate change of +/- 5% or less (including vehicles receiving no change in rates). More detailed figures can be found in *Figure RM-18*, *Figure RM-19* and *Figure RM-20*.

Figure RM- 16 Dollar Distribution Table

Line No.	$ Change	# of Vehicles	% of Vehicles
1	**Decrease $300 or more**	43	0.0%
2	**Decrease $200 to $299**	1,155	0.1%
3	**Decrease $150 to $199**	14,564	1.2%
4	**Decrease $100 to $149**	86,726	7.3%
5	**Decrease $50 to $99**	233,104	19.6%
6	**Decrease $20 to $49**	190,400	16.0%
7	**Decrease $1 to $19**	344,804	29.0%
8	**No Change**	11,712	1.0%
9	**Increase $1 to $19**	134,816	11.3%
10	**Increase $20 to $49**	81,556	6.9%
11	**Increase $50 to $99**	69,378	5.8%
12	**Increase $100 to $149**	19,170	1.6%
13	**Increase $150 to $199**	1,672	0.1%
14	**Increase $200 to $299**	480	0.0%
15	**Increase $300 or more**	1,101	0.1%
16	**GRAND TOTAL**	**1,190,681**	**100%**

Figure RM- 17 Percent Distribution Table

Line No.	% Change	# of Vehicles	% of Vehicles
1	Decrease 20% or more	1,218	0.1%
2	Decrease 15% to 20%	19,541	1.6%
3	Decrease 10% to 15%	278,434	23.4%
4	Decrease 5% to 10%	261,468	22.0%
5	Decrease less than 5%	310,135	26.1%
6	(No Change)	11,712	1.0%
7	Increase less than 5%	223,881	18.8%
8	Increase 5% to 10%	46,423	3.9%
9	Increase 10% to 15%	37,253	3.1%
10	Increase 15% to 20%	381	0.0%
11	Increase 20% or more	235	0.0%
12	**GRAND TOTAL**	**1,190,681**	**100%**

Figure RM- 18 SUMMARY OF PREMIUM INCREASES/DECREASES BY MAJOR CLASS, TERRITORY AND VEHICLE TYPE (INCLUDES CHANGES TO THE DRIVER SAFETY RATING VEHICLE DISCOUNTS)

MAJOR CLASS	NO. OF VEHICLES	2021 AVG RATE	2022 AVG RATE	2021 PREMIUM	2022 PREMIUM	PREMIUM CHANGE $	PREMIUM CHANGE %	% OF 2022 PREMIUM
Private Passenger	824,512	1,161	1,130	956,955,828	931,658,164	-25,297,664	-2.64	90.69
Commercial	46,950	865	858	40,592,461	40,260,758	-331,703	-0.82	3.92
Public	10,994	2,139	2,208	23,521,608	24,272,150	750,542	3.19	2.36
Motorcycle	18,080	903	888	16,325,443	16,047,425	-278,018	-1.70	1.56
Trailer	214,371	73	68	15,678,378	14,640,986	-1,037,392	-6.62	1.43
Off-Road Vehicle	75,774	7	6	530,418	454,644	-75,774	-14.29	0.04
TOTAL - ALL MAJOR CLASSES	**1,190,681**	**885**	**863**	**1,053,604,136**	**1,027,334,127**	**-26,270,009**	**-2.49**	**100.00**

TERRITORY	NO. OF VEHICLES	2021 AVG RATE	2022 AVG RATE	2021 PREMIUM	2022 PREMIUM	PREMIUM CHANGE $	PREMIUM CHANGE %	% OF 2022 PREMIUM
1	540,715	1,098	1,072	593,872,632	579,694,545	-14,178,087	-2.39	56.43
2	569,680	664	646	378,197,464	367,925,864	-10,271,600	-2.72	35.81
3	16,393	775	765	12,707,327	12,536,613	-170,714	-1.34	1.22
4	27,011	684	674	18,475,666	18,214,370	-261,296	-1.41	1.77
Commuter	36,882	1,365	1,328	50,351,047	48,962,735	-1,388,312	-2.76	4.77
TOTAL - ALL TERRITORIES	**1,190,681**	**885**	**863**	**1,053,604,136**	**1,027,334,127**	**-26,270,009**	**-2.49**	**100.00**

VEHICLE TYPE	NO. OF VEHICLES	2021 AVG RATE	2022 AVG RATE	2021 PREMIUM	2022 PREMIUM	PREMIUM CHANGE $	PREMIUM CHANGE %	% OF 2022 PREMIUM
BUS	4,533	1,067	1,092	4,838,055	4,949,078	111,023	2.29	0.48
MCYCL	16,572	950	934	15,750,098	15,473,845	-276,253	-1.75	1.51
MHOME	4,369	764	762	3,339,294	3,331,189	-8,105	-0.24	0.32
MOPED	1,604	366	365	587,129	585,212	-1,917	-0.33	0.06
ORV	75,774	7	6	530,418	454,644	-75,774	-14.29	0.04
PASVE	608,412	1,229	1,194	747,863,571	726,383,924	-21,479,647	-2.87	70.71
TRAIL	214,371	73	68	15,678,378	14,640,986	-1,037,392	-6.62	1.43
TRUCK	258,683	995	981	257,406,523	253,848,536	-3,557,987	-1.38	24.71
VARIA	6,363	1,196	1,205	7,610,670	7,666,713	56,043	0.74	0.75
TOTAL - ALL VEHICLE TYPES	**1,190,681**	**885**	**863**	**1,053,604,136**	**1,027,334,127**	**-26,270,009**	**-2.49**	**100.00**

Figure RM- 19 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	All Vehicles - 2022			Private Passenger Vehicles - 2022			Commercial Vehicles - 2022			Public Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing												
$300 or more	43	0.00	0.00	2	0.00	0.00	35	0.07	0.07	6	0.05	0.05
$250 to $300	100	0.01	0.01	60	0.01	0.01	36	0.08	0.15	3	0.03	0.08
$200 to $250	1,055	0.09	0.10	677	0.08	0.09	219	0.47	0.62	157	1.43	1.51
$150 to $200	14,564	1.22	1.32	13,941	1.69	1.78	513	1.09	1.71	70	0.64	2.15
$100 to $150	86,726	7.28	8.61	85,695	10.39	12.17	657	1.40	3.11	139	1.26	3.41
$90 to $100	34,457	2.89	11.50	33,372	4.05	16.22	739	1.57	4.68	20	0.18	3.59
$80 to $90	42,231	3.55	15.05	39,035	4.73	20.96	2,633	5.61	10.29	20	0.18	3.77
$70 to $80	45,828	3.85	18.90	44,390	5.38	26.34	736	1.57	11.86	82	0.75	4.52
$60 to $70	51,726	4.34	23.24	50,013	6.07	32.41	657	1.40	13.26	24	0.22	4.74
$50 to $60	58,862	4.94	28.18	55,075	6.68	39.08	2,051	4.37	17.63	434	3.95	8.69
$40 to $50	60,947	5.12	33.30	58,552	7.10	46.19	921	1.96	19.59	122	1.11	9.80
$30 to $40	51,435	4.32	37.62	49,218	5.97	52.16	821	1.75	21.34	102	0.93	10.72
$20 to $30	78,018	6.55	44.18	54,109	6.56	58.72	1,115	2.37	23.71	130	1.18	11.91
$10 to $20	84,746	7.12	51.29	59,903	7.27	65.98	2,791	5.94	29.66	63	0.57	12.48
$1 to $10	260,058	21.84	73.13	49,325	5.98	71.97	2,121	4.52	34.17	924	8.40	20.88
Total Decreasing	***870,796***	***73.13***		***593,367***	***71.97***		***16,045***	***34.17***		***2,296***	***20.88***	
No change	11,712	***0.98***	***74.12***	4,600	***0.56***	***72.52***	156	***0.33***	***34.51***	9	***0.08***	***20.97***
Increasing												
$1 to $10	86,051	7.23	81.34	40,255	4.88	77.41	7,132	15.19	49.70	245	2.23	23.19
$10 to $20	48,765	4.10	85.44	30,367	3.68	81.09	16,936	36.07	85.77	594	5.40	28.60
$20 to $30	28,421	2.39	87.83	24,377	2.96	84.05	2,494	5.31	91.08	1,182	10.75	39.35
$30 to $40	25,380	2.13	89.96	24,160	2.93	86.98	272	0.58	91.66	341	3.10	42.45
$40 to $50	27,755	2.33	92.29	24,636	2.99	89.96	2,164	4.61	96.27	501	4.56	47.01
Decrease or less than $50	***1,098,880***	***92.29***		***741,762***	***89.96***		***45,199***	***96.27***		***5,168***	***47.01***	
$50 to $60	22,108	1.86	94.15	21,327	2.59	92.55	336	0.72	96.99	223	2.03	49.04
$60 to $70	13,591	1.14	95.29	12,905	1.57	94.12	69	0.15	97.13	414	3.77	52.80
$70 to $80	12,691	1.07	96.35	11,262	1.37	95.48	840	1.79	98.92	171	1.56	54.36
$80 to $90	10,114	0.85	97.20	9,527	1.16	96.64	71	0.15	99.07	189	1.72	56.08
$90 to $100	10,874	0.91	98.12	9,039	1.10	97.73	84	0.18	99.25	1,523	13.85	69.93
Decrease or less than $100	***1,168,258***	***98.12***		***805,822***	***97.73***		***46,599***	***99.25***		***7,688***	***69.93***	
$100 to $150	19,170	1.61	99.73	17,174	2.08	99.82	312	0.66	99.92	1,614	14.68	84.61
$150 to $200	1,672	0.14	99.87	568	0.07	99.89	33	0.07	99.99	1,068	9.71	94.32
Decrease or less than $200	***1,189,100***	***99.87***		***823,564***	***99.89***		***46,944***	***99.99***		***10,370***	***94.32***	
$200 to $250	269	0.02	99.89	91	0.01	99.90	4	0.01	100.00	171	1.56	95.88
$250 to $300	211	0.02	99.91	85	0.01	99.91	1	0.00	100.00	125	1.14	97.02
Decrease or less than $300	***1,189,580***	***99.91***		***823,740***	***99.91***		***46,949***	***100.00***		***10,666***	***97.02***	
$300 or more	1,101	0.09	100.00	772	0.09	100.00	1	0.00	100.00	328	2.98	100.00
Total Increasing	***308,173***	***25.88***		***226,545***	***27.48***		***30,749***	***65.49***		***8,689***	***79.03***	
Grand Total	1,190,681	100.00		824,512	100.00		46,950	100.00		10,994	100.00	

Figure RM- 19 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	Motorcycles - 2022			Trailers - 2022			Off-Road Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing									
$300 or more	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
$250 to $300	1	0.01	0.01	0	0.00	0.00	0	0.00	0.00
$200 to $250	2	0.01	0.02	0	0.00	0.00	0	0.00	0.00
$150 to $200	40	0.22	0.24	0	0.00	0.00	0	0.00	0.00
$100 to $150	235	1.30	1.54	0	0.00	0.00	0	0.00	0.00
$90 to $100	326	1.80	3.34	0	0.00	0.00	0	0.00	0.00
$80 to $90	543	3.00	6.34	0	0.00	0.00	0	0.00	0.00
$70 to $80	620	3.43	9.77	0	0.00	0.00	0	0.00	0.00
$60 to $70	1,032	5.71	15.48	0	0.00	0.00	0	0.00	0.00
$50 to $60	1,302	7.20	22.68	0	0.00	0.00	0	0.00	0.00
$40 to $50	1,352	7.48	30.16	0	0.00	0.00	0	0.00	0.00
$30 to $40	1,294	7.16	37.32	0	0.00	0.00	0	0.00	0.00
$20 to $30	1,118	6.18	43.50	21,546	10.05	10.05	0	0.00	0.00
$10 to $20	1,853	10.25	53.75	20,136	9.39	19.44	0	0.00	0.00
$1 to $10	2,245	12.42	66.17	129,669	60.49	79.93	75,774	100.00	100.00
Total Decreasing	*11,963*	*66.17*		*171,351*	*79.93*		*75,774*	*100.00*	
No change	86	*0.48*	*66.64*	6,861	*3.20*	*83.13*	0	*0.00*	*100.00*
Increasing									
$1 to $10	2,260	12.50	79.14	36,159	16.87	100.00	0	0.00	100.00
$10 to $20	868	4.80	83.94	0	0.00	100.00	0	0.00	100.00
$20 to $30	368	2.04	85.98	0	0.00	100.00	0	0.00	100.00
$30 to $40	607	3.36	89.34	0	0.00	100.00	0	0.00	100.00
$40 to $50	454	2.51	91.85	0	0.00	100.00	0	0.00	100.00
Decrease or less than $50	*16,606*	*91.85*		*214,371*	*100.00*		*75,774*	*100.00*	
$50 to $60	222	1.23	93.08	0	0.00	100.00	0	0.00	100.00
$60 to $70	203	1.12	94.20	0	0.00	100.00	0	0.00	100.00
$70 to $80	418	2.31	96.51	0	0.00	100.00	0	0.00	100.00
$80 to $90	327	1.81	98.32	0	0.00	100.00	0	0.00	100.00
$90 to $100	228	1.26	99.58	0	0.00	100.00	0	0.00	100.00
Decrease or less than $100	*18,004*	*99.58*		*214,371*	*100.00*		*75,774*	*100.00*	
$100 to $150	70	0.39	99.97	0	0.00	100.00	0	0.00	100.00
$150 to $200	3	0.02	99.98	0	0.00	100.00	0	0.00	100.00
Decrease or less than $200	*18,077*	*99.98*		*214,371*	*100.00*		*75,774*	*100.00*	
$200 to $250	3	0.02	100.00	0	0.00	100.00	0	0.00	100.00
$250 to $300	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Decrease or less than $300	*18,080*	*100.00*		*214,371*	*100.00*		*75,774*	*100.00*	
$300 or more	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Total Increasing	*6,031*	*33.36*		*36,159*	*16.87*		*0*	*0.00*	
Grand Total	18,080	100.00		214,371	100.00		75,774	100.00	

Figure RM- 20 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	All Vehicles - 2022			Private Passenger Vehicles - 2022			Commercial Vehicles - 2022			Public Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing												
20% or more	1,218	0.10	0.10	979	0.12	0.12	239	0.51	0.51	0	0.00	0.00
19 to 20%	934	0.08	0.18	670	0.08	0.20	264	0.56	1.07	0	0.00	0.00
18 to 19%	1,714	0.14	0.32	1,702	0.21	0.41	12	0.03	1.10	0	0.00	0.00
17 to 18%	4,936	0.41	0.74	4,805	0.58	0.99	131	0.28	1.38	0	0.00	0.00
16 to 17%	4,815	0.40	1.14	4,138	0.50	1.49	676	1.44	2.82	0	0.00	0.00
15 to 16%	7,142	0.60	1.74	7,085	0.86	2.35	52	0.11	2.93	0	0.00	0.00
14 to 15%	155,663	13.07	14.82	11,702	1.42	3.77	41	0.09	3.01	3	0.03	0.03
13 to 14%	11,865	1.00	15.81	11,772	1.43	5.20	39	0.08	3.10	5	0.05	0.07
12 to 13%	20,339	1.71	17.52	20,145	2.44	7.64	47	0.10	3.20	1	0.01	0.08
11 to 12%	46,047	3.87	21.39	20,569	2.49	10.14	73	0.16	3.35	8	0.07	0.15
10 to 11%	44,520	3.74	25.13	22,061	2.68	12.81	87	0.19	3.54	9	0.08	0.24
9 to 10%	44,920	3.77	28.90	34,880	4.23	17.04	186	0.40	3.93	3	0.03	0.26
8 to 9%	38,964	3.27	32.17	34,510	4.19	21.23	241	0.51	4.45	38	0.35	0.61
7 to 8%	45,165	3.79	35.97	36,849	4.47	25.70	1,362	2.90	7.35	75	0.68	1.29
6 to 7%	69,959	5.88	41.84	49,407	5.99	31.69	2,249	4.79	12.14	37	0.34	1.63
5 to 6%	62,460	5.25	47.09	54,443	6.60	38.29	2,158	4.60	16.73	98	0.89	2.52
4 to 5%	64,416	5.41	52.50	53,771	6.52	44.81	1,181	2.52	19.25	126	1.15	3.67
3 to 4%	70,577	5.93	58.42	67,199	8.15	52.96	822	1.75	21.00	101	0.92	4.58
2 to 3%	59,273	4.98	63.40	51,923	6.30	59.26	2,762	5.88	26.88	292	2.66	7.24
1 to 2%	59,931	5.03	68.44	53,064	6.44	65.70	2,991	6.37	33.25	641	5.83	13.07
0 to 1%	55,938	4.70	73.13	51,693	6.27	71.97	432	0.92	34.17	859	7.81	20.88
Total Decreasing	*870,796*	*73.13*		*593,367*	*71.97*		*16,045*	*34.17*		*2,296*	*20.88*	
No change	11,712	*0.98*	*74.12*	4,600	*0.56*	*72.52*	156	*0.33*	*34.51*	9	*0.08*	*20.97*
Increasing												
0 to 1%	56,388	4.74	78.85	44,887	5.44	77.97	8,934	19.03	53.54	518	4.71	25.68
1 to 2%	43,774	3.68	82.53	41,172	4.99	82.96	1,096	2.33	55.87	459	4.18	29.85
2 to 3%	60,501	5.08	87.61	44,111	5.35	88.31	15,299	32.59	88.46	389	3.54	33.39
3 to 4%	35,866	3.01	90.62	31,289	3.79	92.11	1,811	3.86	92.31	1,888	17.17	50.56
4 to 5%	27,352	2.30	92.92	23,950	2.90	95.01	378	0.81	93.12	2,364	21.50	72.07
Decrease or less than + 5%	*1,106,389*	*92.92*		*783,376*	*95.01*		*43,719*	*93.12*		*7,923*	*72.07*	
5 to 6%	20,351	1.71	94.63	19,270	2.34	97.35	219	0.47	93.58	423	3.85	75.91
6 to 7%	14,704	1.23	95.86	11,091	1.35	98.69	1,983	4.22	97.81	1,218	11.08	86.99
7 to 8%	6,847	0.58	96.44	5,534	0.67	99.36	472	1.01	98.81	379	3.45	90.44
8 to 9%	3,398	0.29	96.73	2,519	0.31	99.67	422	0.90	99.71	435	3.96	94.40
9 to 10%	1,123	0.09	96.82	959	0.12	99.79	42	0.09	99.80	114	1.04	95.43
Decrease or less than +10%	*1,152,812*	*96.82*		*822,749*	*99.79*		*46,857*	*99.80*		*10,492*	*95.43*	
10 to 11%	641	0.05	96.87	448	0.05	99.84	64	0.14	99.94	127	1.16	96.59
11 to 12%	649	0.05	96.93	490	0.06	99.90	14	0.03	99.97	142	1.29	97.88
12 to 13%	115	0.01	96.94	60	0.01	99.91	1	0.00	99.97	54	0.49	98.37
13 to 14%	83	0.01	96.94	59	0.01	99.91	2	0.00	99.97	22	0.20	98.57
14 to 15%	35,765	3.00	99.95	102	0.01	99.93	7	0.01	99.99	150	1.36	99.94
Decrease or less than +15%	*1,190,065*	*99.95*		*823,908*	*99.93*		*46,945*	*99.99*		*10,987*	*99.94*	
15 to 16%	78	0.01	99.95	73	0.01	99.94	3	0.01	100.00	2	0.02	99.95
16 to 17%	56	0.00	99.96	53	0.01	99.94	1	0.00	100.00	2	0.02	99.97
17 to 18%	103	0.01	99.97	100	0.01	99.95	0	0.00	100.00	3	0.03	100.00
18 to 19%	69	0.01	99.97	68	0.01	99.96	1	0.00	100.00	0	0.00	100.00
19 to 20%	75	0.01	99.98	75	0.01	99.97	0	0.00	100.00	0	0.00	100.00
Decrease or less than +20%	*1,190,446*	*99.98*		*824,277*	*99.97*		*46,950*	*100.00*		*10,994*	*100.00*	
20% or more	235	0.02	100.00	235	0.03	100.00	0	0.00	100.00	0	0.00	100.00
Total Increasing	*308,173*	*25.88*		*226,545*	*27.48*		*30,749*	*65.49*		*8,689*	*79.03*	
Grand Total	1,190,681	100.00		824,512	100.00		46,950	100.00		10,994	100.00	

Figure RM- 20 PERCENT DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	Motorcycles - 2022			Trailers - 2022			Off-Road Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing									
20% or more	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
19 to 20%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
18 to 19%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
17 to 18%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
16 to 17%	1	0.01	0.01	0	0.00	0.00	0	0.00	0.00
15 to 16%	5	0.03	0.03	0	0.00	0.00	0	0.00	0.00
14 to 15%	10	0.06	0.09	68,133	31.78	31.78	75,774	100.00	100.00
13 to 14%	49	0.27	0.36	0	0.00	31.78	0	0.00	100.00
12 to 13%	146	0.81	1.17	0	0.00	31.78	0	0.00	100.00
11 to 12%	239	1.32	2.49	25,158	11.74	43.52	0	0.00	100.00
10 to 11%	145	0.80	3.29	22,218	10.36	53.88	0	0.00	100.00
9 to 10%	575	3.18	6.47	9,276	4.33	58.21	0	0.00	100.00
8 to 9%	882	4.88	11.35	3,293	1.54	59.75	0	0.00	100.00
7 to 8%	642	3.55	14.90	6,237	2.91	62.66	0	0.00	100.00
6 to 7%	1,690	9.35	24.25	16,576	7.73	70.39	0	0.00	100.00
5 to 6%	1,055	5.84	30.08	4,706	2.20	72.58	0	0.00	100.00
4 to 5%	901	4.98	35.07	8,437	3.94	76.52	0	0.00	100.00
3 to 4%	1,409	7.79	42.86	1,046	0.49	77.01	0	0.00	100.00
2 to 3%	1,463	8.09	50.95	2,833	1.32	78.33	0	0.00	100.00
1 to 2%	1,061	5.87	56.82	2,174	1.01	79.34	0	0.00	100.00
0 to 1%	1,690	9.35	66.17	1,264	0.59	79.93	0	0.00	100.00
Total Decreasing	*11,963*	*66.17*		*171,351*	*79.93*		*75,774*	*100.00*	
No change	86	*0.48*	*66.64*	6,861	*3.20*	*83.13*	0	*0.00*	*100.00*
Increasing									
0 to 1%	1,963	10.86	77.50	86	0.04	83.17	0	0.00	100.00
1 to 2%	813	4.50	82.00	234	0.11	83.28	0	0.00	100.00
2 to 3%	534	2.95	84.95	168	0.08	83.36	0	0.00	100.00
3 to 4%	713	3.94	88.89	165	0.08	83.44	0	0.00	100.00
4 to 5%	660	3.65	92.54	0	0.00	83.44	0	0.00	100.00
Decrease or less than + 5%	*16,732*	*92.54*		*178,865*	*83.44*		*75,774*	*100.00*	
5 to 6%	439	2.43	94.97	0	0.00	83.44	0	0.00	100.00
6 to 7%	412	2.28	97.25	0	0.00	83.44	0	0.00	100.00
7 to 8%	462	2.56	99.81	0	0.00	83.44	0	0.00	100.00
8 to 9%	22	0.12	99.93	0	0.00	83.44	0	0.00	100.00
9 to 10%	8	0.04	99.97	0	0.00	83.44	0	0.00	100.00
Decrease or less than +10%	*18,075*	*99.97*		*178,865*	*83.44*		*75,774*	*100.00*	
10 to 11%	2	0.01	99.98	0	0.00	83.44	0	0.00	100.00
11 to 12%	3	0.02	100.00	0	0.00	83.44	0	0.00	100.00
12 to 13%	0	0.00	100.00	0	0.00	83.44	0	0.00	100.00
13 to 14%	0	0.00	100.00	0	0.00	83.44	0	0.00	100.00
14 to 15%	0	0.00	100.00	35,506	16.56	100.00	0	0.00	100.00
Decrease or less than +15%	*18,080*	*100.00*		*214,371*	*100.00*		*75,774*	*100.00*	
15 to 16%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
16 to 17%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
17 to 18%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
18 to 19%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
19 to 20%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Decrease or less than +20%	*18,080*	*100.00*		*214,371*	*100.00*		*75,774*	*100.00*	
20% or more	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Total Increasing	*6,031*	*33.36*		*36,159*	*16.87*		*0*	*0.00*	
Grand Total	18,080	100.00		214,371	100.00		75,774	100.00	

TAB 6

Figure REV- 3 Premiums Written and Earned: -2.8% Rate Change & Elimination of 5% Capital Release Provision on 2022/23 Policies

Line		For the Years Ended March,					
No.	BASIC	2021A	2022FB	2023F	2024F	2025F	2026F
1	*(C$ 000s, except where noted)*						
2	HTA Volume Change	1.11%	1.25%	1.13%	1.06%	1.06%	1.06%
3	HTA Upgrading & Other Changes	2.27%	2.44%	2.59%	2.58%	2.54%	2.55%
4	Rate Change	(0.50%)	(3.76%)	(2.82%)	0.00%	0.00%	0.00%
5	(Add) / Remove Capital Release Provision	0.00%	(5.00%)	5.00%	0.00%	0.00%	0.00%
6	Premiums Unearned during Year	49.42%	48.70%	48.70%	48.70%	48.70%	48.70%
7	Basic Insurance Written						
8	Last Year Premiums Written	1,074,249	1,115,102	1,055,295	1,118,728	1,159,756	1,201,820
9	Volume Increase	11,924	13,939	11,925	11,859	12,293	12,739
10	Total Volume Written	1,086,173	1,129,040	1,067,219	1,130,587	1,172,050	1,214,559
11	Upgrading & Other Changes	24,656	27,549	27,641	29,169	29,770	30,971
12	Total With Upgrading	1,110,829	1,156,589	1,094,860	1,159,756	1,201,820	1,245,530
13	Impact of Rate Change	(5,599)	(101,294)	23,868	0	0	0
14	Adjustments	9,871	0	0	0	0	0
15	**Total Premium Written Before Rebates**	**1,115,102**	**1,055,295**	**1,118,728**	**1,159,756**	**1,201,820**	**1,245,530**
16	Fleet Rebates	(21,583)	(18,621)	(17,710)	(18,401)	(19,100)	(19,832)
17	Anti Theft & Other Charges	(1,539)	(1,412)	(1,328)	(1,241)	(1,155)	(1,068)
18	**Total Premiums Written**	**1,091,979**	**1,035,261**	**1,099,690**	**1,140,113**	**1,181,565**	**1,224,630**
19	Reinsurance Ceded	-	-	-	-	-	-
20	**Total Net Premiums Written**	**1,091,979**	**1,035,261**	**1,099,690**	**1,140,113**	**1,181,565**	**1,224,630**
21	Basic Insurance Earned						
22	Beginning Unearned Premium Balance	514,587	539,680	504,208	535,587	555,274	575,463
23	Premiums Written	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
24	Unearned Premiums during Year	539,680	504,208	535,587	555,274	575,463	596,437
25	**Premiums Earned**	**1,066,886**	**1,070,733**	**1,068,311**	**1,120,426**	**1,161,377**	**1,203,656**
26	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
27	**Total Net Premiums Earned**	**1,053,125**	**1,055,104**	**1,052,370**	**1,104,165**	**1,144,791**	**1,186,739**

REV.1.1 Volume Factor

The volume factor represents the growth rate in Basic earned vehicle units over a given insurance year. An earned unit represents the portion of the earning period in which a vehicle is insured through Basic. For example, a private passenger vehicle insured for three months of the insurance year would be approximately 0.25 earned units (i.e. 3 months / 12 months = 0.25).

TAB 7

Appendix 2: Summary of Basic Expenses by Category

Figure EXP App 2- 1 Normal Operations

5 Year Summary of Basic Expenses by Category - Normal Operations Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F
1	*($000's, except where noted)*															
2	Compensation - Salaries	68,918	67,074	69,648	71,437	72,128	29,738	29,575	31,128	31,864	32,173	1,958	1,765	1,636	1,673	1,688
3	Compensation - Overtime	861	582	885	868	850	214	251	199	195	191	1	9	4	4	4
4	Compensation - Benefits	15,910	18,600	17,801	17,817	17,679	6,905	8,147	8,094	8,074	8,011	444	457	384	382	379
5	Compensation - H & E Tax	1,475	1,471	1,629	1,641	1,638	640	644	739	742	741	41	36	35	35	35
6	**Subtotal - Compensation**	**87,164**	**87,727**	**89,963**	**91,763**	**92,295**	**37,497**	**38,617**	**40,160**	**40,875**	**41,116**	**2,444**	**2,267**	**2,059**	**2,094**	**2,106**
7	Data Processing	13,390	19,569	21,159	22,012	22,586	5,722	6,355	7,042	7,324	7,514	7	-	-	-	-
8	Special Services	1,968	5,246	4,004	3,751	3,747	2,136	2,278	3,036	2,842	2,839	104	51	192	180	180
9	Building Expenses	5,142	4,872	4,735	4,627	4,266	2,058	1,765	1,682	1,642	1,514	134	58	62	60	56
10	Safety/Loss Prevention Programs	202	487	535	490	485	-	-	-	-	-	2,844	1,461	3,332	3,057	3,023
11	Telephone/Telecommunications	988	1,036	1,053	1,047	1,035	429	446	448	445	440	-	-	-	-	-
12	Public Information/Advertising	248	29	17	17	17	108	77	172	245	242	2,091	1,471	2,557	2,543	2,515
13	Printing, Stationery, Supplies	693	493	866	861	850	462	481	607	604	597	29	21	35	35	34
14	Postage	1	618	1	1	1	3,494	2,691	3,061	3,045	3,011	-	-	-	-	-
15	Regulatory/Appeal	-	64	-	-	-	-	29	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	599	276	604	605	598	159	84	186	186	184	17	18	37	37	36
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,479	1,391	4,068	4,178	4,132
18	Grants in Lieu of Taxes	1,007	1,050	1,042	1,038	1,027	403	372	370	368	365	26	14	14	14	13
19	Furniture & Equipment	605	218	1,374	1,075	919	567	211	816	638	545	1	-	-	-	-
20	Merchant Fees & Bank Charges	-	5	-	-	-	8,653	8,157	7,997	8,083	8,157	-	-	-	-	-
21	Other	1,113	637	4,229	3,823	3,753	3,316	2,617	3,277	3,089	3,049	65	89	69	69	67
22	**Subtotal - Other Expenses**	**25,956**	**34,600**	**39,619**	**39,347**	**39,284**	**27,507**	**25,563**	**28,694**	**28,511**	**28,457**	**8,797**	**4,574**	**10,366**	**10,173**	**10,056**
23	Depreciation-Capital Assets	2,863	2,918	3,279	3,322	3,559	1,130	1,047	1,201	1,224	1,314	196	151	120	103	79
24	Amortization-Deferred Development	12,412	11,684	8,506	5,332	3,364	2,151	2,375	1,930	1,807	1,342	575	716	704	700	693
25	**Total**	**128,395**	**136,929**	**141,367**	**139,764**	**138,502**	**68,285**	**67,602**	**71,985**	**72,417**	**72,229**	**12,012**	**7,708**	**13,249**	**13,070**	**12,934**
26	*Rounding may affect totals															
27	** Please refer to respective Expense Chapter sections for variance analysis															

Figure EXP App 2- 1 Normal Operations *(cont'd)*

28		Regulatory Appeal					Total				
29	Expense	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F
30	($000's, except where noted)										
31	Compensation - Salaries	364	213	198	203	207	100,978	98,627	102,610	105,177	106,196
32	Compensation - Overtime	8	2	7	7	7	1,084	844	1,095	1,074	1,052
33	Compensation - Benefits	78	96	51	51	51	23,337	27,300	26,330	26,324	26,120
34	Compensation - H & E Tax	7	8	5	5	5	2,163	2,159	2,408	2,423	2,419
35	**Subtotal - Compensation**	**457**	**319**	**261**	**266**	**270**	**127,562**	**128,930**	**132,443**	**134,998**	**135,787**
36	Data Processing	-	-	-	-	-	19,119	25,924	28,201	29,336	30,100
37	Special Services	1	-	1	1	1	4,209	7,575	7,233	6,774	6,767
38	Building Expenses	5	5	5	5	5	7,339	6,700	6,484	6,334	5,841
39	Safety/Loss Prevention Programs	-	-	-	-	-	3,046	1,948	3,867	3,547	3,508
40	Telephone/Telecommunications	-	-	-	-	-	1,417	1,482	1,501	1,492	1,475
41	Public Information/Advertising	-	-	-	-	-	2,447	1,577	2,746	2,805	2,774
42	Printing, Stationery, Supplies	1	-	-	-	-	1,185	995	1,508	1,500	1,481
43	Postage	-	-	-	-	-	3,495	3,309	3,062	3,046	3,012
44	Regulatory/Appeal	4,177	4,072	4,521	4,349	4,325	4,177	4,165	4,521	4,349	4,325
45	Travel and Vehicle Expense	3	-	-	-	-	778	378	827	828	818
46	Driver Education Program	-	-	-	-	-	3,479	1,391	4,068	4,178	4,132
47	Grants in Lieu of Taxes	1	1	1	1	1	1,437	1,437	1,427	1,421	1,406
48	Furniture & Equipment	-	-	-	-	-	1,173	429	2,190	1,713	1,464
49	Merchant Fees & Bank Charges	-	-	-	-	-	8,653	8,162	7,997	8,083	8,157
50	Other	-	-	(1)	(1)	-	4,494	3,343	7,574	6,980	6,869
51	**Subtotal - Other Expenses**	**4,188**	**4,078**	**4,527**	**4,355**	**4,332**	**66,448**	**68,815**	**83,206**	**82,386**	**82,129**
52	Depreciation-Capital Assets	2	2	3	3	3	4,191	4,118	4,603	4,652	4,955
53	Amortization-Deferred Development	-	-	-	-	-	15,138	14,775	11,140	7,839	5,399
54	**Total**	**4,647**	**4,399**	**4,791**	**4,624**	**4,605**	**213,339**	**216,638**	**231,392**	**229,875**	**228,270**
55	*Rounding may affect totals										

Figure EXP App 2- 2 Improvement Initiatives

5 Year Summary of Basic Expenses by Category - Initiative Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F
1	*($ 000's, except where noted)*															
2	Compensation - Salaries	439	758	871	1,275	950	199	360	667	603	450	-	-	-	-	-
3	Compensation - Overtime	2	6	-	-	-	1	3	-	-	-	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Subtotal - Compensation	441	764	871	1,275	950	200	363	667	603	450	-	-	-	-	-
7	Data Processing	3,120	3,886	6,917	5,617	8,102	1,401	2,035	3,294	2,585	3,758	-	-	-	-	-
8	Special Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Printing, Stationery, Supplies	4	1	1	2	2	2	-	1	1	1	18	-	-	-	-
14	Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	13	2	5	5	8	6	1	2	3	4	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Furniture & Equipment	-	-	197	196	185	-	-	93	93	87	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Other	14	138	151	58	(134)	6	62	71	28	(65)	-	-	-	-	-
22	Subtotal - Other Expenses	3,151	4,027	7,271	5,878	8,163	1,415	2,098	3,461	2,710	3,785	18	-	-	-	-
23	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	801	3,552	-	-	-	378	1,677	-	-	-	-	-
25	Total	3,592	4,791	8,142	7,954	12,665	1,615	2,461	4,128	3,691	5,912	18	-	-	-	-
26	*Rounding may affect totals															

Figure EXP App 2-2 Improvement Initiatives *(cont'd)*

		Regulatory Appeal					Total				
27											
28	Expense	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F
29	($000's, except where noted)										
30	Compensation - Salaries	-	-	-	-	-	638	1,118	1,538	1,878	1,400
31	Compensation - Overtime	-	-	-	-	-	3	9	-	-	-
32	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-
33	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-
34	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**641**	**1,127**	**1,538**	**1,878**	**1,400**
35	Data Processing	-	-	-	-	-	4,521	5,921	10,211	8,202	11,860
36	Special Services	-	-	-	-	-	-	-	-	-	-
37	Building Expenses	-	-	-	-	-	-	-	-	-	-
38	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
39	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-
40	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-
41	Printing, Stationery, Supplies	-	-	-	-	-	24	1	2	3	3
42	Postage	-	-	-	-	-	-	-	-	-	-
43	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-
44	Travel and Vehicle Expense	-	-	-	-	-	19	3	7	8	12
45	Driver Education Program	-	-	-	-	-	-	-	-	-	-
46	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
47	Furniture & Equipment	-	-	-	-	-	-	-	290	289	272
48	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-
49	Other	-	-	-	-	-	20	200	222	86	(199)
50	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**4,584**	**6,125**	**10,732**	**8,588**	**11,948**
51	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-
52	Amortization-Deferred Development	-	-	-	-	-	-	-	-	1,179	5,229
53	**Total**	**-**	**-**	**-**	**-**	**-**	**5,225**	**7,252**	**12,270**	**11,645**	**18,577**
54	*Rounding may affect totals										

Figure EXP App 2- 3 Total

5 Year Summary of Basic Expenses by Category - Total Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F
1	*($000's, except where noted)*															
2	Compensation - Salaries	69,357	67,832	70,519	72,712	73,078	29,937	29,935	31,795	32,467	32,623	1,958	1,765	1,636	1,673	1,688
3	Compensation - Overtime	863	588	885	868	850	215	254	199	195	191	1	9	4	4	4
4	Compensation - Benefits	15,910	18,600	17,801	17,817	17,679	6,905	8,147	8,094	8,074	8,011	444	457	384	382	379
5	Compensation - H & E Tax	1,475	1,471	1,629	1,641	1,638	640	644	739	742	741	41	36	35	35	35
6	**Subtotal - Compensation**	**87,605**	**88,491**	**90,834**	**93,038**	**93,245**	**37,697**	**38,980**	**40,827**	**41,478**	**41,566**	**2,444**	**2,267**	**2,059**	**2,094**	**2,106**
7	Data Processing	16,510	23,455	28,076	27,629	30,688	7,123	8,390	10,336	9,909	11,272	7	-	-	-	-
8	Special Services	1,968	5,246	4,004	3,751	3,747	2,136	2,278	3,036	2,842	2,839	104	51	192	180	180
9	Building Expenses	5,142	4,872	4,735	4,627	4,266	2,058	1,765	1,682	1,642	1,514	134	58	62	60	56
10	Safety/Loss Prevention Programs	202	487	535	490	485	-	-	-	-	-	2,844	1,461	3,332	3,057	3,023
11	Telephone/Telecommunications	988	1,036	1,053	1,047	1,035	429	446	448	445	440	-	-	-	-	-
12	Public Information/Advertising	248	29	17	17	17	108	77	172	245	242	2,091	1,471	2,557	2,543	2,515
13	Printing, Stationery, Supplies	697	494	867	863	852	464	481	608	605	598	47	21	35	35	34
14	Postage	1	618	1	1	1	3,494	2,691	3,061	3,045	3,011	-	-	-	-	-
15	Regulatory/Appeal	-	64	-	-	-	-	29	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	612	278	609	610	606	165	85	188	189	188	17	18	37	37	36
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,479	1,391	4,068	4,178	4,132
18	Grants in Lieu of Taxes	1,007	1,050	1,042	1,038	1,027	403	372	370	368	365	26	14	14	14	13
19	Furniture & Equipment	605	218	1,571	1,271	1,104	567	211	909	731	632	1	-	-	-	-
20	Merchant Fees & Bank Charges	-	5	-	-	-	8,653	8,157	7,997	8,083	8,157	-	-	-	-	-
21	Other	1,127	775	4,380	3,881	3,619	3,322	2,679	3,348	3,117	2,984	65	89	69	69	67
22	**Subtotal - Other Expenses**	**29,107**	**38,627**	**46,890**	**45,225**	**47,447**	**28,922**	**27,661**	**32,155**	**31,221**	**32,242**	**8,815**	**4,574**	**10,366**	**10,173**	**10,056**
23	Depreciation-Capital Assets	2,863	2,918	3,279	3,322	3,559	1,130	1,047	1,201	1,224	1,314	196	151	120	103	79
24	Amortization-Deferred Development	12,412	11,684	8,506	6,133	6,916	2,151	2,375	1,930	2,185	3,019	575	716	704	700	693
25	**Total**	**131,987**	**141,720**	**149,509**	**147,718**	**151,167**	**69,900**	**70,063**	**76,113**	**76,108**	**78,141**	**12,030**	**7,708**	**13,249**	**13,070**	**12,934**
26	*Rounding may affect totals															
27	** Please refer to respective Expense Chapter sections for variance analysis															

Figure EXP App 2-3 Total *(cont'd)*

28		Regulatory Appeal					Total				
29	Expense	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F	2019/20A	2020/21A	2021/22FB	2022/23F	2023/24F
30	*($000's, except where noted)*										
31	Compensation - Salaries	364	213	198	203	207	101,616	99,745	104,148	107,055	107,596
32	Compensation - Overtime	8	2	7	7	7	1,087	853	1,095	1,074	1,052
33	Compensation - Benefits	78	96	51	51	51	23,337	27,300	26,330	26,324	26,120
34	Compensation - H & E Tax	7	8	5	5	5	2,163	2,159	2,408	2,423	2,419
35	**Subtotal - Compensation**	**457**	**319**	**261**	**266**	**270**	**128,203**	**130,057**	**133,981**	**136,876**	**137,187**
36	Data Processing	-	-	-	-	-	23,640	31,845	38,412	37,538	41,960
37	Special Services	1	-	1	1	1	4,209	7,575	7,233	6,774	6,767
38	Building Expenses	5	5	5	5	5	7,339	6,700	6,484	6,334	5,841
39	Safety/Loss Prevention Programs	-	-	-	-	-	3,046	1,948	3,867	3,547	3,508
40	Telephone/Telecommunications	-	-	-	-	-	1,417	1,482	1,501	1,492	1,475
41	Public Information/Advertising	-	-	-	-	-	2,447	1,577	2,746	2,805	2,774
42	Printing, Stationery, Supplies	1	-	-	-	-	1,209	996	1,510	1,503	1,484
43	Postage	-	-	-	-	-	3,495	3,309	3,062	3,046	3,012
44	Regulatory/Appeal	4,177	4,072	4,521	4,349	4,325	4,177	4,165	4,521	4,349	4,325
45	Travel and Vehicle Expense	3	-	-	-	-	797	381	834	836	830
46	Driver Education Program	-	-	-	-	-	3,479	1,391	4,068	4,178	4,132
47	Grants in Lieu of Taxes	1	1	1	1	1	1,437	1,437	1,427	1,421	1,406
48	Furniture & Equipment	-	-	-	-	-	1,173	429	2,480	2,002	1,736
49	Merchant Fees & Bank Charges	-	-	-	-	-	8,653	8,162	7,997	8,083	8,157
50	Other	-	-	(1)	(1)	-	4,514	3,543	7,796	7,066	6,670
51	**Subtotal - Other Expenses**	**4,188**	**4,078**	**4,527**	**4,355**	**4,332**	**71,032**	**74,940**	**93,938**	**90,974**	**94,077**
52	Depreciation-Capital Assets	2	2	3	3	3	4,191	4,118	4,603	4,652	4,955
51	Amortization-Deferred Development	-	-	-	-	-	15,138	14,775	11,140	9,018	10,628
52	**Total**	**4,647**	**4,399**	**4,791**	**4,624**	**4,605**	**218,564**	**223,890**	**243,662**	**241,520**	**246,847**
53	*Rounding may affect totals										

TAB 8

PUB (MPI) 1-47

Part and Chapter:	**Part V- Expenses**	**Page No.:**	**Exp Appendix 11** **EXP APP 11-1**
PUB Approved Issue No:	**9. Cost of operations and cost containment**		
Topic:	**Compensation**		
Sub Topic:			

Preamble to IR:

Question:

Please provide a detailed comparison of Total Corporate Staffing for 2020/21 with that forecast for 2021/22, and explain the changes.

Rationale for Question:

To understand changes in the Corporation's staffing budget.

RESPONSE:

The 2021/22 Total Budget FTE reflects a new organizational structure. MPI made changes to its divisions to support its strategic objectives. See *Figure 1* below for a comparison. This corporate reorganization resulted in changes to almost all divisions. Figure 1 demonstrates actuals as an average in the 2020/21 fiscal year. The budget outlines the FTEs in each new and changed division, by category.

Figure 1 2020/21 Total Staff Actual FTE Compared to 2021/22 Total Budget FTE

TOTAL CORPORATE STAFFING LEVELS
2020/21 Total Staff Actual (FTE)

CATEGORY	Product & Risk Management	Legal & General Counsel	Employee & Community Engagement	Finance	IT & BT	Executive Office	Customer Service	Nova Transformation	Total
Management	8.4	5.4	23.3	14.3	21.4	6.6	47.1	-	126.5
Supervisory	5.3	1.1	14.4	12.0	28.1	-	110.2	-	171.1
Technical/Professional	55.5	26.3	133.0	68.7	206.9	3.1	493.6	28.8	1,015.9
Clerical	14.0	4.5	37.6	20.9	6.1	-	402.4	-	485.5
Student/Intern	-	-	0.3	-	0.7	-	1.3	-	2.3
Total	83.2	37.3	208.6	115.9	263.2	9.7	1,054.6	28.8	1,801.3

CORPORATE STAFFING LEVELS
2021/22 Total Budget (FTE)

CATEGORY	Insurance & Risk Management	Legal & Compliance	Customer	Finance	People & Culture	Information & Technology	Executive	Operations	Digital & Transformation	Total
Management	8.0	4.0	7.0	17.0	5.0	18.0	8.0	54.0	27.0	148.0
Supervisory	6.0	1.0	-	4.0	-	8.0	-	123.0	4.3	146.3
Technical/Professional	47.3	38.0	52.6	96.0	34.0	266.6	3.0	557.5	99.1	1,194.1
Clerical	8.5	5.0	5.0	31.0	1.0	6.0	-	467.5	5.0	529.0
Total	69.8	48.0	64.6	148.0	40.0	298.6	11.0	1,202.0	135.4	2,017.4

TAB 9

PUB (MPI) 2-24

Part and Chapter:	**PUB (MPI) 1-49 Part V Expenses**	**Page No.:**	**21 EXP-12 EXP APP-12, 12-1, 12-2, 12-3**
PUB Approved Issue No:	**9. Cost of operations and cost containment**		
Topic:	**Compensation**		
Sub Topic:	**Vacancy Allowance**		

Preamble to IR:

Question:

a) Please provide a comparison of the current vacancy level versus that included in the budget for 2021/22 in similar format to PUB (MPI) 2-25 (2021 GRA).

b) Please explain how the Corporation determined the level of the current vacancy allowance.

Rationale for Question:

To assess reasonableness of compensation expense.

RESPONSE:

a) *Figure 1* below compares the total budgeted corporate vacancy provision of $8,300,000 for 2021/22 to a point in time for full-time equivalent (FTE) vacancy as at July 31, 2021. MPI also used the estimate factor it used to calculate the budgeted corporate vacancy provision to estimate the cost of the FTE vacancy, assuming the amount remained constant over the year. Please note the vacant FTE total will change over the fiscal year due to movement of staff and other turnover activities.

Figure 1 Estimated Vacancy Provision – Comparative Budget to Actual FTE 2021/22

Line No.	Fiscal Year	Estimated Vacancy @ July 31/21	Related FTE Estimate	Budgeted Vacancy Amount	Related FTE Estimate	Change vs. Budget
1		*($000,00)*		*($000,00)*		*($000,00)*
2	**2021/22**	13,695	181.50	8,300	110.00	5,395.00

b) The corporate vacancy provision is an estimate based on historical trends and expectations for the budget year.

TAB 10

CAC (MPI) 1-27

Part and Chapter:	**Part V Expenses**	**Page No.:**	**63 and 64**
PUB Approved Issue No:	**9. Cost of operations**		
Topic:	**Broker commissions**		
Sub Topic:			

Preamble to IR:

On page 64 of Part V (expenses) Figure EXP 45 summarizes the rate and commissions paid to brokers. On Page 63 EXP.6.2 it states the following:

1 "During the 2020/21 fiscal year, MPI and IBAM negotiated 1 a future commission fee
2 services agreement for the period from April 1, 2021 through to March 31, 2026. The
3 agreement outlines the future regulated and effective rates, which include the impacts
4 for online services that will be an option for Manitobans in the near future."

QUESTION:

Please file a copy of the most recent Broker Services Agreement including fees ($ or %) paid per transaction.

RATIONALE FOR QUESTION:

To review the most recent broker agreement.

RESPONSE:

See Attachment A.

Manitoba Public Insurance

IBAM

FUTURE SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of the Effective Date,

BETWEEN

THE MANITOBA PUBLIC INSURANCE CORPORATION
("MPI"),

OF THE FIRST PART,

- and -

INSURANCE BROKERS ASSOCIATION OF MANITOBA
("IBAM"),

OF THE SECOND PART.

Preamble

A. WHEREAS on July 24, 2019, the Minister issued a Directive under *The Crown Governance Act* which instructed MPI to engage in Conciliation with IBAM *"to reach an agreement regarding the future service delivery strategies and the modernization of service delivery options"* to MPI Customers;

B. AND WHEREAS the principles that were to be applied to the Conciliation included, *inter alia*:

   a. MPI Customers *"expect and must be able to access an online distribution and payment channel"* for their automotive insurance needs; and

   b. Government is *"committed to supporting the stability and health of small businesses"* in the Province;

C. AND WHEREAS the Parties engaged in the Conciliation from December 2019 to November 2020;

D. AND WHEREAS, as confirmed in the *Guiding Principles* attached as Appendix "A", the Parties are committed to working together as partners for the continued benefit of MPI Customers and to attain MPI's Mission Statement;

E. AND WHEREAS the Parties agree that working together entails demonstrating mutual respect, good faith cooperation, and understanding each other's needs and requirements in dealing with their mutual MPI Customers;

F. AND WHEREAS the Parties agree that MPI, IBAM, Brokers and MPI Customers have all benefitted from the long-standing business relationship and partnership between the Parties;

G. AND WHEREAS the Parties recognize and acknowledge that, *inter alia*:

a. MPI has benefited from a reliable, professional service network of Brokers to reach its MPI Customers and to provide MPI Customers with MPI Products and expert services and professional advice on MPI Products, all of which is in furtherance of MPI's Mission Statement;

b. Brokers have benefited from a stable, predictable source of revenue, ongoing access to a ready and local MPI Customer base, as well as MPI Products-based knowledge and technology support;

c. MPI Customers have benefited from accessibility to comprehensive insurance coverage, professional and knowledgeable advice from Brokers that informs and protects MPI Customers, and efficient provisioning of the MPI Products and services they want and require for their driver's licence and vehicle insurance needs;

d. All stakeholders have benefitted from the low cost and high efficiency of the Service Delivery Model, the highly accessible nature of private Brokers, and high levels of MPI Customer satisfaction; and

e. The Parties must continually look to improve upon the delivery of MPI Products under the Service Delivery Model so that the interests of MPI Customers are protected;

H. AND WHEREAS, with the assistance of Conciliation, the Parties have reached this Agreement regarding the modernization of the Service Delivery Model and the Brokers' role following the modernization of the Service Delivery Model, and their compensation for same;

I. AND WHEREAS MPI anticipates being able to provide MPI Customers with the ability to perform new Online Transactions as part of the modernization of the Service Delivery Model commencing in or about April 2023, which is the estimated launch date for Project Nova;

J. AND WHEREAS the Commissions MPI pays to Brokers for the sale of MPI Products are specified in the *Agent Commissions Regulation*;

K. AND WHEREAS the Commissions set out in this Agreement are subject to approval of the Government;

L. AND WHEREAS this Agreement is subject to approval of the IBAM membership by way of a Ratification Vote.

THE PARTIES have therefore agreed as follows:

ARTICLE 1
RECITATIONS & DEFINITIONS

1.1 The following terms, where capitalized in this Agreement, have the following defined meanings ascribed to them:

a. ***"Agent Commissions Regulation"*** mean the *Agent Commissions Regulation*, Man Reg 93/2009, as may be amended from time to time;

b. **"Agreement"** means this Agreement, its *Appendices*, and any amendments thereto;

c. ***"Arbitration Act"*** means *The Arbitration Act*, C.C.S.M. c. A120, as amended from time to time;

d. **"Broker"** means a person who is licensed to sell insurance, including the MPI Products, to MPI Customers;

e. **"Brokerage"** means the entity or entities that employ Brokers;

f. **"Broker of Record"** means a Broker or Brokerage designated to represent and manage a MPI Customer's insurance policies;

g. **"Business Day"** means a day other than a Saturday, Sunday or public holiday in Canada, and when banks in the City of Winnipeg, Manitoba are open for business;

h. **"Commissions"** means the commissions paid to Brokers pursuant to the *Agent Commissions Regulation*;

i. ***"Crown Governance Act"*** means *The Crown Corporations Governance and Accountability Act*, C.C.S.M. c. C336, as may be amended from time to time;

j. **"Effective Date"** means April 1, 2021;

k. **"Expiry Date"** means 11:59 p.m. on March 31, 2026;

l. ***"FIPPA"*** means *The Freedom of Information and Protection of Privacy Act*, C.C.S.M. c.F175;

m. **"Flat Fee Services"** means those services for which a flat-fee commission is paid pursuant to the *Agent Commissions Regulation*;

n. **"Government"** means the Government of the Province of Manitoba;

o. **"Implementation Date"** means the date on which Online Service Delivery becomes live;

p. **"In-Person Transactions"** means those transactions specified in the *Agent Commissions Regulation* that are performed by a Broker or MPI for the MPI Customer;

q. **"MPI Customers"** means those individuals, corporations or entities that purchase MPI Products;

r. **"MPI Products"** means the products and services that are the subject matter of transactions specified in the *Agent Commissions Regulation*;

s. **"MPI Website"** means the URL at *www.mpi.mb.ca* and/or any other URL that MPI will create for the purposes of offering MPI Products for sale;

t. **"MPI's Mission Statement"** is *"Exceptional coverage and service, affordable rates, and safe roads through public auto insurance"*;

u. **"Online Service Delivery"** means the online distribution and payment channel for MPI Customers to purchase MPI Products, which are not already available online, via the MPI Website;

v. **"Online Transactions"** means those transactions specified in the *Agent Commissions Regulation* that are performed by MPI Customers. It is understood that Brokers will continue to be available to MPI Customers and will assist some MPI Customers with online transactions over the term of this Agreement;

w. **"Party"** means one of MPI or IBAM, whereas **"Parties"** means both MPI and IBAM;

x. **"Project Nova"** means the ongoing modernization of the Service Delivery Model to address several key areas, including: technology risk, information security, customer self-service, future business delivery, cost savings and efficiency;

y. **"Ratification Vote"** means a vote to be held by IBAM to determine whether those members eligible to vote will accept this Agreement;

z. **"Service Centres"** means the offices owned and operated by MPI that offer MPI Products and other services to MPI Customers;

aa. **"Service Delivery Model"** means the distribution model for MPI Products, and will include Online Service Delivery when same is implemented; and

bb. **"Term"** means the Effective Date to the Expiry Date.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.0 The Parties each represent and warrant that:

a. The execution and delivery of this Agreement and performance of their respective obligations under this Agreement are:

i. within their corporate power;
ii. subject to the Ratification Vote, have been duly authorized by all necessary corporate action;
iii. do not contravene any law or contractual provision binding on them; and
iv. subject to approval of Government and the Ratification Vote, do not require any consent or approval of any person or authority except such consents and approvals as have been obtained and are in full force and effect; and

b. This Agreement constitutes their legal, valid and binding obligations and is enforceable in accordance with its terms.

ARTICLE 3
PRINCIPLES OF MODERNIZATION FOR THE DELIVERY OF SERVICES

3.0 MPI agrees that Brokers will be the online/digital distribution channel for MPI insurance transactions through the Term of this Agreement.

3.1 The Parties agree to modernize the Service Delivery Model for the purposes of enhancing and improving upon services to benefit MPI Customers in the following manner:

3.1.1 Upon and after the Implementation Date, MPI Customers will be able to go online via the MPI Website;

3.1.2 Once the MPI Customer is logged into their account, the existing Broker of Record will display with a *"Change Broker"* button available;

3.1.3 If the MPI Customer selects the *"Change Broker"* button, the Broker of Record will be presented, along with four (4) to five (5) geo-located Brokers nearest to the MPI Customer's postal code, followed by an option titled *"Other Options"*;

3.1.4 If *"Other Options"* is selected, the MPI Website will present all remaining Brokerage brands in the Province, and an option titled *"No Specific Broker"*; and

3.1.5 If *"No Specific Broker"* is selected, another menu will be presented to the MPI Customer with geo-located Brokers near the MPI Customer. The MPI Website will also contain an explanation that a Broker of Record is required for an online renewal. MPI Customers will choose a Broker on this menu to proceed with the renewal.

3.2 The Parties agree that the five (5) year renewal model in place at the time of the execution of this Agreement will be replaced by an annual renewal system once regulations and/or Project Nova make this possible. It is expected that this will occur during the Term.

3.3 The Parties agree to establish an ongoing process to manage operational issues and facilitate respectful two (2) way communication by way of various means. The Parties agree to meeting at least three (3) times per year for the management of operational issues.

3.4 With a view to consumer protection and service, the Parties will collaborate to identify which Flat Fee Services should be sold in person, which Flat Fee Services should be sold online, and which Flat Fee Services should be distributed jointly by both Brokers and MPI.

3.5 The Parties agree to create a Broker Nova Committee, whereby Brokers will have the opportunity to provide input into the design and development of Project Nova and the journey of MPI Customers navigating through the MPI Website.

3.5.1 Although MPI will consult with the Broker Nova Committee, MPI will have the final authority with respect to the design, development and implementation of Project Nova, subject to what is specified herein.

3.5.2 The Parties agree that the MPI and the Broker Nova Committee will meet when and as required to address the timelines and requirements of Project Nova, recognizing that time will be of the essence for success of the project. MPI will provide the Broker Nova Committee with as much notice as is possible of required meetings or input.

3.6 Upon and after the Implementation Date, all new registration transactions referred to in the *Agent Commissions Regulation* will only be sold in-person at a Brokerage or Service Centre and will not be sold as an Online Transactions.

3.7 Upon and after the Implementation Date, renewal/reassessment notices from MPI to MPI Customers will identify the Broker of Record for that MPI Customer. In addition:

3.7.1 MPI and IBAM will work in partnership to create renewal communications with regard to the adoption of Online Service Delivery; and

3.7.2 Upon the Implementation Date, MPI will develop monthly reporting for Brokers, which will provide advance notice for renewals (i.e. expiry lists). This procedure will ensure the continuance of coverage for MPI Customers and will enable Brokers to advise and service these MPI Customers.

3.8 Before, upon and after the Implementation Date, Brokerages and the Service Centres will continue the *status quo* in-person operations and distribution of MPI Products. MPI will continue its practice of not actively promoting the sale of MPI Products through its Service Centres.

3.9 MPI recognizes there may be opportunities to expand the compensable services provided by Brokers and is prepared to consider new services, including suggestions from the Broker community, if doing so can enhance service to MPI Customers, create efficiencies and/or reduce costs.

ARTICLE 4
BROKER COMPENSATION

4.0 The Parties agree that the compensation for Brokers, as set out in this Agreement, was negotiated and settled upon between the Parties during the Conciliation.

4.1 MPI will request the Government to amend the commission periods in the *Agent Commissions Regulation* as follows:

4.1.1 the period beginning on April 1, 2021 and ending of March 31, 2022;
4.1.2 the period beginning on April 1, 2022 and ending of March 31, 2023;
4.1.3 the period beginning on April 1, 2023 and ending of March 31, 2024;
4.1.4 the period beginning on April 1, 2024 and ending of March 31, 2025; and
4.1.5 the period beginning on April 1, 2025 and ending of March 31, 2026.

4.2 MPI will request the Government to amend the Schedule in the *Agent Commissions Regulation* to reflect the agreed-upon regulated rates set out in this Article. The Parties agree that the "*Effective*" rates and regulated rates are as follows:

Commission %	April 1, 2021 to March 31, 2022	April 1, 2022 to March 31, 2023	April 1, 2023 to March 31, 2024	April 1, 2024 to March 31, 2025	April 1, 2025 to March 31, 2026
Basic - Effective Rate In-Person Transactions	3.75%	3.75%	4.30%	4.50%	4.50%
Basic - Effective Rate Online Transactions	3.75%	3.75%	2.40%	2.40%	2.40%
In Regulation					
Basic - In-Person Transactions	3.49%	3.49%	4.01%	4.19%	4.19%
Basic - Online Transactions	3.49%	3.49%	2.25%	2.25%	2.25%
Extension - Effective Rate In-Person Transactions	17.50%	17.50%	17.50%	17.25%	17.00%
Extension - Effective Rate Online Transactions	17.50%	17.50%	10.40%	10.40%	10.40%
In Regulation					
Extension - In-Person Transactions	16.08%	16.08%	16.08%	15.85%	15.62%
Extension - Online Transactions	16.08%	16.08%	9.60%	9.60%	9.60%

4.3 The Parties agree that there will be no amendments to the expressed dollar amount or the annual adjustment formula for flat-fee commissions outlined in the *Agent Commissions Regulation.*

4.4 MPI will not apply to the Public Utilities Board for differential premiums for In-Person Transactions and Online transactions for the commission periods listed in Article 4.1 of this Agreement.

4.5 The Parties acknowledge that, due to policy cancellations, the actual commissions received by a Broker over the course of a year may differ from the commission percentages specified in the *Agent Commissions Regulation.* The table in Article 4.2 refers to these differing commission rates as *"Effective"*. It is the intention of the Parties that Commissions received by a Broker over the course of a year is approximately equal to the percentage referred to in the said table as the "*Effective*" rate.

4.5.1 The Parties will monitor the actual overall Commissions paid to Brokers as compared to the negotiated "*Effective*" rate to determine if the difference between the two for any given year, if any, is within an acceptable threshold. If not, either Party can seek a review of the difference and work together in good faith to potentially alter the regulated rates as required to target those "*Effective*" rates agreed to herein. If either Party is not satisfied with the redress solution, that Party may proceed through the Dispute Resolution mechanism set out in Article 7 herein, within sixty (60) days of the redress solution.

4.6 If Project Nova enables MPI to reconcile Commissions paid to reflect policies cancelled or otherwise amended during the Term, the Parties agree to meet to negotiate in good faith regarding how such capabilities may be used to amend this Agreement.

ARTICLE 5
CONFIDENTIAL INFORMATION

5.0 The Parties acknowledge that, during the term of this Agreement, each Party may provide the other with information, including: MPI Customer information, data, ideas, materials, procedures, schedules, software, technical processes and formulas, product designs, sales, costs and other unpublished financial information, MPI Products and business plans, marketing data or other relevant information that is marked *"confidential"* (or similarly) or, if not so marked, is clearly intended to be confidential (collectively, the **"Confidential Information"**).

5.1 Each Party will protect all Confidential Information of the other with at least the same degree of care it uses to protect its own confidential information, but not less than a reasonable degree of care, to ensure that the highest standards will be followed in protecting Confidential Information.

5.2 Neither Party may use, disclose, provide, or permit any person to obtain any Confidential Information in any form, except for employees, agents, or independent contractors whose access is required to carry out the purposes of this Agreement and who have agreed to be subject to the same restrictions as set forth in this Agreement.

5.3 The confidentiality obligations of this Article 5 do not apply to any information received by a Party that:

5.3.1 is generally available to or previously known to the public;

5.3.2 can be reasonably demonstrated was known to a Party prior to the negotiations leading to this Agreement;

5.3.3 is independently developed by a Party outside the scope of this Agreement without use of or reference to the other Party's Confidential Information; or

5.3.4 is lawfully disclosed pursuant to an Order from a Court or tribunal of competent jurisdiction, provided that the Party subject to the Order will promptly notify the Party whose Confidential Information is to be disclosed, so that the Party may seek a protective or similar Order to maintain the confidential nature of the Confidential Information.

5.4 For greater clarity, the Parties agree that:

5.4.1 The confidentiality provisions of the Conciliation will remain in place and that the *"without prejudice"* discussions, submissions and representations submitted and/or made during the Conciliation are subject to this Article 5;

5.4.2 Nothing in this Agreement limits or restricts the Parties' legal obligations to comply with all applicable legislation including, but not limited to, *FIPPA*; and

5.4.3 Although their intent is for the Confidential Information to remain confidential, the Parties must comply with the disclosure obligations under *FIPPA* and/or allow for the Parties to object to such disclosure under *FIPPA*.

5.5 The Parties agree that any obligations arising from this Article 5 are to survive the termination of this Agreement.

ARTICLE 6
GOOD FAITH NEGOTIATIONS

6.0 The Parties agree that, although this Agreement is set to expire on the Expiry Date, the intent is to renew or renegotiate this Agreement prior to the Expiry Date.

6.1 The Parties recognize the importance of regularly reviewing the process of collaboration and agree that they both are ultimately accountable for its success. For this reason, this Agreement will be reviewed jointly by the Parties by the earlier of one (1) year after the Implementation Date or sixteen (16) months prior to the Expiry Date, and may be renewed, extended, and / or amended accordingly.

ARTICLE 7
DISPUTES & LIMITED ARBITRATION UNDER THIS AGREEMENT

7.0 The Parties agree to collaboratively work together for the purposes of carrying out the intent of this Agreement. However, in the event that there is a disagreement pursuant to Article 4.5 / 4.5.1 herein (a "**Dispute**"), the Parties shall attempt to resolve the Dispute in good faith, promptly, and in an amicable manner, by way of the following process:

7.1.1 If, within sixty (60) days of the implementation of a redress solution as described in Article 4.5.1 herein, either Party determines that it is not satisfied with the redress solution, that Party may provide written notice of the Dispute and the Parties agree to convene in good faith to attempt to resolve the Dispute amicably among them.

7.1.2 If the Parties are unable to resolve the Dispute within thirty (30) days of the provision of the notice, then upon request by a Party, the Dispute may be referred to arbitration as outlined in the subsections below:

7.1.2.1 The Parties shall collectively appoint a single arbitrator selected from a list of arbitrators agreed to by the Parties, within fifteen (15) days to arbitrate the matter in dispute and the decision of the said arbitrator shall be binding and final on the Parties. Any arbitration shall be adjudicated by a single neutral arbitrator in accordance with the rules of *The Arbitration Act.* The seat, or legal place of arbitration, shall be the City of Winnipeg, Manitoba;

7.1.2.2 If the Parties are unable to agree upon one (1) arbitrator within fifteen (15) days, MPI shall appoint one (1) arbitrator within fifteen (15) days, and IBAM shall appoint one (1) arbitrator within fifteen (15) days, and each arbitrator so selected shall jointly elect a third arbitrator within fifteen (15) days and they all shall hear the matter in Dispute and deliver a decision, which decision shall be binding upon the Parties;

7.1.2.3 If written notice of arbitration is given by a Party to the other Party, naming an arbitrator, and the receiving Party fails to name its arbitrator within fifteen (15) days of notice, the arbitrator first named shall be empowered to hear the Dispute and deliver a decision which decision shall be final and binding on the Parties; and

7.1.2.4 The Parties agree to share equally in the costs associated with arbitration in the absence of any decision on costs by the arbitrator(s). The decision or award of the arbitrator shall be binding upon the Parties. The arbitrator shall have the authority to award any types of legal or equitable relief available in a court of competent jurisdiction, including, but not limited to, the costs of arbitration and legal fees, to the extent such damages are available under law. Any arbitral award may be entered as a judgment or order in any court of competent jurisdiction.

7.2 The Parties understand that by signing this Agreement they are waiving the right to commence any court action with respect to a Dispute vis-à-vis Article 4.5 / 4.5.1 in lieu of arbitration. With respect to any disagreements which may arise under this Agreement, other than Disputes, the Parties reserve their rights to exercise any remedy available to them allowed by law or equity.

7.3 So as to avoid any uncertainty, the Parties agree that it is in their mutual best interests and in the interests of their mutual MPI Customers to avoid conflict and that they will use their best efforts to avoid Disputes and disagreements under this Agreement, or otherwise.

ARTICLE 8
GENERAL PROVISIONS

8.0 **Severance.** Each section and paragraph of this Agreement shall be considered severable, and if for any reason any section or paragraph herein is determined to be invalid under current or future law, such invalidity shall not impair the operation of or otherwise affect the valid portions of this Agreement.

8.1 **Independent Legal Advice.** Each of the Parties acknowledges, represents and declares that, in executing this Agreement, each Party has relied solely upon such Party's own judgment, belief and knowledge, and the advice and recommendation of such Party's own independently selected counsel, concerning the nature, extent and duration of their rights and claims, and that neither has been influenced to any extent whatsoever in executing the same by any representations or statements made by any other Party or by a representative of another Party. Each Party acknowledges, represents and declares that such Party has carefully read this Agreement, knows the contents and executes the same voluntarily and without duress or pressure. Each of the Parties and their respective counsel have reviewed this Agreement, and the rule of construction to the effect that any ambiguities in an agreement are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

8.2 Notice. Any notice, consent, approval, request, demand, declaration or other communication required hereunder shall be in writing to be effective and shall be given and shall be deemed to have been given if delivered in person with receipt acknowledged, emailed or telecopied and electronically confirmed, deposited into the custody of a nationally recognized overnight courier for next day delivery, or placed in the federal mail, postage prepaid, certified or registered mail, return receipt requested, in each case addressed as follows:

If to MPI:	Mr. Curtis Wennberg, Chief Operating Officer Manitoba Public Insurance Corporation 702-234 Donald Street Winnipeg, Manitoba R3C 4A4 Email: *CWennberg@mpi.mb.ca*
And with a copy to:	Mr. Mike Triggs, General Counsel & Corporate Secretary Manitoba Public Insurance Corporation 702-234 Donald Street Winnipeg, Manitoba R3C 4A4 Email: *MTriggs@mpi.mb.ca*
If to IBAM:	Mr. Grant Wainikka c/o Insurance Brokers Association of Manitoba 1445 Portage Ave #600 Winnipeg, Manitoba R3G 3P4 Email: *grant@ibam.mb.ca*
And with a copy to:	Mr. Curtis Unfried and Ms. Jennifer Sokal, Legal Counsel for IBAM c/o MLT Aikins LLP; 30th Floor – 360 Main Street; Winnipeg, Manitoba R3C 4G1 Email: *cunfried@mltaikins.com / jsokal@mltaikins.com* Fax: (204) 957-4223 / (204) 957-0840

or at such other address as may be substituted by giving the other Party not fewer than five (5) Business Days' advance written notice of such change of address in accordance with the provisions hereof. The giving of any notice required hereunder may be waived in writing by the Party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly served, delivered and received on the date on which personally delivered with receipt acknowledged or telecopied or telexed and electronically confirmed, or forty-eight (48) hours after being deposited into the custody of a nationally recognized overnight courier for next day delivery, or five (5) Business Days after the same shall have been placed in the federal mail as aforesaid. Failure or delay in delivering copies of any consent, notice, demand, request, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

8.3 **Amendments.** Any amendment to this Agreement must be in writing and must be executed by the Parties.

8.4 **Waiver.** A term or condition of this Agreement can be waived or modified by the written consent of both parties. Forbearance or indulgence by either Party in any regard does not constitute a waiver of the term or condition to be performed, and either party may invoke any remedy under the Agreement or by law despite the forbearance or indulgence.

8.5 **Assignment.** Neither Party shall assign or transfer this Agreement or any of its rights or obligations under this Agreement without first obtaining written permission from the other Party. This Agreement shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Parties.

8.6 **Jurisdiction.** This Agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba and the laws of Canada applicable therein. The Parties hereby irrevocably and unconditionally attorn to the exclusion jurisdiction of the courts of the Province of Manitoba and all courts competent to hear appeals therefrom.

8.7 **Further Assurances.** Each Party agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

8.8 **Entire Agreement.** This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof, and supersedes and replaces all prior agreements with respect thereto.

8.9 **Counterparts.** This Agreement may be executed in any number of counterparts and with electronic signature, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

[SIGNATURE PAGE TO FOLLOW]

This Agreement has been executed on behalf of the Parties by their duly authorized representatives on the dates noted below.

MANITOBA PUBLIC INSURANCE CORPORATION

Per: ______________________ ** November 20, 2020
Name: CURTIS WENNBERG — Curtis Wennberg
Title: Chief Operating Officer — Vice President, Customer Service & COO
*** I have authority to bind MPI.*

MANITOBA PUBLIC INSURANCE CORPORATION

Per: ______________________ ** November 26 2020
Name: Satvir Jatana
Title: Interim President & CEO
*** I have authority to bind MPI.*

INSURANCE BROKERS ASSOCIATION OF MANITOBA

Per: ______________________ ** November 24, 2020
Name: GRANT WAINIKKA
Title: CEO - IBAM
*** I have authority to bind IBAM.*

INSURANCE BROKERS ASSOCIATION OF MANITOBA

Per: ______________________ ** November 24, 2020
Name: MARIO REIMER
Title: CHAIR - IBAM
*** I have authority to bind IBAM.*

APPENDIX "A"
MPI-IBAM Guiding Principles

1. MPI and IBAM are committed to working together as partners to attain MPI's Mission Statement of "Exceptional coverage and service, affordable rates, and safe roads through public auto insurance." Working together entails demonstrating mutual respect, good faith cooperation, and understanding each other's needs and requirements in dealing with our mutual customers.

2. MPI acknowledges the value of the broker in delivering on its Mission and in the sale and distribution of MPI and DVL related products and services. MPI acknowledges that brokers service, inform, and protect the motoring public of Manitoba. MPI recognizes and acknowledges the benefit of IBAM and brokers as a valued partner.

3. Services provided by brokers include the delivery of insurance products tailored to the needs of individual customers. This includes the sale of Basic Insurance, Extension Insurance and commercial vehicle insurance placed through the Special Risk Extension insurance line (SRE). In addition, brokers process transactions related to insurance, driver licensing, driver registration, and other driver education products and registration services (i.e. Flat Fee Services) to the motoring public of Manitoba.

4. MPI acknowledges that brokers will be the online/digital distribution channel for insurance transactions through the term of this agreement.

   Customers will be able to go online via the MPI system. The existing broker of record will show with a "change broker" button available. If the customer selects the "change broker" button, the broker of record will be presented along with the 4-5 closest geo-located brokers around the customer's postal code, followed by "other choices" which if selected will present all remaining brokerage brands in the province and "no specific broker".

   If "no specific broker" is selected, another menu will be presented to the customer with geo-located brokers around the customer and language around a broker of record being required for an online renewal so it's clear to customers. Customers will choose a broker on this menu to proceed with the renewal.

5. With a view to consumer protection and service, MPI and IBAM will collaborate to identify which Flat Fee services should be sold in person, which should be sold online, and which should be distributed jointly by both brokers and MPI.

6. Upon the implementation of online service delivery, renewal/reassessment notices from MPI to Autopac customers will identify the Broker of Record for that customer. In addition:

   - MPI and IBAM will work in partnership to create renewal communications with regard to the adoption of online service delivery; and

   - Upon the implementation of online service delivery, MPI will develop monthly reporting for brokers providing advance notice for renewals, i.e. an expiry list. This will ensure the continuance of coverage and enable brokers to advise and service these customers.

7. All new policies will be sold in-person through existing distribution channels.

8. Both parties agree that that the current five-year renewal model will be replaced by an annual renewal system once regulations and/or Project Nova make this possible. It is expected that this will occur during the term of this agreement.

9. MPI's Service Centres will continue status quo operations in the province. MPI will continue its practice of not actively promoting the sale of insurance products through its Service Centres.

10. Brokers will have the opportunity to provide input into the design of Project Nova including service delivery and customer journey mapping, via a Broker Committee. Input will be received from brokers and other sources which MPI will consider when designing and developing Project Nova; however, subject to what is specified herein, all decisions related to design and development rest with MPI.

11. MPI recognizes there may be opportunities to expand the compensable services provided by brokers and is prepared to consider new services including suggestions from the broker community if doing so can enhance service to customers, create efficiencies, or reduce costs.

12. IBAM and MPI commit to working together for the benefit of the motoring public of Manitoba. Both organizations agree to establish an ongoing process to manage operational issues and facilitate respectful two-way communication.

TAB 11

through the outlook period. The figure also shows the assumed variable commission rates through the outlook period.

Figure EXP- 45 10-Year Summary of Commissions/Fees Paid to Brokers - Basic and Extension

Line No.	Products/Transactions	2016/17A	2017/18A	2018/19A	*2019/20A	2020/21A	2021/22FB	2022/23FB	2023/24FB	2024/25FB	2025/26FB
1	*($000's, except where noted)*										
2	Basic	30,111	32,439	34,483	38,881	36,573	40,707	43,203	49,145	49,274	49,708
3	Extension	32,952	34,187	34,832	36,022	34,389	30,926	32,025	31,712	30,328	30,290
4	Basic Transactions / flat fees	6,121	6,270	6,744	7,479	7,242	7,464	6,199	5,751	4,940	4,703
5	Extension Transactions / flat fees	972	673	709	796	771	790	818	762	656	625
6	DVA Transactions / flat fees	1,934	1,599	1,765	1,864	1,564	1,621	3,184	2,961	2,550	2,427
7	Total Commission Written	72,090	75,168	78,533	85,042	80,539	81,507	85,429	90,330	87,748	87,752
8	Rate Changes in Year:										
9	Basic - In-Person Transactions	3.00%	3.00%	3.00%	3.00%	3.00%	3.49%	3.49%	4.01%	4.19%	4.19%
10	Basic - Online Transactions						3.49%	3.49%	2.25%	2.25%	2.25%
11	Basic - Effective Rate						3.71%	3.71%	4.07%	3.94%	3.84%
12	Extension - In-Person Transactions	19.75%	19.75%	19.75%	19.75%	19.75%	16.08%	16.08%	16.08%	15.85%	15.62%
13	Extension - Online Transactions						16.08%	16.08%	9.60%	9.60%	9.60%
14	Extension - Effective Rate						17.50%	17.50%	16.79%	15.54%	15.02%
15	CPI on Flat Fees				1.02	1.02	1.02	1.02	1.02	1.02	1.02
16	CPI on Flat Fees - non-resetting	1.054	1.067	1.085							
17	CPI on Flat Fees - resetting	1.128	1.139	1.152							
18	* 2019/20 is a 13 month period due to fiscal year transition										

EXP.7 Premium Taxes

EXP.7.1 Description

Premium taxes (above) are taxes MPI pays on the premiums collected net of rebates paid out to ratepayers.

The following figure shows premium tax expense relative to Total Corporate and Basic expenses for the last five fiscal years and forecast through the outlook period.

TAB 12

PUB (MPI) 1-56

Part and Chapter:	Part III Benchmarking	Page No.:	24
PUB Approved Issue No:	10. Current IT Strategic Plan and IT Expenses and Projects, including Project Nova and other initiatives planned for or ongoing in the rating years		
Topic:	Benchmarking		
Sub Topic:	Operational Efficiency Benchmarking		

Preamble to IR:

MPI states it is "currently considering the most appropriate benchmarking method (i.e. third party vs collaborative/public approach) and, when significant time and effort is required, the frequency of participation, in order to optimize the benefits of the program."

Question:

a) Please provide a list of considerations being reviewed to determine the most appropriate benchmarking method.

b) Please advise as to the approach being considered to identify the most appropriate benchmarking method.

c) What is the expected timeline to finalize the benchmarking method?

Rationale for Question:

To understand the expected plan and approach to be undertaken to most appropriately move the operational benchmarking forward.

RESPONSE:

a) and b)

It is the priority of MPI to provide exceptional value to all Manitobans by adopting the continuous improvement mindset, focusing on customer service and embedding a high level of corporate performance in its operations. To ensure that it uses leading practices and industry standards, MPI employs Benchmarking to compare its practices and performance against those of other organizations and to ensure a high level of performance against internal historical measures. MPI uses the resulting information to assess and enhance corporate performance.

In evaluating its Benchmarking methodologies, MPI considered the following:

- **Internal benchmarking** – MPI evaluated internal metrics and performance to the budgeted expectations for financial performance and operational performance;

- **External benchmarking** – MPI engaged its peers within Canada (i.e. SGI and ICBC) to perform benchmarking against key performance indicators. MPI believes that SGI and ICBC are the most appropriate peers to compare itself against due to the commonality of their respective operations and Governmental mandates/control; and

- **Third Party Benchmarking** - MPI considered the use of external benchmarking vendors, similar to the benchmarking exercises done with Ward Group in the past. However, the value and comparatives used by Ward provide minimal value when compared to the Crown benchmarking, as the comparatives are mainly profit centric companies with varying operational mandates.

MPI notes that Benchmarking assists in achieving its corporate goals and in attaining optimum performance across all areas. Specifically, this process identifies opportunities to improve the management of expenses and the efficiency of service delivery and business operations.

c) MPI provided the Crown Benchmarking completed with SGI and ICBC for 2019/20. MPI will continue to benchmark against its Crown corporation peers on an annual basis and will also use third party benchmarking from time-to-time to ensure additional best practices/integration against its profit centric private/public company peers within the Property & Casualty group.

TAB 13

Figure CI- 72 Property Damage Claims Incurred

Line No.	Fiscal Year	Reported	Change in IBNR: Interest Rate Impact	Change in IBNR: All Other Changes	Change in IBNR: Total Change in IBNR	Claims Incurred	Last Year's Forecast	Variance to Forecast
1	*($000)*							
2	**2016/17**	$42,478	($7)	$298	$291	$42,769	$42,769	$0
3	**2017/18**	$47,295	($12)	$1,364	$1,352	$48,647	$48,647	$0
4	**2018/19**	$41,877	$33	$901	$933	$42,810	$42,810	$0
5	**2019/20***	$45,004	$26	($1,106)	($1,079)	$43,925	$43,925	$0
6	**2020/21**	$31,135	$27	($1,254)	($1,227)	$29,909	$38,719	($8,811)
7	**2021/22**	$39,141	$7	$6	$14	$39,154	$43,384	($4,230)
8	**2022/23**	$41,974	$7	$620	$627	$42,601	$43,663	($1,062)
9	**2023/24**	$42,669	$7	$156	$163	$42,833	$43,867	($1,035)
10	**2024/25**	$43,005	$6	$79	$84	$43,089	$44,087	($998)
11	**2025/26**	$43,265	$6	$70	$75	$43,341		
12	*13 month period ending March 31, 2020							

CI.12 Basic Total

This section summarizes the overall forecast for Basic before and after CI financial provisions.

CI.12.1 Claims Incurred Before Provisions

This section shows the total of all Basic coverage categories that were described in sections *CI.3* through *CI.11*.

Figure CI- 73 Claims Incurred before Provisions Forecast

Line No.	Fiscal Year	2021/22	2022/23	2023/24	2024/25	2025/26
1	*($000)*					
2	**Basic Total**	$810,271	$871,835	$907,545	$943,660	$982,566

CI.12.1.1 Accident Year Ultimate Forecast

The figure below shows the historical (5-year) and forecasted Basic ultimate losses, along with a comparison to the forecast of the previous year.

Figure CI- 74 Total Basic Ultimate Incurred

Line No.	Accident Year	CERP Impact ($000)	Ultimate ($000)	Annual % Change	Last Year's Forecast ($000)	Variance to Forecast ($000)
1	**2016/17**		$768,198	8.04%	$766,485	$1,713
2	**2017/18**		$736,388	-4.14%	$741,938	($5,550)
3	**2018/19**		$766,785	4.13%	$777,029	($10,244)
4	**2019/20**		$728,229	-5.03%	$793,357	($65,129)
5	**2020/21**		$596,170	-18.13%	$750,109	($153,938)
6	**2021/22**	($14,457)	$763,773	28.11%	$822,206	($58,433)
7	**2022/23**	($30,219)	$823,861	7.87%	$836,649	($12,789)
8	**2023/24**	($30,480)	$858,546	4.21%	$867,539	($8,994)
9	**2024/25**	($30,736)	$894,704	4.21%	$899,870	($5,167)
10	**2025/26**	($31,201)	$932,179	4.19%		

The 2022/23 Total Basic Ultimate Incurred forecast is $12.8 million or 1.53% lower than the forecast of the previous year:

- Collision: $10.6 million decrease
- Comprehensive Hail: $3.8 million decrease;
- Comprehensive Vandalism: $1.0 million increase;
- Comprehensive Other: $0.9 million decrease;
- Comprehensive Glass: $2.3 million increase;
- Comprehensive Theft: $1.6 million decrease;
- Comprehensive Rodents: $0.2 million increase;
- PD All Other: $1.0 million increase;
- PD Third Party Loss of Use: $1.2 million decrease;
- PD Third Party Deductible Transfer: $1.1 million decrease;
- PIPP and BI: $1.6 million increase; and
- Impact from CERP: $0.2 million increase.

CI.12.1.2 Fiscal Year Claims Incurred Forecast

The figure below shows the historical (5-year) and projected fiscal year CI for all Basic coverages in the 2022 GRA forecast.

Figure CI- 75 Total Basic Claims Incurred – 2022 GRA Forecast

Line No.	Fiscal Year	Reported	Change in IBNR: Interest Rate Impact	Change in IBNR: All Other Changes	Change in IBNR: Total Change in IBNR	Claims Incurred	Last Year's Forecast	Variance to Forecast
1	***($000)***							
2	**2016/17**	$746,019	($8,019)	$60,456	$52,437	$798,456	$798,456	$0
3	**2017/18**	$801,649	($13,472)	($61,937)	($75,409)	$726,240	$726,240	$0
4	**2018/19**	$781,926	$36,598	$52,013	$88,612	$870,538	$870,538	$0
5	**2019/20***	$795,216	$33,360	($1,515)	$31,845	$827,062	$827,062	$0
6	**2020/21**	$608,181	$39,958	($12,620)	$27,337	$635,518	$812,767	($177,249)
7	**2021/22**	$786,275	$10,652	$13,344	$23,996	$810,271	$863,469	($53,198)
8	**2022/23**	$825,795	$9,973	$36,067	$46,040	$871,835	$884,262	($12,427)
9	**2023/24**	$867,788	$10,036	$29,721	$39,757	$907,545	$914,843	($7,298)
10	**2024/25**	$908,145	$8,577	$26,938	$35,515	$943,660	$946,655	($2,995)
11	**2025/26**	$947,306	$8,643	$26,617	$35,260	$982,566		
12	*13 month period ending March 31, 2020							

The corresponding figure from the 2021 GRA forecast, along with a comparison between the 2022 GRA forecast and the 2021 GRA forecast, are shown in the figures below.

Figure CI- 76 Total Basic Claims Incurred – 2021 GRA Forecast

Line No.	Fiscal Year	Reported	Change in IBNR: Interest Rate Impact	Change in IBNR: Interest Rate Margin Change	Change in IBNR: All Other Changes	Change in IBNR: Total Change in IBNR	Claims Incurred
1	***($000)***						
2	**2015/16**	$676,044	($68,921)	($34,950)	$70,739	($33,132)	$642,912
3	**2016/17**	$746,019	($8,019)	$0	$60,456	$52,437	$798,456
4	**2017/18**	$801,649	($13,472)	$0	($61,937)	($75,409)	$726,240
5	**2018/19**	$781,926	$36,598	$0	$52,013	$88,612	$870,538
6	**2019/20***	$795,216	$33,360	$0	($1,515)	$31,845	$827,062
7	**2020/21**	$792,906	$30,162	$0	($10,301)	$19,861	$812,767
8	**2021/22**	$844,115	$6,156	$0	$13,198	$19,354	$863,469
9	**2022/23**	$851,935	$11,029	$0	$21,298	$32,327	$884,262
10	**2023/24**	$886,975	$9,152	$0	$18,717	$27,868	$914,843
11	**2024/25**	$920,619	$9,494	$0	$16,542	$26,036	$946,655
12	*13 month period ending March 31, 2020						

Figure CI- 77 Total Basic Claims Incurred – Difference between 2022 GRA and 2021 GRA Forecast

			Change in IBNR				
Line No.	Fiscal Year	Reported	Interest Rate Impact	Interest Rate Margin Change	All Other Changes	Total Change in IBNR	Claims Incurred
1	*($000)*						
2	**2016/17**	$0	$0	$0	$0	$0	$0
3	**2017/18**	$0	$0	$0	$0	$0	$0
4	**2018/19**	$0	$0	$0	$0	$0	$0
5	**2019/20***	$0	$0	$0	$0	$0	$0
6	**2020/21**	($184,725)	$9,795	$0	($2,319)	$7,477	($177,249)
7	**2021/22**	($57,840)	$4,497	$0	$146	$4,643	($53,198)
8	**2022/23**	($26,140)	($1,056)	$0	$14,768	$13,713	($12,427)
9	**2023/24**	($19,187)	$884	$0	$11,005	$11,888	($7,298)
10	**2024/25**	($12,474)	($918)	$0	$10,396	$9,479	($2,995)
11	**2025/26**						
12	*13 month period ending March 31, 2020						

As described in sections *CI.3* through *CI.11*, the 2020/21 fiscal year results were 21.81% or $177.2 million lower than the forecast of the previous year mainly due to: (i) lower than expected Collision and PD frequency; (ii) associated IBNR adjustments from the reports of the Appointed Actuary; and (iii) lower than expected Comprehensive Hail frequency which was offset by (iv) lower than expected interest rates.

The 2022/23 CI is forecasted at $871.8 million, or 1.41% lower than the forecast of the previous year of $884.3 million. Excluding interest rate impacts, the 2022/23 CI would be $861.9 million, or 1.30% lower than the 2022/23 forecast of the previous year ($873.2 million). Similar to the previous section, the main cause of this $12.4 million deviation from forecast (excluding interest rate impacts) is from the impacts of CERP, Collision, PD, and Comprehensive forecasts as outlined in section *CI.12.1.1*.

CI.12.2 Unallocated Loss Adjustment Expenses

ULAE represents claims costs that cannot be allocated to individual claims (e.g. towing charges, payments to Manitoba Health, and medical consultants' fees). The amounts paid for ULAE are added to fiscal year TNCI.

TAB 14

Figure INV- 2 Investment Portfolio Asset Values for the Basic Line of Business

Line No.	Reference Section #	2015/16 Actual*	2016/17 Actual*	2017/18 Actual*	2018/19 Actual*	2019/20 Actual*	2020/21 Actual**	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
1	*Ending Asset Values (C$ 000,000's)*											
2	Cash/Short Term Investments	32	65	76	166	187	139	100	100	100	100	100
3	Provincial Bonds	898	972	984	1,111	1,199	1,230	1,301	1,316	1,404	1,506	1,608
4	Corporate Bonds			99	99	478	617	651	676	711	749	789
5	MUSH	530	569	527	491	520	494	488	481	472	462	451
6	Private Debt	0	0	0	0	79	115	140	208	226	246	266
7	Canadian Equities	256	282	226	267	56	110	114	129	142	155	169
8	US/Global Equities	142	138	124	133	107	146	159	177	193	210	228
9	Global LV Equities	0	0	0	0	54	82	88	100	109	120	131
10	Real Estate Investments	225	244	259	286	97	86	125	138	149	161	174
11	Infrastructure & Venture Capital	73	86	87	96	77	73	76	84	91	98	105
12	**Total Assets**	**2,155**	**2,357**	**2,381**	**2,649**	**2,853**	**3,092**	**3,241**	**3,409**	**3,596**	**3,807**	**4,021**
13	Ending Rebalanced Allocations (%)											
14	Cash/Short Term Investments	1.5%	2.8%	3.2%	6.3%	6.5%	4.5%	3.1%	2.9%	2.8%	2.6%	2.5%
15	Provincial Bonds	41.6%	41.3%	41.3%	42.0%	42.0%	39.7%	40.1%	38.6%	39.0%	39.6%	40.0%
16	Corporate Bonds	0.0%	0.0%	4.2%	3.7%	16.7%	19.9%	20.1%	19.8%	19.8%	19.7%	19.6%
17	MUSH	24.6%	24.2%	22.1%	18.5%	18.2%	16.0%	15.1%	14.1%	13.1%	12.1%	11.2%
18	Private Debt	0.0%	0.0%	0.0%	0.0%	2.8%	3.7%	4.3%	6.1%	6.3%	6.5%	6.6%
19	Canadian Equities	11.9%	12.0%	9.5%	10.1%	2.0%	3.6%	3.5%	3.8%	3.9%	4.1%	4.2%
20	US/Global Equities	6.6%	5.9%	5.2%	5.0%	3.7%	4.7%	4.9%	5.2%	5.4%	5.5%	5.7%
21	Global LV Equities	0.0%	0.0%	0.0%	0.0%	1.9%	2.7%	2.7%	2.9%	3.0%	3.1%	3.3%
22	Real Estate Investments	10.4%	10.4%	10.9%	10.8%	3.4%	2.8%	3.8%	4.0%	4.1%	4.2%	4.3%
23	Infrastructure & Venture Capital	3.4%	3.6%	3.6%	3.6%	2.7%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%
24	**Total Assets**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

25 * Actual (2014/15 - 2018/19) based on long-term basic line of business allocation applied to the entire portfolio
26 * 2019/20 and thereafter basic line of business has a segregated allocation and based on Basic Claims, RSR and pro-rata EFB asset values.
27 ** Investment balances reflect March 31, 2021 actuals.

TAB 15

- Basic claims portfolio supporting the claims liabilities; and
- RSR and EFB.

INV.11.1 Basic Claims Portfolio supporting Basic Claims Liabilities Rebalancing

The Basic claims portfolio rebalancing rules are as follows:

- The dollar amount of the Basic fixed income portfolio is rebalanced to match the present value of Basic claims liabilities on an annual basis.
- The marketable bond duration is matched to the claims duration of the previous quarter. Duration matching occurs in the first quarter of each fiscal year based on the claim duration at the previous FYE.
- Rebalancing to ensure dollar matching occurs within the financial model only once a year and only if the dollar difference between Basic claims assets and Basic claims liabilities exceeds +/- $20 million. Any transfers would be funded by the RSR portfolio.

Figure INV- 32 Basic Claims Portfolio Asset Allocation

Line No.	Basic Claims Asset Allocation	Minimum	Target	Max
1	**Fixed Income**			
2	**Provincial Bonds**	50.0%	60.0%	70.0%
3	**Corporate Bonds**	10.0%	20.0%	30.0%
4	**MUSH**	0.0%	20.0%	30.0%
5	**Total Fixed Income**		**100.0%**	
6	**Public Equities**			
7	**Canadian Equities**		0.0%	
8	**Global Equities**		0.0%	
9	**Global Low Volatility**		0.0%	
10	**Total Equities**		**0.0%**	
11	**Alternatives**			
12	**Canadian Real Estate**		0.0%	
13	**Infrastructure**		0.0%	
14	**Total Alternatives**		**0.0%**	

Rebalancing

In order to ensure dollar matching is maintained within the model, any surplus (or deficit) between the Basic claims fixed income portfolio and Basic claims liabilities is transferred to (or funded from) the liquid asset classes within the RSR portfolio. The allocation ratios are shown in the figure below.

Figure INV- 33 Allocation Ratio

Line No.	Description	Target Weight	Allocation Ratio
1	**Basic Line of Business Portfolio**		
2	**Provincial Bonds**	60.0%	75.0%
3	**Corporate Bonds**	20.0%	25.0%
4	**Total**	**80.0%**	**100.0%**
5	**RSR Asset Classes**		
6	**Provincial Bonds**	20.0%	30.8%
7	**Corporate Bonds**	10.0%	15.4%
8	**Canadian Equities**	12.0%	18.5%
9	**Global Equities**	13.0%	20.0%
10	**Global Low Volatility**	10.0%	15.4%
11	**Total**	**65.0%**	**100.0%**

To illustrate, using a hypothetical $100 million dollar shortfall in Q1 between the Basic claims fixed income portfolio and the Basic claims liabilities, the model will transfer $30.8M, $15.4M, $18.5M, $20.0M and $15.4M from the Provincial, corporate, Canadian equity, global equity and global low volatility asset classes in the RSR portfolio, respectively. This money will be invested in Provincial and corporate bonds within the Basic claims portfolio in a 75%/25% ratio.

INV.11.2 RSR and EFB Rebalancing Assumptions

The next two figures show the RSR and EFB asset allocations.

Figure INV- 34 RSR Asset Allocation

Line No.	Description	Minimum	Target	Max
1	**Fixed Income**			
2	**Provincial Bonds**	10.0%	20.0%	30.0%
	Corporate Bonds	0.0%	10.0%	20.0%
3	**MUSH Bonds**	0.0%	0.0%	0.0%
4	**Private Debt**	15.0%	20.0%	25.0%
5	**Total Fixed Income**	**40.0%**	**50.0%**	**60.0%**
6	**Public Equities**			
7	**Canadian Equities**	7.0%	12.0%	17.0%
8	**Global Equities**	8.0%	13.0%	18.0%
9	**Global Low Volatility**	5.0%	10.0%	15.0%
10	**Total Equities**	**25.0%**	**35.0%**	**45.0%**
11	**Alternatives**			
12	**Canadian Real Estate**	7.0%	10.0%	20.0%
13	**Infrastructure**	2.0%	5.0%	8.0%
14	**Total Alternatives**	**10.0%**	**15.0%**	**20.0%**

Figure INV- 35 Employee Future Benefits Asset Allocation

Line No.	Description	Minimum	Target	Max
1	**Fixed Income**			
2	**Corporate Bonds**	10.0%	20.0%	30.0%
3	**Private Debt**	10.0%	20.0%	30.0%
4	**Total Fixed Income**	**30.0%**	**40.0%**	**50.0%**
5	**Public Equities**			
6	**Canadian Equities**	5.0%	10.0%	15.0%
7	**Global Equities**	13.0%	18.0%	23.0%
8	**Global Low Volatility**	2.0%	7.0%	12.0%
9	**Total Equities**	**25.0%**	**35.0%**	**45.0%**
10	**Alternatives**			
11	**Canadian Real Estate**	12.0%	15.0%	18.0%
12	**Infrastructure**	7.0%	10.0%	13.0%
13	**Total Alternatives**	**20.0%**	**25.0%**	**30.0%**

The rebalancing rules for the RSR and EFB portfolios are summarized below.

1. **Marketable Bonds (Provincial and Corporate Bonds)**
   If Provincial and corporate bonds remain outside their tolerance ranges for two consecutive quarters, the asset class will be adjusted to the target weight in the following quarter. The total portfolio reallocation requirements will be sourced from or reallocated from the equity portfolio.
2. **Equities**
   For Canadian equities, global equities and global low volatility equities, when the asset class remains outside the maximum or minimum allocation limit for two consecutive quarters, then the asset class will be adjusted to the target weight in the following quarter. Inflows or outflows required for rebalancing will come from marketable bonds.
3. **Illiquid Asset Classes (MUSH, Private Debt, Real Estate, Infrastructure)**
   MUSH, private debt, real estate and infrastructure are illiquid and are not automatically rebalanced in the model (as a result of asset class modeling constraints). However, transfers from Extension to RSR are modeled to rebalance all assets classes (independent of illiquidity) to target. The forecasted MUSH and real estate values do not fall outside of their respective tolerance ranges during the five year forecast period. Private debt within the RSR portfolio is below the minimum weight of 15% in 2021/22 as the asset class is still being funded as drawdown notices are issued by Sun Life. See section *INV.18* for more details.

INV.12 Comparison of Forecast

This section compares the forecasts of the current and previous years. *Figure INV-36* provides detailed investment income information from the 2022 GRA interest rate forecast scenario. *Figure INV-37* provides information from the 2021 GRA and *Figure INV-38* compares the difference between *Figure INV-36* and *Figure INV-37*.

TAB 16

INV.18 Investment Income Summary by Portfolio

The investment income and asset allocation for Basic Claims, RSR, and EFB for 2021/22 to 2025/26 is covered in this section.

In the RSR portfolio all asset classes are within the approved minimum and maximum weights, but the corporate operational cash target of $100 million is included in this portfolio, which prevents the fixed income asset classes from reaching their target weights (with the exception of Provincial bonds in 2021/22 as this is where assets are temporarily invested to fund future private debt drawdowns). Private debt is below the minimum weight of 15% in 2021/22; additional commitments have been made to private debt in order to increase its weight within the portfolio. These follow-on commitments will be invested by Sun Life as they identify suitable investments.

Within the EFB portfolio all asset classes are within the approved minimum and maximum weights (see *Figure INV-49*).

Figure INV- 44 Basic Claims Investment Income

Line No.	Investment Summary During Period	2021/22	2022/23	2023/24	2024/25	2025/26
1	*(C$000s)*					
2	Interest Income During Period	74,981	72,836	71,276	70,757	70,845
3	Dividend and Other Income During Period	6,208	6,766	7,209	7,612	8,028
4	Gains During Period - Profit & Loss	10,564	11,497	12,022	12,771	13,465
5	Investment Fees Paid	(2,817)	(2,935)	(3,048)	(3,164)	(3,214)
6	Amortization/Accretion During Period	(2,240)	(2,546)	(2,713)	(2,886)	(3,100)
7	Pension Expense	(10,992)	(11,263)	(11,538)	(11,817)	(11,817)
8	**Investment Income**	**75,704**	**74,354**	**73,209**	**73,273**	**74,206**

Figure INV- 45 Basic Claims Asset Allocation

Line No.	Investment Summary During Period	2021/22	2022/23	2023/24	2024/25	2025/26
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	1,136,654	1,177,438	1,250,862	1,335,349	1,419,674
3	Corporate Bonds	517,593	531,504	556,326	584,872	613,407
4	MUSH	488,086	481,105	471,965	462,037	451,455
5	**Total Assets**	**2,142,333**	**2,190,048**	**2,279,153**	**2,382,259**	**2,484,535**
6	Percentage Allocation					
7	Cash/Short Term Investments	0%	0%	0%	0%	0%
8	Provincial Bonds	53%	54%	55%	56%	57%
9	Corporate Bonds	24%	24%	24%	25%	25%
10	MUSH	23%	22%	21%	19%	18%
11	**Total**	**100%**	**100%**	**100%**	**100%**	**100%**

Figure INV- 46 RSR Investment Income

Line No.	Investment Summary During Period	2021/22	2022/23	2023/24	2024/25	2025/26
1	*(C$000s)*					
2	Interest Income During Period	6,973	6,354	5,712	6,264	6,962
3	Dividend and Other Income During Period	8,167	9,553	12,066	13,281	14,634
4	Gains During Period - Profit & Loss	11,986	12,058	13,040	14,499	16,000
5	Investment Fees Paid	(1,778)	(2,041)	(2,374)	(2,613)	(2,850)
6	Amortization/Accretion During Period	(503)	(555)	(621)	(2,052)	(3,633)
7	Investment Income	**24,845**	**25,369**	**27,823**	**29,380**	**31,113**

Figure INV- 47 RSR Asset Allocation

Line No.	Investment Summary During Period	2021/22	2022/23	2023/24	2024/25	2025/26
1	Cash/Short Term Investments	100,000	100,000	100,000	100,000	100,000
2	Provincial Bonds	163,966	138,143	153,535	170,571	188,263
3	Corporate Bonds	59,125	69,072	76,767	85,286	94,131
4	MUSH	-	-	-	-	-
5	Private Debt	72,533	138,143	153,535	170,571	188,263
6	Total Fixed Income	**395,624**	**445,358**	**483,836**	**526,428**	**570,656**
7	Canadian Equities	70,950	82,886	92,121	102,343	112,958
8	Global Equities	76,862	89,793	99,797	110,871	122,371
9	Global LV Equities	59,125	69,072	76,767	85,286	94,131
10	Real Estate Investments	65,015	74,551	82,250	90,485	98,705
11	Infrastructure & Venture Capital	29,562	34,536	38,384	42,643	47,066
12	Total Growth Assets	**301,514**	**350,837**	**389,319**	**431,627**	**475,230**
13	Total Assets	**697,138**	**796,195**	**873,156**	**958,055**	**1,045,886**
14	Percentage Allocation					
15	Cash/Short Term Investments	14.3%	12.6%	11.5%	10.4%	9.6%
16	Provincial Bonds	23.5%	17.4%	17.6%	17.8%	18.0%
17	Corporate Bonds	8.5%	8.7%	8.8%	8.9%	9.0%
18	MUSH	0.0%	0.0%	0.0%	0.0%	0.0%
19	Private Debt	10.4%	17.4%	17.6%	17.8%	18.0%
20	Total Fixed Income	**56.7%**	**55.9%**	**55.4%**	**54.9%**	**54.6%**
21	Canadian Equities	10.2%	10.4%	10.6%	10.7%	10.8%
22	Global Equities	11.0%	11.3%	11.4%	11.6%	11.7%
23	Global LV Equities	8.5%	8.7%	8.8%	8.9%	9.0%
24	Real Estate Investments	9.3%	9.4%	9.4%	9.4%	9.4%
25	Infrastructure & Venture Capital	4.2%	4.3%	4.4%	4.5%	4.5%
26	Total Growth Assets	**43.3%**	**44.1%**	**44.6%**	**45.1%**	**45.4%**
27	Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Figure INV- 48 Employee Future Benefits Investment Income

Line No.	Investment Summary During Period	2021/22	2022/23	2023/24	2024/25	2025/26
1	*(C$000s)*					
2	Interest Income During Period	3,762	3,712	3,670	3,645	3,636
3	Dividend and Other Income During Period	8,279	9,023	9,614	10,151	10,706
4	Gains During Period - Profit & Loss	14,087	15,331	16,032	17,030	17,956
5	Investment Fees Paid	(1,905)	(2,051)	(2,191)	(2,302)	(2,401)
6	Amortization/Accretion During Period	(60)	(60)	(61)	(60)	(60)
7	Pension Expense	(14,658)	(15,020)	(15,386)	(15,758)	(15,758)
8	**Investment Income**	**9,505**	**10,935**	**11,678**	**12,707**	**14,079**

Figure INV- 49 Employee Future Benefit Asset Allocation

Line No.	Investment Summary During Period	2021/22	2022/23	2023/24	2024/25	2025/26
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	-	-	-	-	-
3	Corporate Bonds	98,594	101,109	103,473	105,757	107,981
4	MUSH	-	-	-	-	-
5	Private Debt	89,869	93,204	96,662	100,249	103,969
6	**Total Fixed Income**	**188,463**	**194,313**	**200,135**	**206,005**	**211,949**
7	Canadian Equities	57,975	61,848	65,979	70,386	75,088
8	Global Equities	108,869	116,130	123,878	132,142	140,958
9	Global LV Equities	38,544	40,879	43,357	45,986	48,773
10	Real Estate Investments	79,526	84,298	89,271	94,627	100,305
11	Infrastructure & Venture Capital	62,469	65,967	69,609	73,507	77,623
12	**Total Growth Assets**	**347,383**	**369,122**	**392,094**	**416,648**	**442,746**
13	**Total Assets**	**535,846**	**563,435**	**592,229**	**622,653**	**654,696**
14	Percentage Allocation					
15	Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
16	Provincial Bonds	0.0%	0.0%	0.0%	0.0%	0.0%
17	Corporate Bonds	18.4%	17.9%	17.5%	17.0%	16.5%
18	MUSH	0.0%	0.0%	0.0%	0.0%	0.0%
19	Private Debt	16.8%	16.5%	16.3%	16.1%	15.9%
20	**Total Fixed Income**	**35.2%**	**34.5%**	**33.8%**	**33.1%**	**32.4%**
21	Canadian Equities	10.8%	11.0%	11.1%	11.3%	11.5%
22	Global Equities	20.3%	20.6%	20.9%	21.2%	21.5%
23	Global LV Equities	7.2%	7.3%	7.3%	7.4%	7.4%
24	Real Estate Investments	14.8%	15.0%	15.1%	15.2%	15.3%
25	Infrastructure & Venture Capital	11.7%	11.7%	11.8%	11.8%	11.9%
26	**Total Growth Assets**	**64.8%**	**65.5%**	**66.2%**	**66.9%**	**67.6%**
27	**Total**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

TAB 17

MANITOBA
PUBLIC INSURANCE

2019
Annual Report

Special Risk Extension

SRE — Five Year Statistics ($000)	Mar 31, 2020	Feb 28, 2019	Feb 28, 2018	Feb 28, 2017	Feb 29, 2016
Premiums written	**115,485**	96,292	80,810	78,328	70,521
Claims incurred	**69,569**	57,979	50,460	54,068	38,253
Claims expense	**6,926**	6,471	6,393	5,895	6,140
Other expenses	**23,557**	20,056	18,679	17,961	17,692
Net income	**12,363**	22,209	10,886	3,193	4,650

Overview

Manitoba Public Insurance supports Manitoba businesses by offering commercial coverage options through the Special Risk Extension (SRE) program. Commercial insurance needs can vary. Therefore, the Corporation offers a full range of products to suit policyholders' unique needs, including a variety of deductible, coverage, and liability limit options. In addition to this, SRE also offers general liability and motor truck cargo coverage options to the Manitoba trucking industry. Purchasing SRE coverage entitles companies to the benefits of our SRE Fleet Safety and Loss Prevention Services at no additional cost. Benefits to Manitoba companies include identifying safety concerns and helping raise safety awareness in order to reduce accidents, reduce operating costs, improve customer retention, and decrease claims.

Current Year and Last Year

SRE insurance reported a net income of $12.4 million, a decrease of $9.9 million from the previous year. SRE's underwriting results increased by $6.1 million which was offset by SRE's share of investment income and gain on sale of property which decreased by $18.4 million and $0.1 million, respectively.

Revenue

Total earned revenues in 2019/20 were $111.3 million compared to $89.7 million the previous year. The sale of SRE products, which include large trucking companies' liability, cargo and physical damage coverage, showed continued growth compared to last year.

Claims Costs

Total claims costs of $77.3 million increased from $65.2 million in 2018/19. Injury claims incurred increased $13.0 million, and claims expense, including loss prevention and road safety costs increased by $0.5 million from the previous year. This was offset by a decrease in physical damage claims incurred and discontinued operations of $1.1 million and $0.3 million, respectively.

Expenses

SRE's expenses increased to $22.8 million from $19.4 million, due to an increase in broker commissions of $2.5 million, premium taxes of $0.6 million, and operating expenses of $0.3 million.

Investment Income

SRE's share of corporate investment income, including investment management fees, was $1.1 million, a decrease of $15.8 million compared to last year.

Retained Earnings

SRE's retained earnings are derived from the annual operations of the SRE line of business. SRE's retained earnings were $116.3 million as at March 31, 2020, compared to $103.9 million as at February 28, 2019. SRE's current capital target level is 300 per cent MCT. As at March 31, 2020, SRE's MCT was 241 per cent.

The Drivers and Vehicles Act Operations

Current Year and Last Year

The Drivers and Vehicles Act (DVA) operations experienced a net loss of $6.6 million in 2019/20 compared to net income of $1.4 million last year.

Revenue

The government provides funding to the Corporation that covers the cost of the DVA administrative operation. In 2019/20, the Corporation received $32.8 million from the Province of Manitoba and reported $1.2 million in service fees and other revenue, resulting in overall revenue being on par with the previous year on a pro-rata basis.

Expenses

DVA operations' expenses of $39.3 million were up $4.3 million from last year's expenses of $35.0 million primarily due to increased operating expenses of $4.2 million and broker commissions of $0.1 million. The increased operating expenses are primarily due to one-time initiatives that were required to be undertaken as part of the DVA line of business along with the additional month reported in fiscal 2019/20.

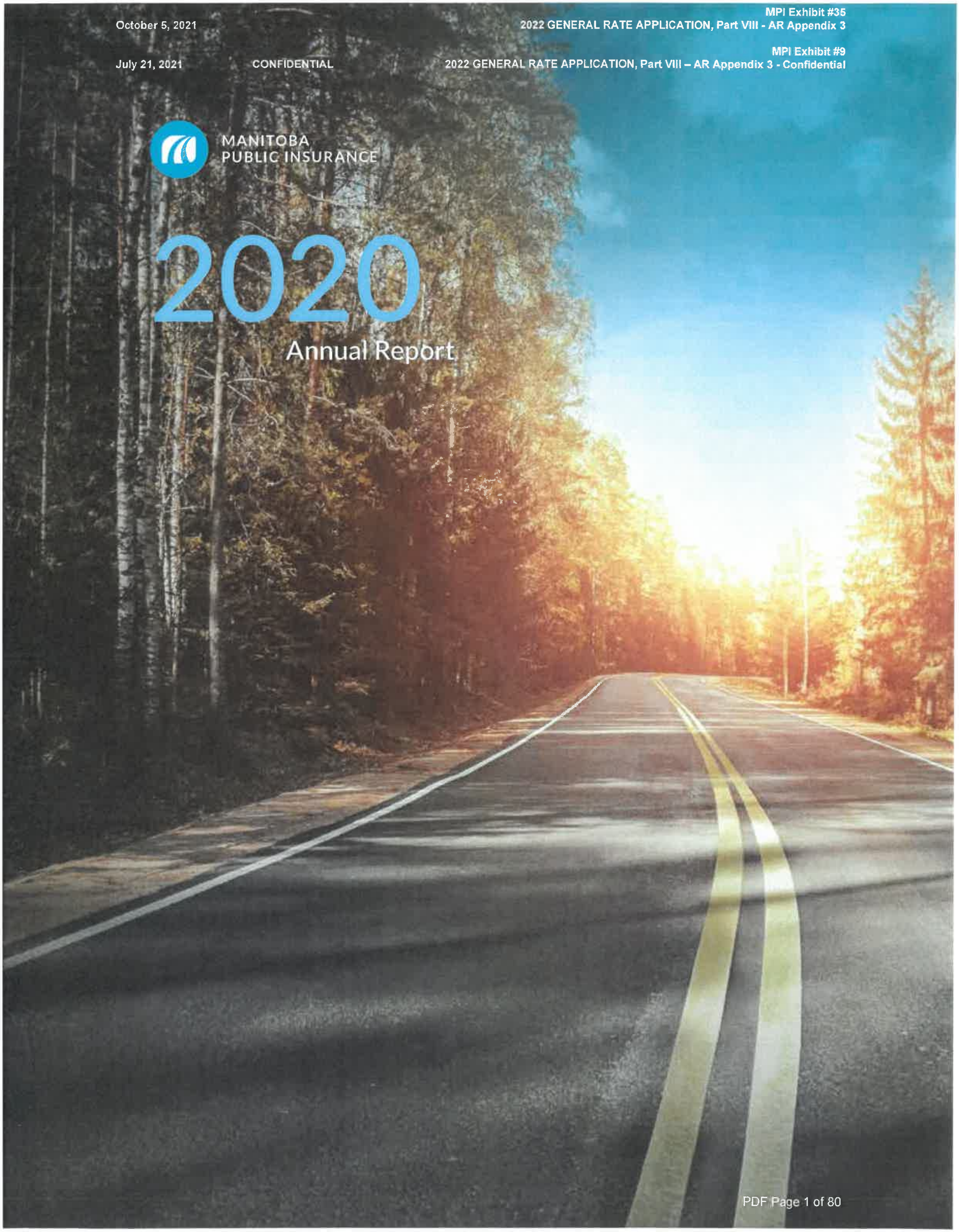
Investment Income

DVA operations' portion of corporate investment income, including investment management fees, decreased to a loss of $1.2 million, $6.2 million lower compared to last year.

Retained Earnings

DVA operations' retained earnings are derived from the annual operations of the DVA operations line of business. DVA operations' retained earnings were ($7.8 million), compared to ($1.2 million) the previous year.

TAB 18



MANITOBA PUBLIC INSURANCE

2020 Annual Report

Cash, Cash Equivalents and Investments

As at March 31, 2021 (in thousands of Canadian dollars)	Financial Instruments Classified as AFS	Classified as HTM	Classified as FVTPL	Non-Financial Instruments	Total Carrying Value
Cash and cash equivalents	182,123	-	-	-	182,123
Bonds					
Federal	20,107	-	29,755	-	49,862
Manitoba:					
Provincial	14,132	-	119,927	-	134,059
Municipal	-	40,505	34,878	-	75,383
Schools	-	453,304	-	-	453,304
Other provinces:					
Provincial	105,808	-	901,399	-	1,007,207
Municipal	-	-	73,378	-	73,378
Corporations	163,745	-	512,459	-	676,204
	303,792	493,809	1,671,796	-	2,469,397
Private debt	163,178	-	34,723	-	197,901
Other investments	671	-	-	-	671
Infrastructure	-	-	113,334	-	113,334
Equity investments	543,583	-	-	-	543,583
Pooled real-estate fund	-	-	123,861	-	123,861
Investments	1,011,224	493,809	1,943,714	-	3,448,747
Investment property	-	-	-	14,115	14,115
Total	**1,193,347**	**493,809**	**1,943,714**	**14,115**	**3,644,985**

As at March 31, 2020 (in thousands of Canadian dollars)	Financial Instruments Classified as AFS	Classified as HTM	Classified as FVTPL	Non-Financial Instruments	Total Carrying Value
Cash and cash equivalents	236,815	-	-	-	236,815
Bonds					
Federal	-	-	32,908	-	32,908
Manitoba:					
Provincial	5,835	-	123,198	-	129,033
Municipal	-	22,391	33,832	-	56,223
Schools	-	497,462	-	-	497,462
Other provinces:					
Provincial	100,790	-	907,674	-	1,008,464
Municipal	-	-	74,220	-	74,220
Corporations	134,027	-	398,456	-	532,483
	240,652	519,853	1,570,288	-	2,330,793
Private debt	109,707	-	13,346	-	123,053
Other investments	349	-	-	-	349
Infrastructure	-	-	123,663	-	123,663
Equity investments	371,703	-	-	-	371,703
Pooled real-estate fund	-	-	119,837	-	119,837
Investments	722,411	519,853	1,827,134	-	3,069,398
Investment property	-	-	-	48,798	48,798
Total	959,226	519,853	1,827,134	48,798	3,355,011

The following table presents the fair-value measurement of instruments included in Level 3.

	FVTPL		AFS	
(in thousands of Canadian dollars)	**2021**	2020	**2021**	2020
Balance at period beginning*	**138,302**	126,313	**79,694**	378
Total gains/(losses)				
Included in net income	**1,502**	12,636	**5,966**	(5,966)
Included in OCI	**-**	-	**(5,960)**	(29)
Purchases	**1,166**	-	**7,625**	85,311
Sales	**(13,098)**	-	**-**	-
Return of capital	**-**	(647)	**-**	-
Balance at period ended*	**127,872**	138,302	**87,325**	79,694

*Due to the change in the fiscal year, the fiscal year ending March 31, 2020, is from March 1, 2019 to March 31, 2020, whereas year ending March 31, 2021, is from April 1, 2020, to March 31, 2021.

The fair value of HTM bonds, which include schools and certain municipalities, is based on their carrying value, which approximates fair value. As of March 31, 2021, the fair value of municipal, utilities, schools and hospital bonds held to maturity is $493.8 million (March 31, 2020—$519.9 million).

Impairment

Impairment losses were based on management's best estimate of whether objective evidence of impairment exists, using available market data and other observable data. There were no investment impairments recorded in 2020/21. For 2019/20, impaired investments included in the Corporation's portfolio include the following:

As at March 31, 2020 (in thousands of Canadian dollars)	Gross	Impaired	Net
By investment type			
Bonds	140,685	(6,657)	134,028
Equities	243,665	(54,373)	189,292
Private Debt	116,438	(6,731)	109,707
Total	500,788	(67,761)	433,027

Investment Income

(in thousands of Canadian dollars)	**Year ended March 31, 2021**	13 months ended March 31, 2020
Interest income	**71,058**	75,863
Gain on sale of FVTPL bonds	**11,498**	22,544
Unrealized gain (loss) on FVTPL bonds	**(10,111)**	24,872
Unrealized loss on pooled real-estate fund	**(1,441)**	(80,560)
Unrealized loss on private debt	**(303)**	(321)
Dividends on infrastructure investments	**2,550**	4,042
Realized gain on infrastructure investments	**2,782**	-
Unrealized gain (loss) on infrastructure investments	**(774)**	12,330
Foreign exchange loss on infrastructure investments	**(405)**	(16)
Dividend income	**6,896**	11,097
Gain on sale of equities and other investments	**13,848**	16,037
Loss on foreign exchange	**(1)**	(351)
Income (loss) from investment property	**(1,779)**	2,524
Realized gain on pooled real-estate fund	**-**	92,080
Recovery/(impairment) of AFS investments	**13,388**	(67,761)
Investment management fees	**(5,628)**	(5,159)
Total	**101,578**	107,221

Investment income is net of investment management fees paid to the Department of Finance in the amount of $5.2 million (March 31, 2020—$5.2 million). This includes $3.4 million (March 31, 2020—$3.4 million) of fees the Province paid to outside managers on the Corporation's behalf.

23. Service Fees and Other Revenue

(in thousands of Canadian dollars)	**Year ended March 31, 2021**	13 months ended March 31, 2020
Transaction fees	**8,029**	9,544
Time payment fees	**3,059**	3,272
Time payment interest	**22,760**	25,899
Late payment fees	**10**	1,221
Dishonoured payment fees	**538**	1,285
Identity card/enhanced identity card fees	**403**	511
Other miscellaneous revenue	**3,018**	1,673
Total	**37,817**	43,405

24. The Drivers and Vehicles Act Operations Recovery

Under *The Drivers and Vehicles Act* (DVA), the Corporation is responsible for DVA operations pertaining to driver safety, vehicle registration and driver licensing, including all related financial, administrative and data-processing services.

The Province of Manitoba provides funding to the Corporation to defray the cost borne by the Corporation for DVA operations. The annual Province of Manitoba payments to the Corporation, beginning April 1, 2017, is $30.2 million per year. Due to the change in the prior fiscal period, payments received from the Province for the 13 months ending March 31, 2020, totaled $32.8 million.

The Corporation, on behalf of the Province of Manitoba, collects and transfers motor vehicle registration fees and driver licensing fees to the Province of Manitoba.

Fees collected on behalf of and transferred to the Province of Manitoba include:

(in thousands of Canadian dollars)	**12 months ended March 31, 2021**	13 months ended March 31, 2020
Vehicle registration fees	**186,692**	216,533
Driver licensing fees	**25,402**	27,616
Total	**212,094**	244,149

26. Line of Business Financials

Statement of Financial Positions by Line of Business

	Basic		Extension		SRE		DVA		Total*	
(in thousands of Canadian dollars)	**March 31, 2021**	March 31, 2020 (Note 2)	**March 31, 2021**	March 31, 2020 (Note 2)	**March 31, 2021**	March 31, 2020 (Note 2)	**March 31, 2021**	March 31, 2020 (Note 2)	**March 31, 2021**	March 31, 2020 (Note 2)
Assets										
Cash, investments and investment property	**3,092,042**	2,856,604	**204,042**	191,236	**264,592**	229,797	**84,309**	77,374	**3,644,985**	3,355,011
Accounts receivable and prepaid expenses	**405,876**	406,844	**111,774**	84,330	**54,804**	33,997	**61,600**	429	**634,054**	525,600
Property and equipment	**110,262**	88,465	**9,088**	7,244	**8,695**	6,828	**14,556**	11,518	**142,601**	114,055
Other assets	**71,582**	65,999	**24,323**	23,658	**12,916**	7,170	**9,177**	4,422	**117,998**	101,249
	3,679,762	3,417,912	**349,227**	306,468	**341,007**	277,792	**169,642**	93,743	**4,539,638**	4,095,915
Liabilities										
Accounts payable and accrued liabilities	**196,153**	50,053	**103,283**	21,846	**2,262**	2,318	**59,386**	47,033	**361,084**	121,250
Unearned premiums and fees	**592,939**	569,706	**84,762**	82,207	**49,477**	45,050	**1**	3	**727,179**	696,966
Provision for employee future benefits	**385,846**	336,307	**32,735**	28,942	**31,176**	27,041	**64,780**	56,370	**514,537**	448,660
Provision for unpaid claims	**2,045,997**	2,031,336	**29,387**	30,873	**106,294**	87,771	**-**	-	**2,181,678**	2,149,980
Other liabilities	**24,850**	24,283	**2,120**	2,100	**2,239**	1,918	**3,913**	3,769	**33,122**	32,070
	3,245,785	3,011,685	**252,287**	165,968	**191,448**	164,098	**128,080**	107,175	**3,817,600**	3,448,926
Equity										
Retained earnings	**448,678**	440,522	**86,234**	142,867	**134,886**	116,310	**49,486**	(7,787)	**719,284**	691,912
Accumulated other comprehensive income (loss)	**(14,701)**	(34,295)	**10,706**	(2,367)	**14,673**	(2,616)	**(7,924)**	(5,645)	**2,754**	(44,923)
	433,977	406,227	**96,940**	140,500	**149,559**	113,694	**41,562**	(13,432)	**722,038**	646,989
	3,679,762	3,417,912	**349,227**	306,468	**341,007**	277,792	**169,642**	93,743	**4,539,638**	4,095,915

*The total reflected above includes inter-line of business transfers and therefore does not match the corporate financial statements for accounts receivable and accounts payable. The differences are $123.1 million for 2020/21 and $35.7 million for 2019/20.

Statement of Operations by Line of Business

For the periods ended (in thousands of Canadian dollars)	Basic Year March 31, 2021	Basic 13 months ended March 31, 2020 (Note 2)	Extension Year March 31, 2021	Extension 13 months ended March 31, 2020 (Note 2)	SRE Year March 31, 2021	SRE 13 months ended March 31, 2020 (Note 2)	DVA Year March 31, 2021	DVA 13 months ended March 31, 2020 (Note 2)	Total Year March 31, 2021	Total 13 months ended March 31, 2020 (Note 2)
Gross premiums written	**1,158,693**	1,239,263	**160,043**	169,129	**122,047**	117,802	**-**	-	**1,440,783**	1,526,194
Revenue										
Net premiums earned	**1,120,468**	1,175,940	**154,912**	170,317	**113,990**	111,605	**-**	-	**1,389,370**	1,457,862
Other revenue	**25,866**	29,120	**10,908**	13,373	**(215)**	(318)	**31,603**	33,988	**68,162**	76,163
Total Earned Revenue	**1,146,334**	1,205,060	**165,820**	183,690	**113,775**	111,287	**31,603**	33,988	**1,457,532**	1,534,025
Expenses										
Claims Costs	**803,256**	1,019,951	**68,465**	87,336	**78,137**	77,265	**-**	-	**949,858**	1,184,552
Commissions	**43,384**	45,683	**34,143**	37,946	**11,400**	10,854	**1,564**	1,864	**90,491**	96,347
Premiums taxes	**23,978**	35,742	**4,701**	5,171	**3,529**	3,416	**-**	-	**32,208**	44,329
Other Expenses	**74,462**	80,223	**7,864**	9,640	**8,046**	8,516	**33,861**	37,480	**124,233**	135,859
Total Expenses	**945,080**	1,181,599	**115,173**	140,093	**101,112**	100,051	**35,425**	39,344	**1,196,790**	1,461,087
Investment income	**89,528**	107,249	**5,042**	55	**5,913**	1,126	**1,095**	(1,209)	**101,578**	107,221
Net income from operations	**290,782**	130,710	**55,689**	43,652	**18,576**	12,362	**(2,727)**	(6,565)	**362,320**	180,159
Surplus distribution	**(282,626)**	-	**(52,322)**	-	**-**	-	**-**	-	**(334,948)**	-
Net income from operations after surplus distribution	**8,156**	130,710	**3,367**	43,652	**18,576**	12,362	**(2,727)**	(6,565)	**27,372**	180,159

TAB 19

PUB (MPI) 1-26

Part and Chapter:	Part VII Rate Stabilization Reserve	Page No.:	10
PUB Approved Issue No:	1. Requested vehicle rate and any changes to other fees and discounts. 7a. CMP. Transfers of excess capital from Extension to Driver and Vehicle Administration.		
Topic:	Indicated premium rebate and/or capital release provision		
Sub Topic:			

Preamble to IR:

MPI has indicated that it has or will be transferring $113.5 million of Extension retained earnings to DVA instead of transferring them to Basic.

Question:

a) Please estimate the capital release provision that would be indicated if the Extension retained earnings were transferred to Basic instead of to DVA, and the additional capital was used for purposes of the capital release provision. Please provide alternative Pro-Formas.

b) Please estimate the premium rebate that would result in Basic MCT at 100.0% at the end of 2021/22 if the Extension retained earnings were transferred to Basic instead of to DVA, and the additional capital was used for purposes of a premium rebate. Please assume that the existing rate change applied for in the 2022 GRA still occurred. Please provide alternative Pro-Formas.

c) If the premium rebate indicated in b) was paid in 2021/22, but the Extension retained earnings were still transferred to DVA instead of to Basic, please indicate the resulting MCT ratios. Please provide alternative Pro-Formas.

Rationale for Question:

To provide insight as to the impact of the transfer of Extension retained earnings to DVA instead of to Basic.

RESPONSE:

a), b) and c)

Figure 1 summarizes the resulting capital release provision, rebate, transfer and MCT % applicable to Basic for each respective scenario as provided in parts a), b) and c).

Figures 2 to 6 are alternate pro formas for scenario part a) with a capped capital release provision.

Figures 7 to 11 are alternate pro formas for scenario part a) with an uncapped capital release provision.

Figures 12 to 16 are alternate pro formas for scenario part b). The estimated premium rebate would change from the current $202.7 million to $311.5 million if MPI transferred the Extension excess capital to Basic rather than DVA.

Figures 17 to 21 are alternate pro formas for scenario part c).

Note that while these scenarios include transfers of Extension capital to Basic, the DVA line of business would continue to generate losses and accumulated deficits which would negatively impact the aggregate financial position and strength of MPI.

a), b) and c)

Figure 1 Basic MCT % after Rebate and Capital Management Plan

Line No.	Scenario	Capital Build / (Release) Provision	Rebate (in million)		Transfer from Extension (in million)				MCT % After Basic Rebate, Transfer from Extension and Capital Build / Release			
			20/21**	21/22	20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24
1	**PUB 1-26 a)**	-5.00%	(155.4)	(47.3)	60.0	54.7	37.6	47.1	114.9%	125.0%	120.2%	117.6%
2	**PUB 1-26 a)***	-7.86%	(155.4)	(47.3)	60.0	54.7	37.6	47.1	114.9%	125.0%	117.7%	108.3%
3	**PUB 1-26 b)**	5.00%	(155.4)	(156.0)	60.0	54.7	39.1	46.7	114.9%	100.0%	102.2%	110.7%
4	**PUB 1-26 c)**	5.00%	(155.4)	(156.0)	-	-	39.3	46.7	100.0%	74.4%	77.7%	86.7%
5	*uncapped Capital Release Provision, where 23/24 MCT% = Target MCT%											
6	** Excludes rebates approved from 2021 Special Rebate Applications											

a)

Figure 2 **PF-1 Statement of Operations – Basic**

Multi-year - Statement of Operations

Line No.	*PUB 26(a)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,035,261	1,044,947	1,083,363	1,122,756	1,163,683
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,092,777**	**1,133,081**	**1,174,059**	**1,216,457**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,040,230	1,064,653	1,103,570	1,143,750
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,086,787**	**1,113,288**	**1,153,935**	**1,195,639**
12	Service Fees & Other Revenues	25,792	26,228	28,956	29,211	29,980	31,652
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,115,743**	**1,142,499**	**1,183,915**	**1,227,291**
14	Claims Incurred	620,145	839,935	904,587	940,978	980,547	1,023,935
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,425	235	3,371	10,712	6,853
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,341	10,420	11,983	10,130	9,803
17	**Total Claims Incurred**	**653,828**	**855,701**	**915,242**	**956,332**	**1,001,389**	**1,040,591**
18	Claims Expense	141,720	149,509	147,719	151,153	152,756	156,205
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,933	12,596	12,800
20	**Total Claims Costs**	**803,256**	**1,018,459**	**1,076,031**	**1,120,418**	**1,166,741**	**1,209,596**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,134	79,092	80,894
23	Commissions	43,384	45,961	47,140	49,495	51,817	51,819
24	Premium Taxes	23,978	32,607	33,082	33,886	35,116	36,377
25	Regulatory/Appeal	4,399	4,791	4,624	4,604	4,644	4,693
26	**Total Expenses**	**141,824**	**159,472**	**160,954**	**166,119**	**170,669**	**173,783**
27	**Underwriting Income (Loss)**	**201,180**	**(33,093)**	**(121,242)**	**(144,038)**	**(153,495)**	**(156,088)**
28	**Investment Income**	88,878	98,342	102,724	107,343	106,576	106,487
29	(b) Investment Income - Interest Rate Impact	650	502	611	248	208	147
30	**Net Investment Income**	**89,528**	**98,844**	**103,335**	**107,591**	**106,784**	**106,634**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**65,751**	**(17,907)**	**(36,447)**	**(46,711)**	**(49,454)**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,839)	(9,809)	(11,735)	(9,922)	(9,656)

Figure 3 PF-2 Statement of Financial Position - Basic

Multi-year - Statement of Financial Position

Line No.	PUB 26(a) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	198,600	100,000	100,000	100,000	100,000	100,000
5	Investments	2,947,377	3,055,365	3,175,138	3,300,216	3,445,174	3,588,769
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,261	415,971	430,652	445,372	460,357
9	Deferred policy acquisition costs	37,259	30,609	31,275	31,121	21,047	15,004
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,937	42,139	32,479
13	**Total Assets**	**3,739,762**	**3,758,944**	**3,896,414**	**4,036,045**	**4,168,884**	**4,304,667**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	564,940	586,451	608,424	631,234
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,129,899	2,225,523	2,317,907	2,409,502	2,502,573
22	**Total Liabilities**	**3,245,785**	**3,188,563**	**3,302,733**	**3,431,746**	**3,556,673**	**3,686,063**
23	**Equity**						
24	Retained Earnings	508,678	581,763	601,453	612,105	619,142	623,169
25	Accumulated Other Comprehensive Income	(14,701)	(11,384)	(7,774)	(7,806)	(6,933)	(4,567)
26	**Total Equity**	**493,977**	**570,379**	**593,679**	**604,299**	**612,209**	**618,602**
27	**Total Liabilities & Equity**	**3,739,762**	**3,758,942**	**3,896,412**	**4,036,045**	**4,168,882**	**4,304,665**

Figure 4 PF-3 Statement of Changes in Equity - Basic

Multi-year - Statement of Changes in Equity

Line No.	PUB 26(a) *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	508,678	581,763	601,453	612,105	619,142
6	Net Income (Loss) from annual operations	290,782	65,751	(17,907)	(36,447)	(46,711)	(49,454)
7	Premium Rebate	(127,201)	(47,330)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)					
9	Transfer from Extension Retained Earnings	60,000	54,664	37,597	47,099	53,748	53,481
10	**Total Retained Earnings**	**508,678**	**581,763**	**601,453**	**612,105**	**619,142**	**623,169**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(11,384)	(7,774)	(7,806)	(6,933)
13	Other Comprehensive Income on Available for Sale Assets	53,984	3,317	3,610	(32)	873	2,366
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(11,384)	(7,774)	(7,806)	(6,933)	(4,567)
16	**Total Equity Balance**	**493,977**	**570,379**	**593,679**	**604,299**	**612,209**	**618,602**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	493,835	570,379	593,679	604,299	612,209	618,602
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,937	42,139	32,479
20	Capital Available	461,793	527,367	542,553	551,362	570,070	586,123
21	Minimum Capital Required (100% MCT)	401,793	422,052	451,516	469,038	486,298	505,975
22	**MCT Ratio % (Line 20) / (Line 21)**	**114.9%**	**125.0%**	**120.2%**	**117.6%**	**117.2%**	**115.8%**

Figure 5 EPF-1 Statement of Operations - Extension

Multi-year - Statement of Operations

Line No.	PUB 26(a) *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023A**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	176,718	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**174,770**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	169,339	179,976	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**167,391**	**177,989**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	12,437	13,244	13,627	14,121	14,777
11	**Total Earned Revenues**	**165,814**	**179,828**	**191,233**	**197,646**	**204,203**	**211,215**
12	**Net Claims Incurred**	55,933	78,318	94,794	94,912	95,953	97,172
13	(a) Claims Incurred - Interest Rate Impact	99	142	(147)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,460**	**94,647**	**94,912**	**95,953**	**97,172**
15	Claims Expense	11,792	12,330	12,387	13,784	14,447	15,027
16	Road Safety/Loss Prevention	641	1,093	1,098	1,193	1,208	1,249
17	**Total Claims Costs**	**68,465**	**91,883**	**108,132**	**109,889**	**111,608**	**113,448**
18	**Expenses**						
19	Operating	7,851	8,160	8,202	8,885	9,236	9,553
20	Commissions	34,142	33,655	32,228	32,649	31,758	30,936
21	Premium Taxes	4,701	5,080	5,399	5,581	5,764	5,956
22	Regulatory/Appeal	13	12	11	25	44	63
23	**Total Expenses**	**46,707**	**46,907**	**45,840**	**47,140**	**46,802**	**46,508**
24	**Underwriting Income (Loss)**	**50,642**	**41,038**	**37,261**	**40,617**	**45,793**	**51,259**
25	**Investment Income**	5,038	16,051	10,193	10,333	9,954	9,555
26	(b) Investment Income - Interest Rate Impact	4	189	229	102	78	52
27	**Net Investment Income**	**5,042**	**16,240**	**10,422**	**10,435**	**10,032**	**9,607**
28	**Gain (Loss) on Sale of Property**	**6**	**-**	**-**	**-**	**-**	**-**
29	**Net Income (Loss) from Annual Operations**	**55,690**	**57,278**	**47,683**	**51,052**	**55,825**	**60,866**
30	**Total net Impact due to interest rate change (b) - (a)**	**(95)**	**47**	**376**	**102**	**78**	**52**

Figure 6 EPF-3 Statement of Changes in Equity - Extension

Multi-year - Statement of Changes in Equity

Line No.	PUB 26(a) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2020A	2021FB	2022F	2023F	2024F	2025F
2	**EXTENSION**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	88,849	98,936	102,889	104,967
6	Net Income (Loss) from annual operations	55,690	57,279	47,684	51,051	55,827	60,867
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	-	-	-	-	-	-
9	Transfer (to) / from Basic Retained Earnings	(60,000)	(54,664)	(37,597)	(47,099)	(53,748)	(53,481)
10	**Total Retained Earnings**	**86,234**	**88,849**	**98,936**	**102,888**	**104,968**	**112,353**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	4,177	2,320	1,137	356
13	Other Comprehensive Income on Available for Sale Assets	15,989	(6,528)	(1,858)	(1,183)	(781)	(320)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	4,178	2,319	1,137	356	36
16	**Total Equity Balance**	**96,940**	**93,027**	**101,256**	**104,026**	**105,322**	**112,388**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	96,940	93,027	101,256	104,026	105,322	112,388
19	Less: Assets Requiring 100% Capital	2,696	3,633	4,316	4,436	3,514	2,696
20	Capital Available	94,244	89,394	96,940	99,590	101,808	109,692
21	Minimum Capital Required (100% MCT)	48,028	44,697	48,470	49,797	50,904	54,845
22	MCT Ratio % (Line 17) / (Line 18)	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

Figure 7 PF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	*PUB 26(a)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,035,261	1,013,655	1,050,923	1,089,140	1,128,844
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,061,485**	**1,100,641**	**1,140,443**	**1,181,618**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,024,178	1,032,772	1,070,527	1,109,507
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,070,735**	**1,081,407**	**1,120,892**	**1,161,396**
12	Service Fees & Other Revenues	25,792	26,228	28,323	28,527	29,243	30,856
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,099,058**	**1,109,934**	**1,150,135**	**1,192,252**
14	Claims Incurred	620,145	839,935	904,587	940,981	980,519	1,023,910
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,425	239	3,321	10,715	6,858
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,341	10,489	11,035	10,236	9,938
17	**Total Claims Incurred**	**653,828**	**855,701**	**915,315**	**955,337**	**1,001,470**	**1,040,706**
18	Claims Expense	141,720	149,509	147,719	151,153	152,756	156,189
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,933	12,596	12,799
20	**Total Claims Costs**	**803,256**	**1,018,459**	**1,076,104**	**1,119,423**	**1,166,822**	**1,209,694**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,134	79,092	80,886
23	Commissions	43,384	45,961	46,641	48,253	50,482	50,478
24	Premium Taxes	23,978	32,607	32,600	32,930	34,124	35,349
25	Regulatory/Appeal	4,399	4,791	4,624	4,604	4,644	4,693
26	**Total Expenses**	**141,824**	**159,472**	**159,973**	**163,921**	**168,342**	**171,406**
27	**Underwriting Income (Loss)**	**201,180**	**(33,093)**	**(137,019)**	**(173,410)**	**(185,029)**	**(188,848)**
28	**Investment Income**	88,878	98,342	102,558	106,756	106,578	105,147
29	(b) Investment Income - Interest Rate Impact	650	502	673	279	330	251
30	**Net Investment Income**	**89,528**	**98,844**	**103,231**	**107,035**	**106,908**	**105,398**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**65,751**	**(33,788)**	**(66,375)**	**(78,121)**	**(83,450)**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,839)	(9,816)	(10,756)	(9,906)	(9,687)

Figure 8 PF-2 Statement of Financial Position

Multi-year - Statement of Financial Position

Line No.	*PUB 26(a)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	BASIC	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	Assets						
4	Cash and cash equivalents	198,600	100,000	100,000	100,000	100,000	100,000
5	Investments	2,947,377	3,055,365	3,151,884	3,245,139	3,356,120	3,462,764
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,261	406,834	421,179	435,555	450,184
9	Deferred policy acquisition costs	37,259	30,609	31,271	31,168	21,090	15,043
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,937	42,139	32,479
13	**Total Assets**	**3,739,762**	**3,758,944**	**3,864,019**	**3,971,542**	**4,070,056**	**4,168,528**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	549,700	570,652	592,052	614,267
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,129,899	2,225,593	2,317,031	2,408,703	2,501,884
22	**Total Liabilities**	**3,245,785**	**3,188,563**	**3,287,563**	**3,415,071**	**3,539,502**	**3,668,407**
23	**Equity**						
24	Retained Earnings	508,678	581,763	584,692	565,606	541,579	511,422
25	Accumulated Other Comprehensive Income	(14,701)	(11,384)	(8,237)	(9,135)	(11,025)	(11,301)
26	**Total Equity**	**493,977**	**570,379**	**576,455**	**556,471**	**530,554**	**500,121**
27	**Total Liabilities & Equity**	**3,739,762**	**3,758,942**	**3,864,018**	**3,971,542**	**4,070,056**	**4,168,528**

Figure 9 PF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	PUB 26(a) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	508,678	581,763	584,692	565,606	541,579
6	Net Income (Loss) from annual operations	290,782	65,751	(33,788)	(66,375)	(78,121)	(83,450)
7	Premium Rebate	(127,201)	(47,330)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)					
9	Transfer from Extension Retained Earnings	60,000	54,664	36,717	47,289	54,094	53,293
10	**Total Retained Earnings**	**508,678**	**581,763**	**584,692**	**565,606**	**541,579**	**511,422**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(11,384)	(8,237)	(9,135)	(11,025)
13	Other Comprehensive Income on Available for Sale Assets	53,984	3,317	3,147	(898)	(1,890)	(276)
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(11,384)	(8,237)	(9,135)	(11,025)	(11,301)
16	**Total Equity Balance**	**493,977**	**570,379**	**576,455**	**556,471**	**530,554**	**500,121**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	493,835	570,379	576,455	556,471	530,554	500,121
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,937	42,139	32,479
20	Capital Available	461,793	527,367	525,329	503,534	488,415	467,642
21	Minimum Capital Required (100% MCT)	401,793	422,058	446,401	464,845	479,161	494,611
22	**MCT Ratio % (Line 20) / (Line 21)**	**114.9%**	**125.0%**	**117.7%**	**108.3%**	**101.9%**	**94.6%**

Figure 10 EPF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	*PUB 26(a)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023A**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	176,718	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**174,770**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	169,339	179,976	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**167,391**	**177,989**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	12,437	13,250	13,630	14,122	14,775
11	**Total Earned Revenues**	**165,814**	**179,828**	**191,239**	**197,649**	**204,204**	**211,213**
12	**Net Claims Incurred**	55,933	78,318	94,794	94,912	95,953	97,172
13	(a) Claims Incurred - Interest Rate Impact	99	142	(147)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,460**	**94,647**	**94,912**	**95,953**	**97,172**
15	Claims Expense	11,792	12,330	12,387	13,784	14,447	15,043
16	Road Safety/Loss Prevention	641	1,093	1,098	1,193	1,208	1,250
17	**Total Claims Costs**	**68,465**	**91,883**	**108,132**	**109,889**	**111,608**	**113,465**
18	**Expenses**						
19	Operating	7,851	8,160	8,202	8,885	9,236	9,560
20	Commissions	34,142	33,655	32,228	32,649	31,758	30,936
21	Premium Taxes	4,701	5,080	5,399	5,581	5,764	5,956
22	Regulatory/Appeal	13	12	11	25	44	63
23	**Total Expenses**	**46,707**	**46,907**	**45,840**	**47,140**	**46,802**	**46,515**
24	**Underwriting Income (Loss)**	**50,642**	**41,038**	**37,267**	**40,620**	**45,794**	**51,233**
25	**Investment Income**	5,038	16,051	10,184	10,447	10,076	9,664
26	(b) Investment Income - Interest Rate Impact	4	189	227	101	78	52
27	**Net Investment Income**	**5,042**	**16,240**	**10,411**	**10,548**	**10,154**	**9,716**
28	**Gain (Loss) on Sale of Property**	**6**	-	-	-	-	-
29	**Net Income (Loss) from Annual Operations**	**55,690**	**57,278**	**47,678**	**51,168**	**55,948**	**60,949**
30	**Total net Impact due to interest rate change (b) - (a)**	**(95)**	**47**	**374**	**101**	**78**	**52**

Figure 11 EPF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	PUB 26(a) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2020A	2021FB	2022F	2023F	2024F	2025F
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	88,849	99,810	103,689	105,543
6	Net Income (Loss) from annual operations	55,690	57,279	47,678	51,167	55,948	60,948
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	-	-	-	-	-	-
9	Transfer (to) / from Basic Retained Earnings	(60,000)	(54,664)	(36,717)	(47,289)	(54,094)	(53,293)
10	**Total Retained Earnings**	**86,234**	**88,849**	**99,810**	**103,688**	**105,543**	**113,198**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	4,177	2,367	1,219	452
13	Other Comprehensive Income on Available for Sale Assets	15,989	(6,528)	(1,810)	(1,149)	(767)	(303)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	4,178	2,367	1,218	452	149
16	**Total Equity Balance**	**96,940**	**93,027**	**102,178**	**104,908**	**105,995**	**113,346**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	96,940	93,027	102,178	104,908	105,995	113,346
19	Less: Assets Requiring 100% Capital	2,696	3,633	4,316	4,436	3,514	2,696
20	Capital Available	94,244	89,394	97,862	100,472	102,481	110,650
21	Minimum Capital Required (100% MCT)	48,028	44,697	48,930	50,236	51,240	55,326
22	MCT Ratio % (Line 17) / (Line 18)	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

b)

Figure 12 PF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	*PUB 26(b)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,147,520**	**1,189,831**	**1,232,868**	**1,277,404**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,114,868**	**1,169,061**	**1,211,742**	**1,255,545**
12	Service Fees & Other Revenues	25,792	26,228	30,063	30,405	31,269	33,044
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,144,931**	**1,199,466**	**1,243,011**	**1,288,589**
14	Claims Incurred	620,145	839,935	904,593	941,020	980,578	1,023,961
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,435	292	3,357	10,703	6,867
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,526	11,497	11,656	9,911	10,034
17	**Total Claims Incurred**	**653,828**	**855,896**	**916,382**	**956,033**	**1,001,192**	**1,040,862**
18	Claims Expense	141,720	149,509	147,719	151,167	152,772	156,205
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,934	12,598	12,800
20	**Total Claims Costs**	**803,256**	**1,018,654**	**1,077,171**	**1,120,134**	**1,166,562**	**1,209,867**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,141	79,099	80,894
23	Commissions	43,384	45,961	48,013	51,667	54,152	54,166
24	Premium Taxes	23,978	29,346	33,924	35,560	36,850	38,174
25	Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,693
26	**Total Expenses**	**141,824**	**156,211**	**162,669**	**169,973**	**174,745**	**177,927**
27	**Underwriting Income (Loss)**	**201,180**	**(30,027)**	**(94,909)**	**(90,641)**	**(98,296)**	**(99,205)**
28	**Investment Income**	88,878	98,375	103,182	105,411	107,149	109,900
29	(b) Investment Income - Interest Rate Impact	650	500	613	(11)	(12)	(13)
30	**Net Investment Income**	**89,528**	**98,875**	**103,795**	**105,400**	**107,137**	**109,887**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**68,848**	**8,886**	**14,759**	**8,841**	**10,682**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(12,026)	(10,884)	(11,667)	(9,923)	(10,047)

Figure 13 PF-2 Statement of Financial Position

Multi-year - Statement of Financial Position

Line No.	PUB 26(b) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Assets**						
4	Cash and cash equivalents	198,600	100,000	100,000	100,000	100,000	100,000
5	Investments	2,947,377	2,949,954	3,110,038	3,291,074	3,495,515	3,703,924
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
9	Deferred policy acquisition costs	37,259	30,599	31,207	31,068	21,002	14,945
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,937	42,138	32,478
13	**Total Assets**	**3,739,762**	**3,653,523**	**3,847,232**	**4,043,422**	**4,236,351**	**4,437,560**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,130,084	2,226,791	2,318,889	2,410,296	2,503,624
22	**Total Liabilities**	**3,245,785**	**3,188,748**	**3,330,663**	**3,460,367**	**3,586,109**	**3,716,798**
23	**Equity**						
24	Retained Earnings	508,678	476,142	524,152	585,607	647,282	711,715
25	Accumulated Other Comprehensive Income	(14,701)	(11,369)	(7,583)	(2,554)	2,960	9,046
26	**Total Equity**	**493,977**	**464,773**	**516,569**	**583,053**	**650,242**	**720,761**
27	**Total Liabilities & Equity**	**3,739,762**	**3,653,521**	**3,847,232**	**4,043,420**	**4,236,351**	**4,437,559**

Figure 14 PF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	*PUB 26(b)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	508,678	476,142	524,152	585,607	647,282
6	Net Income (Loss) from annual operations	290,782	68,848	8,886	14,759	8,841	10,682
7	Premium Rebate	(127,201)	(156,048)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)					
9	Transfer from Extension Retained Earnings	60,000	54,664	39,124	46,696	52,834	53,751
10	**Total Retained Earnings**	**508,678**	**476,142**	**524,152**	**585,607**	**647,282**	**711,715**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(11,369)	(7,583)	(2,554)	2,960
13	Other Comprehensive Income on Available for Sale Assets	53,984	3,332	3,786	5,029	5,514	6,086
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(11,369)	(7,583)	(2,554)	2,960	9,046
16	**Total Equity Balance**	**493,977**	**464,773**	**516,569**	**583,053**	**650,242**	**720,761**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	493,835	464,773	516,569	583,053	650,242	720,761
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,937	42,138	32,478
20	Capital Available	461,793	421,761	465,443	530,116	608,104	688,283
21	Minimum Capital Required (100% MCT)	401,793	421,972	455,585	478,759	501,492	526,723
22	**MCT Ratio % (Line 20) / (Line 21)**	**114.9%**	**100.0%**	**102.2%**	**110.7%**	**121.3%**	**130.7%**

Figure 15 EPF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	PUB 26(b) *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022FB**	**2023A**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	176,718	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**174,770**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	169,339	179,976	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**167,391**	**177,989**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	12,437	13,236	13,622	14,122	14,782
11	**Total Earned Revenues**	**165,814**	**179,828**	**191,225**	**197,641**	**204,204**	**211,220**
12	**Net Claims Incurred**	55,933	78,317	94,793	94,912	95,953	97,172
13	(a) Claims Incurred - Interest Rate Impact	99	143	(147)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,460**	**94,646**	**94,912**	**95,953**	**97,172**
15	Claims Expense	11,792	12,330	12,387	13,770	14,430	15,027
16	Road Safety/Loss Prevention	641	1,093	1,098	1,192	1,206	1,249
17	**Total Claims Costs**	**68,465**	**91,883**	**108,131**	**109,874**	**111,589**	**113,448**
18	**Expenses**						
19	Operating	7,851	8,160	8,202	8,878	9,228	9,553
20	Commissions	34,142	33,655	32,228	32,649	31,758	30,936
21	Premium Taxes	4,701	5,080	5,399	5,581	5,764	5,956
22	Regulatory/Appeal	13	12	11	25	44	63
23	**Total Expenses**	**46,707**	**46,907**	**45,840**	**47,133**	**46,794**	**46,508**
24	**Underwriting Income (Loss)**	**50,642**	**41,038**	**37,254**	**40,634**	**45,821**	**51,264**
25	**Investment Income**	5,038	16,051	10,205	10,140	9,740	9,382
26	(b) Investment Income - Interest Rate Impact	4	189	232	104	78	52
27	**Net Investment Income**	**5,042**	**16,240**	**10,437**	**10,244**	**9,818**	**9,434**
28	**Gain (Loss) on Sale of Property**	**6**	**-**	**-**	**-**	**-**	**-**
29	**Net Income (Loss) from Annual Operations**	**55,690**	**57,278**	**47,691**	**50,878**	**55,639**	**60,698**
30	**Total net Impact due to interest rate change (b) - (a)**	**(95)**	**46**	**379**	**104**	**78**	**52**

Figure 16 EPF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	PUB 26(b) *(C$ 000s, rounding may affect totals)*	For the Years Ended March 31,					
1		2020A	2021FB	2022F	2023F	2024F	2025F
2	**EXTENSION**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	88,849	97,416	101,597	104,401
6	Net Income (Loss) from annual operations	55,690	57,279	47,691	50,878	55,637	60,699
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings						
9	Transfer (to) / from Basic Retained Earnings	(60,000)	(54,664)	(39,124)	(46,696)	(52,834)	(53,751)
10	**Total Retained Earnings**	**86,234**	**88,849**	**97,416**	**101,598**	**104,400**	**111,349**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	4,177	2,234	995	199
13	Other Comprehensive Income on Available for Sale Assets	15,989	(6,528)	(1,943)	(1,239)	(796)	(345)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	4,178	2,234	995	199	(146)
16	**Total Equity Balance**	**96,940**	**93,027**	**99,650**	**102,592**	**104,600**	**111,203**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	96,940	93,027	99,650	102,592	104,600	111,203
19	Less: Assets Requiring 100% Capital	2,696	3,633	4,316	4,436	3,516	2,697
20	Capital Available	94,244	89,394	95,334	98,156	101,084	108,506
21	Minimum Capital Required (100% MCT)	48,028	44,697	47,666	49,077	50,542	54,253
22	MCT Ratio % (Line 17) / (Line 18)	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

Figure 17 PF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	PUB 26(c) *(C$ 000s, rounding may affect totals)*	For the Years Ended March 31,					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,147,520**	**1,189,831**	**1,232,868**	**1,277,404**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,114,868**	**1,169,061**	**1,211,742**	**1,255,545**
12	Service Fees & Other Revenues	25,792	26,228	30,063	30,405	31,269	33,044
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,144,931**	**1,199,466**	**1,243,011**	**1,288,589**
14	Claims Incurred	620,145	839,934	904,594	941,023	980,583	1,023,964
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,437	296	3,357	10,704	6,867
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,573	11,568	11,653	9,905	10,025
17	**Total Claims Incurred**	**653,828**	**855,944**	**916,458**	**956,033**	**1,001,192**	**1,040,856**
18	Claims Expense	141,720	149,509	147,719	151,167	152,772	156,205
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,934	12,598	12,800
20	**Total Claims Costs**	**803,256**	**1,018,702**	**1,077,247**	**1,120,134**	**1,166,562**	**1,209,861**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,141	79,099	80,894
23	Commissions	43,384	45,961	48,013	51,667	54,152	54,166
24	Premium Taxes	23,978	29,346	33,924	35,560	36,850	38,174
25	Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,693
26	**Total Expenses**	**141,824**	**156,211**	**162,669**	**169,973**	**174,745**	**177,927**
27	**Underwriting Income (Loss)**	**201,180**	**(30,075)**	**(94,985)**	**(90,641)**	**(98,296)**	**(99,199)**
28	**Investment Income**	88,878	100,061	99,326	101,155	102,780	105,449
29	(b) Investment Income - Interest Rate Impact	650	539	487	(10)	(10)	(11)
30	**Net Investment Income**	**89,528**	**100,600**	**99,813**	**101,145**	**102,770**	**105,438**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**70,525**	**4,828**	**10,504**	**4,474**	**6,239**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(12,034)	(11,081)	(11,663)	(9,915)	(10,036)

Figure 18 PF-2 Statement of Financial Position

Multi-year - Statement of Financial Position

Line No.	PUB 26(c) *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	138,600	100,000	100,000	100,000	100,000	100,000
5	Investments	2,947,377	2,834,485	2,989,981	3,165,860	3,365,335	3,568,635
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
9	Deferred policy acquisition costs	37,259	30,597	31,201	31,061	20,995	14,938
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,937	42,138	32,478
13	**Total Assets**	**3,679,762**	**3,538,052**	**3,727,169**	**3,918,201**	**4,106,164**	**4,302,264**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,130,131	2,226,910	2,319,009	2,410,414	2,503,736
22	**Total Liabilities**	**3,245,785**	**3,188,795**	**3,330,782**	**3,460,487**	**3,586,227**	**3,716,910**
23	**Equity**						
24	Retained Earnings	448,678	363,155	407,300	464,479	521,968	582,001
25	Accumulated Other Comprehensive Income	(14,701)	(13,900)	(10,914)	(6,765)	(2,031)	3,351
26	**Total Equity**	**433,977**	**349,255**	**396,386**	**457,714**	**519,937**	**585,352**
27	**Total Liabilities & Equity**	**3,679,762**	**3,538,050**	**3,727,168**	**3,918,201**	**4,106,164**	**4,302,262**

Figure 19 PF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	PUB 26(c) *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	363,155	407,300	464,479	521,968
6	Net Income (Loss) from annual operations	290,782	70,525	4,828	10,504	4,474	6,239
7	Premium Rebate	(127,201)	(156,048)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)					
9	Transfer from Extension Retained Earnings	-	-	39,317	46,675	53,015	53,794
10	**Total Retained Earnings**	**448,678**	**363,155**	**407,300**	**464,479**	**521,968**	**582,001**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(13,900)	(10,914)	(6,765)	(2,031)
13	Other Comprehensive Income on Available for Sale Assets	53,984	801	2,986	4,149	4,734	5,382
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(13,900)	(10,914)	(6,765)	(2,031)	3,351
16	**Total Equity Balance**	**433,977**	**349,255**	**396,386**	**457,714**	**519,937**	**585,352**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	433,835	349,255	396,386	457,714	519,937	585,352
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,937	42,138	32,478
20	Capital Available	401,793	306,243	345,260	404,777	477,799	552,874
21	Minimum Capital Required (100% MCT)	401,793	411,776	444,349	466,992	489,227	513,817
22	**MCT Ratio % (Line 20) / (Line 21)**	**100.0%**	**74.4%**	**77.7%**	**86.7%**	**97.7%**	**107.6%**

Figure 20 EPF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	PUB 26(c) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022FB	2023A	2024F	2025F	2026F
2	**EXTENSION**	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	Motor Vehicles	160,042	176,718	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**174,770**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	169,339	179,976	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**167,391**	**177,989**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	12,437	13,236	13,622	14,122	14,782
11	**Total Earned Revenues**	**165,814**	**179,828**	**191,225**	**197,641**	**204,204**	**211,220**
12	**Net Claims Incurred**	55,933	78,317	94,794	94,912	95,953	97,172
13	(a) Claims Incurred - Interest Rate Impact	99	123	(128)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,440**	**94,666**	**94,912**	**95,953**	**97,172**
15	Claims Expense	11,792	12,330	12,387	13,770	14,430	15,027
16	Road Safety/Loss Prevention	641	1,093	1,098	1,192	1,206	1,249
17	**Total Claims Costs**	**68,465**	**91,863**	**108,151**	**109,874**	**111,589**	**113,448**
18	**Expenses**						
19	Operating	7,851	8,160	8,202	8,878	9,228	9,553
20	Commissions	34,142	33,655	32,228	32,649	31,758	30,936
21	Premium Taxes	4,701	5,080	5,399	5,581	5,764	5,956
22	Regulatory/Appeal	13	12	11	25	44	63
23	**Total Expenses**	**46,707**	**46,907**	**45,840**	**47,133**	**46,794**	**46,508**
24	**Underwriting Income (Loss)**	**50,642**	**41,058**	**37,234**	**40,634**	**45,821**	**51,264**
25	**Investment Income**	5,038	15,991	10,271	10,187	9,795	9,421
26	(b) Investment Income - Interest Rate Impact	4	187	225	106	80	54
27	**Net Investment Income**	**5,042**	**16,178**	**10,496**	**10,293**	**9,875**	**9,475**
28	**Gain (Loss) on Sale of Property**	**6**	-	-	-	-	-
29	**Net Income (Loss) from Annual Operations**	**55,690**	**57,236**	**47,730**	**50,927**	**55,696**	**60,739**
30	**Total net Impact due to interest rate change (b) - (a)**	**(95)**	**64**	**353**	**106**	**80**	**54**

Figure 21 EPF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	*PUB 26(c)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2020A**	**2021FB**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	89,982	98,395	102,647	105,327
6	Net Income (Loss) from annual operations	55,690	57,236	47,730	50,927	55,695	60,739
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(53,488)				
9	Transfer (to) / from Basic Retained Earnings			(39,317)	(46,675)	(53,015)	(53,794)
10	**Total Retained Earnings**	**86,234**	**89,982**	**98,395**	**102,647**	**105,327**	**112,272**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	4,242	2,307	1,061	252
13	Other Comprehensive Income on Available for Sale Assets	15,989	(6,463)	(1,936)	(1,246)	(808)	(352)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	4,243	2,306	1,061	253	(100)
16	**Total Equity Balance**	**96,940**	**94,225**	**100,702**	**103,708**	**105,580**	**112,173**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	96,940	94,225	100,702	103,708	105,580	112,173
19	Less: Assets Requiring 100% Capital	2,696	3,633	4,316	4,436	3,516	2,697
20	Capital Available	94,244	90,592	96,386	99,272	102,064	109,476
21	Minimum Capital Required (100% MCT)	48,028	45,294	48,195	49,636	51,031	54,738
22	MCT Ratio % (Line 17) / (Line 18)	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

TAB 20

PUB (MPI) 2-2

Part and Chapter:	PUB (MPI) 1-3 Appendix 1	Page No.:	16,17 21-054/21-055
PUB Approved Issue No:	1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts 7. Capital management plan		
Topic:	Financial Overview		
Sub Topic:	Corporate Expenses		

Preamble to IR:

Question:

a) Please file the analysis or presentation made to the MPI Board to support the transfer of excess Extension funds to DVA.

b) Please provide any available information on the discussions that led to the two decisions about the DVA transfer.

c) In 21-055, the MPI Board approved a motion that the CMP would change such that Basic would only release capital when the MCT is 120% or higher.

  i. Please indicate where in the GRA this information was included.

  ii. If it was not included, please indicate where in the MPI Board minutes was there a change to this decision.

  iii. If this decision has not been changed, please indicated why this decision by the MPI Board was not included in the GRA and indicate when MPI intended to inform the PUB of this change.

  iv. Please provide the evidence (analysis and CMP methodology) supporting this change.

v. Please explain the approved change and discuss its impact on the Application.

RESPONSE:

a) Please see *Appendix 1*.

b) As stated in *Overview Chapter, page 9*:

"MPI administers the DVA LOB on behalf of the Government of Manitoba and has done so since 2004. Its administration requires MPI to collect various fees and to transfer them to the Government, an agency relationship. In 2020/21, the DVA fees MPI collected and transferred to the Government totaled $212 million. In return for its services, the Government paid MPI $30.2 million. However, the actual costs to MPI were $32.9 million, or a shortfall of $2.7 million."

MPI and the Government of Manitoba have discussed an appropriate funding model for the DVA line of business since 2017 and have considered two options, at a high-level. The first option involves increasing customer service fees for certain DVA functions performed by MPI and then using the additional revenue to cover the funding shortfall. While this option would provide MPI with sufficient revenue to cover its funding needs, it would also increase the financial burden on all users of the services provided by MPI as administrator of the DVA. The second option involves the Government of Manitoba foregoing collection of the existing customer service fees and instead allowing MPI to retain more or all of the fees collected to cover the shortfall. And while this option would also rectify the funding shortfall dilemma, the move would result in a revenue loss for the Government of Manitoba.

As stated in *Overview Chapter*, the Government of Manitoba experienced significant financial losses as a result of the COVID-19 Pandemic (i.e. it currently projects a $2.08 billion deficit) and cannot forego the DVA customer fee revenue stream. As a result, option 2 is no longer viable. And option 1 is similarly unviable because the Government of Manitoba is not prepared to increase the financial burden on these customers at a time when the economy is still recovering from the effects of the Pandemic. As the next best alternative, MPI had $60 million in excess Extension reserves prior to March 31, 2021 and had forecasted it to grow to $54 million by March 31, 2022. Accordingly, the MPI Board of Directors (BoD) decided to use the $114 million in excess Extension reserves to cover the current and projected DVA funding shortfalls for the next 5 years.

c) The Capital Management Plan (CMP) is designed to operate in "normal" "business as usual" times; however, the past 18 months have been unprecedented times. The circumstances that lead to the accumulation of such excess capital over the past 18 months was unforeseen when the CMP was developed. Simply stated, portions of the CMP were not designed to respond to the current circumstances.

Nevertheless, MPI must respond to these circumstances in an appropriate manner. MPI has determined that it is appropriate to deviate from the existing CMP because it was not designed to address these unusual circumstances.

MPI has stated in response to *CAC (MPI) 1-95(c)*[1] that it is not at this time seeking amendments to the CMP but will bring forward proposed changes in the 2023 GRA. MPI has also indicated in the Special Rebate Application that it seeks to amend prior PUB Orders to rebate what has resulted in MPI having excess capital. The effect of the Special Rebate Application will be to restore MPI's capital position to 100% MCT in the RSR. This will restore MPI to its "normal" "business as usual" state and position MPI for the application of an amended CMP.

The details of the amended CMP need to be determined but in general terms

[1] "As previously mentioned, the impact of the excess capital generated via the COVID-19 Pandemic demonstrated a weakness in the CMP (in particular, its capital release methodology). Based on this, MPI will seek to adopt an alternative approach (such as a capital rebate methodology) that will allow it to quickly release large amounts of capital if accumulated in a relatively short period of time. MPI expects to share the details of this capital rebate methodology in the 2023 GRA".

the build provisions of the current CMP will remain but with changes will required to manage capital in excess of 100% MCT. MPI is of the view, as a general concept, that excess capital should be returned to rate payers by way of rebate once accumulated excess capital reaches 120% MCT. The specifics related to how this will be applied have not yet been determined.

With regard to motion 21-055, the following context needs to be considered. MPI prepares its General Rate Applications (GRAs) each year using an iterative process, in which its management makes point-in-time decisions based upon available information. While MPI management keeps its BoD informed and seeks their pre-approval of decisions (where required); its BoD also recognizes that information and opinions underlying past decisions can change (often quickly), and could result in the need to change course.

The 2022 GRA was first discussed at the March 25, 2021 BoD meeting. The BoD further discussed the 2022 GRA at the May 10, 2021 and June 24, 2021 meetings. During those subsequent meetings, the plans of MPI management to alter the CMP methodology for the 2022 GRA changed. While the BoD ultimately accepted the current approach used in this application, its approval was unfortunately not recorded in a formal BoD motion. However, MPI management complied with the new direction which resulted in the recommendation (120% MCT rebate threshold) not appearing in the 2022 GRA. MPI intended to make the Public Utilities Board aware of the rebate threshold, once the specifics were known, as part of the 2023 GRA and the amended CMP to be included therein.

The BoD will finalize the application at its September 29, 2021 meeting, including approval of the final rate indication for the 2022 GRA.

Manitoba Public Insurance

Board of Directors Meeting

Meeting Date:	March 25, 2021	**Agenda Item:**	4.2
Subject:	Extension Transfer to Driver Vehicle Administration	**Page:** 1 of 1	

RECOMMENDATION:

That the Members approve a transfer of all capital in excess of 200% MCT from the Extension line of business to the Driver Vehicle Administration line of business as at March 31, 2021.

KEY MESSAGES:

1. Extension MCT as at December 31, 2020 was 284%. Projected year-end (March 31, 2021) MCT for Extension will exceed 300% vs the target of 200%.
2. DVA currently has a negative total equity position and the financial position will deteriorate quickly beginning 2021/22 while funding for DVA Nova costs are yet to be obtained.
3. Excess Extension reserves can be used to fund the DVA shortfall while not compromising Basic's forecasted financial position as pandemic savings outpace the previously forecasted March 31, 2021 Extension transfer to Basic.
4. The proposed Extension transfer to Basic is a one-time transfer, which is not planned to re-occur in future years, pending Basic requirements and DVA financial performance (excess Extension profit was previously spoken for in the near-term through forecasted Basic transfers).
5. The estimated amount of excess capital in Extension as at March 31, 2021 is $54 million pending final year-end results.

SUMMARY:

The Extension line of business has excess capital while the DVA line of business has negative equity and its financial position will deteriorate quickly beginning in 2021 due to the onset of Nova costs. Excess Extension capital typically has been transferred to Basic in the recent past however Basic is well capitalized including two customer rebates and does not currently require additional transfer from Extension. Key points and considerations will be presented in the attached power point presentation (Attachment A).

Attachment A
Agenda 4.2
March 25, 2021

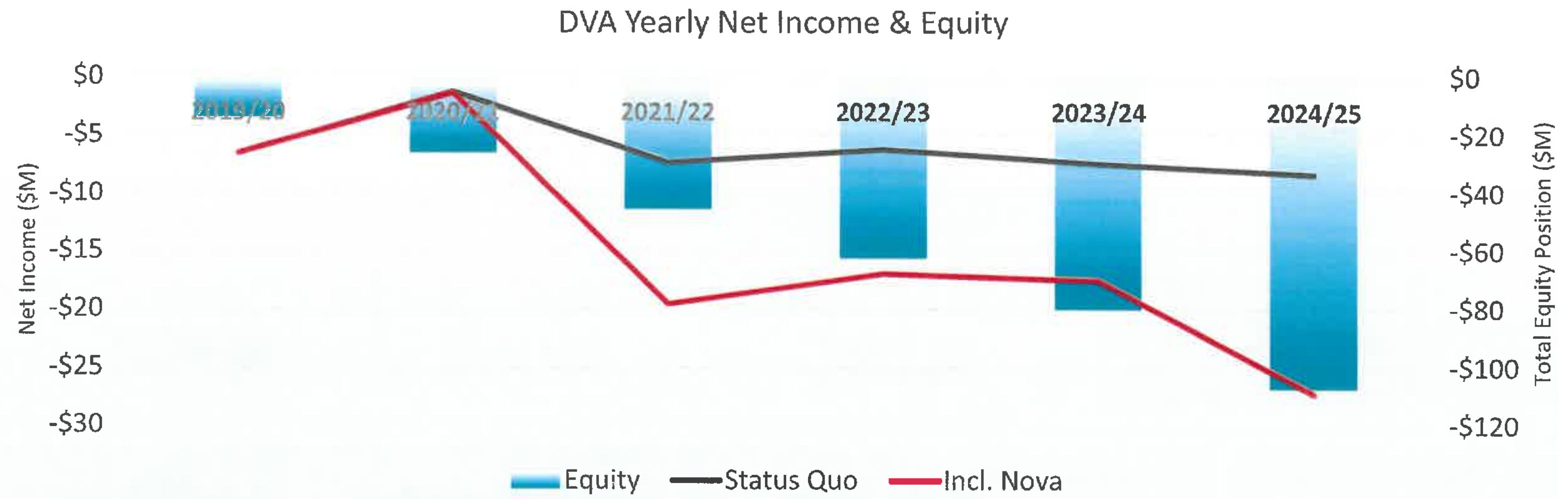
Extension Transfer to DVA

Capital Transfer 2021

Presentation to Board of Directors

March 25, 2021

DVA Financials



- DVA will close 2020/21 with a small loss of approx. $1M and a total equity position of negative $26M ($9M R/E, $17M AOCI)
- 2021/22 will see annual DVA projected net income drop significantly due to Nova licensing fees
  - This drops further beginning 2024/25 as Nova amortization kicks in
- In the absence of any change in funding and transfers between lines of business, DVA is facing a $100M+ shortfall by 2024/25

2

Capital Positions (Dec-2020)

Organizational Health

Capital Adequacy (Minimum Capital Test)

Basic	100% ACTUAL Q3 2020/21	100% TARGET Q3 2020/21	79% *PAST Q3 2019/20
Extension	284% ACTUAL Q3 2020/21	200% TARGET Q3 2020/21	281% *PAST Q3 2019/20
Special Risk Extension	274% ACTUAL Q3 2020/21	300% TARGET Q3 2020/21	244% *PAST Q3 2019/20

- Current ratios are overstated as none factor DVA shortfall
- Basic cannot fund DVA
- Extension is the only non-Basic LOB with excess capital
- Excess Extension capital projected as at March 31, 2021 = approx. $54M

3

Key Points

1. Extension MCT as at December 31, 2020 was 284%. Projected year-end March 31, 2021 MCT for Extension will exceed 300% vs the target of 200%.
2. The DVA financial position will deteriorate quickly beginning 2021/22 and funding for DVA Nova costs are yet to be obtained
3. Excess Extension reserves can used to fund the DVA shortfall while not compromising Basic's forecasted financial position as pandemic savings outpace the previously forecasted March 31, 2021 Extension transfer to Basic
4. Basic is well capitalized and has rebated tens of millions directly to customers due to pandemic related savings
5. Basic continues to accumulate excess reserves, to a greater extent than forecasted in the 2021 GRA and -8.8% approved rate indication
6. The proposed Extension transfer to Basic is a one-time transfer, which is not planned to re-occur in future years, pending Basic requirements and DVA financial performance (excess EXT profit was previously spoken for in the near-term through forecasted Basic transfers)

4

Capital Management Plan

2021 GRA

RSR 6.2 – Capital Transfers

if, at the end of the fiscal year, the MCT ratio of the Extension Reserve is:

- greater than 200% - MPI will transfer capital from the Extension Reserve to Basic until its MCT ratio is reduced to 200%.
- less than 200% - MPI will transfer no capital from Extension to Basic.

PUB 01_28: The CMP does not stipulate what accumulated profits generated by the Extension line of business may be used for but rather stipulates that at the end of each fiscal year, capital that remains in excess of 200% MCT is to be transferred to Basic… It is conceivable that Extension profits could be utilized for purposes other than transfers to Basic… At this time there are no plans to utilize excess Extension capital for any purpose other than transferring to Basic – as is evidenced by the capital transfers forecasted in the pro formas included in the 2021 GRA.

Oct 2 Transcript 579-580:

MCCANDLESS: However, in the future, could MPI make a decision to utilize excess monies rather than transfer to Basic as it had done previously? GIESBRECHT: That is a possibility. MCCANDLESS: So the Corporation does acknowledge that its position is it has the flexibility to not transfer those monies then? GIESBRECHT: Yes. MCCANDLESS: So another use for the funds could be deemed by a management business case, for example? GIESBRECHT: Possibly. MCCANDLESS: Or a direction from the Board of Directors? GIESBRECHT: That is correct, yeah. It should be stated, though, that there are no plans. That is not the case. However, if something were to arise where there was a need and it was deemed as the -- appropriate to utilize those funds, that -- that could be possible at the discretion of the MPI Board of Directors.

5

Pros/Cons

Advantages	Disadvantages
Helps address funding gap in DVA	Transfer to DVA as opposed to Basic will directly impact/reduce a potential 3rd rebate
Capitalize on opportunity arising due to significant pandemic savings	PUB/Intervenors may view negatively and as a change of course from 2021 GRA
	A one-time transfer from EXT to DVA will not fully cover the forecasted shortfall

Recommendation

The pandemic provides an opportunity to utilize excess Extension profits to fund the current and projected DVA shortfall

- That the Members approve a transfer of capital from the Extension line of business to the Driver Vehicle Administration line of business as at March 31, 2021 of all capital in excess of 200% MCT.

- The estimated amount of excess capital in Extension as at March 31, 2021 is $54 million pending final year end results.

Manitoba Public Insurance

Board of Directors Meeting

Meeting Date:	June 24, 2021	**Agenda Item:**	5.1
Subject:	Driver Vehicle Administration & Extension Funding Update	**Page: 1 of 4**	

RECOMMENDATION:

That the Members receive this report for discussion, and approve in principle, a planned transfer of all capital in excess of 200% MCT from the Extension line of business to the Driver Vehicle Administration (DVA) line of business as at March 31, 2022.

KEY MESSAGES:

1. Forecasting assumptions must be made to provide the financial basis for the 2022 General Rate Application (GRA).

2. Due to the nature of Extension's profitability and capital requirements, excess Extension capital is projected to exist at each future year-end.

3. After the $60 million transfer from Extension to DVA on March 31, 2021, the DVA line of business is now forecasted to fall into a deficit position during the 2023/24 fiscal year.

4. In order to fund the DVA's on-going operations and Nova project costs; additional funding is required.

5. Government has signaled that:
   a. It has no appetite at this time to raise DVA fees; 2023/24 would likely be the earliest these fees may be increased.
   b. It has little appetite to raise driver registration fees which represented greater than 70% of MPI's proposed fee increases.
   c. It would clarify its position and policy with respect to DVA funding over the coming months and whether long-term financing from Extension surplus may need to be considered.

6. With no immediate solution to the DVA funding issue in sight, alternate plans to address the issue must be made.

7. Extension is the only line of business with both the financial and legal ability to transfer funds to the DVA.

Board of Directors Meeting

Meeting Date:	June 24, 2021	**Agenda Item:**	5.1
Subject:	Driver Vehicle Administration & Extension Funding Update	**Page:** 2 of 4	

8. Extension is currently forecasted to have approximately $53 million in excess capital available as at March 31, 2022.

9. A transfer of $53 million in 2022 from Extension to DVA, in addition to the previously transferred $60 million, would pay for the project Nova costs as well as five years' operating deficits and carry the line of business to near the end of the 2026/27 fiscal year.

10. Transferring additional monies to DVA as opposed to Basic, would reduce the amount that would otherwise be available for a rebate to Basic policyholders.

SUMMARY:

Funding for the DVA line of business continues to be an issue. The $60 million transfer from Extension at March 31, 2021 has afforded DVA some breathing room, however additional funding is required to pay for on-going operational losses and to fund Nova implementation costs.

Since completing the last transfer of Extension excess capital to DVA, MPI has had further dialogue with Government as to the DVA funding and self-sufficiency. While no changes to DVA fees or funding have been accepted at this time, MPI has gained clarity as to Government's position towards the DVA's financial situation, namely:

a. No changes to DVA fees or funding are anticipated until at least 2023/24.
b. Government has little to no appetite at this time for raising fees for the driver registration as these fees affect all Manitobans on a yearly basis. This type of fee change would directly contradict the $10 reduction in vehicle registration fees announced by Government on May 13th (part of multi-year reduction in registration fees).
c. Increases in one-time fees such as driver road tests may be considered in future, but not at this time.
d. In the absence of fee increases, there is no opportunity for additional funding given the pandemic's impact on overall Government finances.
e. Government specifically asked MPI to consider Extension as a potential permanent source of DVA funding.

Board of Directors Meeting

Meeting Date: June 24, 2021 **Agenda Item:** 5.1

Subject: Driver Vehicle Administration & Extension Funding Update **Page:** 3 of 4

The following table displays the DVA's forecasted yearly deficit and impacts of project Nova:

DVA P&L ($M's)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Run DVA Operations	32.9	37.5	37.6	38.1	38.9	39.9	40.8	41.8	42.8	43.9	45.0
Nova on-going expenses	-	-	-	9.1	6.3	5.5	4.4	4.5	4.6	2.5	2.5
Nova efficiencies	-	-	-	(0.8)	(5.8)	(6.7)	(6.7)	(6.8)	(6.9)	(7.1)	(7.3)
Sub-total DVA Operations	32.9	37.5	37.6	46.4	39.4	38.6	38.5	39.5	40.5	39.3	40.2
Nova Project Costs	0.1	12.2	10.2	7.3	7.4	8.1	7.7	7.7	0.4	0	0
Funds Required	33.0	49.7	47.8	53.7	46.8	46.7	46.3	47.2	40.9	39.3	40.2
Funds Available	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2
Funding Gap	(2.7)	(19.4)	(17.6)	(23.4)	(16.6)	(16.5)	(16.0)	(17.0)	(10.6)	(9.0)	(10.0)
Investment Inc. on transfer	-	1.1	1.7	1.2	0.8	0.4	0.0	-	-	-	-
Net Income	**(2.7)**	**(18.3)**	**(15.9)**	**(22.2)**	**(15.8)**	**(16.1)**	**(16.0)**	**(17.0)**	**(10.6)**	**(9.0)**	**(10.0)**

Based on the assumption of Nova capital costs being amortized in 2023/24 through 2027/28, and the net benefits of Nova accruing to MPI beginning 2028/29; the DVA line of business is still forecasted to run a yearly deficit of $9-10 million post Nova. This model assumes that investment income generated by the capital transferred to DVA remains within the DVA line of business.

The following table displays the cumulative retained earnings position of the DVA including the proposed March 31, 2022 transfer:

Retained Earnings ($M's)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2029/30
Opening	(7.8)	49.5	84.2	68.3	46.1	30.3	14.2	(1.8)	(18.8)	(29.4)	(38.5)
Net Income	(2.7)	(18.3)	(15.9)	(22.2)	(15.8)	(16.1)	(16.0)	(17.0)	(10.6)	(9.0)	(10.0)
Transfer In	60.0	53.0									
Ending	**49.5**	**84.2**	**68.3**	**46.1**	**30.3**	**14.2**	**(1.8)**	**(18.8)**	**(29.4)**	**(38.5)**	**(48.4)**

Total transfers of $113 million would cover DVA funding requirements until near the end of 2026/27 and allow time to determine a permanent solution to the funding gap. The proposed $53 million transfer combined with the already transacted $60 million transfer would essentially pay for $61 million in Nova implementation costs plus $52 million towards approximately seven years of annual deficits.

Board of Directors Meeting

Meeting Date: June 24, 2021 **Agenda Item:** 5.1

Subject: Driver Vehicle Administration & Extension Funding Update **Page:** 4 of 4

The above tables reflect the financial positions through an accounting perspective. When considering the immediate cash flow needs to fund Nova, the need for funding is even greater.

Without the forecasted $53 million transfer DVA retained earnings would fall to minus $38 million by 2023/24 on a cash basis as opposed to minus $7 million on an accounting basis as presented in the following table:

DVA P&L ($M's)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2029/30
Sub-total DVA Operations	32.9	37.5	37.6	46.4	39.4	38.6	38.5	39.5	40.5	39.3	40.2
Nova Project Costs	0.1	25.0	23.1	12.9							
Funds Required	33.0	62.5	60.7	59.3	39.4	38.6	38.5	39.5	40.5	39.3	40.2
Funds Available	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2
Funding Gap	(2.7)	(32.3)	(30.4)	(29.0)	(9.2)	(8.4)	(8.3)	(9.3)	(10.2)	(9.0)	(10.0)
Investment Inc. on transfer	-	1.1	1.7	1.2	0.8	0.4	0.0	-	-	-	-
Net Income	**(2.7)**	**(31.2)**	**(28.8)**	**(27.8)**	**(8.4)**	**(8.0)**	**(8.3)**	**(9.3)**	**(10.2)**	**(9.0)**	**(10.0)**

Retained Earnings ($M's)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2029/30
Opening	(7.8)	49.5	18.3	(10.4)	(38.2)	(46.7)	(54.7)	(62.9)	(72.2)	(82.4)	(91.5)
Net Income	(2.7)	(31.2)	(28.8)	(27.8)	(8.4)	(8.0)	(8.3)	(9.3)	(10.2)	(9.0)	(10.0)
Transfer In	60.0										
Ending	**49.5**	**18.3**	**(10.4)**	**(38.2)**	**(46.7)**	**(54.7)**	**(62.9)**	**(72.2)**	**(82.4)**	**(91.5)**	**(101.4)**

The Extension line of business has excess capital, while the DVA line of business has negative equity and its financial position will deteriorate quickly beginning in 2021, due to the onset of Nova costs. Excess Extension capital typically has been transferred to Basic in the recent past and diverting a second transfer to DVA will directly impact the amount of a potential third Basic rebate to customers. However, Basic is over-capitalized and is not in need of Extension transfers while the DVA is clearly not covering its costs of operating and this shortfall must be absorbed by other profit centres, until such time that DVA revenues can fully cover its own costs.

TAB 21

PUB (MPI) 2-14

Part and Chapter:	Part VII Rate Stabilization Reserve PUB (MPI) 1-26	Page No.:	10
PUB Approved Issue No:	2. Requested vehicle rate and any changes to other fees and discounts. 7a. CMP. Transfers of excess capital from Extension to Driver and Vehicle Administration.		
Topic:	Indicated premium rebate and/or capital release provision		
Sub Topic:			

Preamble to IR:

MPI has indicated that it has or will be transferring $113.5 million of Extension retained earnings to DVA instead of transferring them to Basic.

Question:

a) Please estimate the capital release provision with a target MCT ratio of 100.0% at 2023/24 of 100.0%, ignoring any movement below 100% in intervening years that would be indicated if the Extension retained earnings were transferred to Basic instead of to DVA, and the additional capital was used for purposes of the capital release provision. Please provide alternative Pro-Formas.

b) Please confirm that Figure 1 is incorrect, in that it shows capital build provisions for PUB 1-26(b) and PUB 1-26(c).

Rationale for Question:

To provide insight as to the impact of the transfer of Extension retained earnings to DVA instead of to Basic.

RESPONSE:

a) Please see *Figures 1 to 5* below:

Figure 1 PF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	*PUB 2-14(a)* *(C$ 000s, rounding may affect totals)*	For the Years Ended March 31,					
1		**2021A**	**2022FB**	**2023F**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,035,261	985,929	1,022,180	1,059,354	1,097,975
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,080,811**	**1,033,759**	**1,071,898**	**1,110,657**	**1,150,749**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,070,733	1,009,956	1,004,525	1,041,249	1,079,166
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,118,610**	**1,056,513**	**1,053,160**	**1,091,614**	**1,131,055**
12	Service Fees & Other Revenues	25,792	26,228	27,762	27,922	28,591	30,152
13	**Total Earned Revenues**	**1,146,260**	**1,144,838**	**1,084,275**	**1,081,082**	**1,120,205**	**1,161,207**
14	Claims Incurred	620,145	839,935	904,587	940,954	980,479	1,023,887
15	DPAC \ Premium Deficiency Adjustment	(10,511)	3,425	192	3,301	10,743	6,856
16	(a) Claims Incurred - Interest Rate Impact	44,194	12,341	9,616	10,700	10,844	9,948
17	**Total Claims Incurred**	**653,828**	**855,701**	**914,395**	**954,955**	**1,002,066**	**1,040,691**
18	Claims Expense	141,720	149,509	147,719	151,151	152,742	156,189
19	Road Safety/Loss Prevention	7,708	13,249	13,070	12,933	12,595	12,799
20	**Total Claims Costs**	**803,256**	**1,018,459**	**1,075,184**	**1,119,039**	**1,167,403**	**1,209,679**
21	**Expenses**						
22	Operating	70,063	76,113	76,108	78,133	79,085	80,886
23	Commissions	43,384	45,961	46,198	47,153	49,300	49,289
24	Premium Taxes	23,978	32,607	32,174	32,083	33,246	34,439
25	Regulatory/Appeal	4,399	4,791	4,624	4,604	4,644	4,693
26	**Total Expenses**	**141,824**	**159,472**	**159,104**	**161,973**	**166,275**	**169,307**
27	**Underwriting Income (Loss)**	**201,180**	**(33,093)**	**(150,013)**	**(199,930)**	**(213,473)**	**(217,779)**
28	**Investment Income**	88,878	98,342	102,364	107,680	106,983	102,897
29	(b) Investment Income - Interest Rate Impact	650	502	675	398	494	325
30	**Net Investment Income**	**89,528**	**98,844**	**103,039**	**108,078**	**107,477**	**103,222**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**65,751**	**(46,974)**	**(91,852)**	**(105,996)**	**(114,557)**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,839)	(8,941)	(10,302)	(10,350)	(9,623)

Figure 2 PF-2 Statement of Financial Position

Multi-year - Statement of Financial Position

Line No.	*PUB 2-14(a)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Assets**						
4	Cash and cash equivalents	198,600	100,000	100,000	91,831	99,910	96,533
5	Investments	2,947,377	3,055,365	3,131,601	3,204,804	3,276,826	3,353,664
6	Investment property	6,065	5,890	5,480	5,483	5,200	4,574
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	409,261	398,737	412,786	426,858	441,170
9	Deferred policy acquisition costs	37,259	30,609	31,317	31,233	21,127	15,081
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
12	Deferred development costs	32,042	43,012	51,126	52,937	42,140	32,480
13	**Total Assets**	**3,739,762**	**3,758,944**	**3,835,685**	**3,914,710**	**3,982,013**	**4,046,986**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	557,353	536,196	556,653	577,546	599,233
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
21	Provision for unpaid claims	2,045,997	2,129,899	2,224,720	2,315,796	2,408,036	2,501,204
22	**Total Liabilities**	**3,245,785**	**3,188,563**	**3,273,186**	**3,399,837**	**3,524,329**	**3,652,693**
23	**Equity**						
24	Retained Earnings	508,678	581,763	570,740	526,326	474,514	413,317
25	Accumulated Other Comprehensive Income	(14,701)	(11,384)	(8,241)	(11,449)	(16,828)	(19,022)
26	**Total Equity**	**493,977**	**570,379**	**562,499**	**514,877**	**457,686**	**394,295**
27	**Total Liabilities & Equity**	**3,739,762**	**3,758,942**	**3,835,685**	**3,914,714**	**3,982,015**	**4,046,988**

Figure 3 PF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	PUB 2-14(a) (C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022FB	2023F	2024F	2025F	2026F
2	BASIC	2020/21A	2021/22FB	2022/23F	2023/24F	2024/25F	2025/26F
3	Total Equity						
4	Retained Earnings						
5	Beginning Balance	440,522	508,678	581,763	570,740	526,326	474,514
6	Net Income (Loss) from annual operations	290,782	65,751	(46,974)	(91,852)	(105,996)	(114,557)
7	Premium Rebate	(127,201)	(47,330)	-	-	-	-
8	Premium Rebate (accrued)	(155,425)					
9	Transfer from Extension Retained Earnings	60,000	54,664	35,951	47,438	54,184	53,360
10	**Total Retained Earnings**	**508,678**	**581,763**	**570,740**	**526,326**	**474,514**	**413,317**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(34,296)	(14,701)	(11,384)	(8,241)	(11,449)	(16,828)
13	Other Comprehensive Income on Available for Sale Assets	53,984	3,317	3,143	(3,208)	(5,379)	(2,194)
14	Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	(14,701)	(11,384)	(8,241)	(11,449)	(16,828)	(19,022)
16	**Total Equity Balance**	**493,977**	**570,379**	**562,499**	**514,877**	**457,686**	**394,295**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	493,835	570,379	562,499	514,877	457,686	394,295
19	Less: Assets Requiring 100% Capital	32,042	43,012	51,126	52,937	42,140	32,480
20	Capital Available	461,793	527,367	511,373	461,940	415,546	361,815
21	Minimum Capital Required (100% MCT)	401,793	422,056	445,290	461,895	471,389	483,001
22	**MCT Ratio % (Line 20) / (Line 21)**	**114.9%**	**125.0%**	**114.8%**	**100.0%**	**88.2%**	**74.9%**

Figure 4 EPF-1 Statement of Operations

Multi-year - Statement of Operations

Line No.	PUB 2-14(a) *(C$ 000s, rounding may affect totals)*	For the Years Ended March 31,					
1		2021A	2022FB	2023A	2024F	2025F	2026F
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	176,718	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**174,770**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	169,339	179,976	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,948)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**167,391**	**177,989**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	12,437	13,255	13,633	14,122	14,773
11	**Total Earned Revenues**	**165,814**	**179,828**	**191,244**	**197,652**	**204,204**	**211,211**
12	**Net Claims Incurred**	55,933	78,318	94,794	94,912	95,953	97,172
13	(a) Claims Incurred - Interest Rate Impact	99	142	(147)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,460**	**94,647**	**94,912**	**95,953**	**97,172**
15	Claims Expense	11,792	12,330	12,387	13,786	14,447	15,043
16	Road Safety/Loss Prevention	641	1,093	1,098	1,193	1,208	1,250
17	**Total Claims Costs**	**68,465**	**91,883**	**108,132**	**109,891**	**111,608**	**113,465**
18	**Expenses**						
19	Operating	7,851	8,160	8,202	8,885	9,236	9,560
20	Commissions	34,142	33,655	32,228	32,649	31,758	30,936
21	Premium Taxes	4,701	5,080	5,399	5,581	5,764	5,956
22	Regulatory/Appeal	13	12	11	25	44	63
23	**Total Expenses**	**46,707**	**46,907**	**45,840**	**47,140**	**46,802**	**46,515**
24	**Underwriting Income (Loss)**	**50,642**	**41,038**	**37,272**	**40,621**	**45,794**	**51,231**
25	**Investment Income**	5,038	16,051	10,178	10,542	10,174	9,771
26	(b) Investment Income - Interest Rate Impact	4	189	226	100	78	52
27	**Net Investment Income**	**5,042**	**16,240**	**10,404**	**10,642**	**10,252**	**9,823**
28	**Gain (Loss) on Sale of Property**	**6**	**-**	**-**	**-**	**-**	**-**
29	**Net Income (Loss) from Annual Operations**	**55,690**	**57,278**	**47,676**	**51,263**	**56,046**	**61,054**
30	**Total net Impact due to interest rate change (b) - (a)**	**(95)**	**47**	**373**	**100**	**78**	**52**

Figure 5 EPF-3 Statement of Changes in Equity

Multi-year - Statement of Changes in Equity

Line No.	*PUB 2-14(a)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2020A**	**2021FB**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	**2020/21A**	**2021/22FB**	**2022/23F**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	88,849	100,576	104,399	106,262
6	Net Income (Loss) from annual operations	55,690	57,279	47,677	51,262	56,047	61,053
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	-	-	-	-	-	-
9	Transfer (to) / from Basic Retained Earnings	(60,000)	(54,664)	(35,951)	(47,438)	(54,184)	(53,360)
10	**Total Retained Earnings**	**86,234**	**88,849**	**100,575**	**104,400**	**106,262**	**113,955**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	4,177	2,408	1,290	543
13	Other Comprehensive Income on Available for Sale Assets	15,989	(6,528)	(1,769)	(1,118)	(747)	(293)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	-	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	4,178	2,408	1,290	543	250
16	**Total Equity Balance**	**96,940**	**93,027**	**102,984**	**105,689**	**106,804**	**114,204**
17	**MINIMUM CAPITAL TEST (C$ 000s)**						
18	Total Equity Balance	96,940	93,027	102,984	105,689	106,804	114,204
19	Less: Assets Requiring 100% Capital	2,696	3,633	4,316	4,435	3,514	2,696
20	Capital Available	94,244	89,394	98,668	101,254	103,290	111,508
21	Minimum Capital Required (100% MCT)	48,028	44,697	49,336	50,627	51,645	55,754
22	MCT Ratio % (Line 17) / (Line 18)	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

b) Confirmed. Please see the revised *Figure 6* below, which includes the summary results from the alternative scenario in a).

Figure 6 Basic MCT % after Rebate and Capital Management Plan

Line No.	Scenario	Capital Build / (Release) Provision	Rebate (in million)		Transfer from Extension (in million)				MCT % After Basic Rebate, Transfer from Extension and Capital Build / Release			
			20/21**	21/22	20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24
1	PUB 1-26 a)	-5.00%	(155.4)	(47.3)	60.0	54.7	37.6	47.1	114.9%	125.0%	120.2%	117.6%
2	PUB 1-26 a)*	-7.86%	(155.4)	(47.3)	60.0	54.7	37.6	47.1	114.9%	125.0%	117.7%	108.3%
3	PUB 1-26 b)	0.00%	(155.4)	(156.0)	60.0	54.7	39.1	46.7	114.9%	100.0%	102.2%	110.7%
4	PUB 1-26 c)	0.00%	(155.4)	(156.0)	-	-	39.3	46.7	100.0%	74.4%	77.7%	86.7%
5	PUB 2-14 a)	-10.39%	(155.4)	(47.3)	60.0	54.7	36.0	47.4	114.9%	125.0%	114.8%	100.0%
6	*uncapped Capital Release Provision, where 23/24 MCT% = Target MCT%											
7	** Excludes rebates approved from 2021 Special Rebate Applications											

TAB 22

PUB (MPI) 1-84

Part and Chapter:	Part VI DSR	Page No.:	9 DSR-1, DSR APP 1-6
PUB Approved Issue No:	13. Driver Safety Rating (DSR), including but not limited to MPI's progress towards changes to the DSR system		
Topic:	DSR Scale		
Sub Topic:	Actuarially indicated rate		

Preamble to IR:

DSR–1 provides a comparison of the current DSR rate with the Actuarially indicated rate. MPI has indicated that registered owners at DSR levels +10 to +15 will have lower average premiums. However, to offset the revenue loss the average base rate at DSR level zero would have to be increased by 22% or $334. Although this scenario provides a snapshot of a potential future state, rate changes of this magnitude are not publicly acceptable in a one-year period.

Question:

a) Please update DSR-2 to reflect the actual variances as each DSR level. Compare actuarial to proposed rate.

b) Please indicate what the revenue shortfall would be if calculated surcharges were based on the indicated surcharge. Please provide the supporting calculation based on the forecast number of drivers at each demerit level in 2022/23.

c) Please explain why the Corporation has not proposed any changes in driver premium surcharges.

Rationale for Question:

To understand implications of moving the DSR scale towards actuarial indicated rates.

RESPONSE:

a) Please see *Figure 1* below:

Figure 1 Selected Discounts

Line No.	DSR	Discount: Indicated	Current	Selected	Sel'd less Current	Indicated less Sel'd
1	**15**	56.0%	33.0%	37.0%	4.0%	19.0%
2	**14**	45.6%	30.0%	32.0%	2.0%	13.6%
3	**13**	44.8%	29.0%	31.0%	2.0%	13.8%
4	**12**	43.6%	28.0%	30.0%	2.0%	13.6%
5	**11**	42.1%	27.0%	29.0%	2.0%	13.1%
6	**10**	40.2%	26.0%	27.0%	1.0%	13.2%
7	**9**	37.9%	25.0%	25.0%	0.0%	12.9%
8	**8**	35.3%	25.0%	25.0%	0.0%	10.3%
9	**7**	32.2%	25.0%	25.0%	0.0%	7.2%
10	**6**	28.8%	20.0%	20.0%	0.0%	8.8%
11	**5**	25.0%	15.0%	15.0%	0.0%	10.0%
12	**4**	20.8%	15.0%	15.0%	0.0%	5.8%
13	**3**	16.2%	10.0%	10.0%	0.0%	6.2%
14	**2**	11.2%	10.0%	10.0%	0.0%	1.2%
15	**1**	5.8%	5.0%	5.0%	0.0%	0.8%
16	**0**	0.0%	0.0%	0.0%	0.0%	0.0%

b) Please see *Figure 2* below. The indicated Driver License Fees comes from *Part VI DSR Appendix 1, Figure DSR App 1-4*.

Figure 2 Driver Premiums Shortfall with Indicated Surcharges

		Driver License Fees				2022/23 Driver Premiums*		
Line No.	DSR Level	Current	Indicated	Appeal Reduction	2022/23 Earned Driver Units	Current	Indicated	Indicated less Current
1	**-1**	200	122	0.00%	12,308	2,461,538	1,506,520	-955,018
2	**-2**	200	180	0.50%	10,020	1,993,898	1,797,625	-196,273
3	**-3**	300	241	0.67%	7,298	2,174,710	1,744,200	-430,510
4	**-4**	400	303	0.50%	9,009	3,585,462	2,719,635	-865,827
5	**-5**	450	369	1.78%	6,598	2,916,381	2,390,204	-526,178
6	**-6**	500	437	0.20%	4,000	1,995,978	1,744,236	-251,742
7	**-7**	650	508	0.46%	3,591	2,323,498	1,815,584	-507,914
8	**-8**	800	582	0.88%	2,723	2,159,302	1,570,507	-588,795
9	**-9**	900	659	1.11%	2,323	2,067,247	1,513,479	-553,768
10	**-10**	1,000	739	0.90%	2,240	2,220,137	1,641,150	-578,987
11	**-11**	1,200	823	0.75%	1,253	1,492,760	1,023,667	-469,093
12	**-12**	1,400	910	2.36%	1,300	1,776,875	1,155,157	-621,718
13	**-13**	1,600	1,001	2.31%	1,625	2,539,704	1,589,060	-950,643
14	**-14**	1,800	1,096	1.72%	729	1,289,294	784,986	-504,307
15	**-15**	2,000	1,195	2.35%	749	1,462,488	873,702	-588,786
16	**-16**	2,200	1,298	2.45%	633	1,359,036	801,797	-557,239
17	**-17**	2,400	1,406	2.13%	384	902,529	528,547	-373,982
18	**-18**	2,600	1,518	2.92%	372	938,105	547,607	-390,498
19	**-19**	2,800	1,635	2.29%	275	752,849	439,552	-313,298
20	**-20**	3,000	1,757	4.03%	2,074	5,969,827	3,496,185	-2,473,642
21	**Total**				**69,503**	**42,381,617**	**29,683,399**	**-12,698,218**
22	*Adjusted for appeal reduction							

c) MPI did not propose changes in driver premium surcharge due to the following:

- The calculated surcharges and the current surcharges are not directly comparable. Per Part VI DSR Appendix 1, page 12, *"The calculated surcharges apply to vehicles insured by registered owners with the respective DSR level. However, the current surcharges are applicable at the driver level (i.e. based on the DSR level of the driver)."*

- Further, per Part VI DSR Appendix 1, page 13, *"The calculated surcharges represent the minimum surcharges for drivers with the respective DSR* *levels"* given that the discount was calculated including the loss experience of other drivers with higher DSR levels.

- MPI wanted to focus on the top end of the scale (i.e. DSR levels +10 to +15), which contains approximately 50% of the drivers, thereby benefitting a large group of policyholders who should receive a higher vehicle premium discount based on actuarial indications.

TAB 23

PUB (MPI) 2-40

Part and Chapter:	**PUB (MPI) 1-85 Part VI DSR Part V Rev**	**Page No.:**	**9 DSR-1**
PUB Approved Issue No:	**13. Driver Safety Rating (DSR), including but not limited to MPI's progress towards changes to the DSR system**		
Topic:	**DSR Scale**		
Sub Topic:	**Actuarially indicated rate**		

Preamble to IR:

Question:

a) Given the indicated movement in Figure 1, please provide the expected rate change by DSR level over each of the next five years due to this change in vehicle discount rates. For this purpose, reconcile the total premium amount to be charged in line with the forecast premiums in PF-1.

b) Please indicate the level of vehicle premium discounts and driver licence surcharges that are currently provided at each level, by year, relative to the assumed movement on the DSR scale and the total impact on written premiums.

Rationale for Question:

To understand implications of moving the DSR scale towards actuarially indicated rates.

RESPONSE:

a) *Figure 1* shows the expected increase in the base rates for 2022/23 to 2026/27 to offset the revenue loss from providing higher discounts per *PUB (MPI) 1-85, Figure 1*. The figures presented in *Figure 1* were determined using the DSR simulation model used to determine driver premium and DSR upgrade as detailed in *Revenues Chapter Rev.2*.

Figure 2 updates *PUB (MPI) 1-85, Figure 1* to include the changes to average rates by DSR level for 2022/23 to 2026/27 including the offset per *Figure 1*.

Figure 1 Increase in Base Rates to Offset Revenue Loss

Line No.		Rating Year 2022/23	2023/24	2024/25	2025/26	2026/27
1	**Increase in Base Rates to Offset Revenue Loss**	4.2%	3.7%	4.6%	4.1%	4.6%

Figure 2 Vehicle Premium Discounts

Line	DSR	Discount % for Rating Year... [a]						Change to Discount % for Rating Year...					Change to Average Rate for Rating Year... [b]				
No.	Level	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2022/23	2023/24	2024/25	2025/26	2026/27	2022/23	2023/24	2024/25	2025/26	2026/27
1	**15**	33.0%	38.0%	42.0%	47.0%	51.0%	56.0%	5.0%	4.0%	5.0%	4.0%	5.0%	-3.6%	-3.0%	-4.5%	-3.8%	-6.1%
2	**14**	30.0%	33.0%	36.0%	39.0%	42.0%	46.0%	3.0%	3.0%	3.0%	3.0%	4.0%	-0.3%	-0.9%	-0.3%	-1.0%	-2.6%
3	**13**	29.0%	32.0%	35.0%	38.0%	42.0%	45.0%	3.0%	3.0%	3.0%	4.0%	3.0%	-0.2%	-0.8%	-0.3%	-2.6%	-0.8%
4	**12**	28.0%	31.0%	34.0%	37.0%	41.0%	44.0%	3.0%	3.0%	3.0%	4.0%	3.0%	-0.1%	-0.8%	-0.2%	-2.5%	-0.7%
5	**11**	27.0%	30.0%	33.0%	36.0%	39.0%	42.0%	3.0%	3.0%	3.0%	3.0%	3.0%	-0.1%	-0.7%	-0.1%	-0.8%	-0.6%
6	**10**	26.0%	29.0%	32.0%	35.0%	37.0%	40.0%	3.0%	3.0%	3.0%	2.0%	3.0%	0.0%	-0.7%	-0.1%	0.9%	-0.4%
7	**9**	25.0%	28.0%	30.0%	33.0%	35.0%	38.0%	3.0%	2.0%	3.0%	2.0%	3.0%	0.0%	0.8%	0.1%	1.0%	-0.2%
8	**8**	25.0%	27.0%	29.0%	31.0%	33.0%	35.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.4%	0.9%	1.6%	1.1%	1.5%
9	**7**	25.0%	26.0%	28.0%	29.0%	31.0%	32.0%	1.0%	2.0%	1.0%	2.0%	1.0%	2.8%	0.9%	3.1%	1.2%	3.1%
10	**6**	20.0%	22.0%	24.0%	25.0%	27.0%	29.0%	2.0%	2.0%	1.0%	2.0%	2.0%	1.6%	1.1%	3.2%	1.3%	1.7%
11	**5**	15.0%	17.0%	19.0%	21.0%	23.0%	25.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.8%	1.2%	2.0%	1.5%	1.9%
12	**4**	15.0%	16.0%	17.0%	18.0%	20.0%	21.0%	1.0%	1.0%	1.0%	2.0%	1.0%	3.0%	2.5%	3.3%	1.6%	3.3%
13	**3**	10.0%	11.0%	12.0%	14.0%	15.0%	16.0%	1.0%	1.0%	2.0%	1.0%	1.0%	3.1%	2.6%	2.2%	2.9%	3.3%
14	**2**	10.0%	10.0%	10.0%	11.0%	11.0%	11.0%	0.0%	0.0%	1.0%	0.0%	0.0%	4.2%	3.7%	3.4%	4.1%	4.6%
15	**1**	5.0%	5.0%	5.0%	5.0%	6.0%	6.0%	0.0%	0.0%	0.0%	1.0%	0.0%	4.2%	3.7%	4.6%	3.0%	4.6%
16								**Increase in Base Rates to Offset Revenue Loss:**					**4.2%**	**3.7%**	**4.6%**	**4.1%**	**4.6%**

17 Notes:

18 [a] 2021/22 reflects current vehicle premium discounts and 2026/27 reflects indicated vehicle premium discounts

19 [b] For rating year j, Change = (1 - Discount_j) / (1 - Discount_{j-1}) * (1 + Offset_j) - 1

b) Please see *Appendix 1* and *Appendix 2*. *Appendix 1* shows the estimated impact on vehicle premiums by DSR level for the forecast years as a result of adjusting the forecasted driver movement probabilities in 2021/22. *Appendix 2* shows the corresponding estimated impact on driver premiums by DSR level.

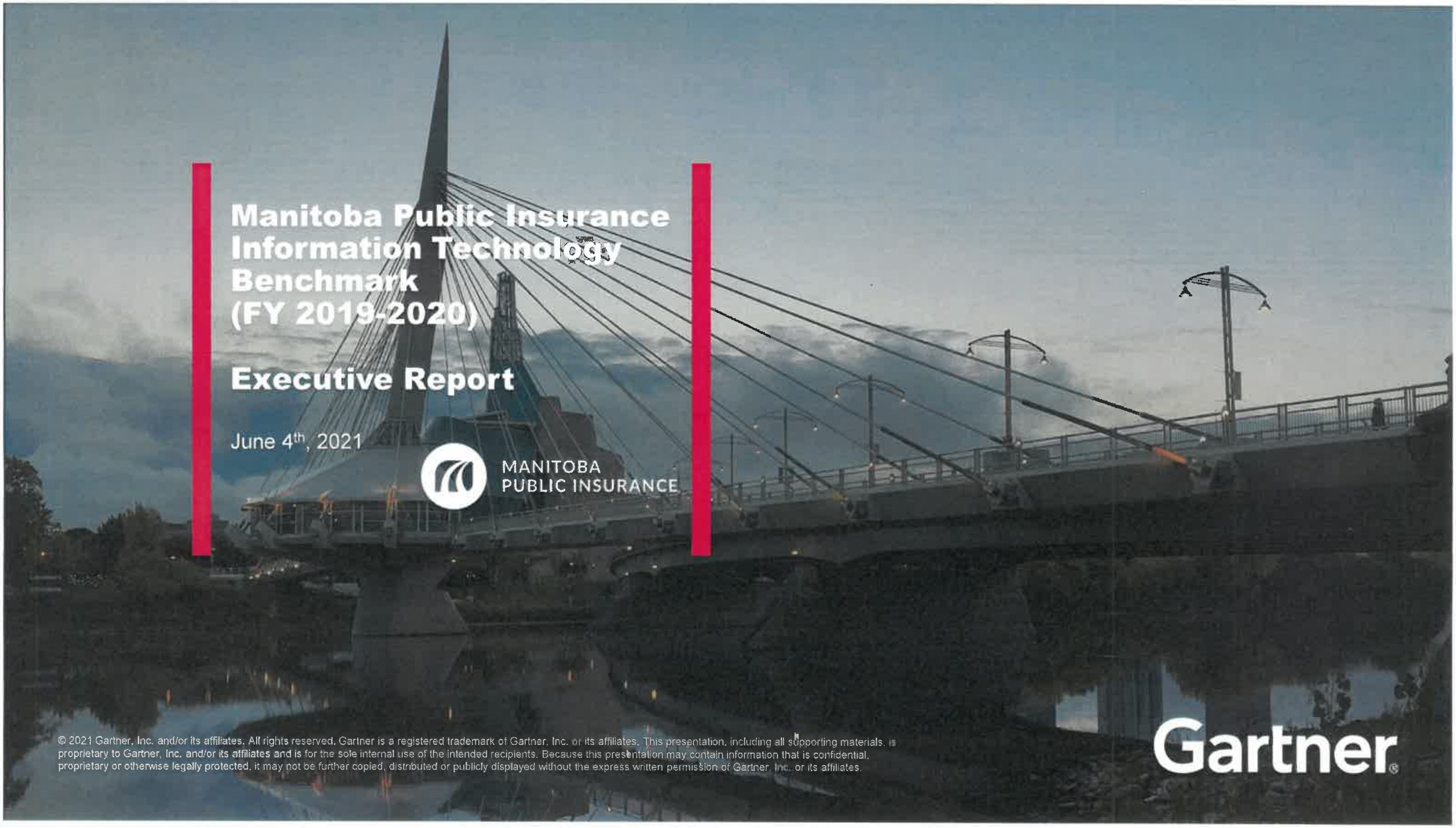
Figure App 1-1 Estimated Impact on Vehicle Premiums by DSR ('000s)

Line		Vehicle Premiums after Driver Movement Adjustment					Vehicle Premiums before Driver Movement Adjustment					Impact of Adjustment on Vehicle Premiums				
No.	DSR Level	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
1	15	$394,125	$404,807	$415,839	$433,781	$444,322	$387,600	$398,197	$410,747	$428,211	$438,369	$6,525	$6,610	$5,092	$5,570	$5,953
2	14	$33,676	$34,619	$42,875	$35,643	$36,573	$32,802	$35,840	$42,154	$34,943	$38,861	$874	($1,221)	$720	$700	($2,288)
3	13	$36,660	$45,557	$37,636	$38,699	$46,851	$37,953	$44,758	$36,894	$41,183	$46,562	($1,294)	$799	$741	($2,485)	$289
4	12	$40,843	$32,008	$33,009	$41,419	$36,982	$40,051	$31,337	$35,798	$41,195	$36,814	$792	$671	($2,790)	$224	$168
5	11	$34,657	$35,823	$45,118	$40,214	$42,958	$33,895	$38,965	$44,875	$40,052	$43,153	$762	($3,142)	$243	$162	($194)
6	10	$37,687	$47,704	$42,408	$45,457	$49,932	$41,123	$47,428	$42,272	$45,591	$49,528	($3,435)	$276	$137	($134)	$405
7	9	$33,813	$27,647	$30,610	$34,380	$32,071	$33,587	$27,720	$30,823	$34,119	$31,799	$226	($73)	($213)	$261	$272
8	8	$27,438	$30,758	$34,293	$32,073	$34,477	$27,554	$30,824	$34,041	$31,798	$34,600	($116)	($66)	$252	$275	($123)
9	7	$27,804	$30,706	$28,737	$31,129	$34,106	$27,677	$30,481	$28,496	$31,168	$33,876	$128	$226	$241	($38)	$229
10	6	$30,736	$28,956	$31,591	$34,437	$34,648	$30,487	$28,688	$31,509	$34,188	$34,275	$249	$269	$81	$249	$374
11	5	$30,731	$33,718	$36,503	$36,988	$37,761	$30,400	$33,460	$36,234	$36,554	$36,147	$331	$259	$270	$434	$1,614
12	4	$31,259	$33,606	$34,300	$34,799	$36,850	$30,818	$33,338	$33,856	$33,060	$37,725	$441	$268	$444	$1,738	($874)
13	3	$34,934	$36,016	$36,215	$38,338	$39,000	$34,611	$35,472	$34,118	$39,505	$40,451	$323	$543	$2,097	($1,167)	($1,450)
14	2	$35,809	$35,617	$37,711	$38,420	$40,429	$35,162	$33,256	$39,140	$40,056	$41,422	$647	$2,361	($1,429)	($1,636)	($992)
15	1	$35,705	$37,883	$38,624	$40,712	$43,059	$32,965	$39,666	$40,512	$41,896	$43,969	$2,740	($1,783)	($1,887)	($1,183)	($910)
16	0	$48,795	$49,727	$52,534	$55,567	$58,116	$51,634	$52,483	$54,339	$56,809	$59,301	($2,839)	($2,756)	($1,805)	($1,242)	($1,186)
17	-1	$12,698	$13,514	$14,504	$15,180	$15,951	$14,038	$14,179	$14,985	$15,861	$16,401	($1,340)	($665)	($481)	($681)	($450)
18	-2	$9,304	$10,716	$12,007	$12,572	$13,277	$10,792	$11,754	$12,598	$12,855	$13,681	($1,488)	($1,038)	($591)	($284)	($405)
19	-3	$6,909	$7,980	$8,414	$8,900	$9,307	$8,066	$8,464	$8,550	$9,295	$9,698	($1,157)	($484)	($136)	($395)	($391)
20	-4	$9,163	$9,974	$10,602	$11,255	$11,931	$10,314	$10,405	$11,372	$11,872	$12,382	($1,151)	($432)	($769)	($616)	($451)
21	-5	$5,465	$6,975	$7,372	$7,820	$8,262	$6,631	$7,590	$7,794	$8,130	$8,544	($1,166)	($615)	($422)	($311)	($281)
22	-6	$4,208	$4,647	$4,944	$5,303	$5,594	$4,834	$5,042	$5,279	$5,587	$5,836	($626)	($395)	($335)	($284)	($241)
23	-7	$3,970	$4,183	$4,615	$4,961	$5,260	$4,414	$4,692	$5,008	$5,236	$5,482	($443)	($509)	($393)	($275)	($222)
24	-8	$2,974	$3,147	$3,354	$3,555	$3,752	$3,320	$3,398	$3,541	$3,718	$3,921	($346)	($251)	($186)	($163)	($169)
25	-9	$2,408	$2,634	$2,843	$3,036	$3,225	$2,810	$2,890	$3,047	$3,230	$3,379	($403)	($256)	($204)	($195)	($154)
26	-10	$2,539	$2,654	$2,931	$3,112	$3,299	$2,810	$2,967	$3,152	$3,285	$3,441	($271)	($313)	($221)	($173)	($142)
27	-11	$1,376	$1,476	$1,595	$1,701	$1,810	$1,568	$1,650	$1,718	$1,808	$1,903	($192)	($173)	($123)	($107)	($93)
28	-12	$1,460	$1,568	$1,675	$1,804	$1,918	$1,626	$1,732	$1,826	$1,922	$2,011	($165)	($164)	($151)	($118)	($93)
29	-13	$1,886	$1,926	$2,048	$2,170	$2,292	$1,947	$2,074	$2,179	$2,284	$2,397	($60)	($148)	($131)	($114)	($104)
30	-14	$674	$724	$780	$836	$890	$769	$807	$846	$892	$937	($95)	($83)	($66)	($56)	($47)
31	-15	$767	$833	$883	$945	$1,000	$861	$903	$953	$1,000	$1,046	($94)	($70)	($69)	($55)	($46)
32	-16	$674	$712	$758	$805	$852	$735	$772	$810	$848	$889	($61)	($60)	($52)	($43)	($37)
33	-17	$452	$478	$509	$544	$579	$503	$523	$552	$581	$609	($51)	($45)	($43)	($37)	($30)
34	-18	$457	$474	$495	$524	$555	$501	$506	$529	$554	$580	($44)	($32)	($34)	($30)	($26)
35	-19	$305	$324	$345	$368	$391	$334	$356	$374	$392	$412	($29)	($32)	($29)	($25)	($21)
36	-20	$2,322	$2,474	$2,615	$2,759	$2,909	$2,465	$2,623	$2,760	$2,891	$3,025	($144)	($149)	($145)	($132)	($117)
37	Total	$984,683	$1,022,564	$1,061,295	$1,100,205	$1,141,187	$987,656	$1,025,237	$1,063,682	$1,102,571	$1,143,423	($2,973)	($2,673)	($2,387)	($2,366)	($2,236)

Figure App 2-1 Estimated Impact on Driver Premiums by DSR ('000s)

Line		Driver Premiums after Driver Movement Adjustment					Driver Premiums before Driver Movement Adjustment					Impact of Adjustment on Driver Premiums				
No.	DSR Level	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
1	15	$4,700	$4,712	$4,724	$4,810	$4,810	$4,605	$4,614	$4,646	$4,729	$4,726	$95	$97	$79	$82	$83
2	14	$531	$532	$644	$522	$523	$515	$549	$630	$510	$554	$16	($16)	$14	$12	($31)
3	13	$593	$720	$580	$583	$688	$612	$704	$566	$617	$681	($19)	$16	$14	($35)	$7
4	12	$683	$522	$526	$644	$561	$667	$509	$568	$638	$556	$16	$13	($42)	$6	$5
5	11	$570	$575	$707	$615	$641	$555	$622	$700	$610	$641	$15	($48)	$7	$5	($0)
6	10	$635	$784	$681	$712	$764	$690	$776	$675	$711	$754	($55)	$8	$5	$1	$9
7	9	$751	$599	$647	$710	$646	$743	$598	$649	$701	$638	$8	$1	($2)	$8	$8
8	8	$752	$823	$895	$817	$858	$752	$821	$885	$807	$857	($0)	$2	$11	$10	$0
9	7	$854	$920	$841	$889	$951	$847	$910	$830	$886	$941	$7	$11	$11	$3	$10
10	6	$945	$869	$925	$985	$967	$934	$857	$919	$974	$953	$11	$12	$7	$11	$14
11	5	$930	$996	$1,052	$1,041	$1,037	$916	$984	$1,040	$1,024	$989	$13	$12	$12	$16	$48
12	4	$1,061	$1,113	$1,109	$1,098	$1,135	$1,042	$1,100	$1,090	$1,039	$1,158	$19	$14	$19	$59	($22)
13	3	$1,405	$1,414	$1,388	$1,434	$1,424	$1,387	$1,386	$1,301	$1,471	$1,471	$18	$27	$86	($37)	($47)
14	2	$1,570	$1,525	$1,576	$1,567	$1,609	$1,537	$1,417	$1,628	$1,627	$1,642	$34	$107	($52)	($60)	($33)
15	1	$1,948	$2,017	$2,008	$2,066	$2,132	$1,792	$2,103	$2,096	$2,117	$2,169	$156	($86)	($89)	($51)	($36)
16	0	$3,287	$3,269	$3,371	$3,481	$3,553	$3,465	$3,435	$3,471	$3,544	$3,611	($179)	($166)	($100)	($63)	($58)
17	-1	$2,370	$2,462	$2,579	$2,634	$2,702	$2,610	$2,571	$2,652	$2,741	$2,767	($241)	($110)	($74)	($107)	($65)
18	-2	$1,774	$1,994	$2,181	$2,229	$2,297	$2,050	$2,177	$2,278	$2,269	$2,358	($276)	($183)	($97)	($41)	($61)
19	-3	$1,929	$2,175	$2,238	$2,311	$2,359	$2,244	$2,296	$2,264	$2,403	$2,448	($315)	($122)	($26)	($92)	($89)
20	-4	$3,375	$3,585	$3,720	$3,855	$3,989	$3,785	$3,724	$3,972	$4,049	$4,123	($410)	($139)	($252)	($194)	($134)
21	-5	$2,341	$2,916	$3,009	$3,115	$3,213	$2,830	$3,160	$3,167	$3,225	$3,309	($489)	($243)	($158)	($110)	($96)
22	-6	$1,852	$1,996	$2,073	$2,170	$2,235	$2,120	$2,156	$2,203	$2,277	$2,322	($268)	($160)	($130)	($107)	($87)
23	-7	$2,260	$2,323	$2,502	$2,625	$2,717	$2,503	$2,595	$2,703	$2,759	$2,821	($243)	($271)	($201)	($134)	($104)
24	-8	$2,091	$2,159	$2,247	$2,324	$2,394	$2,325	$2,321	$2,361	$2,420	$2,492	($234)	($162)	($114)	($96)	($98)
25	-9	$1,936	$2,067	$2,178	$2,270	$2,354	$2,251	$2,258	$2,324	$2,405	$2,456	($316)	($191)	($146)	($136)	($103)
26	-10	$2,176	$2,220	$2,394	$2,481	$2,567	$2,400	$2,471	$2,563	$2,608	$2,667	($223)	($251)	($169)	($127)	($100)
27	-11	$1,425	$1,493	$1,575	$1,639	$1,702	$1,619	$1,661	$1,688	$1,735	$1,782	($193)	($168)	($114)	($96)	($80)
28	-12	$1,696	$1,777	$1,853	$1,948	$2,021	$1,881	$1,954	$2,011	$2,067	$2,111	($185)	($177)	($158)	($119)	($90)
29	-13	$2,549	$2,540	$2,636	$2,727	$2,811	$2,621	$2,723	$2,792	$2,858	$2,928	($72)	($183)	($157)	($131)	($116)
30	-14	$1,229	$1,289	$1,355	$1,418	$1,473	$1,397	$1,430	$1,464	$1,506	$1,545	($168)	($141)	($108)	($89)	($72)
31	-15	$1,379	$1,462	$1,514	$1,580	$1,633	$1,543	$1,578	$1,625	$1,665	$1,701	($164)	($116)	($111)	($85)	($68)
32	-16	$1,318	$1,359	$1,412	$1,464	$1,512	$1,433	$1,467	$1,503	$1,536	$1,572	($115)	($108)	($91)	($72)	($60)
33	-17	$875	$903	$939	$979	$1,017	$970	$983	$1,013	$1,041	$1,065	($95)	($81)	($74)	($62)	($48)
34	-18	$926	$938	$956	$989	$1,021	$1,013	$997	$1,018	$1,040	$1,064	($86)	($58)	($62)	($52)	($43)
35	-19	$727	$753	$783	$814	$845	$793	$824	$844	$865	$887	($66)	($71)	($61)	($51)	($42)
36	-20	$5,740	$5,970	$6,161	$6,344	$6,528	$6,074	$6,303	$6,472	$6,620	$6,763	($334)	($333)	($311)	($276)	($235)
37	Total	$61,179	$63,773	$65,978	$67,889	$69,691	$65,519	$67,036	$68,612	$70,098	$71,523	($4,340)	($3,264)	($2,634)	($2,209)	($1,832)

TAB 24


Manitoba Public Insurance
Information Technology
Benchmark
(FY 2019-2020)
Executive Report
June 4th, 2021
MANITOBA
PUBLIC INSURANCE
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Purpose of this Report

- This reports contains the summarized executive version of the findings and recommendations resulting from the analysis conducted as part of the Gartner / Manitoba Public Insurance (MPI) Annual IT Benchmark for FY 2019-2020
- Refer to the Full Report for the detailed analysis

Table of Contents

01 Gartner Point of View

Levels of investment in IT must be in balance with value derived by the business: There is a cost to maturing IT Service Management Processes

Investments in IT

- IT Personnel
- Contractors
- Hardware
- Software
- Facilities
- Managed Services

Value Delivered

- Mature IT Service Management Processes
- Satisfied business stakeholders and end users
- Reduced risk
- Progress towards business outcomes
- Profitability *
  (Applicable for commercial peers; not for MPI)

Since MPI is a Crown Corporation, it does not aim to maximize profitability; thus profitability may be a less applicable measure of value delivered

Within the current and previous benchmark peer groups, a trend was found that higher levels of profitability are typically achieved for firms with higher levels of IT Spending per employee

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Gartner's Point of View on the insurance industry

COVID-19 Has Had A Significant Impact On Insurance Organizations, Yet Digitalization Continues

- The impact of **COVID-19 has hit the P&C insurance industry hard** and derailed many CIOs from delivering the digital results expected for 2020.
- **Digital maturity is continuing to advance** in the insurance industry, with most CIOs reporting they are delivering or scaling digital today.
- Insurance **CIOs project increased investment in many technologies for 2021**, but it is highly likely they will need to prioritize due to investment and talent issues.
- The insurance **CIO has been instrumental in responding to COVID-19** and will play an important role in digital as they focus on building the next information and technology foundation for the future.
- Different stances to **customer experience (CX) will be needed in 2021** to respond to emerging consumer demands, including more digital channel capabilities and new products and services.

Source: Gartner 2021

02 Objectives, Approach and Methodology

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An Information Technology Benchmark was independently performed by Gartner for MPI (2nd benchmark in a series spanning 3 fiscal years)

The objectives of the IT benchmark are to:

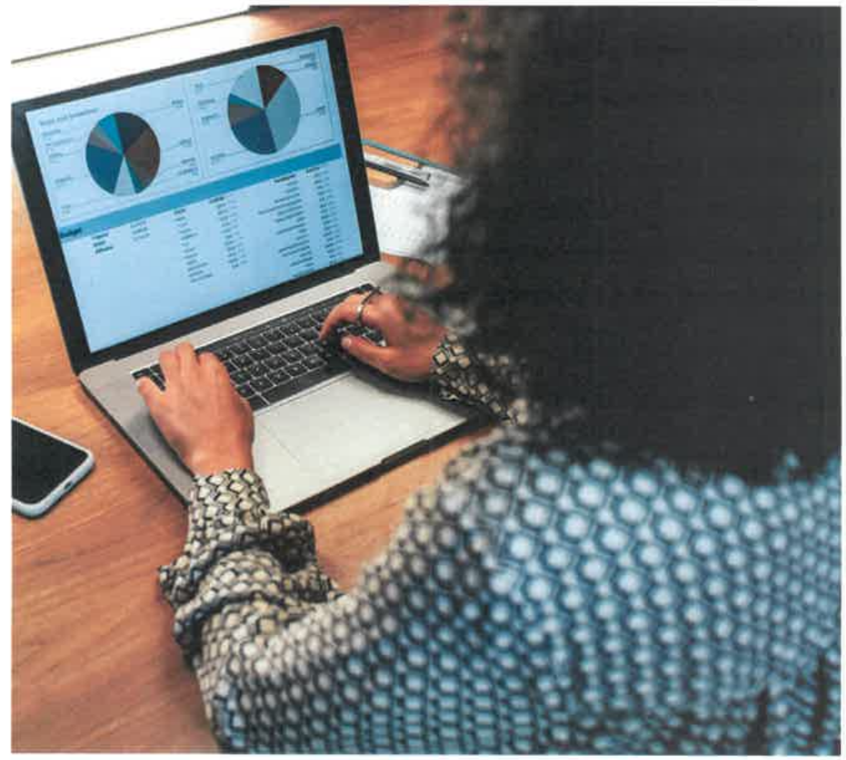
- Establish a baseline of IT spending and staffing based on 2019/2020 fiscal year data
- Compare IT spending and staffing levels with insurance industry peers
- Communicate the level of maturity of key IT domains within MPI relative to peers
- Identify the variances for areas that may have a potential for optimization
- Create a foundation for a continual change/ improvement program

Assumptions:

- This is the second iteration in a series of benchmarks that will provide year over year comparisons
- The benchmark uses an updated methodology for the analysis of spending and staffing and IT maturity, and comparisons with the previous benchmarks are limited to common metrics

Successful Outcome:

The benchmarking report provides a fact-based assessment for communicating IT performance within MPI and contributes to informing future budget, staffing and investment decisions.



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For the Information Technology Benchmark, MPI's current state was informed through three different workstreams

Work Streams

Spending and Staffing Benchmark

- Peer groups were selected based characteristics such as industry, size and geography.
- Enterprise-level benchmarks for IT spending and staffing were developed using 2019/2020 fiscal year data provided by MPI.
- Comparisons were made to the averages, 25th, and 75th percentiles of the peer group and MPI's previous year levels, where applicable.

IT Service Management Process Review

- Evaluated IT domains include: Strategy & Execution, Applications, Data & Analytics, Enterprise Architecture, Infrastructure & Operations, Security & Risk, Program & Portfolio Management, Sourcing / Procurement, and Vendor Management.
- Service Management Processes were evaluated based on survey results and maturity levels were calculated and compared to peers and MPI's past year maturity level.
- Validation workshops for reviewing the assessment.

Stakeholder Analysis

- A document review and 6+ interviews were conducted with key IT personnel.
- The interviews were conducted to build a contextualized view towards MPI's strategy, processes, culture and past initiatives and were not used as part of the maturity assessment.

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The recommendations were developed in collaboration with MPI's IT Management

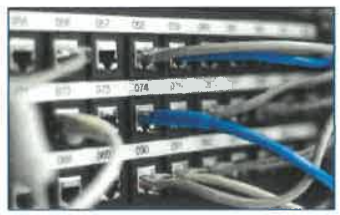
Development Process

Benchmarking of IT Spending and Staffing

Spending, Staffing and Workload Data Collection and Analysis

Gartner benchmarking draws upon a deep repository of IT spending to identify fact-based, optimization opportunities. For MPI, Gartner conducted an analysis of spending, staffing levels and IT workloads, comparing results with peer organizations.

Discovery into the maturity of MPI's IT Service Management Processes



IT Score Surveys

Gartner IT Score Surveys assess specific IT domains, by evaluating best practice activities performed in each function, and assigning a maturity level based on responses. For MPI, Gartner assessed the maturity of MPI's IT Service Management processes through IT Score Surveys.

Interviews with ITBT Management

Interviews with IT Management

Gartner's interviews helped understand the context behind MPI's current capabilities, identify business challenges, uncover pain points, and pin-point critical success factors.

Validation of Results with MPI

Workshops with MPI IT Management to Validate Recommendations

Recommendations are based on accurate information, and are actionable, attributable, measurable and prioritized accordingly.

03 IT Benchmark Assessment Findings

Gartner's Benchmarking Assessment Findings:
MPI's investment in IT is at a similar level relative to peers while process maturity is at a significantly higher level

Spending Levels

MPI's IT spending is slightly higher than peers, but within a typical range of spending

0.2%

Above peer average for IT Spend as a Percent of OPEX

Staffing Levels

MPI's IT staffing levels are below peers and within a typical range of staffing

1.4%

Below peer average for IT Staff as a Percent of All Staff

IT Maturity Levels

MPI's IT maturity levels continue to outperform peers in all nine of the IT domains

3.39

MPI's Maturity Level compared to Peer Average of 2.60

Maturity scores are assessed on a scale from 1-5, with the score of 5 representing Gartner's best practices for the IT domain

Gartner

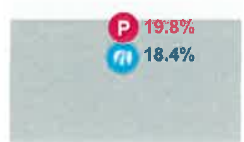
MPI's IT spending and staffing levels are close to peers, and MPI continues to allocate more of its budget towards supporting evolving business initiatives

MPI's IT Spending as a percentage of OPEX is slightly higher than the peer average

IT Spending as a Percentage of Total Operating Expense

IT Staffing as a percentage of enterprise employees is lower than the peer average

IT Staffing as a Percentage of Enterprise Employees

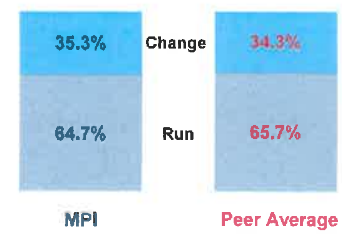


IT Spending per enterprise employee is significantly lower than the peer average and is below the 25th percentile of peer organizations

IT Spending per Enterprise Employee

MPI allocates slightly less of its budget to running the business leaving a larger portion to support changes to meet business demands

Percentage Spending on Run vs Change



MPI | P Peer Average | 25th to 50th Percentile | 50th to 75th Percentile

During the interviews, Gartner discovered that the focus on preparing for Project NOVA has been maintained, despite COVID-19 challenges

1.

MPI continues to plan for modernization of enterprise applications based on a user / customer centric design (Project NOVA)

2.

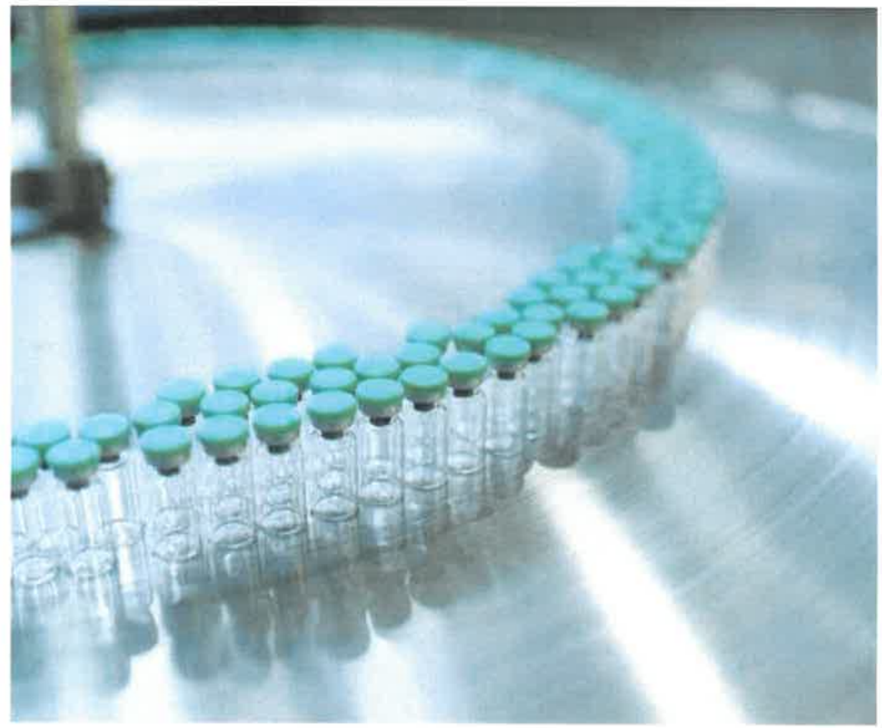
Agile development methodologies and a product management approach has been adopted for application development

3.

MPI has taken steps to improve scalability for vendor management and has improved risk management processes

4.

Legacy modernization initiatives will further increase the need for integration planning, API management and vendor risk management



IT investments have yielded highly mature IT service management processes, which position MPI well to address changing business demands. New baselines have been established in areas which can be linked to continuous improvement initiatives.

Strategy and Execution **maturity is slightly better than peers, and executive leadership changes have provided new directives which are being initiated within** ***Enterprise Architecture.***

IT Strategy can be further improved by anticipating future investments and skills requirements.

Applications **delivery has adopted agile development and** ***Data and Analytics*** **has seen a new focus by management.**

A continued focus on integration requirements and API management will further improve MPI's position to deliver Project NOVA.

Improvements to ***Security and Risk Management*** **include a framework to track risks and a GRC tool implementation.**

An added focus on third-party risk management will enable maturity to be maintained as MPI transitions to modernized applications.

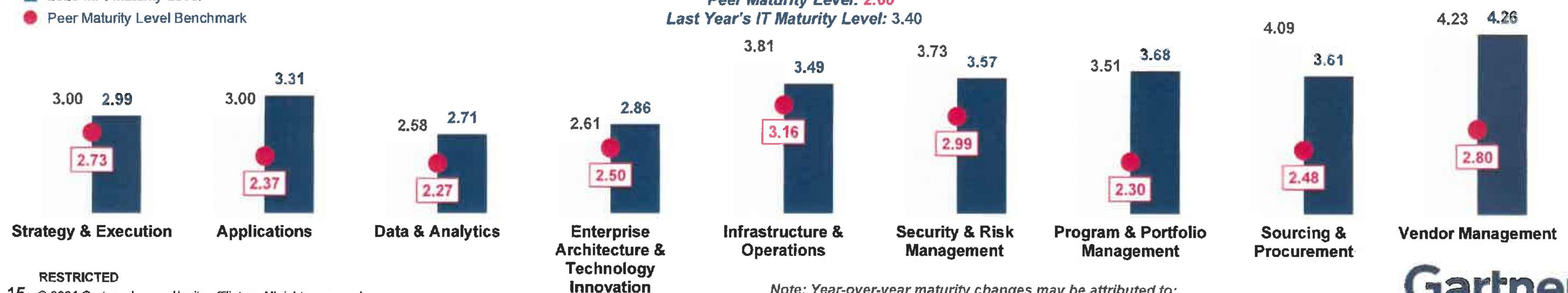
Scalability concerns in ***Vendor Management,*** **have been resolved to some extent with improved processes.**

A focus on determining an approach for utilizing cloud-service providers will unlock additional value.

2019 MPI Maturity Level
2020 MPI Maturity Level
Peer Maturity Level Benchmark

MPI's IT Domain Maturity Levels compared to Industry Peers and MPI's Previous Year's Levels

MPI's Overall IT Maturity Level: 3.39
Peer Maturity Level: 2.60
Last Year's IT Maturity Level: 3.40



Note: Year-over-year maturity changes may be attributed to:
1. *Change in the levels of MPI's IT Service Delivery*
2. *Evolving criteria required to meet a level of maturity defined by Gartner*

RESTRICTED
15

Maturity scores are assessed on a scale from 1-5, with the score of 5 representing Gartner's best practices for the IT domain

Gartner

04 Recommendations

Gartner

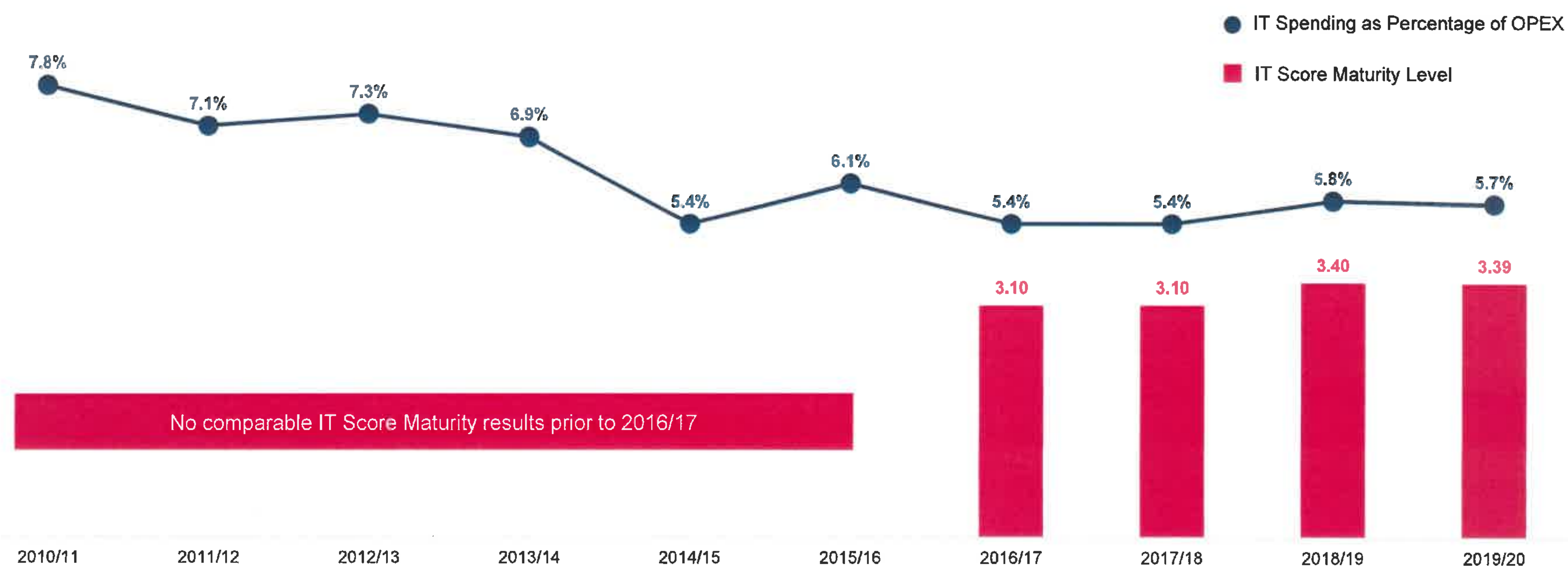
The recommendations, for MPI's implementation roadmap are listed below:

1. Conduct a skills assessment and create a workforce plan to address the new skills required within the IT organization
2. Ensure IT Financial Management facilitates priorities for investments across products and services and has flexibility to adjust to changing business plans
3. Increase the scope of delivery of the integration strategy for applications and continue to document the APIs
4. Integrate third-party risk management into the IT Security Governance, Risk and Compliance (GRC) processes
5. Formulate a sourcing and vendor management approach for utilizing cloud-service providers

05 Closing

Over recent years, MPI has demonstrated a stable trend of maintaining IT spending as a proportion of total business expenses, while maintaining IT service management maturity levels

IT Spending as a Percentage of Enterprise Operating Expense and IT Score Maturity Levels



Gartner

MPI's investments in IT are commensurate with the higher levels of maturity achieved compared to peers

Investments in IT

- MPI's IT spending levels are slightly higher than peers, but are within a typical range of spending
- MPI's IT staffing levels are lower than peers, and are within a typical range
- MPI's IT spending per enterprise employee is lower and below the 25th percentile of peers

Value Delivered

- IT service management processes are more mature than peer organizations in every domain
- MPI has adapted services to changing business requirements, has adopted agile application development processes and implemented product management
- MPI has reduced IT security and privacy risks
- MPI has enacted key requirements for modernization of legacy applications

Previous investments in IT have yielded high levels of maturity in IT service delivery and recent investments have positioned MPI well to deliver on its modernization strategy. Gartner considers this to be a good level of progress for the year, especially when considering COVID-19 impacts and has no general concerns. MPI's IT management team continues to execute on continuous improvement initiatives and will consider recommendations provided by Gartner for inclusion in its roadmap.

Appendix

Reconciling Past IT Benchmark Recommendations

Past Benchmark Recommendations (FY 2018/2019)

I. Document vision and objectives for Enterprise Architecture using a formal charter

Completing a formal charter was part of past year's main objectives

II. Add capacity and transition vendor management from a focus on transaction-based activities to all aspects of the vendor management lifecycle

Operational capacity is being extended as part of increased training for skills within the team

III. Establish a skills management and training initiative, and define additional personnel roles within EA, PPM, vendor management, applications and IT security

Skills management and workforce planning is carried over as part of Recommendation #1 for the current benchmark

IV. Improve application management competencies required for legacy modernization including agile application delivery and application testing for secure coding

Agile delivery has been adopted and code quality standards are in the process of being improved

Current Benchmark Recommendations (FY 2019/2020)

1. Conduct a skills assessment and create a workforce plan to address the new skills required within the organization
2. Ensure IT Financial Management facilitates priorities for investments across products and services and has flexibility to adjust to changing business plans
3. Increase the scope of delivery of the integration strategy for applications and continue to document the APIs
4. Integrate third-party risk management into the IT Security GRC processes
5. Formulate a sourcing and vendor management approach for utilizing cloud-service providers

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TAB 25

NOVA PROJECT

2022 GENERAL RATE APPLICATION June 28, 2021

MANITOBA PUBLIC INSURANCE

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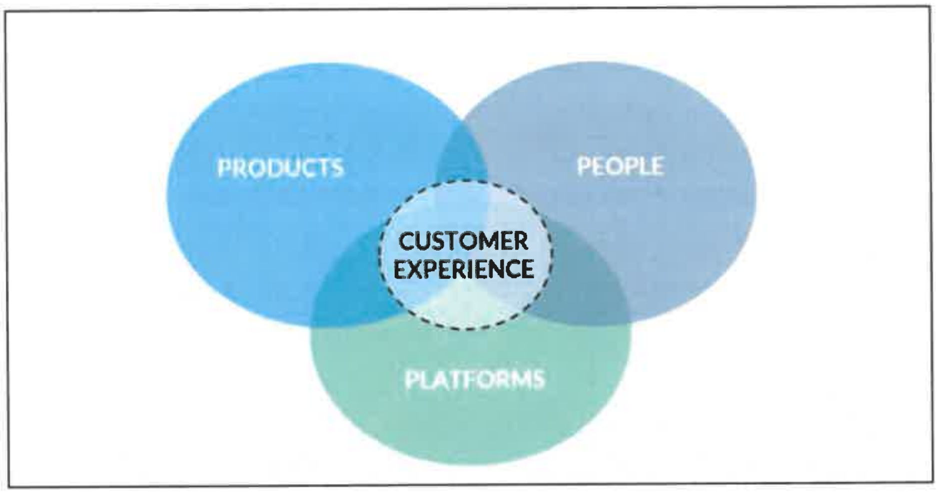
NOVA Project

NOV.1 Project Nova

Project Nova is transforming the business of MPI by empowering its people and partners with new technology and processes that are responsive and efficient and by giving its customers more choice and a better experience. It is focused on making life more convenient for MPI customers by enhancing their existing avenues of interaction with MPI and offering them new ones. By continuing to offer its services in person (via its Service Centres and through the large broker network) and by creating more online service options, MPI will be better able to meet the needs of its customers where, when, and how they want them met.

Figure NOV- 1 Reimagining Customer Experience



NOV.2 Key Success Drivers for Project Nova

Project Nova continues to focus on the key drivers for success.

- MPI and its Board of Directors (BoD) are committed to the Project objectives as stated in the original approved business case and incorporated in the business vision documents for the three systems: Property and Casualty (P&C), Drivers and Vehicles Act (DVA), and Digital streams. MPI sourced the business visions and delivery organization structure to create the specific individual project budgets and Agile work schedules. The re-baselined business case financial model reflects the updated delivery implementation plan.

- Overall, MPI continues to make progress on its benefit realization strategy by breaking down the individual benefits into a detailed "Benefits Realization Plan". The plan details each benefit, assigns accountability for achieving realization objectives, identifies the start dates and schedule for achieving benefit realization, defines the next steps required to fulfill objectives and outlines tracking as well as reporting requirements.

- As part of the Project re-baseline, the Nova team reviewed and updated all benefit realization dates to ensure alignment with the release plan, the legacy systems decommissioning schedules and the planned deployment of online capabilities. MPI further refined some of the expected benefits based on updates to its partner agreements and/or additional cost analysis since the development of the original business case.

- In 2020, MPI assigned a business process architect to work with the operational business champions and the leaders in Information Technology (IT) and Business Transformation to conduct further analysis (e.g. capacity modelling, value stream mapping etc.) in order to better understand and identify full-time equivalent (FTE) savings opportunities. This work continues with recommendations expected near the end of June 2021.

- As part of the benefit realization strategy, Project Nova gained support from the MPI executive through several benefit realization review sessions. During these sessions the team reviews the details of all benefits and agrees on accountability and ownership. Through these sessions MPI aligns Nova benefit realization goals with specific deliverables and objectives in its annual objective setting program (Achieve). New benefit realization objectives are defined and assigned annually through the remainder of the program. Although MPI may not realize many of the benefits until it deploys the new solutions, MPI must now begin defining the processes that will support its benefit realization goals.

- From a reporting perspective, the Value Management Office created a business case dashboard to track monthly progress with spending, net present value (NPV) and benefit realization. MPI will enhance this reporting as data for some of the individual benefits becomes available.

- Execution of Organizational Change Management and operational readiness activities is a priority. The training and communications plan in development delivers alignment across streams. MPI is currently focused on aligning each release with a work back plan in order to ensure successful and timely execution. Change impact assessments for all releases and Model Office execution throughout each Program Increment (PI) is prioritized and scheduled throughout the program.

- MPI moved the program risk management process to the AzureDevOps tool in order to facilitate the velocity of risk identification and treatment for this project. Risk management process maturity activities are complete and MPI is now developing and installing key metrics to measure the success of its risk management process.

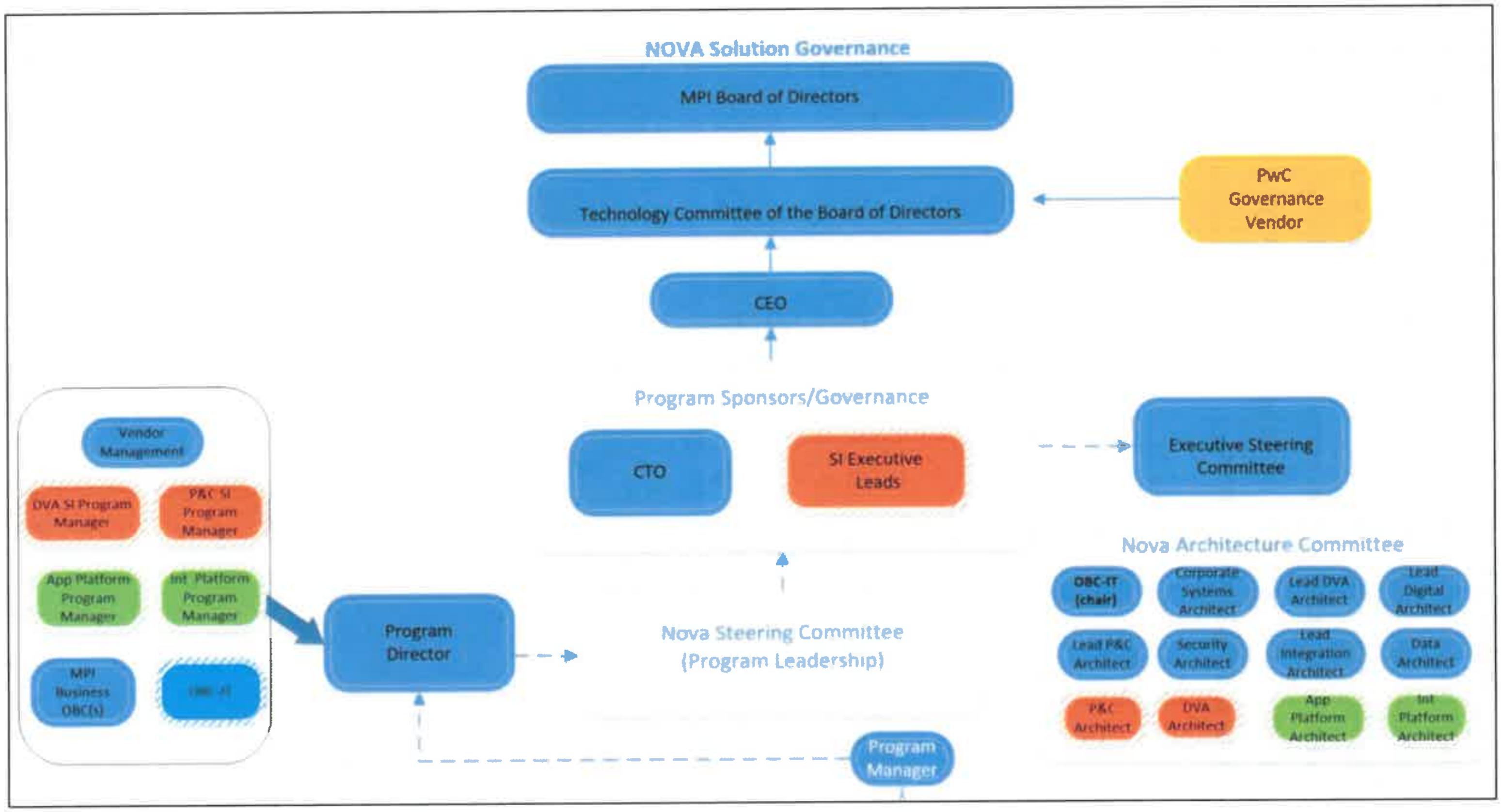
- MPI brought external expertise into key technology and digital leadership positions, accelerating its maturity as a short term risk mitigation strategy, with focus on leveraging this external expertise to ensure self-sufficiency for the longer term organizational objectives for Digital Customer Experience, Technology Management and Enterprise Architecture.

- MPI engaged early on with its external stakeholders. A Market Survey of Manitobans for input into the customer experience objectives is now complete. Improving customer experience is a top priority for Nova and the program therefore focuses on alignment across streams to ensure MPI can deliver a seamless customer experience. MPI holds Broker Liaison Committee meetings at regular intervals for continuous engagement and alignment of expectations with the planned solutions.

NOV.3 Nova Solution Governance Structure

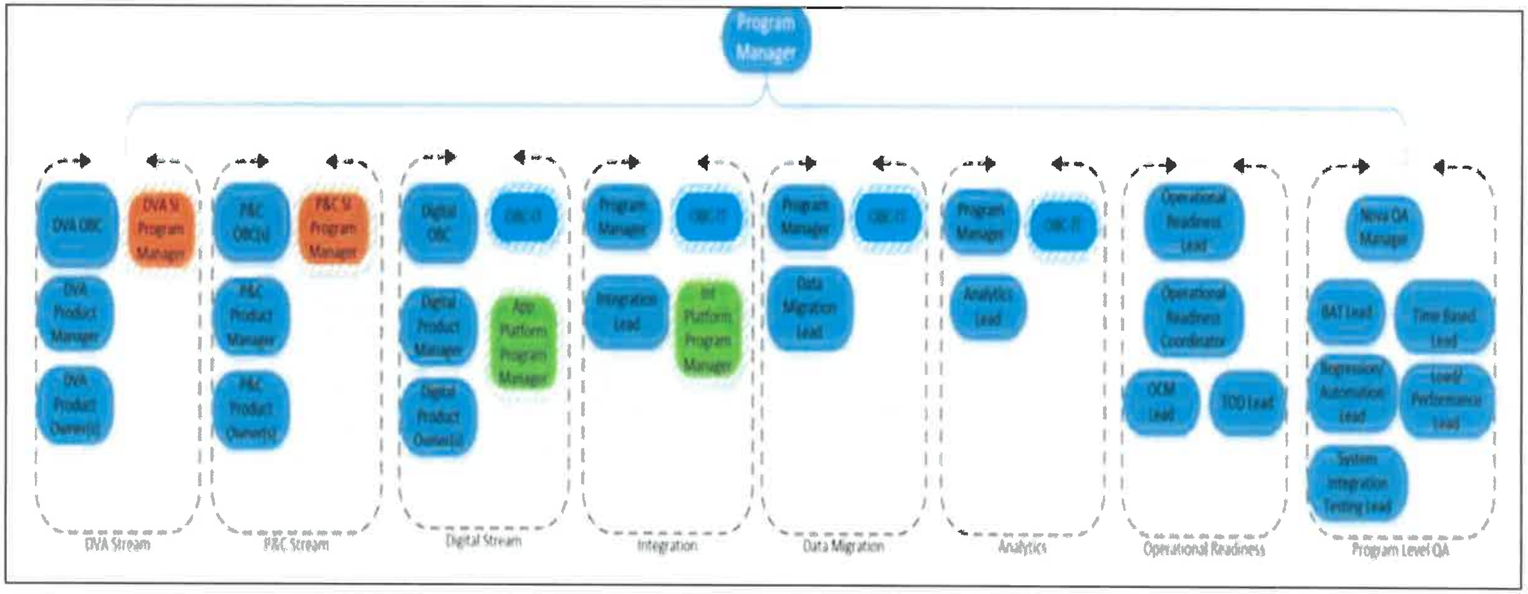
The diagram below depicts the Project Nova solution governance structure, which includes MPI, External Partners, Governance Vendor, Technical Committee and the BoD.

Figure NOV- 2.1 Nova Solution Governance Structure



The following streams and groups report to the Program Manager:

Figure NOV- 2.2 Nova Solution Governance Structure – Project Manager



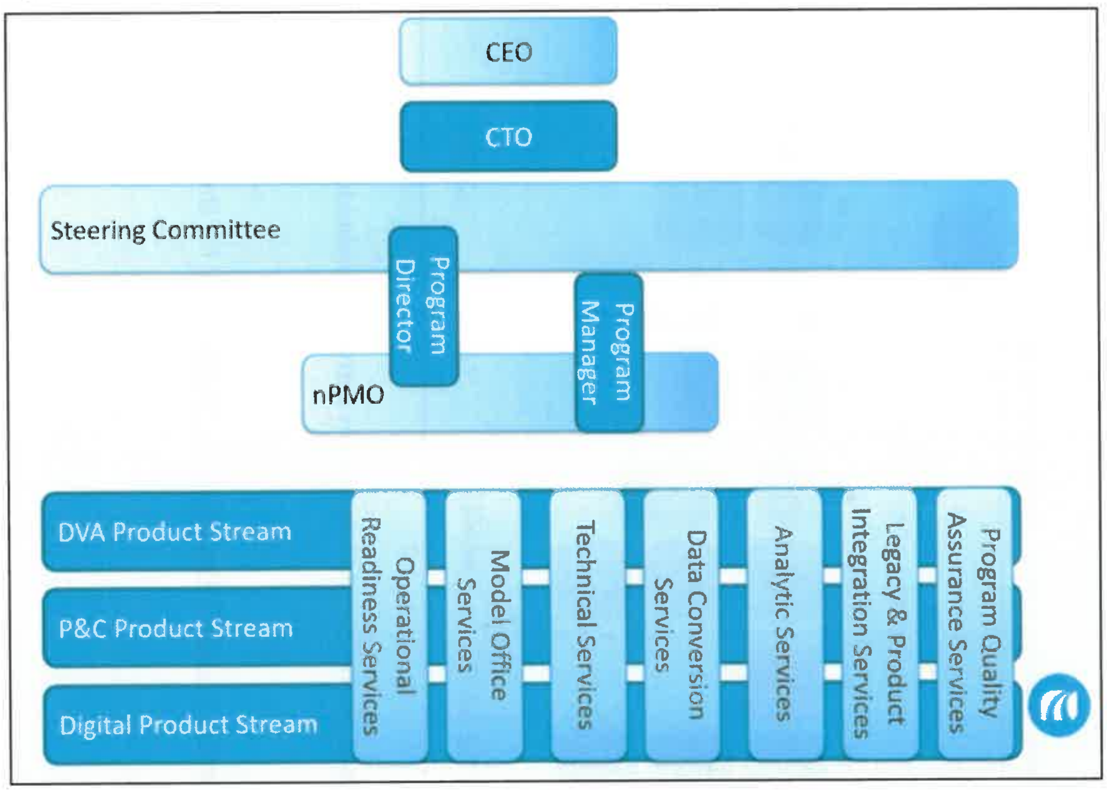
All parties have agreed to the decision flow from within the individual teams, to program and committees and up to the BoD.

Please refer to *Appendix 4 – 2021 PwC Report - Confidential* for the latest Governance report issued.

NOV.4 Nova Delivery Organization Structure

Project Nova is a complex program consisting of three product streams (i.e. DVA, P&C and Digital) and seven shared services. Above these streams and services are the Chief Executive Officer (CEO), Chief Transformation Officer (CTO), Program Steering Committee and Nova Project Management Office (nPMO). Resources are dedicated to each product stream operating to develop business functionality within MPI Commercial off-the-shelf (COTS) products. Seven shared services teams will be spread across the product streams with resources utilized at various percentages across product streams.

Figure NOV- 3 Project Nova Delivery Organization Structure



NOV.5 Scaled Agile Framework (SAFe) Approach

- MPI is leveraging a SAFe methodology to enable it to quickly pivot in order to achieve defined business objectives and respond to customer value. The target state is at least two PIs ahead for all planning deliverables in order to ensure that the development and configuration activities of all streams align to customer experience objectives, solution architecture, billing architecture, integrations, training, testing and communications. MPI developed the Integrated Project Plan in collaboration with the system integrator (SI) partners to ensure alignment with business objectives and to provide a clear view of the critical path. Project Nova implemented the AzureDevOps tool in time for the implementation activities and for training resources in the SAFe methodology. Agile is not a process but a mindset based on a set of values and principles. MPI uses SAFe to guide it on how to deliver a program of this scale in accordance with industry best practice.

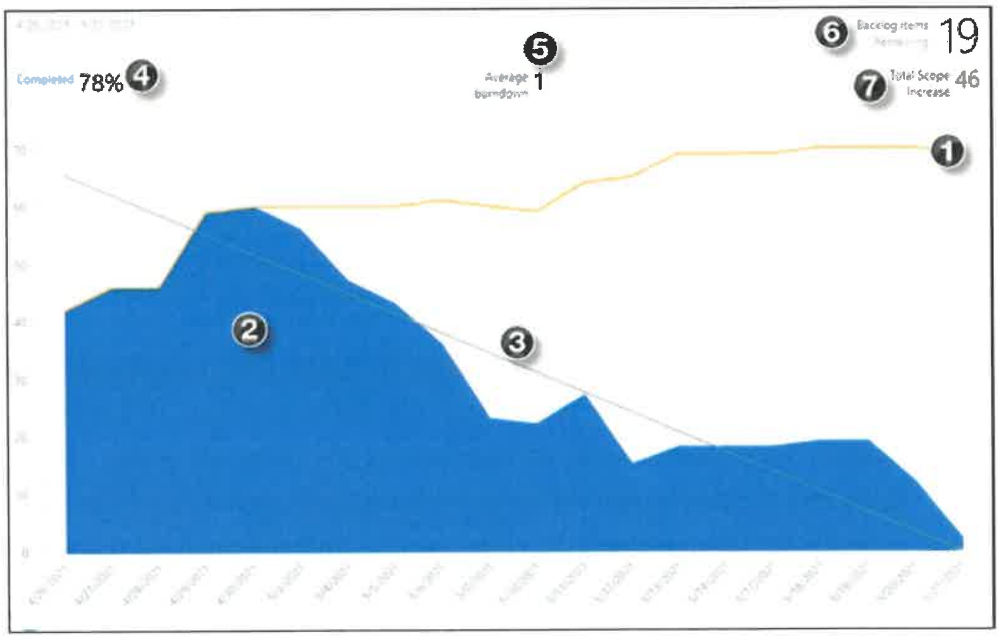
- MPI will deliver Project Nova using the SAFe methodology and will manage the program through a centralized governance model that includes centralized financial management for proper controls and auditability. MPI selected the solution governance and SI partners during the discovery phase. At the top level, MPI is using a plan driven governance approach to organize the entire program for release planning, resource planning and financial management. This approach provides controls across multiple teams, vendors and financial management. MPI uses Agile within the delivery teams to provide alignment for team activities and drive team PI planning. Work is organized into Sprints that are four weeks in duration. PIs will be jointly planned, and will include three Sprints per PI. The overall program is scheduled for 13 PIs.

- Project Nova adopted a SAFe methodology to manage work, deliver products and measure success. These metrics will help monitor productivity across the various stages of the program. The goal of these metrics is to keep teams on target and track their output.

- The key Agile metrics used in Project Nova include: Burndown, Velocity, Earned Value, and Technical Debt.

1. Burndown:
    - Burndown tracks completion of work during a time boxed iteration (Sprints or PIs) where one axis represents the work remaining, and the other estimated effort.

Figure NOV- 4 Burndown



1. **Total Scope** – The amount of Product Backlog Items (user stories) and Bugs planned to be completed by the end of the sprint.

2. **Remaining Work** – The amount of work remaining to complete during the sprint. This includes Product Backlog Items and Bugs. As work is completed the blue surface area will decrease illustrating white space between total scope.

3. **Ideal Trend** – A system generated line to show the ideal trend of work being completed throughout the iteration.

4. **Completed Percentage** – The amount of work completed representing the white space between the Total Scope and Remaining Work.

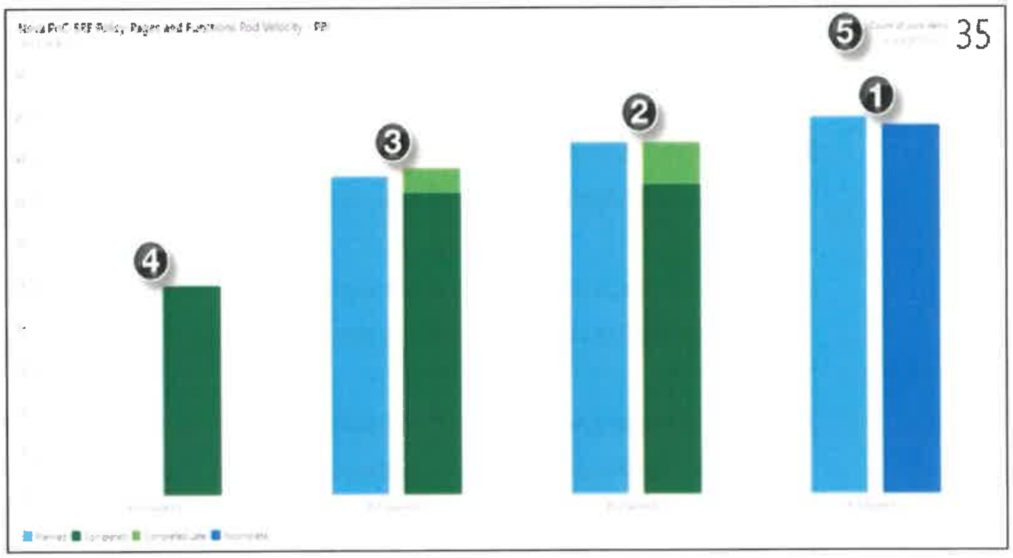
5. **Average Burndown** – Average amount of work (Program Backlog Item) completed per day of the iteration.

6. **Product Backlog Items Remaining –** The amount of Product Backlog Items remaining. Bugs are not included in this calculation.

7. **Total Scope Increase** – The increase to amount of work including Product Backlog Items and Bugs added since the first day of the iteration.

2. Velocity:
   - Velocity Measures the average work a team does during an iteration. As the program completes more iterations velocity will continue to evolve and become more accurate. This metric determines the ability of a team to complete backlogs. If velocity declines over time it is an indication that corrective measures may need to be put in place.

Figure NOV- 5 Velocity Measures



1. **Current Iteration -** The bar on the left indicates the amount of work planned for the current Iteration. The bar on the right indicates the amount of work completed, incomplete, and completed late. These counts only include Product Backlog Items. In this example the dark blue shows all the work as incomplete because this is the current iteration. Once an iteration comes to the end of its last day a new current iteration will be added. This chart will show up to six iterations at a time.

2. **Most Previous Iteration –** The bars represent the same information as the current iteration. The dark green represents the amount of work completed on time, and the light green represents work completed late. This late work is automatically added to the planned work for the current iteration. This is why in point one the work incomplete shows slightly lower than the work planned. If the bars on the right start to show trends where the bar on the left is continually higher there is evidence of an issue which needs to be investigated (e.g. poor effort estimates, process improvements, resource capacity, etc.)

3. **Current Iteration minus 2 –** This example shows us a situation where the team took on extra work after planning, which is why the bar on the right is higher than the one on the left. The team in this example also completed some work late. The late work could be a symptom of taking on too much added effort.

4. **Current Iteration minus 3 –** This example shows a sprint zero where team mobilization, getting prepared to work as a team, requirements elicitation, and other efforts are captured. In this case the work wasn't added to a backlog and scoped for the iteration ahead of time but instead was added and completed throughout the time boxed interval.

5. **Count of Work Items (Average Velocity) -** This illustrates the average amount of Product Backlog Items the team has completed during the past iterations. As more history is available this gives the team a planning metric to assume how much work they can take on.

3. Earned Value:
   - Earned Value allows Project Nova to measure beyond a basic review of cost and schedules and include business value. This is a method that permits Project Nova to be measured by progress achieved against business value objectives in parallel with cost and schedule measurements. However, PIs and Sprints must be finalized for MPI to fully assess this metric.

4. Technical Debt:
   - Technical debt is the concept that measures delay of required work during the development cycle and the missing of specific deadlines (e.g. a Sprint or PI). Technical debt is measured within the velocity measure above (*Figure NOV.5*), to determine what must be completed in future Sprints in order to meet deadlines and determine impacts on release schedules. Project Nova uses calculated technical debt to identify work slippage from one iteration

to another. Through Agile ceremonies, retrospectives, grooming, and prioritization, Project Nova can pivot and establish steps to limit the percentage of work that moves from one iteration to the next. This proactive approach keeps release schedules on track and limits work slippage. Similar to Earned Value, this metric requires more completed PIs and Sprints in order to provide meaningful inputs to the process.

NOV.6 Project Update and Progress to Date

- Independent Program Governance Vendor Request For Proposal (RFP) – MPI entered into a 36-month agreement with Price Waterhouse Cooper (PwC) to provide Governance Services to the BoD.

- Project Governance – MPI established leadership and governance and put resources in place for the core project delivery positions.

- MPI employees and partners successfully adjusted to working together despite the challenges they faced with the Covid-19 Pandemic. Greater communication, documentation of decisions and clear direction are accurately documented in meeting minutes and decision logs via the MPI collaboration tool (Microsoft Teams). This collaborative communication system avoids delays and misunderstandings as both MPI and partners can collaborate and communicate in real-time. All key workshops, Steering Committee meetings, and decisions made are recorded to avoid any key participant missing important discussions. Leveraging of these collaboration tools and web conference tools (Microsoft Teams or Webex) allows Project Nova to remain on track. While SIs see potential risks with some project teams being located globally, Project Nova is currently able to successfully deliver to schedule.

- Contract Status Update:

RFP Number and Description	Release Date	Selection Date	Vendor Selected
RFP 2832-Legacy Assessment	5-Mar-18 5-Mar-18	30-Apr-18 8-Jun-18	Deloitte Avasant
RFI 2807 - Legacy Systems Modernization RFI	24-Jan-18	1-Aug-18	Vendor Demo presentations (in person)
RFP 2937 - Program Governance	16-May-19	4-Nov-19	PricewaterhouseCoopers
RFP 2894 - Property and Casualty Solution (P&C)	7-Nov-18	28-Feb-20	Duck Creek Technologies
RFP 2945 - P&C System Integrator	30-Jan-20	23-Oct-20	Accenture
RFP 2946 - Driver and Vehicle Administration Solution (DVA)	7-Jun-19	23-Oct-20	Infosys / Celtic
RFP 2938 - High Productivity Application Platform	3-Jun-19	23-Oct-20	KPMG / Microsoft Dynamics365
RFP 2966 - Integration Platform	20-Mar-20	29-Sep-20	Accenture / MuleSoft

- Value Management continues its involvement through the oversight actions defined in the *GRA 2021 Value Management Chapter Appendix 2 - Value Management Strategy for Project Nova*. The business case section below updates the activities defined in the strategy document.

- MPI applied Lean discipline to review its business processes and will continue to engage KPMG to focus on delivering an improved customer experience, as well as continued engagement with its stakeholders to ensure value for all customers.

- MPI refined its vision and guiding principles and took a deep dive into the journeys of its customer for the benefit of its employees, customers, and partners (e.g. brokers). MPI is integrating the customer experience into every delivery stream.

  MPI selected software platforms and strategically partnered with vendors for implementation.

The primary objectives of Project Nova are the implementation of two COTS solutions (to replace the four legacy systems as per *Figure NOV-6*), the implementation of new Partner and Customer Portals and the integration of all systems via an integration platform solution (as per *Figure NOV-7*).

Figure NOV- 6 Nova Software Platforms

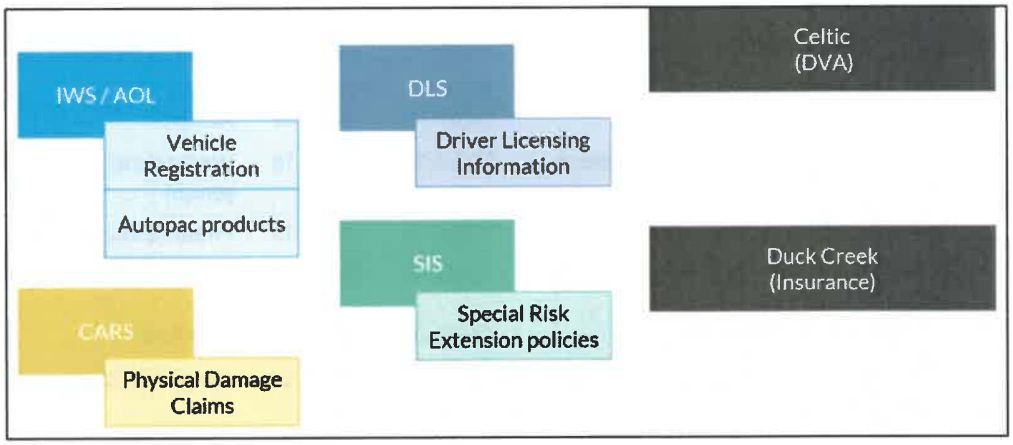
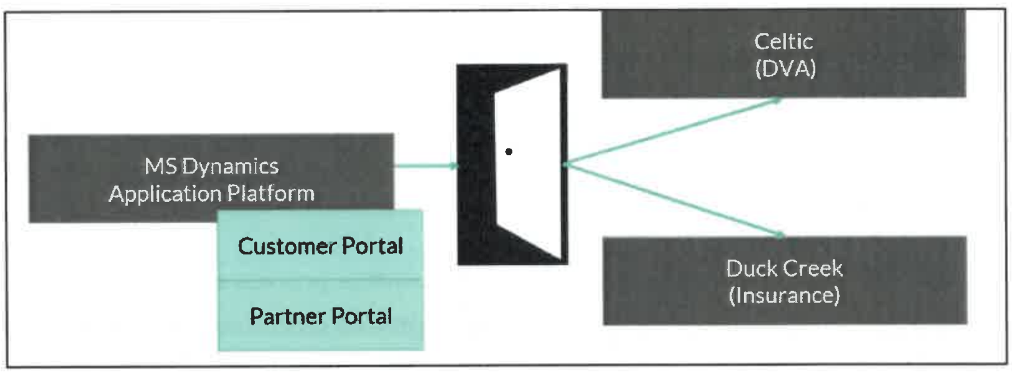


Figure NOV- 7 Nova Software Platforms



MPI will deliver Project Nova solutions through the four main releases in collaboration with the Product Vendors and SIs, broken down as follows:

Solution	Type	Product Vendor	System Integrator	Agreement Type
Duck Creek Property and Casualty Insurance Solution (Policy, Billing, Claims, Analytics and Reporting)	SaaS (Software as a Service)	Duck Creek	Accenture	Duck Creek = SaaS Subscription Accenture = T&M with Cap
Celtic DVA Solution (IRP, Vehicle Registration, Driver Licensing, Reporting)	COTS (Commercial Off-The-Shelf) Software	Infosys	Infosys	Fixed Price
Microsoft Dynamics365 with Power Platform (Portals, Customer360, Party Master, Analytics and Reporting)	SaaS and PaaS(Platform as a Service)	Microsoft	KPMG (MPI leading with KPMG support)	Microsoft – SaaS/PaaS Subscription KPMG = T&M
Mulesoft Integration Platform (Integrations and API management)	PaaS (Platform as a Service	Mulesoft	Accenture	Mulesoft = PaaS Subscription Accenture = Fixed Price

- MPI completed discovery phase workshops and alignment sessions with the respective SI partners between October 2020 and February 2021 and established the following key exit criterion for the discovery phase;
    - nPMO is established and acting as the hub for the program, completion of integrated project plan, requirements capture, implementation plan, OCM strategy/plan, training strategy, and risk management plan.
    - Budget confirmed and material changes brought to Program Steering Committee.
    - Resourcing with defined team structure, and agreed upon roles and responsibilities between MPI and Partners, resource plans updated and issues brought to Program Steering Committee, and Self Sufficiency strategies defined.
    - Reporting and meeting cadence defined.
    - Goal setting with key deliverables defined including appropriate metrics, Key Performance Indicators (KPIs) and Service-Level Agreements.

  - Ways of working defined including key processes for decision making, escalations, change requests and key tools for Project Nova and vendor partners to collaborate as well as key systems for integrations and data migrations working alongside main delivery systems for consistency between streams.

  - Architecture solution defined, and supporting infrastructure in place or planned as/when needed.

  - Data Migration strategy drafted.

  - Testing strategy and plan completed, resourcing and execution of Sprints drafted.

- MPI and partners completed planning and alignment sessions for the end to end solution during the Discovery Phase. MPI then onboarded project and vendor resources. There was acknowledgement of alignment across MPI and the partners. This included alignment to PI planning approach and process, alignment on implementation activities adhering to approved strategies. Included in this was the end to end Architecture Solution, Integration Strategy, Migration Strategy, Data Analytics Strategy, Quality Assurance Strategy, Training Strategy, Self Sufficiency Strategy, People Readiness Strategy, Customer Experience Objectives, Program Governance, and Program Management Office processes. MPI then measured the end of the Discovery Phase for exit readiness.

- The first step of the implementation phase was to execute a foundational Sprint zero. MPI and partners successfully completed Sprint zero to mitigate risk and ensure readiness for implementation. The focus of this Sprint was on team mobilization, infrastructure environment readiness, user story grooming, branching and merging strategy review, set up of the Continuous Integration and Continuous Delivery pipeline, finalization of data requirements, multi-vendor collaboration activities, alignment to Customer Experience objectives and being positioned to be two PIs ahead.

- Implementation work began and the following are the key release dates for the program:

    1. Release 1A – March 2022

    2. Commercial Insurance: Complete modernization of Special Risk Extension commercial insurance management. Release 2A – September 2022
    IRP[1] Vehicles: Celtic introduced to manage customer and fleet/vehicle participation for IRP.

    3. Release 2B – December 2022
    Corporate Customer Portal Services: Online service access to provide carriers with select IRP online capabilities. Release 1B which was originally planned for June 2022 was merged with Release 2B based on a Minimal Viable Product (MVP) decision. The efforts for Release 1B could not be justified based on the low value of what would be delivered and was therefore merged into Release 2B. Reducing risk and impact and increasing the value of this release.

    4. Release 3A – April 2023
    Personal Auto Insurance/Vehicle Registration/Driver License: Fully implement Autopac basic and extension insurance and vehicle registration, and launch a complete driver licensing solution.

    5. Release 3B – July 2023
    Customer Portal Services: Online transactions for customers, rolled out to align with renewal dates.

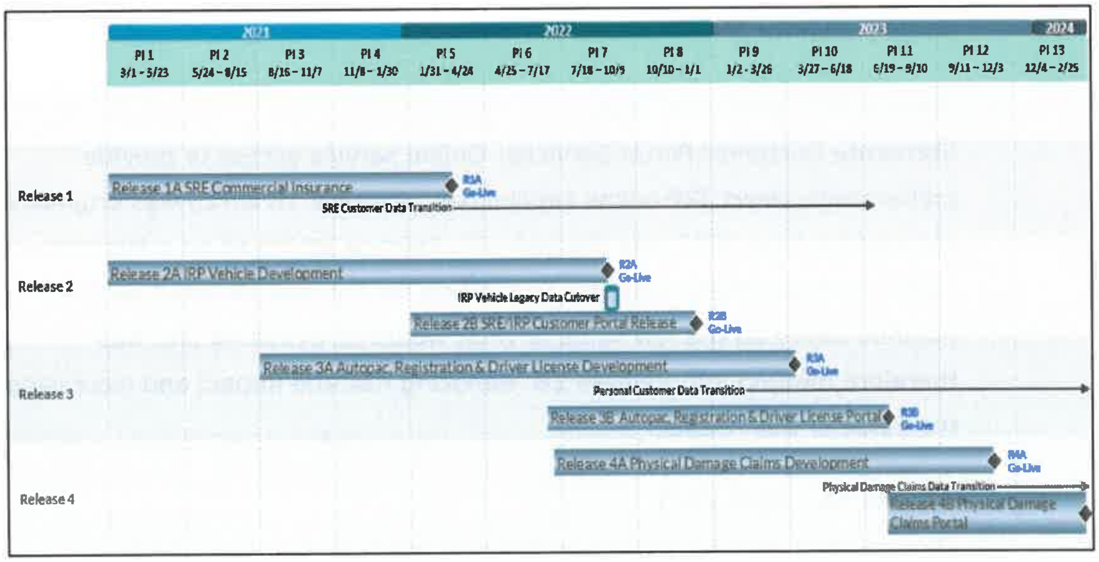
    6. Release 4A – November 2023
    Physical Damage Claims – Duck Creek replaces CARS (physical damage claims reporting and management).

[1] International Registration Plan (IRP) is a vehicle registration system for trucks and buses operating inter-jurisdictionally between Manitoba and other provinces or states throughout North America.

7. Release 4B – February 2024
   Customer Portal Enhancement for Physical Damage Claims: Online options for customer reporting a First Notice of Loss and accessing claims status.

PIs and Sprints were mapped by MPI and vendor partners for the program as follows:

Figure NOV- 8 Project Nova Release Plan



NOV.7 FY20/21 Project Costs Update/Actuals One-Time Costs

The original Project Nova budget was set at $85.4M and approved in February 2019. Many program unknowns remained at that point, as MPI had yet to complete the procurement phase (i.e. selecting products and signing contracts).

In February 2021, the BoD approved a re-baseline of the Project Nova Business case. This increased the Project Nova project costs from $85.4M to $111.7M. The BoD also approved the residual 15.6% project contingency in the amount of $16.8M, for an overall one time modernization cost of $128.5M. As part of this, the BoD approved the following project budget spending authority levels:

- Program authority to manage approved spend for the program up to $111.7M;

- CEO authority to approve spend for the program contingency budget up to $16.8M; and
- Any spend above the $128.5M (project budget plus contingency) must be referred to the BoD for review and approval.

Figure NOV- 9 Nova Program Financial Summary (as at 31-Mar-21)

Line No.	Project Stream	LTD Actual	LTD Actual+Forecast	Rebaseline (minus $3M)
1	DVA Stream	$6,107,703	$28,848,864	$35,022,279
2	P&C Stream	$8,724,247	$43,571,713	$42,598,966
3	Digital Stream	$3,278,029	$14,626,914	$15,002,440
4	Leadership Stream	$4,135,009	$22,110,346	$19,036,200
5	**Total Program**	**$22,244,988**	**$109,157,837**	**$111,659,885**

Financial impacts from decisions to mitigate risk:

- Additional Organizational Leadership required to build momentum with target to allow MPI to get to a mature state within a year.

Financial impacts from Discovery phase:

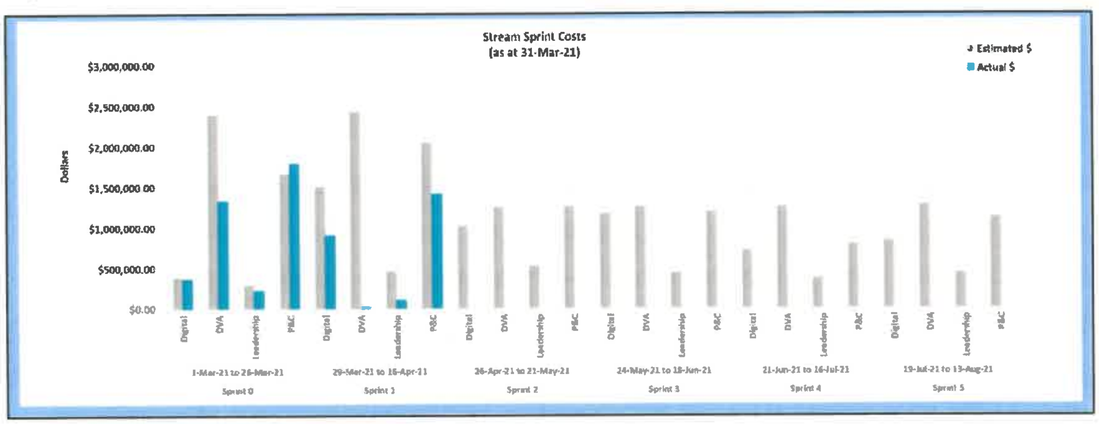
- P&C Vendor costs estimated as higher than originally planned based on more detailed reviews during the Discovery Phase.

Variances under budget currently reflect changes in the estimated resource assignment (assumption over the full span of the project) and reflect forecasts as of March 31, 2021 with current resources. MPI updates its forecasts on a regular basis (using the Agile delivery approach) and reviews the Nova financial forecasts on a per-Sprint basis. The financial management approach of Project Nova focuses on ensuring that results align to the strategic intent and on budget management at a program level.

PI and Sprint costs metrics will allow Project Nova to compare forecasted dollars with actual dollars. This will provide the ability to see over-budget dollars and allow for proactive adjustment of the program as required. Historically MPI managed budgets on a monthly cadence, in alignment with the Capital Master Summary. The following provides a view of forecasts and actuals per PIs and Sprints in a manner that aligns with the Agile methodology:

Figure NOV- 10 Forecasts and Actuals per Program Increment and Sprints

Figure NOV- 11 Stream Sprints Costs



NOV.8 Business Case

MPI completed a re-baseline of the business case including updates to the delivery roadmap, project costs, ongoing operating costs and benefits streams, approved by the BoD in February 2021. The revisions to the delivery roadmap led to some adjustments to the transition start dates for operational costs and benefits. These adjustments impacted the first year operational costs and benefits as the number of months changed relative to the new delivery dates. In addition, some of the ongoing costs and benefits were broken down further in the re-baseline so that costs accurately reflect the different start dates (i.e. operational costs for DVA Technology Support now has 50% of staff starting Jan 2023 and 50% starting August 2023 rather than 100% all on one date).

The re-baseline business case is now more refined than the original business case and the ongoing costs are better aligned to the different deployment releases within the planned DVA, P&C and Digital streams go-live implementations. Project costs were all updated to reflect the financial terms of the software applications, digital platforms and SI agreements negotiated as a result of the RFP process. In addition to the financial impact of vendor costs, MPI resourcing adjustments were aligned with detailed scoping of project activities and the impact to the delivery roadmap.

As mentioned, the new Project Nova budget is $111.7M plus a $16.8M contingency budget for a total of $128.5M. Overall, the original business case budget increased by +$21.7M, consisting of an increase in vendor cost estimates (+$11.6M), an increase in resource estimates (+$14.7M) and a reduction of the contingency portion of the project budget (-$4.6 M).

As a point of clarification, MPI's Board of Directors originally approved a project cost increase of $24.7M to $131.5M which was later reduced by (-$3M) to $128.5M in March 2021. The change was due to a reassignment of data analytics work from Project Nova to a new IT transformation project. This scope revision was due to Integration and Operational Shared Services work related to the development of MPI's Data Warehousing environment that was originally included in the scope of Project Nova and now moved under the IT Transformation project for the completion of these Data Warehousing deliverables.

Ongoing forecasted operating costs in the re-baselined business case were reduced by $32.01M over the 15-year period ending 2033/34. MPI reviewed all ongoing cost estimates and updated them to reflect the costs of vendor agreements and to realign the start dates for all ongoing costs so that they are in alignment with the new delivery plan. The updates resulted in a $1.56M increase within the Insurance stream, a (-$3.13M) reduction within the DVA stream and a (-$30.44M) reduction within the Digital stream. The majority of the ongoing cost reduction is attributable to final negotiated financial terms for the Application Platform and Integration Platform vendor support costs that were significantly lower than original business case estimates (-$29.5M less).

Ongoing forecasted total benefits have improved over the original business case estimates by $27M for the 15-year period ending 2033/34. As part of the re-baseline the original benefits were reviewed and updated to align with the start dates in the revised delivery plan, the latest decommissioning schedules, the latest contract adjustments and additional analysis of the original amounts. The benefit review resulted in a (-$5.7M) reduction within the DVA stream, a $2.6M increase within the Insurance stream, a $1.4M increase in cost avoidance items and a $28.5M increase in shared streams benefits. The majority of the benefit increase in shared benefits is due to the new broker agreement ($33.9M). The improved benefit amount is based on the new commission rate structure, expanding the number of online transactions and increasing MPI projections for online adoption (10% in 2023/24 increasing to 40% in 2027/28).

The re-baselined budget results in an NPV of $18.4M, which represents a $5.7M increase over the original business case. The business case is supported by Class 1 estimates with the exception of the operational and IT FTE benefit forecast. MPI is currently performing more detailed analysis through business process value stream mapping and assessing the capabilities of anticipated new system functionality, which it expects to be completed by June 2021. For a comparison of the financial estimates of the original and re-baselined budgets see *Appendix 1 - Nova PUB Rebaseline Business Case Update –Confidential* which was presented by Project Nova leadership at a May 26, 2021 meeting with the Public Utilities Board (PUB). See *Appendix 2 Nova PUB Rebaseline Financial Analysis - Confidential* for the supporting re-baselined NPV calculation.

See *Appendix 3 – Actual and Forecast Project Nova Annual "One-Time" and Ongoing Operations Costs* for details of actual and forecast Project Nova annual "one-time" and ongoing operations costs and Business Stream for each of the years through the project's proposed completion, as requested by the PUB in their Minimum Filing Requirement F.8.

In accordance with the Value Management Strategy *GRA 2021 Value Management Chapter Appendix 2 - Value Management Strategy for Project Nova - Confidential*, the following activities were completed to support the business case and implement a monitoring process:

- Value Management has participated in numerous business case orientation sessions with new leadership, the Operational Business Champions (OBCs) and MPI governance vendor PwC. Value Management created the Project Nova assumption log at the inception of the project and continues to maintain the log. The artifact has been reviewed and updated with leadership and the project team on a regular basis. As part of the rebaselining exercise, the log was recently updated to align with the new estimates found in the re-baselined business case. A review with key stakeholders and assumption owners is planned for early June.

- An "Assumption Log Update Process" and NPV Monitoring and Update Process" documents were submitted and approved by Project Nova Leadership. The NPV estimate is revised and updated monthly as new information on actual costs and forecasted future costs are reported. Additional NPV scenarios and their corresponding results are completed at the direction of project leadership.

- Value Management worked closely with Project Nova leadership on the recent business case re-baselining exercise. The involvement of Value Management included a complete rebuild of the financial model, the creation of a "re-baselining checklist" as well as numerous "alignment reviews" to ensure that the ongoing cost and benefit dates in the business case agreed with the updated project delivery plan.

- As part of the re-baseline exercise of the individual project cost details, all vendor costs and all ongoing costs and benefits have been updated in the Assumption Log. The financial model and Assumption Log are in alignment. The Value Management team and Budgeting department meet regularly and review all re-baselined business case estimates to ensure alignment in tracking all one-time costs, ongoing costs and benefits.

- Value Management works closely with nPMO and budgeting to review all change orders and decision requests with financial impacts so that financial model impacts can be assessed and updated. On a monthly basis Value Management tracks and includes the relevant updates in the financial model forecast adjustments.

- In terms of KPIs, Value Management has enhanced its reporting capabilities to include the monthly tracking of all financial estimates in comparison to the re-baselined business case numbers. This analysis includes project costs, ongoing costs, benefits realization, as well as forecasted NPV, cash flow and payback period. On a monthly basis all costs and benefits are reviewed and MPI's dashboard is updated with new actuals and revised forecasts. This tracking will continue for the duration of the program.

TAB 26

MANITOBA PUBLIC INSURANCE | SOCIÉTÉ D'ASSURANCE PUBLIQUE DU MANITOBA

October 5, 2021 ***Via E-Mail***

Dr. Darren Christle
Board Secretary and Executive Director
The Public Utilities Board
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

RE: Manitoba Public Insurance (MPI) 2022 General Rate Application (GRA) Application and 2022 Special Rebate Application (SRA) to Amend Requested Rates for Service and Rebate

In accordance with directive 5.2 of the PUB Order 76/21, MPI has updated the provisional rate indication. The final overall rate request for the 2022 General Rate Application is a 1.2% decrease; a break-down comparing it to the initial provisional rate requested is:

June 28 provisional overall rate decrease of **2.8%** was comprised of:

- a **2.8%** decrease (provisional) in the break-even cost of Basic vehicle premiums, which are:
  a) calculated in accordance with Accepted Actuarial Practice (AAP); and
  b) based provisionally on the interest rate forecast as at March 31, 2021.
- removal of the 5.0% capital release approved by the PUB in Orders 146/20 and 1/21.

October 5 update overall rate decrease of **1.2%** is comprised of:

- a **1.2%** decrease in the break-even cost of Basic vehicle premiums, which are:
  a) calculated in accordance with Accepted Actuarial Practice (AAP); and
  b) grounded on interest rates as at August 31, 2021.
- removal of the 5.0% capital release approved by the PUB in Orders 146/20 and 1/21.

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The overall rate decrease of -1.2% impacts the major class rate requests as follows:

Figure 1 - Indicated Rate Change

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	$1,161	$1,149	-1.0%
2	Commercial	$865	$872	-0.9%
3	Public	$2,139	$2,243	4.8%
4	Motorcycles	$903	$907	0.5%
5	Trailers	$73	$67	-8.9%
6	Off-Road Vehicles	$7	$7	0.0%
7	Overall	$885	$877	-0.9%
8	DSR Scale Movement			-0.3%
9	Overall including DSR Scale Movement			-1.2%

Concerning the 2022 SRA, MPI requests an order that MPI issue ratepayers a rebate on the percentage of their Basic premiums earned from November 22, 2020 to December 09, 2021, for all vehicle classes, in an amount of $335 million which is forecasted to lower the Minimum Capital Test ("MCT") ratio of the Rate Stabilization Reserve ("RSR") to its 100% target.

Based on updated results, as at July 31, 2021, MPI projects accumulation of $335 million of excess capital in its Basic RSR. A comparison to the initial forecasted amount is provided in the table below:

Table 1 – Rebate Break-down Comparison

	July 19th 2022 SRA	Rate Update	Change
Rebate:			
2020/21 Accrual	$155M	$155M	-
2021/22 Forecast	47M	180M	+133M
Net Rebate	$202M	$335M	+$133M

MPI provides the following materials in support of this final rate indication and the SRA, which considers different scenarios and interest rate forecasts as applicable, and included herewith as Appendix 1:

1. Set of updated Basic and Extension Pro Formas Statements;

2. Explanations for significant variances between June 28 and October 5, 2021 update;
3. Overall and Major Class Required Rate Changes (with and without capital provisions);
4. Summary of premium increases/decreases by major class, territory and vehicle type;
5. Major Class Summary Report;
6. Updates on GoC 10-Year Bond Yield Spread;
7. Updated Forecast of Canadian Equity Summary Table; and
8. Rate Indication Table and MCT% before and after use of Capital Management Plan.

Sincerely,

Michael Triggs
General Counsel and Corporate Secretary

MT/tm

Encl.

cc: K. McCandless and PUB Advisors
2022 GRA Registered Interveners

TAB 27

RM- 1
Indicated Rate Change

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	$1,161	$1,149	-1.0%
2	Commercial	$865	$872	-0.9%
3	Public	$2,139	$2,243	4.8%
4	Motorcycles	$903	$907	0.5%
5	Trailers	$73	$67	-8.9%
6	Off-Road Vehicles	$7	$7	0.0%
7	Overall	$885	$877	-0.9%
8	DSR Scale Movement			-0.3%
9	Overall including DSR Scale Movement			-1.2%

RM- 13
Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	700.86	927.44	688.61	1,797.65	709.68	45.01	5.19
3	Claims Expense	127.48	168.69	125.25	326.97	129.08	8.19	0.94
4	Road Safety	10.12	13.48	13.48	13.48	13.48	0.00	0.00
5	Operating Expense	69.71	92.84	92.84	92.84	92.84	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	35.10	46.36	34.95	87.66	34.63	2.66	0.25
8	Prem Tax: Vehicle	28.08	37.09	27.96	70.13	27.70	2.12	0.20
9	Comm & Prem Tax: Driver	3.18	4.24	4.24	4.24	4.24	0.00	0.00
10	Commission Flat Fee	5.09	6.77	6.77	6.77	6.77	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.75	20.06	20.06	20.06	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.33	69.69	69.69	69.69	69.69	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	935.92	1,236.39	931.99	2,337.63	923.38	70.83	6.57
18	Req Rate (Bal)	925.14	1,222.15	921.25	2,310.70	912.74	70.02	6.50
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21 22	22/23 Average Rate Without Rate Change	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
23	Full Cred Req Change	-1.2%	-1.3%	0.8%	6.7%	0.6%	-9.1%	-7.5%
24	Applied for Change	-1.2%	-1.3%	0.8%	6.7%	0.6%	-9.1%	-7.5%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		-1.3%	0.6%	4.1%	0.2%	-8.9%	-7.0%
27	Cred Wtd Req Rate		1,222.23	919.28	2,253.80	909.00	70.17	6.53
28	Cred Wtd Req Rate (Bal)	925.14	1,223.03	919.87	2,255.27	909.59	70.22	6.53
29	Cred Wtd Change (Bal)		-1.3%	0.6%	4.2%	0.2%	-8.8%	-7.0%

Figure RM- 15 **Major Class Summary Report**

Line No.	Major Class	Vehicle Count	Current Average Rate	Proposed Average Rate: Without DSR Change	Proposed Average Rate: With DSR Change	Proposed Rate Change: Without DSR Change	Proposed Rate Change: With DSR Change	Experience Rate Change*
1	**Private Passenger**	824,512	$1,161	$1,178	$1,149	1.5%	-1.0%	1.5%
2	**Commercial**	46,950	$865	$873	$872	1.0%	-0.9%	1.0%
3	**Public**	10,994	$2,139	$2,253	$2,243	5.3%	4.8%	5.3%
4	**Motorcycles**	18,080	$903	$934	$907	3.4%	0.5%	3.4%
5	**Trailers**	214,371	$73	$67	$67	-8.9%	-8.9%	-8.8%
6	**Off-Road Vehicles**	75,774	$7	$7	$7	0.0%	0.0%	-6.8%
7	**Overall**	1,190,681	$885	$898	$877	1.5%	-0.9%	1.5%
8	*Per Figure RM-14; without DSR change							

Figure RM-18 SUMMARY OF PREMIUM INCREASES/DECREASES BY MAJOR CLASS, TERRITORY AND VEHICLE TYPE

	NO. OF VEHICLES	2021 AVG RATE	2022 AVG RATE	2021 PREMIUM	2022 PREMIUM	PREMIUM CHANGE $	PREMIUM CHANGE %	% OF 2022 PREMIUM
MAJOR CLASS								
Private Passenger	824,512	1,161	1,149	956,955,828	947,649,593	-9,306,235	-0.97	90.73
Commercial	46,950	865	872	40,592,461	40,953,548	361,087	0.89	3.92
Public	10,994	2,139	2,243	23,521,608	24,661,747	1,140,139	4.85	2.36
Motorcycle	18,080	903	907	16,325,443	16,406,872	81,429	0.50	1.57
Trailer	214,371	73	67	15,678,378	14,279,757	-1,398,621	-8.92	1.37
Off-Road Vehicle	75,774	7	7	530,418	530,418	0	0.00	0.05
TOTAL - ALL MAJOR CLASSES	1,190,681	885	877	1,053,604,136	1,044,481,935	-9,122,201	-0.87	100.00

	NO. OF VEHICLES	2021 AVG RATE	2022 AVG RATE	2021 PREMIUM	2022 PREMIUM	PREMIUM CHANGE $	PREMIUM CHANGE %	% OF 2022 PREMIUM
TERRITORY								
1	540,715	1,098	1,090	593,872,632	589,176,809	-4,695,823	-0.79	56.41
2	569,680	664	657	378,197,464	374,268,427	-3,929,037	-1.04	35.83
3	16,393	775	778	12,707,327	12,747,917	40,590	0.32	1.22
4	27,011	684	686	18,475,666	18,528,943	53,277	0.29	1.77
Commuter	36,882	1,365	1,349	50,351,047	49,759,839	-591,208	-1.17	4.76
TOTAL - ALL TERRITORIES	1,190,681	885	877	1,053,604,136	1,044,481,935	-9,122,201	-0.87	100.00

	NO. OF VEHICLES	2021 AVG RATE	2022 AVG RATE	2021 PREMIUM	2022 PREMIUM	PREMIUM CHANGE $	PREMIUM CHANGE %	% OF 2022 PREMIUM
VEHICLE TYPE								
BUS	4,533	1,067	1,112	4,838,055	5,040,509	202,454	4.18	0.48
MCYCL	16,572	950	954	15,750,098	15,814,822	64,724	0.41	1.51
MHOME	4,369	764	777	3,339,294	3,396,596	57,302	1.72	0.33
MOPED	1,604	366	377	587,129	604,506	17,377	2.96	0.06
ORV	75,774	7	7	530,418	530,418	0	0.00	0.05
PASVE	608,412	1,229	1,214	747,863,571	738,637,997	-9,225,574	-1.23	70.72
TRAIL	214,371	73	67	15,678,378	14,279,757	-1,398,621	-8.92	1.37
TRUCK	258,683	995	999	257,406,523	258,391,279	984,756	0.38	24.74
VARIA	6,363	1,196	1,224	7,610,670	7,786,051	175,381	2.30	0.75
TOTAL - ALL VEHICLE TYPES	1,190,681	885	877	1,053,604,136	1,044,481,935	-9,122,201	-0.87	100.00

Figure RM -19 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	All Vehicles - 2022			Private Passenger Vehicles - 2022			Commercial Vehicles - 2022			Public Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing												
$300 or more	34	0.00	0.00	0	0.00	0.00	34	0.07	0.07	0	0.00	0.00
$250 to $300	30	0.00	0.01	8	0.00	0.00	15	0.03	0.10	6	0.05	0.05
$200 to $250	423	0.04	0.04	306	0.04	0.04	113	0.24	0.35	2	0.02	0.07
$150 to $200	5,989	0.50	0.54	5,597	0.68	0.72	329	0.70	1.05	63	0.57	0.65
$100 to $150	56,588	4.75	5.30	55,488	6.73	7.45	769	1.64	2.68	185	1.68	2.33
$90 to $100	21,526	1.81	7.10	21,292	2.58	10.03	138	0.29	2.98	50	0.45	2.78
$80 to $90	29,902	2.51	9.62	29,664	3.60	13.63	74	0.16	3.14	31	0.28	3.07
$70 to $80	31,420	2.64	12.25	30,011	3.64	17.27	1,122	2.39	5.53	28	0.25	3.32
$60 to $70	46,897	3.94	16.19	44,195	5.36	22.63	2,048	4.36	9.89	45	0.41	3.73
$50 to $60	45,629	3.83	20.03	43,774	5.31	27.94	1,140	2.43	12.32	23	0.21	3.94
$40 to $50	50,019	4.20	24.23	48,301	5.86	33.79	774	1.65	13.96	44	0.40	4.34
$30 to $40	60,333	5.07	29.29	54,117	6.56	40.36	2,073	4.42	18.38	56	0.51	4.85
$20 to $30	87,460	7.35	36.64	60,849	7.38	47.74	989	2.11	20.49	129	1.17	6.02
$10 to $20	84,784	7.12	43.76	59,045	7.16	54.90	457	0.97	21.46	480	4.37	10.39
$1 to $10	173,808	14.60	58.36	46,405	5.63	60.53	3,087	6.58	28.03	86	0.78	11.17
Total Decreasing	***694,842***	***58.36***		***499,052***	***60.53***		***13,162***	***28.03***		***1,228***	***11.17***	
No change	122,054	***10.25***	***68.61***	4,895	***0.59***	***61.12***	19	***0.04***	***28.07***	3	***0.03***	***11.20***
Increasing												
$1 to $10	52,457	4.41	73.01	47,697	5.78	66.91	2,631	5.60	33.68	460	4.18	15.38
$10 to $20	53,378	4.48	77.50	45,420	5.51	72.41	5,701	12.14	45.82	502	4.57	19.95
$20 to $30	57,895	4.86	82.36	38,414	4.66	77.07	16,238	34.59	80.41	678	6.17	26.11
$30 to $40	33,625	2.82	85.18	29,708	3.60	80.68	2,778	5.92	86.32	385	3.50	29.62
$40 to $50	24,820	2.08	87.27	21,433	2.60	83.28	2,241	4.77	91.10	884	8.04	37.66
Decrease or less than $50	***1,039,071***	***87.27***		***686,619***	***83.28***		***42,770***	***91.10***		***4,140***	***37.66***	
$50 to $60	20,198	1.70	88.96	18,805	2.28	85.56	283	0.60	91.70	511	4.65	42.30
$60 to $70	21,425	1.80	90.76	18,427	2.23	87.79	2,179	4.64	96.34	317	2.88	45.19
$70 to $80	21,402	1.80	92.56	20,710	2.51	90.30	261	0.56	96.90	223	2.03	47.22
$80 to $90	19,403	1.63	94.19	19,064	2.31	92.62	88	0.19	97.08	65	0.59	47.81
$90 to $100	16,225	1.36	95.55	14,906	1.81	94.42	682	1.45	98.54	294	2.67	50.48
Decrease or less than $100	***1,137,724***	***95.55***		***778,531***	***94.42***		***46,263***	***98.54***		***5,550***	***50.48***	
$100 to $150	39,880	3.35	98.90	36,117	4.38	98.80	596	1.27	99.81	2,364	21.50	71.98
$150 to $200	10,407	0.87	99.78	8,655	1.05	99.85	78	0.17	99.97	1,635	14.87	86.86
Decrease or less than $200	***1,188,011***	***99.78***		***823,303***	***99.85***		***46,937***	***99.97***		***9,549***	***86.86***	
$200 to $250	1,225	0.10	99.88	313	0.04	99.89	8	0.02	99.99	902	8.20	95.06
$250 to $300	157	0.01	99.89	109	0.01	99.90	3	0.01	100.00	44	0.40	95.46
Decrease or less than $300	***1,189,393***	***99.89***		***823,725***	***99.90***		***46,948***	***100.00***		***10,495***	***95.46***	
$300 or more	1,288	0.11	100.00	787	0.10	100.00	2	0.00	100.00	499	4.54	100.00
Total Increasing	***373,785***	***31.39***		***320,565***	***38.88***		***33,769***	***71.93***		***9,763***	***88.80***	
Grand Total	1,190,681	100.00		824,512	100.00		46,950	100.00		10,994	100.00	

Figure RM -19 DOLLAR DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	Motorcycles - 2022			Trailers - 2022			Off-Road Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing									
$300 or more	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
$250 to $300	1	0.01	0.01	0	0.00	0.00	0	0.00	0.00
$200 to $250	2	0.01	0.02	0	0.00	0.00	0	0.00	0.00
$150 to $200	0	0.00	0.02	0	0.00	0.00	0	0.00	0.00
$100 to $150	146	0.81	0.82	0	0.00	0.00	0	0.00	0.00
$90 to $100	46	0.25	1.08	0	0.00	0.00	0	0.00	0.00
$80 to $90	133	0.74	1.81	0	0.00	0.00	0	0.00	0.00
$70 to $80	259	1.43	3.25	0	0.00	0.00	0	0.00	0.00
$60 to $70	609	3.37	6.62	0	0.00	0.00	0	0.00	0.00
$50 to $60	692	3.83	10.44	0	0.00	0.00	0	0.00	0.00
$40 to $50	900	4.98	15.42	0	0.00	0.00	0	0.00	0.00
$30 to $40	1,688	9.34	24.76	2,399	1.12	1.12	0	0.00	0.00
$20 to $30	1,013	5.60	30.36	24,480	11.42	12.54	0	0.00	0.00
$10 to $20	1,471	8.14	38.50	23,331	10.88	23.42	0	0.00	0.00
$1 to $10	1,518	8.40	46.89	122,712	57.24	80.66	0	0.00	0.00
Total Decreasing	*8,478*	*46.89*		*172,922*	*80.66*		*0*	*0.00*	
No change	79	*0.44*	*47.33*	41,284	*19.26*	*99.92*	75,774	*100.00*	*100.00*
Increasing									
$1 to $10	1,504	8.32	55.65	165	0.08	100.00	0	0.00	100.00
$10 to $20	1,755	9.71	65.35	0	0.00	100.00	0	0.00	100.00
$20 to $30	2,565	14.19	79.54	0	0.00	100.00	0	0.00	100.00
$30 to $40	754	4.17	83.71	0	0.00	100.00	0	0.00	100.00
$40 to $50	262	1.45	85.16	0	0.00	100.00	0	0.00	100.00
Decrease or less than $50	*15,397*	*85.16*		*214,371*	*100.00*		*75,774*	*100.00*	
$50 to $60	599	3.31	88.47	0	0.00	100.00	0	0.00	100.00
$60 to $70	502	2.78	91.25	0	0.00	100.00	0	0.00	100.00
$70 to $80	208	1.15	92.40	0	0.00	100.00	0	0.00	100.00
$80 to $90	186	1.03	93.43	0	0.00	100.00	0	0.00	100.00
$90 to $100	343	1.90	95.33	0	0.00	100.00	0	0.00	100.00
Decrease or less than $100	*17,235*	*95.33*		*214,371*	*100.00*		*75,774*	*100.00*	
$100 to $150	803	4.44	99.77	0	0.00	100.00	0	0.00	100.00
$150 to $200	39	0.22	99.98	0	0.00	100.00	0	0.00	100.00
Decrease or less than $200	*18,077*	*99.98*		*214,371*	*100.00*		*75,774*	*100.00*	
$200 to $250	2	0.01	99.99	0	0.00	100.00	0	0.00	100.00
$250 to $300	1	0.01	100.00	0	0.00	100.00	0	0.00	100.00
Decrease or less than $300	*18,080*	*100.00*		*214,371*	*100.00*		*75,774*	*100.00*	
$300 or more	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Total Increasing	*9,523*	*52.67*		*165*	*0.08*		*0*	*0.00*	
Grand Total	18,080	100.00		214,371	100.00		75,774	100.00	

Figure RM -20 PERCENT DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	All Vehicles - 2022			Private Passenger Vehicles - 2022			Commercial Vehicles - 2022			Public Vehicles - 2022		
	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles	# of Vehicles	% of Vehicles	Cumulative % of Vehicles
Decreasing												
20% or more	66	0.01	0.01	42	0.01	0.01	24	0.05	0.05	0	0.00	0.00
19 to 20%	606	0.05	0.06	559	0.07	0.07	47	0.10	0.15	0	0.00	0.00
18 to 19%	1,049	0.09	0.14	802	0.10	0.17	247	0.53	0.68	0	0.00	0.00
17 to 18%	999	0.08	0.23	805	0.10	0.27	194	0.41	1.09	0	0.00	0.00
16 to 17%	3,989	0.34	0.56	3,912	0.47	0.74	77	0.16	1.25	0	0.00	0.00
15 to 16%	4,886	0.41	0.97	4,811	0.58	1.33	73	0.16	1.41	0	0.00	0.00
14 to 15%	98,099	8.24	9.21	4,108	0.50	1.82	699	1.49	2.90	1	0.01	0.01
13 to 14%	10,239	0.86	10.07	10,186	1.24	3.06	48	0.10	3.00	2	0.02	0.03
12 to 13%	21,971	1.85	11.92	12,425	1.51	4.57	39	0.08	3.08	0	0.00	0.03
11 to 12%	33,770	2.84	14.75	11,657	1.41	5.98	37	0.08	3.16	6	0.05	0.08
10 to 11%	37,701	3.17	17.92	23,030	2.79	8.77	76	0.16	3.32	8	0.07	0.15
9 to 10%	23,845	2.00	19.92	20,395	2.47	11.25	72	0.15	3.48	7	0.06	0.22
8 to 9%	35,574	2.99	22.91	25,438	3.09	14.33	107	0.23	3.71	2	0.02	0.24
7 to 8%	45,077	3.79	26.70	36,613	4.44	18.77	192	0.41	4.12	20	0.18	0.42
6 to 7%	38,690	3.25	29.95	33,502	4.06	22.84	275	0.59	4.70	69	0.63	1.05
5 to 6%	45,553	3.83	33.77	40,475	4.91	27.74	2,217	4.72	9.42	42	0.38	1.43
4 to 5%	58,592	4.92	38.69	51,324	6.22	33.97	1,896	4.04	13.46	42	0.38	1.81
3 to 4%	57,584	4.84	43.53	52,388	6.35	40.32	2,235	4.76	18.22	143	1.30	3.11
2 to 3%	61,043	5.13	48.66	58,727	7.12	47.45	847	1.80	20.03	127	1.16	4.27
1 to 2%	64,916	5.45	54.11	62,389	7.57	55.01	635	1.35	21.38	219	1.99	6.26
0 to 1%	50,593	4.25	58.36	45,464	5.51	60.53	3,125	6.66	28.03	540	4.91	11.17
Total Decreasing	***694,842***	***58.36***		***499,052***	***60.53***		***13,162***	***28.03***		***1,228***	***11.17***	
No change	122,054	***10.25***	***68.61***	4,895	***0.59***	***61.12***	19	***0.04***	***28.07***	3	***0.03***	***11.20***
Increasing												
0 to 1%	56,854	4.77	73.38	52,255	6.34	67.46	3,134	6.68	34.75	271	2.46	13.66
1 to 2%	59,247	4.98	78.36	53,724	6.52	73.97	2,658	5.66	40.41	844	7.68	21.34
2 to 3%	44,233	3.71	82.07	39,017	4.73	78.71	3,043	6.48	46.89	485	4.41	25.75
3 to 4%	52,317	4.39	86.47	46,527	5.64	84.35	4,346	9.26	56.15	438	3.98	29.73
4 to 5%	56,618	4.76	91.22	40,848	4.95	89.30	14,569	31.03	87.18	452	4.11	33.85
Decrease or less than + 5%	***1,086,165***	***91.22***		***736,318***	***89.30***		***40,931***	***87.18***		***3,721***	***33.85***	
5 to 6%	30,651	2.57	93.80	26,836	3.25	92.56	1,050	2.24	89.42	2,056	18.70	52.55
6 to 7%	29,487	2.48	96.27	25,573	3.10	95.66	1,749	3.73	93.14	1,481	13.47	66.02
7 to 8%	16,637	1.40	97.67	14,454	1.75	97.41	261	0.56	93.70	1,363	12.40	78.42
8 to 9%	13,975	1.17	98.84	10,764	1.31	98.72	1,937	4.13	97.82	822	7.48	85.89
9 to 10%	7,520	0.63	99.48	5,871	0.71	99.43	665	1.42	99.24	509	4.63	90.52
Decrease or less than +10%	***1,184,435***	***99.48***		***819,816***	***99.43***		***46,593***	***99.24***		***9,952***	***90.52***	
10 to 11%	3,115	0.26	99.74	2,318	0.28	99.71	233	0.50	99.74	426	3.87	94.40
11 to 12%	936	0.08	99.82	716	0.09	99.80	56	0.12	99.86	153	1.39	95.79
12 to 13%	797	0.07	99.88	606	0.07	99.87	40	0.09	99.94	149	1.36	97.14
13 to 14%	386	0.03	99.92	277	0.03	99.91	14	0.03	99.97	95	0.86	98.01
14 to 15%	172	0.01	99.93	104	0.01	99.92	4	0.01	99.98	64	0.58	98.59
Decrease or less than +15%	***1,189,841***	***99.93***		***823,837***	***99.92***		***46,940***	***99.98***		***10,839***	***98.59***	
15 to 16%	257	0.02	99.95	103	0.01	99.93	6	0.01	99.99	148	1.35	99.94
16 to 17%	65	0.01	99.96	58	0.01	99.94	3	0.01	100.00	4	0.04	99.97
17 to 18%	95	0.01	99.96	92	0.01	99.95	0	0.00	100.00	3	0.03	100.00
18 to 19%	51	0.00	99.97	50	0.01	99.95	1	0.00	100.00	0	0.00	100.00
19 to 20%	97	0.01	99.98	97	0.01	99.97	0	0.00	100.00	0	0.00	100.00
Decrease or less than +20%	***1,190,406***	***99.98***		***824,237***	***99.97***		***46,950***	***100.00***		***10,994***	***100.00***	
20% or more	275	0.02	100.00	275	0.03	100.00	0	0.00	100.00	0	0.00	100.00
Total Increasing	***373,785***	***31.39***		***320,565***	***38.88***		***33,769***	***71.93***		***9,763***	***88.80***	
Grand Total	**1,190,681**	**100.00**		**824,512**	**100.00**		**46,950**	**100.00**		**10,994**	**100.00**	

Figure RM -20 PERCENT DISTRIBUTION - ALL CLASSIFICATION AND RATE ADJUSTMENTS

	Motorcycles - 2022 # of Vehicles	Motorcycles - 2022 % of Vehicles	Motorcycles - 2022 Cumulative % of Vehicles	Trailers - 2022 # of Vehicles	Trailers - 2022 % of Vehicles	Trailers - 2022 Cumulative % of Vehicles	Off-Road Vehicles - 2022 # of Vehicles	Off-Road Vehicles - 2022 % of Vehicles	Off-Road Vehicles - 2022 Cumulative % of Vehicles
Decreasing									
20% or more	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
19 to 20%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
18 to 19%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
17 to 18%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
16 to 17%	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
15 to 16%	2	0.01	0.01	0	0.00	0.00	0	0.00	0.00
14 to 15%	0	0.00	0.01	93,291	43.52	43.52	0	0.00	0.00
13 to 14%	3	0.02	0.03	0	0.00	43.52	0	0.00	0.00
12 to 13%	13	0.07	0.10	9,494	4.43	47.95	0	0.00	0.00
11 to 12%	70	0.39	0.49	22,000	10.26	58.21	0	0.00	0.00
10 to 11%	50	0.28	0.76	14,537	6.78	64.99	0	0.00	0.00
9 to 10%	214	1.18	1.95	3,157	1.47	66.46	0	0.00	0.00
8 to 9%	239	1.32	3.27	9,788	4.57	71.03	0	0.00	0.00
7 to 8%	503	2.78	6.05	7,749	3.61	74.64	0	0.00	0.00
6 to 7%	826	4.57	10.62	4,018	1.87	76.52	0	0.00	0.00
5 to 6%	620	3.43	14.05	2,199	1.03	77.54	0	0.00	0.00
4 to 5%	1,337	7.39	21.44	3,993	1.86	79.41	0	0.00	0.00
3 to 4%	1,280	7.08	28.52	1,538	0.72	80.12	0	0.00	0.00
2 to 3%	602	3.33	31.85	740	0.35	80.47	0	0.00	0.00
1 to 2%	1,462	8.09	39.94	211	0.10	80.57	0	0.00	0.00
0 to 1%	1,257	6.95	46.89	207	0.10	80.66	0	0.00	0.00
Total Decreasing	*8,478*	*46.89*		*172,922*	*80.66*		*0*	*0.00*	
No change	79	*0.44*	*47.33*	41,284	*19.26*	*99.92*	75,774	*100.00*	*100.00*
Increasing									
0 to 1%	1,029	5.69	53.02	165	0.08	100.00	0	0.00	100.00
1 to 2%	2,021	11.18	64.20	0	0.00	100.00	0	0.00	100.00
2 to 3%	1,688	9.34	73.53	0	0.00	100.00	0	0.00	100.00
3 to 4%	1,006	5.56	79.10	0	0.00	100.00	0	0.00	100.00
4 to 5%	749	4.14	83.24	0	0.00	100.00	0	0.00	100.00
Decrease or less than + 5%	*15,050*	*83.24*		*214,371*	*100.00*		*75,774*	*100.00*	
5 to 6%	709	3.92	87.16	0	0.00	100.00	0	0.00	100.00
6 to 7%	684	3.78	90.95	0	0.00	100.00	0	0.00	100.00
7 to 8%	559	3.09	94.04	0	0.00	100.00	0	0.00	100.00
8 to 9%	452	2.50	96.54	0	0.00	100.00	0	0.00	100.00
9 to 10%	475	2.63	99.16	0	0.00	100.00	0	0.00	100.00
Decrease or less than +10%	*17,929*	*99.16*		*214,371*	*100.00*		*75,774*	*100.00*	
10 to 11%	138	0.76	99.93	0	0.00	100.00	0	0.00	100.00
11 to 12%	11	0.06	99.99	0	0.00	100.00	0	0.00	100.00
12 to 13%	2	0.01	100.00	0	0.00	100.00	0	0.00	100.00
13 to 14%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
14 to 15%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Decrease or less than +15%	*18,080*	*100.00*		*214,371*	*100.00*		*75,774*	*100.00*	
15 to 16%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
16 to 17%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
17 to 18%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
18 to 19%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
19 to 20%	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Decrease or less than +20%	*18,080*	*100.00*		*214,371*	*100.00*		*75,774*	*100.00*	
20% or more	0	0.00	100.00	0	0.00	100.00	0	0.00	100.00
Total Increasing	*9,523*	*52.67*		*165*	*0.08*		*0*	*0.00*	
Grand Total	18,080	100.00		214,371	100.00		75,774	100.00	

INV -5
GoC 10 Year Bond Yield Spread

Line No.	Bond Type	Yield at 12/31/2020	Yield at 3/31/2021	Change
1	**Corporate BBB**	2.09%	2.59%	0.50%
2	**Corporate A**	1.65%	2.13%	0.48%
3	**Provincial**	1.42%	2.06%	0.64%
4	**GCAN 10 year**	0.68%	1.56%	0.88%

5 Source: FTSE Russell – Debt Market Indices Report & Bloomberg

INV -18
Canadian Equity Summary Table

Line No.	Description	2021/22	2022/23	2023/24	2024/25	2025/26
1	*(C$000s, except where noted)*					
2	Dividend Income	3,224	3,610	3,667	4,001	4,372
3	Realized Gains/(Losses) (P&L)	5,062	5,263	4,884	4,917	5,012
4	Total Investment Income	**8,285**	**8,873**	**8,552**	**8,918**	**9,384**
5	Forecasted Dividend Yield	2.84%	2.96%	2.84%	2.84%	2.84%
6	Ending Market Value	120,331	127,353	138,948	151,822	165,703
7	% of Portfolio	3.8%	3.8%	4.0%	4.1%	4.2%

Appendix 1:
Rate Indication Table and MCT % after Rebate and Capital Management Plan

Line No.	Scenario	New Money Yield	AAP Breakeven Rate Indication	Capital Build / (Release) Provision	Rebate (in million) 20/21*	Rebate (in million) 21/22	Transfer from Extension (in million) 20/21	Transfer from Extension (in million) 21/22	Transfer from Extension (in million) 22/23	Transfer from Extension (in million) 23/24	MCT % After Basic Rebate, Transfer from Extension and Capital Build / Release 20/21	21/22	22/23	23/24
1	**+50 bps**	2.79%	-2.27%	0.00%	(155.4)	(204.7)	-	-	45.2	44.0	100.0%	100.0%	101.7%	107.8%
2	**+25 bps**	2.56%	-1.71%	0.00%	(155.4)	(195.3)	-	-	44.9	44.1	100.0%	100.0%	100.8%	106.9%
3	**Naïve**	2.46%	-1.16%	0.00%	(155.4)	(180.0)	-	-	44.9	44.1	100.0%	100.0%	99.9%	106.1%
4	**-25 bps**	2.11%	-0.52%	0.00%	(155.4)	(176.1)	-	-	44.4	44.2	100.0%	100.0%	99.2%	105.0%
5	**-50 bps**	1.88%	0.11%	0.00%	(155.4)	(165.4)	-	-	44.0	44.3	100.0%	100.0%	98.5%	104.2%
6	**50/50**	2.63%	-1.88%	0.00%	(155.4)	(195.5)	-	-	45.4	44.4	100.0%	100.0%	102.0%	109.8%
7	**SIRF**	2.94%	-2.61%	0.00%	(155.4)	(205.3)	-	-	46.1	44.4	100.0%	100.0%	103.8%	112.5%
8	* Excludes rebates approved from 2021 Special Rebate Applications													

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates (+50bps) - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	694.32	919.08	680.64	1,780.11	689.85	44.95	5.12
3	Claims Expense	126.30	167.18	123.81	323.81	125.49	8.18	0.93
4	Road Safety	10.10	13.45	13.45	13.45	13.45	0.00	0.00
5	Operating Expense	69.72	92.85	92.85	92.85	92.85	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	34.78	45.96	34.56	86.82	33.68	2.65	0.24
8	Prem Tax: Vehicle	27.82	36.77	27.65	69.46	26.94	2.12	0.19
9	Comm & Prem Tax: Driver	3.19	4.25	4.25	4.25	4.25	0.00	0.00
10	Commission Flat Fee	5.10	6.79	6.79	6.79	6.79	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.72	20.02	20.02	20.02	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.44	69.85	69.85	69.85	69.85	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	927.49	1,225.61	921.69	2,315.23	898.11	70.77	6.49
18	Req Rate (Bal)	914.79	1,208.83	909.07	2,283.52	885.81	69.80	6.40
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21	22/23 Average Rate	935.9952	1238.681	914.1834	2165.077	907.4677	77.00312	7.02175
22	Without Rate Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Full Cred Req Change	-2.3%	-2.4%	-0.6%	5.5%	-2.4%	-9.4%	-8.8%
24	Applied for Change	0.4%	0.4%	-0.4%	6.0%	0.9%	-9.4%	-8.8%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		0.4%	-0.4%	4.1%	0.8%	-9.1%	-8.2%
27	Cred Wtd Req Rate		1,243.78	910.95	2,253.65	914.78	69.99	6.45
28	Cred Wtd Req Rate (Bal)	939.36	1,244.17	911.24	2,254.37	915.08	70.01	6.45
29	Cred Wtd Change (Bal)		0.4%	-0.3%	4.1%	0.8%	-9.1%	-8.2%

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates (+25bps) - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	697.58	923.26	684.62	1,788.87	699.73	44.98	5.15
3	Claims Expense	126.89	167.94	124.53	325.39	127.28	8.18	0.94
4	Road Safety	10.11	13.46	13.46	13.46	13.46	0.00	0.00
5	Operating Expense	69.71	92.85	92.85	92.85	92.85	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	34.94	46.16	34.76	87.24	34.15	2.65	0.24
8	Prem Tax: Vehicle	27.95	36.93	27.80	69.79	27.32	2.12	0.20
9	Comm & Prem Tax: Driver	3.18	4.24	4.24	4.24	4.24	0.00	0.00
10	Commission Flat Fee	5.09	6.78	6.78	6.78	6.78	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.74	20.04	20.04	20.04	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.38	69.77	69.77	69.77	69.77	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	931.70	1,231.00	926.83	2,326.41	910.71	70.80	6.53
18	Req Rate (Bal)	919.97	1,215.50	915.17	2,297.14	899.25	69.91	6.45
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21	22/23 Average Rate	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
22	Without Rate Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Full Cred Req Change	-1.7%	-1.9%	0.1%	6.1%	-0.9%	-9.2%	-8.1%
24	Applied for Change	0.9%	1.0%	0.2%	6.6%	2.4%	-9.2%	-8.1%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		1.0%	0.3%	4.7%	2.1%	-9.0%	-7.5%
27	Cred Wtd Req Rate		1,250.53	916.94	2,266.79	926.27	70.11	6.50
28	Cred Wtd Req Rate (Bal)	944.61	1,250.98	917.27	2,267.60	926.60	70.14	6.50
29	Cred Wtd Change (Bal)		1.0%	0.3%	4.7%	2.1%	-8.9%	-7.5%

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	700.86	927.44	688.61	1,797.65	709.68	45.01	5.19
3	Claims Expense	127.48	168.69	125.25	326.97	129.08	8.19	0.94
4	Road Safety	10.12	13.48	13.48	13.48	13.48	0.00	0.00
5	Operating Expense	69.71	92.84	92.84	92.84	92.84	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	35.10	46.36	34.95	87.66	34.63	2.66	0.25
8	Prem Tax: Vehicle	28.08	37.09	27.96	70.13	27.70	2.12	0.20
9	Comm & Prem Tax: Driver	3.18	4.24	4.24	4.24	4.24	0.00	0.00
10	Commission Flat Fee	5.09	6.77	6.77	6.77	6.77	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.75	20.06	20.06	20.06	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.33	69.69	69.69	69.69	69.69	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	935.92	1,236.39	931.99	2,337.63	923.38	70.83	6.57
18	Req Rate (Bal)	925.14	1,222.15	921.25	2,310.70	912.74	70.02	6.50
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21	22/23 Average Rate	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
22	Without Rate Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Full Cred Req Change	-1.2%	-1.3%	0.8%	6.7%	0.6%	-9.1%	-7.5%
24	Applied for Change	1.5%	1.5%	0.9%	7.2%	3.9%	-9.1%	-7.5%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		1.5%	1.0%	5.3%	3.3%	-8.8%	-6.8%
27	Cred Wtd Req Rate		1,257.16	922.91	2,279.80	937.71	70.23	6.54
28	Cred Wtd Req Rate (Bal)	949.75	1,257.65	923.27	2,280.70	938.08	70.25	6.54
29	Cred Wtd Change (Bal)		1.5%	1.0%	5.3%	3.4%	-8.8%	-6.8%

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates (-25bps) - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	704.45	932.03	693.00	1,807.29	720.62	45.03	5.22
3	Claims Expense	128.46	169.96	126.37	329.56	131.40	8.21	0.95
4	Road Safety	10.13	13.49	13.49	13.49	13.49	0.00	0.00
5	Operating Expense	69.71	92.84	92.84	92.84	92.84	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	35.28	46.60	35.17	88.16	35.16	2.66	0.25
8	Prem Tax: Vehicle	28.23	37.28	28.14	70.53	28.13	2.13	0.20
9	Comm & Prem Tax: Driver	3.18	4.23	4.23	4.23	4.23	0.00	0.00
10	Commission Flat Fee	5.08	6.77	6.77	6.77	6.77	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.77	20.08	20.08	20.08	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.58	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.27	69.61	69.61	69.61	69.61	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	940.90	1,242.78	938.00	2,350.85	937.69	70.89	6.62
18	Req Rate (Bal)	931.11	1,229.85	928.24	2,326.39	927.93	70.15	6.55
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21	22/23 Average Rate Without Rate Change	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
22	Full Cred Req Change	-0.5%	-0.7%	1.5%	7.5%	2.3%	-8.9%	-6.7%
23	Applied for Change	2.1%	2.1%	1.7%	7.9%	5.6%	-8.9%	-6.7%
24	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
25	Cred Wtd Change		2.1%	1.7%	6.0%	4.8%	-8.6%	-6.1%
26	Cred Wtd Req Rate		1,264.88	929.77	2,294.88	950.66	70.37	6.59
27	Cred Wtd Req Rate (Bal)	955.74	1,265.43	930.18	2,295.89	951.07	70.40	6.60
28	Cred Wtd Change (Bal)		2.2%	1.8%	6.0%	4.8%	-8.6%	-6.1%

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates (-50bps) - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	708.23	936.86	697.61	1,817.42	732.15	45.06	5.25
3	Claims Expense	129.14	170.83	127.20	331.39	133.50	8.22	0.96
4	Road Safety	10.14	13.50	13.50	13.50	13.50	0.00	0.00
5	Operating Expense	69.71	92.85	92.85	92.85	92.85	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	35.47	46.84	35.40	88.64	35.71	2.66	0.25
8	Prem Tax: Vehicle	28.37	37.47	28.32	70.91	28.57	2.13	0.20
9	Comm & Prem Tax: Driver	3.17	4.23	4.23	4.23	4.23	0.00	0.00
10	Commission Flat Fee	5.08	6.76	6.76	6.76	6.76	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.79	20.11	20.11	20.11	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.58	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.21	69.54	69.54	69.54	69.54	0.00	0.00
16	Service Fees	23.91	31.85	31.85	31.85	31.85	0.00	0.00
17	Req Rate (Raw)	945.77	1,249.00	943.95	2,363.78	952.40	70.93	6.66
18	Req Rate (Bal)	936.99	1,237.41	935.19	2,341.84	943.55	70.27	6.60
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21 22	22/23 Average Rate Without Rate Change	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
23	Full Cred Req Change	0.1%	-0.1%	2.3%	8.2%	4.0%	-8.7%	-6.0%
24	Applied for Change	2.7%	2.7%	2.4%	8.7%	7.3%	-8.7%	-6.0%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		2.7%	2.5%	6.7%	6.2%	-8.5%	-5.4%
27	Cred Wtd Req Rate		1,272.47	936.59	2,309.73	963.92	70.50	6.64
28	Cred Wtd Req Rate (Bal)	961.64	1,273.08	937.04	2,310.85	964.39	70.53	6.65
29	Cred Wtd Change (Bal)		2.8%	2.5%	6.7%	6.3%	-8.4%	-5.3%

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates (50/50) - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	696.57	921.96	683.39	1,786.16	696.67	44.97	5.14
3	Claims Expense	126.71	167.70	124.31	324.90	126.72	8.18	0.94
4	Road Safety	10.11	13.46	13.46	13.46	13.46	0.00	0.00
5	Operating Expense	69.73	92.87	92.87	92.87	92.87	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	34.89	46.10	34.70	87.11	34.01	2.65	0.24
8	Prem Tax: Vehicle	27.91	36.88	27.76	69.69	27.21	2.12	0.20
9	Comm & Prem Tax: Driver	3.19	4.24	4.24	4.24	4.24	0.00	0.00
10	Commission Flat Fee	5.09	6.78	6.78	6.78	6.78	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.73	20.03	20.03	20.03	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.40	69.79	69.79	69.79	69.79	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	930.42	1,229.36	925.27	2,322.98	906.84	70.79	6.52
18	Req Rate (Bal)	918.40	1,213.47	913.32	2,292.96	895.12	69.87	6.44
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21 22	22/23 Average Rate Without Rate Change	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
23	Full Cred Req Change	-1.9%	-2.0%	-0.1%	5.9%	-1.4%	-9.3%	-8.3%
24	Applied for Change	0.8%	0.8%	0.0%	6.4%	2.0%	-9.3%	-8.3%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		0.8%	0.1%	4.5%	1.7%	-9.0%	-7.7%
27	Cred Wtd Req Rate		1,248.48	915.12	2,262.78	922.75	70.07	6.48
28	Cred Wtd Req Rate (Bal)	943.02	1,248.91	915.44	2,263.56	923.06	70.10	6.48
29	Cred Wtd Change (Bal)		0.8%	0.1%	4.5%	1.7%	-9.0%	-7.7%

Appendix 1:
Figure RM-14 Rating Year 2022/23 Major Classification Required Rate Changes - Breakeven Rates (SIRF) - Adjusted for DSR Discount Changes

Line No.	Coverage	Overall	Private Pass	Comm	Public	Motor-Cycle	Trailer	ORV
1	22/23 Units	1,232,900	847,100	47,600	12,000	19,000	226,700	80,500
2	Claims	692.27	916.46	678.14	1,774.62	683.67	44.93	5.10
3	Claims Expense	125.93	166.71	123.36	322.82	124.37	8.17	0.93
4	Road Safety	10.10	13.45	13.45	13.45	13.45	0.00	0.00
5	Operating Expense	69.76	92.91	92.91	92.91	92.91	0.00	0.00
6	Regulatory/Appeal	3.64	4.85	4.85	4.85	4.85	0.00	0.00
7	Commission: Vehicle	34.68	45.84	34.45	86.56	33.39	2.65	0.24
8	Prem Tax: Vehicle	27.75	36.67	27.56	69.25	26.71	2.12	0.19
9	Comm & Prem Tax: Driver	3.19	4.25	4.25	4.25	4.25	0.00	0.00
10	Commission Flat Fee	5.10	6.79	6.79	6.79	6.79	0.00	0.00
11	Reins: Casualty	1.24	1.65	1.65	1.65	1.65	0.00	0.00
12	Reins: Catastrophe	11.82	12.86	12.86	12.86	0.00	12.86	0.00
13	Fleet Rebates	14.71	20.00	20.00	20.00	0.00	0.00	0.00
14	Anti-Theft Discount	1.09	1.59	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	52.48	69.90	69.90	69.90	69.90	0.00	0.00
16	Service Fees	23.91	31.84	31.84	31.84	31.84	0.00	0.00
17	Req Rate (Raw)	924.90	1,222.30	918.53	2,308.27	890.29	70.74	6.46
18	Req Rate (Bal)	911.56	1,204.68	905.29	2,275.00	877.46	69.72	6.37
19	21/22 Average Rate	888.61	1,165.69	867.47	2,145.95	905.89	73.36	7.02
20	Major Class Drift	5.3%	6.3%	5.4%	0.9%	0.2%	5.0%	0.0%
21 22	22/23 Average Rate Without Rate Change	936.00	1,238.68	914.18	2,165.08	907.47	77.00	7.02
23	Full Cred Req Change	-2.6%	-2.7%	-1.0%	5.1%	-3.3%	-9.5%	-9.3%
24	Applied for Change	0.0%	0.1%	-0.9%	5.6%	0.0%	-9.5%	-9.3%
25	Credibility		99.3%	88.8%	66.7%	76.0%	97.4%	93.1%
26	Cred Wtd Change		0.1%	-0.8%	3.7%	0.0%	-9.2%	-8.6%
27	Cred Wtd Req Rate		1,239.68	907.25	2,245.53	907.74	69.91	6.42
28	Cred Wtd Req Rate (Bal)	936.18	1,240.05	907.52	2,246.19	908.00	69.93	6.42
29	Cred Wtd Change (Bal)		0.1%	-0.7%	3.7%	0.1%	-9.2%	-8.6%

2022 GRA
Pro Forma Statement of Operations comparative for the 2021/22 fiscal year

Pro Forma Comparative - 2022 GRA vs October 1, 2021 revision

Statement of Operations: 2021/22 Comparative

Line No.		2022 GRA 2021-22FB	Revised as of Oct 1 2022 GRA 2021-22P	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,035,261	1,022,158	(13,103)		(1.3)
4	Drivers	61,179	61,179	-		-
5	Reinsurance Ceded	(15,629)	(15,645)	(16)		0.1
6	**Total Net Premiums Written**	**1,080,811**	**1,067,692**	**(13,119)**	**(1)**	**(1.2)**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,070,733	1,064,012	(6,721)		(0.6)
9	Drivers	63,506	63,506	-		-
10	Reinsurance Ceded	(15,629)	(15,645)	(16)		0.1
11	**Total Net Premiums Earned**	**1,118,610**	**1,111,873**	**(6,737)**		**(0.6)**
12	Service Fees & Other Revenues	26,228	25,468	(760)		(2.9)
13	**Total Earned Revenues**	**1,144,838**	**1,137,341**	**(7,497)**		**(0.7)**
14	**Net Claims Incurred**	839,934	751,946	(87,988)		(10.5)
15	DPAC \ Premium Deficiency Adjustment	3,432	-	(3,432)		(100.0)
16	(a) Claims Incurred - Interest rate impact	12,477	37,094	24,617		197.3
17	**Net Claims Incurred**	**855,843**	**789,040**	**(66,803)**	**(2)**	**(7.8)**
18	Claims Expense	149,509	144,353	(5,156)	**(4)**	(3.4)
19	Road Safety/Loss Prevention	13,249	11,571	(1,678)	**(4)**	(12.7)
20	**Total Claims Costs**	**1,018,601**	**944,964**	**(73,637)**		**(7.2)**
21	**Expenses**					
22	Operating	76,113	73,450	(2,663)	**(4)**	(3.5)
23	Commissions	45,961	45,752	(209)		(0.5)
24	Premium Taxes	32,607	28,426	(4,181)		(12.8)
25	Regulatory/Appeal	4,791	4,269	(522)	**(4)**	(10.9)
26	**Total Expenses**	**159,472**	**151,897**	**(7,575)**		**(4.8)**
27	**Underwriting Income (Loss)**	**(33,235)**	**40,480**	**73,715**		**(221.8)**
28	**Investment Income**	100,008	91,492	(8,516)		(8.5)
29	(b) Investment Income - Interest rate impact	541	57,776	57,235		10,579.4
30	**Total Investment Income**	**100,549**	**149,268**	**48,719**	**(3)**	**48.5**
31	**Net Income (Loss) from Annual Operations**	**67,314**	**189,748**	**122,434**		**181.9**
32	**Total net Impact due to interest rate change (b) - (a)**	**(11,936)**	**20,682**	**32,618**		**(273.3)**

2022 GRA

Pro Forma Statement of Operations comparative for the 2021/22 fiscal year

Pro Forma Comparative Explanation - 2022 GRA vs October 1, 2021 revision

Explanation of Significant Variances - 2021/22 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,080,811**	2022 GRA
2			(13,103)	Higher than expected Capital Release Provision and Other
3			(16)	Higher than expected Reinsurance Premiums
4			**1,067,692**	2022 GRA - Rate Update
5	(2)	Net Claims Incurred	**855,843**	2022 GRA
6			(71,517)	Increased COVID-19 Adjustment
7			(21,626)	Lower forecast for Comprehensive claims
8			(3,432)	Lower forecasted Write Down DPAC
9			(2,192)	Lower forecasted ILAE
10			(545)	Lower forecast for PIPP and Liability claims
11			24,617	Increased forecasted Interest Rate Impact
12			7,869	Increased forecast for Collision claims
13			22	Increased forecasted Property Damage claims
14			**789,040**	2022 GRA - Rate Update
15	(3)	Investment Income	**100,549**	2022 GRA
16			(649)	Lower than expected interest income
17			(3,281)	Lower than expected equity investment income
18			(686)	Lower than expected alternative investment income
19			(65)	Higher than expected investment manager fees
20			57,235	Increased forecasted Interest Rate Impact
21			(3,728)	Higher than expected amortization of bond premium
22			(106)	Other
23			**149,268**	2022 GRA - Rate Update
24	(4)	Allocated Corporate Expenses	**243,662**	2022 GRA
25			(5,003)	Lower than expected salaries
26			(560)	Lower than expected Loss Prevention/Road Safety Programs
27			(595)	Lower than expected advertising expense
28			(1,579)	Lower than expected miscellaneous expense
29			(502)	Lower than expected amortization of deferred development
30			(1,780)	Other
31			**233,643**	2022 GRA - Rate Update

2022 GRA
Pro Forma Statement of Operations comparative for the 2022/23 fiscal year

Pro Forma Comparative - 2022 GRA vs October 1, 2021 revision

Statement of Operations: 2022/23 Comparative

Line No.		2022 GRA 2022-23F	Revised as of Oct 1 2022 GRA 2022-23B	Inc (dec)	Ref.	Increase / (Decrease)
1	*(C$ 000s, except where noted)*	$	$	$		%
2	**Net Premiums Written**					
3	Motor Vehicles	1,099,690	1,122,422	22,732		2.1
4	Drivers	63,772	63,772	-		-
5	Reinsurance Ceded	(15,942)	(15,942)	-		-
6	**Total Net Premiums Written**	**1,147,520**	**1,170,252**	**22,732**	(1)	**2.0**
7	**Net Premiums Earned**					
8	Motor Vehicles	1,068,311	1,073,590	5,279		0.5
9	Drivers	62,499	62,499	-		-
10	Reinsurance Ceded	(15,942)	(15,942)	-		-
11	**Total Net Premiums Earned**	**1,114,868**	**1,120,147**	**5,279**		**0.5**
12	Service Fees & Other Revenues	30,063	29,104	(959)		(3.2)
13	**Total Earned Revenues**	**1,144,931**	**1,149,251**	**4,320**		**0.4**
14	Net Claims Incurred	904,591	906,605	2,014		0.2
15	DPAC \ Premium Deficiency Adjustment	302	-	(302)		(100.0)
16	(a) Claims Incurred - Interest rate impact	11,681	16,175	4,494		38.5
17	**Net Claims Incurred**	**916,574**	**922,780**	**6,206**	(2)	**0.7**
18	Claims Expense	147,719	152,737	5,018	(4)	3.4
19	Road Safety/Loss Prevention	13,070	12,469	(601)	(4)	(4.6)
20	**Total Claims Costs**	**1,077,363**	**1,087,986**	**10,623**		**1.0**
21	**Expenses**					
22	Operating	76,108	83,761	7,653	(4)	10.1
23	Commissions	48,013	48,094	81		0.2
24	Premium Taxes	33,924	34,083	159		0.5
25	Regulatory/Appeal	4,624	4,620	(4)	(4)	(0.1)
26	**Total Expenses**	**162,669**	**170,558**	**7,889**		**4.8**
27	**Underwriting Income (Loss)**	**(95,101)**	**(109,293)**	**(14,192)**		**14.9**
28	Investment Income	99,241	99,188	(53)		(0.1)
29	(b) Investment Income - Interest rate impact	483	911	428		88.6
30	**Total Investment Income**	**99,724**	**100,099**	**375**	(3)	**0.4**
31	**Net Income (Loss) from Annual Operations**	**4,623**	**(9,194)**	**(13,817)**		**(298.9)**
32	**Total net Impact due to interest rate change (b) - (a)**	**(11,198)**	**(15,264)**	**(4,066)**		**36.3**

2022 GRA

Pro Forma Statement of Operations comparative for the 2021/22 fiscal year

Pro Forma Comparative Explanation - 2022 GRA vs October 1, 2021 revision

Explanation of Significant Variances - 2022/23 Comparative

Line No.	Ref.	Category	(C$ 000s)	Explanation
1	(1)	Net Premiums Written	**1,147,520**	2022 GRA
2			653	Higher than expected premium related to volume
3			1,515	Higher than expected premiums related to upgrade
4			19,171	Lower rate change (-2.82% inital vs -1.16 updated)
5			1,393	Other
6			**1,170,252**	2022 GRA - Rate Update
7	(2)	Net Claims Incurred	**916,574**	2022 GRA
8			6,600	Increased forecast for Collision claims
9			4,494	Increased forecasted Interest Rate Impact
10			906	Increased forecast for PIPP and Liability claims
11			(4,194)	Lower forecasted Comprehensive claims
12			(844)	Lower forecasted Property Damage claims
13			(454)	Lower forecasted ILAE
14			(301)	Lower forecasted Write Down DPAC
15			**922,780**	2022 GRA - Rate Update
16	(3)	Investment Income	**99,724**	2022 GRA
17			(2,049)	Lower than expected interest income
18			3,204	Higher than expected equity investment income
19			(1,164)	Lower than expected alternative investment income
20			(96)	Lower than expected amortization of bond premium
21			428	Higher forecasted Interest Rate Impact
22			52	Other
23			**100,099**	2022 GRA - Rate Update
24	(4)	Allocated Corporate Expenses	**229,875**	2022 GRA
25		(Normal Operations)	(2,529)	Lower than expected miscellaneous expense
26			2,544	Higher than expected data processing expense
27			3,169	Higher than expected special services expense
28			(777)	Lower than expected furniture and equipment expense
29			(689)	Other
30			**231,593**	2022 GRA - Rate Update
31	(4)	Allocated Corporate Expenses	**8,130**	2022 GRA
32		(Initiatives Implementation)	14,292	Higher than expected data processing expense
33			(428)	Other
34			**21,994**	2022 GRA - Rate Update
35	(4)	Allocated Corporate Expenses	**3,516**	2022 GRA
36		(Initiatives Ongoing)	(737)	Lower than expected salary expense
37			(1,599)	Lower than expected data processing expense
38			(1,179)	Lower than expected amortization of deferred development
39			(1)	Other
40			-	2022 GRA - Rate Update

Appendix 1:
PF-1 Statement of Operations
2022 GRA Base with August 30, 2021 +50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -2.27% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +2.73% (Includes AAP BE RI -2.27% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	For the Years Ended March 31,					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22P	2022/23B	2023/24F	2024/25F	2025/26F
3	Motor Vehicles	1,091,979	1,022,158	1,109,604	1,150,390	1,192,215	1,235,668
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,067,692**	**1,157,434**	**1,200,108**	**1,243,518**	**1,288,442**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,064,012	1,067,015	1,130,526	1,171,845	1,214,505
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,111,873**	**1,113,572**	**1,179,161**	**1,222,210**	**1,266,394**
12	Service Fees & Other Revenues	25,792	25,468	28,867	29,081	29,807	31,434
13	**Total Earned Revenues**	**1,146,260**	**1,137,341**	**1,142,439**	**1,208,242**	**1,252,017**	**1,297,828**
14	Claims Incurred	620,145	751,946	903,950	941,501	982,004	1,020,464
15	DPAC \ Premium Deficiency Adjustment	(10,511)	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	44,194	(44,699)	11,045	9,222	9,406	10,370
17	**Total Claims Incurred**	**653,828**	**707,247**	**914,995**	**950,723**	**991,410**	**1,030,834**
18	Claims Expense	141,720	144,353	152,737	157,115	154,421	148,092
19	Road Safety/Loss Prevention	7,708	11,571	12,469	12,430	12,544	12,165
20	**Total Claims Costs**	**803,256**	**863,171**	**1,080,201**	**1,120,268**	**1,158,375**	**1,191,091**
21	**Expenses**						
22	Operating	70,063	73,450	83,761	86,565	85,236	82,201
23	Commissions	43,384	45,752	47,889	52,060	54,574	54,591
24	Premium Taxes	23,978	27,685	33,885	35,863	37,164	38,499
25	Regulatory/Appeal	4,399	4,269	4,620	4,361	4,169	4,253
26	**Total Expenses**	**141,824**	**151,156**	**170,155**	**178,849**	**181,143**	**179,544**
27	**Underwriting Income (Loss)**	**201,180**	**123,014**	**(107,917)**	**(90,875)**	**(87,501)**	**(72,807)**
28	**Investment Income**	88,878	91,492	103,430	102,786	105,139	108,255
29	(b) Investment Income - Interest Rate Impact	650	(34,373)	887	(8)	(9)	(9)
30	**Net Investment Income**	**89,528**	**57,119**	**104,317**	**102,778**	**105,130**	**108,246**
31	**Gain (Loss) on Sale of Property**	**74**	**-**	**-**	**-**	**-**	**-**
32	**Net Income (Loss) from Annual Operations**	**290,782**	**180,133**	**(3,600)**	**11,903**	**17,629**	**35,439**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	10,326	(10,158)	(9,230)	(9,415)	(10,379)

Appendix 1:
PF-2 Statement of Financial Position
2022 GRA Base with August 30, 2021 +50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -2.27% and Removal of Capital Release 5.0%

Multi-year - Statement of Financial Position

2022/23 Basic overall rate change of +2.73% (Includes AAP BE RI -2.27% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22P	2022/23B	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	138,600	89,609	93,362	96,361	99,465	100,000
5	Investments	2,947,377	2,837,322	2,969,225	3,113,838	3,291,766	3,498,256
6	Investment property	6,065	5,917	5,788	5,660	5,531	5,402
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	406,959	434,852	450,225	465,654	481,378
9	Deferred policy acquisition costs	37,259	36,547	37,059	40,472	41,148	42,007
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	128,045	149,307	167,649	179,880	186,035
12	Deferred development costs	32,042	46,450	56,887	59,650	45,927	33,913
13		**3,679,762**	**3,550,849**	**3,746,480**	**3,933,855**	**4,129,371**	**4,346,991**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	80,153	81,318	85,170	82,519	79,385
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	550,972	596,430	619,096	642,253	666,293
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	376,259	387,685	399,114	410,545	421,976
21	Provision for unpaid claims	2,045,997	2,062,003	2,157,934	2,246,627	2,335,663	2,426,055
22		**3,245,785**	**3,094,969**	**3,249,504**	**3,376,698**	**3,498,225**	**3,621,508**
23	**Equity**						
24	Retained Earnings	448,678	424,141	465,710	521,600	590,854	679,849
25	Accumulated Other Comprehensive Income	(14,701)	31,742	31,269	35,560	40,295	45,640
26	**Total Equity**	**433,977**	**455,883**	**496,979**	**557,160**	**631,149**	**725,489**
27	**Total Liabilities & Equity**	**3,679,762**	**3,550,852**	**3,746,483**	**3,933,858**	**4,129,374**	**4,346,997**

Appendix 1:
PF-3 Statement of Changes in Equity
2022 GRA Base with August 30, 2021 +50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -2.27% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +2.73% (Includes AAP BE RI -2.27% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	424,141	465,710	521,600	590,854
6	Net Income (Loss) from annual operations	290,782	180,133	(3,600)	11,903	17,629	35,439
7	Premium Rebate	(282,626)	(204,670)	-	-	-	-
8	Transfer from Extension Retained Earnings	-	-	45,169	43,987	51,625	53,556
9	**Total Retained Earnings**	**448,678**	**424,141**	**465,710**	**521,600**	**590,854**	**679,849**
10	**Total Accumulated Other Comprehensive Income**						
11	Beginning Balance	(34,296)	(14,701)	31,742	31,269	35,560	40,295
12	Other Comprehensive Income for the Year	53,984	26,346	(473)	4,291	4,735	5,345
13	Change in Remeasurement of Employee Future Benefi	(34,389)	20,097	-	-	-	-
14	**Total Accumulated Other Comprehensive Income**	(14,701)	31,742	31,269	35,560	40,295	45,640
15	**Total Equity Balance**	**433,977**	**455,883**	**496,979**	**557,160**	**631,149**	**725,489**
16	**MINIMUM CAPITAL TEST (C$ 000s)**						
17	Total Equity Balance	433,835	455,883	496,979	557,160	631,149	725,489
18	Less: Assets Requiring 100% Capital	32,042	46,450	56,887	59,650	45,927	33,913
19	Capital Available	401,793	409,433	440,092	497,510	585,222	691,576
20	Minimum Capital Required (100% MCT)	401,793	409,438	432,871	461,329	485,557	510,633
21	**MCT Ratio %** (Line 17) / (Line 18)	**100.0%**	**100.0%**	**101.7%**	**107.8%**	**120.5%**	**135.4%**

Appendix 1:
EPF-1 Extension Statement of Operations
2022 GRA Base with August 30, 2021 +50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -2.27% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +2.73% (Includes AAP BE RI -2.27% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	178,307	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**176,358**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	170,164	180,741	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**168,215**	**178,754**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	11,944	12,533	12,876	13,326	13,934
11	**Total Earned Revenues**	**165,814**	**180,159**	**191,287**	**196,895**	**203,408**	**210,372**
12	**Net Claims Incurred**	55,933	78,317	94,801	94,918	95,955	97,174
13	(a) Claims Incurred - Interest Rate Impact	99	(67)	(38)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,250**	**94,763**	**94,918**	**95,955**	**97,174**
15	Claims Expense	11,792	11,826	12,600	14,191	14,654	14,573
16	Road Safety/Loss Prevention	641	950	1,029	1,141	1,216	1,216
17	**Total Claims Costs**	**68,465**	**91,026**	**108,392**	**110,250**	**111,825**	**112,963**
18	**Expenses**						
19	Operating	7,851	7,907	8,944	9,568	9,787	9,786
20	Commissions	34,142	33,777	32,384	32,649	31,758	30,936
21	Premium Taxes	4,701	5,105	5,422	5,581	5,764	5,956
22	Regulatory/Appeal	13	8	12	12	12	13
23	**Total Expenses**	**46,707**	**46,797**	**46,762**	**47,810**	**47,321**	**46,691**
24	**Underwriting Income (Loss)**	**50,642**	**42,336**	**36,133**	**38,835**	**44,262**	**50,718**
25	**Investment Income**	5,038	13,412	13,623	10,107	9,729	9,081
26	(b) Investment Income - Interest Rate Impact	4	244	379	232	184	129
27	**Net Investment Income**	**5,042**	**13,656**	**14,002**	**10,339**	**9,913**	**9,210**
28	**Gain (Loss) on Sale of Property**	**6**	**-**	**-**	**-**	**-**	**-**
29	**Net Income (Loss) from Operations**	**55,690**	**55,992**	**50,135**	**49,174**	**54,175**	**59,928**
30	Total net Impact due to interest rate change (b) - (a)	(95)	311	417	232	184	129

Appendix 1:
EPF-3 Extension Statement of Changes in Equity
2022 GRA Base with August 30, 2021 +50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -2.27% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +2.73% (Includes AAP BE RI -2.27% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	86,741	91,707	96,894	99,443
6	Net Income (Loss) from annual operations	55,690	55,992	50,135	49,174	54,174	59,929
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(55,485)				
9	Transfer (to) / from Basic Retained Earnings			(45,169)	(43,987)	(51,625)	(53,556)
10	**Total Retained Earnings**	86,234	86,741	91,707	96,894	99,443	105,816
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	13,157	7,561	5,532	4,023
13	Other Comprehensive Income on Available for Sale Assets	15,989	753	(5,596)	(2,029)	(1,509)	(897)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	1,698	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	13,157	7,561	5,532	4,023	3,126
16	**Total Equity Balance**	**96,940**	**99,898**	**99,268**	**102,426**	**103,466**	**108,942**
17	**MINIMUM CAPITAL TEST** *(C$ 000s)*						
18	Total Equity Balance	96,940	99,898	99,268	102,426	103,466	108,942
19	Less: Assets Requiring 100% Capital	2,696	3,916	4,804	4,998	3,808	2,776
20	Capital Available	94,244	95,982	94,464	97,428	99,658	106,166
21	Minimum Capital Required (100% MCT)	48,028	47,991	47,231	48,713	49,827	53,081
22	**MCT Ratio (%)**	**196.2%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**

Appendix 1:
PF-1 Statement of Operations
2022 GRA Base with August 30, 2021 +25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -1.71% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +3.29% (Includes AAP BE RI -1.71% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,022,158	1,116,071	1,157,095	1,199,162	1,242,868
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,067,692**	**1,163,901**	**1,206,813**	**1,250,465**	**1,295,642**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,064,012	1,070,332	1,137,115	1,178,674	1,221,582
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,111,873**	**1,116,889**	**1,185,750**	**1,229,039**	**1,273,471**
12	Service Fees & Other Revenues	25,792	25,468	28,987	29,210	29,947	31,584
13	**Total Earned Revenues**	**1,146,260**	**1,137,341**	**1,145,876**	**1,214,960**	**1,258,986**	**1,305,055**
14	Claims Incurred	620,145	751,946	905,281	942,956	983,549	1,022,126
15	DPAC \ Premium Deficiency Adjustment	(10,511)	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	44,194	(3,698)	13,654	10,533	11,096	12,063
17	**Total Claims Incurred**	**653,828**	**748,248**	**918,935**	**953,489**	**994,645**	**1,034,189**
18	Claims Expense	141,720	144,353	152,737	157,351	154,685	148,347
19	Road Safety/Loss Prevention	7,708	11,571	12,469	12,454	12,571	12,190
20	**Total Claims Costs**	**803,256**	**904,172**	**1,084,141**	**1,123,294**	**1,161,901**	**1,194,726**
21	**Expenses**						
22	Operating	70,063	73,450	83,761	86,685	85,370	82,331
23	Commissions	43,384	45,752	47,992	52,316	54,850	54,868
24	Premium Taxes	23,978	27,967	33,985	36,060	37,369	38,712
25	Regulatory/Appeal	4,399	4,269	4,620	4,361	4,169	4,253
26	**Total Expenses**	**141,824**	**151,438**	**170,358**	**179,422**	**181,758**	**180,164**
27	**Underwriting Income (Loss)**	**201,180**	**81,731**	**(108,623)**	**(87,756)**	**(84,673)**	**(69,835)**
28	**Investment Income**	88,878	91,492	101,731	100,529	101,721	104,479
29	(b) Investment Income - Interest Rate Impact	650	13,354	908	(10)	(11)	(12)
30	**Net Investment Income**	**89,528**	**104,846**	**102,639**	**100,519**	**101,710**	**104,467**
31	**Gain (Loss) on Sale of Property**	**74**	**-**	**-**	**-**	**-**	**-**
32	**Net Income (Loss) from Annual Operations**	**290,782**	**186,577**	**(5,984)**	**12,763**	**17,037**	**34,632**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	17,052	(12,746)	(10,543)	(11,107)	(12,075)

Appendix 1:
PF-2 Statement of Financial Position
2022 GRA Base with August 30, 2021 +25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -1.71% and Removal of Capital Release 5.0%

Multi-year - Statement of Financial Position

2022/23 Basic overall rate change of +3.29% (Includes AAP BE RI -1.71% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22P	2022/23B	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	138,600	89,609	93,359	96,353	99,449	100,000
5	Investments	2,947,377	2,899,040	3,033,561	3,182,085	3,362,846	3,572,119
6	Investment property	6,065	5,917	5,788	5,660	5,531	5,402
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	406,959	436,740	452,183	467,683	483,480
9	Deferred policy acquisition costs	37,259	36,547	37,272	40,704	41,384	42,248
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	128,045	149,307	167,649	179,880	186,035
12	Deferred development costs	32,042	46,450	56,887	59,639	45,908	33,889
13		**3,679,762**	**3,612,567**	**3,812,914**	**4,004,273**	**4,202,681**	**4,423,173**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	80,153	81,318	85,170	82,519	79,385
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	550,972	599,580	622,361	645,637	669,800
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	392,888	404,314	415,743	427,174	438,605
21	Provision for unpaid claims	2,045,997	2,103,004	2,202,875	2,294,334	2,386,606	2,480,353
22		**3,245,785**	**3,152,599**	**3,314,224**	**3,444,299**	**3,569,181**	**3,695,942**
23	**Equity**						
24	Retained Earnings	448,678	439,987	478,936	535,831	604,555	692,891
25	Accumulated Other Comprehensive Income	(14,701)	19,983	19,757	24,145	28,947	34,343
26	**Total Equity**	**433,977**	**459,970**	**498,693**	**559,976**	**633,502**	**727,234**
27	**Total Liabilities & Equity**	**3,679,762**	**3,612,569**	**3,812,917**	**4,004,275**	**4,202,683**	**4,423,176**

Appendix 1:
PF-3 Statement of Changes in Equity
2022 GRA Base with August 30, 2021 +25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -1.71% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +3.29% (Includes AAP BE RI -1.71% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	439,987	478,936	535,831	604,555
6	Net Income (Loss) from annual operations	290,782	186,577	(5,984)	12,763	17,037	34,632
7	Premium Rebate	(282,626)	(195,268)	-	-	-	-
8	Transfer from Extension Retained Earnings	-	-	44,933	44,132	51,687	53,704
9	**Total Retained Earnings**	**448,678**	**439,987**	**478,936**	**535,831**	**604,555**	**692,891**
10	**Total Accumulated Other Comprehensive Income**						
11	Beginning Balance	(34,296)	(14,701)	19,983	19,757	24,145	28,947
12	Other Comprehensive Income for the Year	53,984	31,216	(226)	4,388	4,802	5,396
13	Change in Remeasurement of Employee Future Benefi	(34,389)	3,468	-	-	-	-
14	**Total Accumulated Other Comprehensive Income**	(14,701)	19,983	19,757	24,145	28,947	34,343
15	**Total Equity Balance**	**433,977**	**459,970**	**498,693**	**559,976**	**633,502**	**727,234**
16	**MINIMUM CAPITAL TEST (C$ 000s)**						
17	Total Equity Balance	433,835	459,970	498,693	559,976	633,502	727,234
18	Less: Assets Requiring 100% Capital	32,042	46,450	56,887	59,639	45,908	33,889
19	Capital Available	401,793	413,520	441,806	500,337	587,594	693,345
20	Minimum Capital Required (100% MCT)	401,793	413,548	438,437	468,154	492,584	517,950
21	**MCT Ratio %** (Line 17) / (Line 18)	**100.0%**	**100.0%**	**100.8%**	**106.9%**	**119.3%**	**133.9%**

Appendix 1:
EPF-1 Extension Statement of Operations
2022 GRA Base with August 30, 2021 +25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -1.71% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +3.29% (Includes AAP BE RI -1.71% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	178,307	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**176,358**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	170,164	180,741	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**168,215**	**178,754**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	11,944	12,531	12,874	13,324	13,932
11	**Total Earned Revenues**	**165,814**	**180,159**	**191,285**	**196,893**	**203,406**	**210,370**
12	**Net Claims Incurred**	55,933	78,318	94,799	94,914	95,954	97,173
13	(a) Claims Incurred - Interest Rate Impact	99	3	(45)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,321**	**94,754**	**94,914**	**95,954**	**97,173**
15	Claims Expense	11,792	11,826	12,600	14,047	14,496	14,413
16	Road Safety/Loss Prevention	641	950	1,029	1,128	1,202	1,202
17	**Total Claims Costs**	**68,465**	**91,097**	**108,383**	**110,089**	**111,652**	**112,788**
18	**Expenses**						
19	Operating	7,851	7,907	8,944	9,500	9,711	9,709
20	Commissions	34,142	33,777	32,384	32,649	31,758	30,936
21	Premium Taxes	4,701	5,105	5,422	5,581	5,764	5,956
22	Regulatory/Appeal	13	8	12	12	12	13
23	**Total Expenses**	**46,707**	**46,797**	**46,762**	**47,742**	**47,245**	**46,614**
24	**Underwriting Income (Loss)**	**50,642**	**42,265**	**36,140**	**39,062**	**44,509**	**50,968**
25	**Investment Income**	5,038	13,412	13,521	10,070	9,556	8,978
26	(b) Investment Income - Interest Rate Impact	4	286	379	231	182	129
27	**Net Investment Income**	**5,042**	**13,698**	**13,900**	**10,301**	**9,738**	**9,107**
28	**Gain (Loss) on Sale of Property**	**6**	**-**	**-**	**-**	**-**	**-**
29	**Net Income (Loss) from Operations**	**55,690**	**55,963**	**50,040**	**49,363**	**54,247**	**60,075**
30	Total net Impact due to interest rate change (b) - (a)	(95)	283	424	231	182	129

Appendix 1:
EPF-3 Extension Statement of Changes in Equity
2022 GRA Base with August 30, 2021 +25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -1.71% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +3.29% (Includes AAP BE RI -1.71% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	87,716	92,824	98,054	100,614
6	Net Income (Loss) from annual operations	55,690	55,964	50,040	49,362	54,247	60,076
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(54,482)				
9	Transfer (to) / from Basic Retained Earnings			(44,933)	(44,132)	(51,687)	(53,704)
10	**Total Retained Earnings**	86,234	87,716	92,823	98,054	100,614	106,986
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	12,494	6,968	4,924	3,403
13	Other Comprehensive Income on Available for Sale Assets	15,989	1,495	(5,526)	(2,044)	(1,521)	(906)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	293	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	12,494	6,968	4,924	3,403	2,497
16	**Total Equity Balance**	**96,940**	**100,210**	**99,792**	**102,978**	**104,017**	**109,483**
17	**MINIMUM CAPITAL TEST** *(C$ 000s)*						
18	Total Equity Balance	96,940	100,210	99,792	102,978	104,017	109,483
19	Less: Assets Requiring 100% Capital	2,696	3,916	4,804	5,004	3,819	2,790
20	Capital Available	94,244	96,294	94,988	97,974	100,198	106,693
21	Minimum Capital Required (100% MCT)	48,028	48,147	47,493	48,985	50,097	53,347
22	**MCT Ratio (%)**	**196.2%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**

PF-1
Statement of Operations: +3.84% Basic Overall rate change

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +3.84% (Includes AAP BE RI -1.16% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,022,158	1,122,422	1,163,679	1,205,986	1,249,939
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,067,692**	**1,170,252**	**1,213,397**	**1,257,289**	**1,302,713**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,064,012	1,073,590	1,143,586	1,185,381	1,228,532
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,111,873**	**1,120,147**	**1,192,221**	**1,235,746**	**1,280,421**
12	Service Fees & Other Revenues	25,792	25,468	29,104	29,337	30,082	31,730
13	**Total Earned Revenues**	**1,146,260**	**1,137,341**	**1,149,251**	**1,221,558**	**1,265,828**	**1,312,151**
14	Claims Incurred	620,145	751,946	906,605	944,401	985,168	1,023,874
15	DPAC \ Premium Deficiency Adjustment	(10,511)	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	44,194	37,094	16,175	14,375	13,099	13,857
17	**Total Claims Incurred**	**653,828**	**789,040**	**922,780**	**958,776**	**998,267**	**1,037,731**
18	Claims Expense	141,720	144,353	152,737	157,586	154,951	148,618
19	Road Safety/Loss Prevention	7,708	11,571	12,469	12,477	12,598	12,216
20	**Total Claims Costs**	**803,256**	**944,964**	**1,087,986**	**1,128,839**	**1,165,816**	**1,198,565**
21	**Expenses**						
22	Operating	70,063	73,450	83,761	86,804	85,505	82,468
23	Commissions	43,384	45,752	48,094	52,568	55,121	55,140
24	Premium Taxes	23,978	28,426	34,083	36,254	37,570	38,920
25	Regulatory/Appeal	4,399	4,269	4,620	4,362	4,170	4,253
26	**Total Expenses**	**141,824**	**151,897**	**170,558**	**179,988**	**182,366**	**180,781**
27	**Underwriting Income (Loss)**	**201,180**	**40,480**	**(109,293)**	**(87,269)**	**(82,354)**	**(67,195)**
28	**Investment Income**	88,878	91,492	99,188	96,957	97,120	99,413
29	(b) Investment Income - Interest Rate Impact	650	57,776	911	(12)	(13)	(14)
30	**Net Investment Income**	**89,528**	**149,268**	**100,099**	**96,945**	**97,107**	**99,399**
31	Gain (Loss) on Sale of Property	74	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**189,748**	**(9,194)**	**9,676**	**14,753**	**32,204**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	20,682	(15,264)	(14,387)	(13,112)	(13,871)

PF-2
Statement of Financial Position: +3.84% Basic Overall rate change

Multi-year - Statement of Financial Position

2022/23 Basic overall rate change of +3.84% (Includes AAP BE RI -1.16% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Assets**						
4	Cash and cash equivalents	138,600	89,609	93,319	96,192	99,141	100,000
5	Investments	2,947,377	2,963,343	3,099,573	3,250,011	3,432,069	3,642,054
6	Investment property	6,065	5,917	5,788	5,660	5,531	5,402
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	406,959	438,595	454,105	469,676	485,545
9	Deferred policy acquisition costs	37,259	36,547	37,481	40,932	41,616	42,485
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	128,045	149,307	167,649	179,880	186,035
12	Deferred development costs	32,042	46,450	56,887	59,629	45,888	33,864
13	**Total Assets**	**3,679,762**	**3,676,870**	**3,880,950**	**4,074,178**	**4,273,801**	**4,495,385**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	80,153	81,318	85,170	82,519	79,385
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	550,972	602,673	625,568	648,960	673,244
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	409,517	420,943	432,373	443,803	455,234
21	Provision for unpaid claims	2,045,997	2,143,796	2,247,511	2,344,258	2,440,150	2,537,440
22	**Total Liabilities**	**3,245,785**	**3,210,020**	**3,378,582**	**3,514,060**	**3,642,677**	**3,773,102**
23	**Equity**						
24	Retained Earnings	448,678	458,425	494,091	547,883	614,375	700,400
25	Accumulated Other Comprehensive Income	(14,701)	8,426	8,275	12,236	16,746	21,882
26	**Total Equity**	**433,977**	**466,851**	**502,366**	**560,119**	**631,121**	**722,282**
27	**Total Liabilities & Equity**	**3,679,762**	**3,676,871**	**3,880,948**	**4,074,179**	**4,273,798**	**4,495,384**

PF-3
Statement of Changes in Equity: +3.84% Basic Overall rate change

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +3.84% (includes AAP BE RI -1.16% and removal of +5.0% Capital release provision)

Line No.	(C$ 000s, rounding may affect totals)	For the Years Ended March 31,					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	458,425	494,091	547,883	614,375
6	Net Income (Loss) from annual operations	290,782	189,748	(9,194)	9,676	14,753	32,204
7	Premium Rebate	(282,626)	(180,001)	-	-	-	-
8	Transfer from Extension Retained Earnings	-	-	44,860	44,116	51,739	53,821
9	**Total Retained Earnings**	**448,678**	**458,425**	**494,091**	**547,883**	**614,375**	**700,400**
10	**Total Accumulated Other Comprehensive Income**						
11	Beginning Balance	(34,296)	(14,701)	8,426	8,275	12,236	16,746
12	Other Comprehensive Income for the Year	53,984	36,288	(151)	3,961	4,510	5,136
13	Change in Remeasurement of Employee Future Benefits	(34,389)	(13,161)	-	-	-	-
14	**Total Accumulated Other Comprehensive Income**	(14,701)	8,426	8,275	12,236	16,746	21,882
15	**Total Equity Balance**	**433,977**	**466,851**	**502,366**	**560,119**	**631,121**	**722,282**
16	**MINIMUM CAPITAL TEST (C$ 000s)**						
17	Total Equity Balance	433,835	466,851	502,366	560,119	631,121	722,282
18	Less: Assets Requiring 100% Capital	32,042	46,450	56,887	59,629	45,888	33,864
19	Capital Available	401,793	420,401	445,479	500,490	585,233	688,418
20	Minimum Capital Required (100% MCT)	401,793	420,388	446,060	471,606	496,167	521,651
21	**MCT Ratio %** (Line 17) / (Line 18)	**100.0%**	**100.0%**	**99.9%**	**106.1%**	**118.0%**	**132.0%**

EPF-1
Extension Statement of Operations: +3.84% Basic Overall rate change

Multi-year - Statement of Operations

Line No.	*2022/23 Basic overall rate change of +3.84% (Includes AAP BE RI -1.16% and removal of +5.0% Capital release provision)* *(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**EXTENSION**	2020/21A	2021/22P	2022/23B	2023/24F	2024/25F	2025/26F
3	Motor Vehicles	160,042	178,307	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	158,253	176,358	181,012	186,845	193,122	199,552
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	170,164	180,741	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	154,912	168,215	178,754	184,019	190,082	196,438
10	Service Fees & Other Revenues	10,902	11,944	12,528	12,871	13,322	13,930
11	**Total Earned Revenues**	165,814	180,159	191,282	196,890	203,404	210,368
12	**Net Claims Incurred**	55,933	78,317	94,796	94,910	95,952	97,172
13	(a) Claims Incurred - Interest Rate Impact	99	75	(52)	-	-	-
14	**Total Claims Incurred**	56,032	78,392	94,744	94,910	95,952	97,172
15	Claims Expense	11,792	11,826	12,600	13,919	14,337	14,250
16	Road Safety/Loss Prevention	641	950	1,029	1,116	1,187	1,187
17	**Total Claims Costs**	68,465	91,168	108,373	109,945	111,476	112,609
18	**Expenses**						
19	Operating	7,851	7,907	8,944	9,440	9,636	9,632
20	Commissions	34,142	33,777	32,384	32,649	31,758	30,936
21	Premium Taxes	4,701	5,105	5,422	5,581	5,764	5,956
22	Regulatory/Appeal	13	8	12	12	12	12
23	**Total Expenses**	46,707	46,797	46,762	47,682	47,170	46,536
24	**Underwriting Income (Loss)**	50,642	42,194	36,147	39,263	44,758	51,223
25	**Investment Income**	5,038	13,412	13,442	9,886	9,377	8,849
26	(b) Investment Income - Interest Rate Impact	4	329	378	230	181	129
27	**Net Investment Income**	5,042	13,741	13,820	10,116	9,558	8,978
28	**Gain (Loss) on Sale of Property**	6	-	-	-	-	-
29	**Net Income (Loss) from Annual Operations**	55,690	55,935	49,967	49,379	54,316	60,201
30	**Total net Impact due to interest rate change (b) - (a)**	(95)	255	430	230	181	129

EPF-3
Extension Statement of Changes in Equity: +3.84% Basic Overall rate change

Multi-year - Statement of Changes in Equity

Line No. *2022/23 Basic overall rate change of +3.84% (Includes AAP BE RI -1.16% and removal of +5.0% Capital release provision)*

(C$ 000s, rounding may affect totals)

Line No.		*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	88,770	93,878	99,141	101,719
6	Net Income (Loss) from annual operations	55,690	55,935	49,967	49,379	54,317	60,201
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(53,399)				
9	Transfer (to) / from Basic Retained Earnings			(44,860)	(44,116)	(51,739)	(53,821)
10	**Total Retained Earnings**	**86,234**	**88,770**	**93,877**	**99,141**	**101,719**	**108,099**
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	11,828	6,320	4,264	2,732
13	Other Comprehensive Income on Available for Sale Assets	15,989	2,234	(5,507)	(2,056)	(1,532)	(912)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	(1,112)	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	11,828	6,321	4,264	2,732	1,820
16	**Total Equity Balance**	**96,940**	**100,598**	**100,198**	**103,405**	**104,452**	**109,920**
17	**MINIMUM CAPITAL TEST** *(C$ 000s)*						
18	Total Equity Balance	96,940	100,598	100,198	103,405	104,452	109,920
19	Less: Assets Requiring 100% Capital	2,696	3,916	4,804	5,009	3,830	2,804
20	Capital Available	94,244	96,682	95,394	98,396	100,622	107,116
21	Minimum Capital Required (100% MCT)	48,028	48,341	47,696	49,199	50,311	53,558
22	**MCT Ratio (%)**	**196%**	**200%**	**200%**	**200%**	**200%**	**200%**

Appendix 1:
PF-1 Statement of Operations
2022 GRA Base with August 30, 2021 -25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -0.52% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +4.48% (Includes AAP BE RI -0.52% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,022,158	1,129,814	1,171,342	1,213,926	1,258,168
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,067,692**	**1,177,644**	**1,221,060**	**1,265,229**	**1,310,942**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,064,012	1,077,382	1,151,116	1,193,186	1,236,621
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,111,873**	**1,123,939**	**1,199,751**	**1,243,551**	**1,288,510**
12	Service Fees & Other Revenues	25,792	25,468	29,241	29,485	30,242	31,903
13	**Total Earned Revenues**	**1,146,260**	**1,137,341**	**1,153,180**	**1,229,236**	**1,273,793**	**1,320,413**
14	Claims Incurred	620,145	751,946	908,128	946,040	986,831	1,025,664
15	DPAC \ Premium Deficiency Adjustment	(10,511)	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	44,194	84,086	18,242	13,445	14,908	15,898
17	**Total Claims Incurred**	**653,828**	**836,032**	**926,370**	**959,485**	**1,001,739**	**1,041,562**
18	Claims Expense	141,720	144,353	152,737	157,836	155,230	148,889
19	Road Safety/Loss Prevention	7,708	11,571	12,469	12,502	12,626	12,241
20	**Total Claims Costs**	**803,256**	**991,956**	**1,091,576**	**1,129,823**	**1,169,595**	**1,202,692**
21	**Expenses**						
22	Operating	70,063	73,450	83,761	86,931	85,647	82,605
23	Commissions	43,384	45,752	48,212	52,862	55,436	55,457
24	Premium Taxes	23,978	28,542	34,196	36,480	37,804	39,163
25	Regulatory/Appeal	4,399	4,269	4,620	4,362	4,170	4,254
26	**Total Expenses**	**141,824**	**152,013**	**170,789**	**180,635**	**183,057**	**181,479**
27	**Underwriting Income (Loss)**	**201,180**	**(6,628)**	**(109,185)**	**(81,222)**	**(78,859)**	**(63,758)**
28	**Investment Income**	88,878	91,492	98,278	95,196	95,323	97,158
29	(b) Investment Income - Interest Rate Impact	650	114,171	949	(15)	(16)	(18)
30	**Net Investment Income**	**89,528**	**205,663**	**99,227**	**95,181**	**95,307**	**97,140**
31	**Gain (Loss) on Sale of Property**	**74**	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**199,035**	**(9,958)**	**13,959**	**16,448**	**33,382**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	30,085	(17,293)	(13,460)	(14,924)	(15,916)

Appendix 1:
PF-2 Statement of Financial Position
2022 GRA Base with August 30, 2021 -25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -0.52% and Removal of Capital Release 5.0%

Multi-year - Statement of Financial Position

2022/23 Basic overall rate change of +4.48% (Includes AAP BE RI -0.52% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22P	2022/23B	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	138,600	89,609	93,354	96,337	99,442	100,000
5	Investments	2,947,377	3,028,684	3,168,900	3,324,914	3,512,655	3,728,606
6	Investment property	6,065	5,917	5,788	5,660	5,531	5,402
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	406,959	440,753	456,343	471,994	487,948
9	Deferred policy acquisition costs	37,259	36,547	37,724	41,198	41,886	42,760
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	128,045	149,307	167,649	179,880	186,035
12	Deferred development costs	32,042	46,450	56,887	59,618	45,868	33,838
13		**3,679,762**	**3,742,211**	**3,952,713**	**4,151,719**	**4,357,256**	**4,584,589**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	80,153	81,318	85,170	82,519	79,385
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	550,972	606,273	629,299	652,827	677,252
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	426,146	437,572	449,002	460,433	471,863
21	Provision for unpaid claims	2,045,997	2,190,788	2,298,094	2,395,549	2,494,914	2,596,034
22		**3,245,785**	**3,273,641**	**3,449,394**	**3,585,711**	**3,717,938**	**3,852,333**
23	**Equity**						
24	Retained Earnings	448,678	471,596	506,064	564,224	632,595	720,024
25	Accumulated Other Comprehensive Income	(14,701)	(3,026)	(2,746)	1,782	6,722	12,232
26	**Total Equity**	**433,977**	**468,570**	**503,318**	**566,006**	**639,317**	**732,256**
27	**Total Liabilities & Equity**	**3,679,762**	**3,742,211**	**3,952,712**	**4,151,717**	**4,357,255**	**4,584,589**

Appendix 1:
PF-3 Statement of Changes in Equity
2022 GRA Base with August 30, 2021 -25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -0.52% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +4.48% (Includes AAP BE RI -0.52% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	471,596	506,064	564,224	632,595
6	Net Income (Loss) from annual operations	290,782	199,035	(9,958)	13,959	16,448	33,382
7	Premium Rebate	(282,626)	(176,117)	-	-	-	-
8	Transfer from Extension Retained Earnings	-	-	44,426	44,201	51,923	54,047
9	**Total Retained Earnings**	**448,678**	**471,596**	**506,064**	**564,224**	**632,595**	**720,024**
10	**Total Accumulated Other Comprehensive Income**						
11	Beginning Balance	(34,296)	(14,701)	(3,026)	(2,746)	1,782	6,722
12	Other Comprehensive Income for the Year	53,984	41,465	280	4,528	4,940	5,510
13	Change in Remeasurement of Employee Future Benefi	(34,389)	(29,790)	-	-	-	-
14	**Total Accumulated Other Comprehensive Income**	(14,701)	(3,026)	(2,746)	1,782	6,722	12,232
15	**Total Equity Balance**	**433,977**	**468,570**	**503,318**	**566,006**	**639,317**	**732,256**
16	**MINIMUM CAPITAL TEST (C$ 000s)**						
17	Total Equity Balance	433,835	468,570	503,318	566,006	639,317	732,256
18	Less: Assets Requiring 100% Capital	32,042	46,450	56,887	59,618	45,868	33,838
19	Capital Available	401,793	422,120	446,431	506,388	593,449	698,418
20	Minimum Capital Required (100% MCT)	401,793	422,116	449,916	482,216	507,128	533,173
21	**MCT Ratio %** (Line 17) / (Line 18)	**100.0%**	**100.0%**	**99.2%**	**105.0%**	**117.0%**	**131.0%**

Appendix 1:
EPF-1 Extension Statement of Operations
2022 GRA Base with August 30, 2021 -25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -0.52% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +4.48% (Includes AAP BE RI -0.52% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	178,307	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**176,358**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	170,164	180,741	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**168,215**	**178,754**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	11,944	12,526	12,869	13,320	13,929
11	**Total Earned Revenues**	**165,814**	**180,159**	**191,280**	**196,888**	**203,402**	**210,367**
12	**Net Claims Incurred**	55,933	78,318	94,793	94,906	95,950	97,171
13	(a) Claims Incurred - Interest Rate Impact	99	145	(58)	-	-	-
14	**Total Claims Incurred**	**56,032**	**78,463**	**94,735**	**94,906**	**95,950**	**97,171**
15	Claims Expense	11,792	11,826	12,600	13,762	14,177	14,088
16	Road Safety/Loss Prevention	641	950	1,029	1,101	1,172	1,173
17	**Total Claims Costs**	**68,465**	**91,239**	**108,364**	**109,769**	**111,299**	**112,432**
18	**Expenses**						
19	Operating	7,851	7,907	8,944	9,365	9,560	9,555
20	Commissions	34,142	33,777	32,384	32,649	31,758	30,936
21	Premium Taxes	4,701	5,105	5,422	5,581	5,764	5,956
22	Regulatory/Appeal	13	8	12	12	12	12
23	**Total Expenses**	**46,707**	**46,797**	**46,762**	**47,607**	**47,094**	**46,459**
24	**Underwriting Income (Loss)**	**50,642**	**42,123**	**36,154**	**39,512**	**45,009**	**51,476**
25	**Investment Income**	5,038	13,412	13,298	9,768	9,324	8,833
26	(b) Investment Income - Interest Rate Impact	4	375	378	227	180	128
27	**Net Investment Income**	**5,042**	**13,787**	**13,676**	**9,995**	**9,504**	**8,961**
28	**Gain (Loss) on Sale of Property**	**6**	-	-	-	-	-
29	**Net Income (Loss) from Operations**	**55,690**	**55,910**	**49,830**	**49,507**	**54,513**	**60,437**
30	Total net Impact due to interest rate change (b) - (a)	(95)	230	436	227	180	128

Appendix 1:
EPF-3 Extension Statement of Changes in Equity
2022 GRA Base with August 30, 2021 -25 bps interest Rate Forecast
2022/23 Basic AAP break even rate change -0.52% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +4.48% (Includes AAP BE RI -0.52% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March,*					
1		**2020BF**	**2021P**	**2022F**	**2023F**	**2024F**	**2025F**
2	**EXTENSION**	**2019/20A**	**2020/21P**	**2022/23B**	**2022/23F**	**2023/24F**	**2024/25F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	89,584	94,988	100,294	102,885
6	Net Income (Loss) from annual operations	55,690	55,911	49,830	49,507	54,513	60,437
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(52,561)				
9	Transfer (to) / from Basic Retained Earnings			(44,426)	(44,201)	(51,923)	(54,047)
10	**Total Retained Earnings**	86,234	89,584	94,988	100,294	102,884	109,275
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	11,236	5,854	3,782	2,233
13	Other Comprehensive Income on Available for Sale Assets	15,989	3,047	(5,381)	(2,072)	(1,549)	(925)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	(2,517)	-	-	-	-
15	**Total Accumulated Other Comprehensive Income**	10,705	11,236	5,855	3,782	2,233	1,308
16	**Total Equity Balance**	**96,940**	**100,820**	**100,842**	**104,076**	**105,117**	**110,583**
17	**MINIMUM CAPITAL TEST** *(C$ 000s)*						
18	Total Equity Balance	96,940	100,820	100,842	104,076	105,117	110,583
19	Less: Assets Requiring 100% Capital	2,696	3,916	4,804	5,016	3,841	2,819
20	Capital Available	94,244	96,904	96,038	99,060	101,276	107,764
21	Minimum Capital Required (100% MCT)	48,028	48,452	48,017	49,529	50,636	53,880
22	**MCT Ratio (%)**	**196.2%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**

Appendix 1:
PF-1 Statement of Operations
2022 GRA Base with August 30, 2021 -50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change 0.11% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +5.11% (Includes AAP BE RI 0.11% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,022,158	1,137,089	1,178,884	1,221,742	1,266,268
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,067,692**	**1,184,919**	**1,228,602**	**1,273,045**	**1,319,042**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,064,012	1,081,114	1,158,529	1,200,869	1,244,582
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,111,873**	**1,127,671**	**1,207,164**	**1,251,234**	**1,296,471**
12	Service Fees & Other Revenues	25,792	25,468	29,375	29,629	30,398	32,071
13	**Total Earned Revenues**	**1,146,260**	**1,137,341**	**1,157,046**	**1,236,793**	**1,281,632**	**1,328,542**
14	Claims Incurred	620,145	751,946	909,673	947,694	988,585	1,027,552
15	DPAC \ Premium Deficiency Adjustment	(10,511)	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	44,194	131,766	20,065	14,739	16,850	17,760
17	**Total Claims Incurred**	**653,828**	**883,712**	**929,738**	**962,433**	**1,005,435**	**1,045,312**
18	Claims Expense	141,720	144,353	152,737	158,099	155,510	149,160
19	Road Safety/Loss Prevention	7,708	11,571	12,469	12,529	12,654	12,267
20	**Total Claims Costs**	**803,256**	**1,039,636**	**1,094,944**	**1,133,061**	**1,173,599**	**1,206,739**
21	**Expenses**						
22	Operating	70,063	73,450	83,761	87,065	85,789	82,742
23	Commissions	43,384	45,752	48,328	53,150	55,747	55,769
24	Premium Taxes	23,978	28,864	34,308	36,703	38,035	39,402
25	Regulatory/Appeal	4,399	4,269	4,620	4,362	4,170	4,254
26	**Total Expenses**	**141,824**	**152,335**	**171,017**	**181,280**	**183,741**	**182,167**
27	**Underwriting Income (Loss)**	**201,180**	**(54,630)**	**(108,915)**	**(77,548)**	**(75,708)**	**(60,364)**
28	**Investment Income**	88,878	91,492	96,153	92,753	92,185	93,559
29	(b) Investment Income - Interest Rate Impact	650	167,261	961	(17)	(19)	(21)
30	**Net Investment Income**	**89,528**	**258,753**	**97,114**	**92,736**	**92,166**	**93,538**
31	**Gain (Loss) on Sale of Property**	**74**	**-**	**-**	**-**	**-**	**-**
32	**Net Income (Loss) from Annual Operations**	**290,782**	**204,123**	**(11,801)**	**15,188**	**16,458**	**33,174**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	35,495	(19,104)	(14,756)	(16,869)	(17,781)

Appendix 1:
PF-2 Statement of Financial Position
2022 GRA Base with August 30, 2021 -50 bps interest Rate Forecast
2022/23 Basic AAP break even rate change 0.11% and Removal of Capital Release 5.0%

Multi-year - Statement of Financial Position

2022/23 Basic overall rate change of +5.11% (Includes AAP BE RI 0.11% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	2020/21A	2021/22P	2022/23B	2023/24F	2024/25F	2025/26F
3	**Assets**						
4	Cash and cash equivalents	138,600	89,609	93,354	96,329	99,435	100,000
5	Investments	2,947,377	3,097,559	3,240,250	3,400,416	3,592,217	3,812,064
6	Investment property	6,065	5,917	5,788	5,660	5,531	5,402
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	406,959	442,878	458,545	474,276	490,314
9	Deferred policy acquisition costs	37,259	36,547	37,963	41,459	42,151	43,031
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	128,045	149,307	167,649	179,880	186,035
12	Deferred development costs	32,042	46,450	56,887	59,607	45,847	33,811
13		**3,679,762**	**3,811,086**	**4,026,427**	**4,229,665**	**4,439,337**	**4,670,657**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	80,153	81,318	85,170	82,519	79,385
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	550,972	609,816	632,973	656,634	681,197
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	442,775	454,202	465,631	477,062	488,493
21	Provision for unpaid claims	2,045,997	2,238,468	2,349,142	2,449,545	2,552,606	2,657,477
22		**3,245,785**	**3,337,950**	**3,520,615**	**3,660,010**	**3,796,066**	**3,934,351**
23	**Equity**						
24	Retained Earnings	448,678	487,411	519,627	579,121	647,687	735,117
25	Accumulated Other Comprehensive Income	(14,701)	(14,275)	(13,815)	(9,467)	(4,416)	1,188
26	**Total Equity**	**433,977**	**473,136**	**505,812**	**569,654**	**643,271**	**736,305**
27	**Total Liabilities & Equity**	**3,679,762**	**3,811,086**	**4,026,427**	**4,229,664**	**4,439,337**	**4,670,656**

Appendix 1:
EPF-1 Extension Statement of Operations
2022 GRA Base with August 30, 2021 50/50 interest Rate Forecast
2022/23 Basic AAP break even rate change -1.88% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +3.12% (Includes AAP BE RI -1.88% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	178,307	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**176,358**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	170,164	180,741	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**168,215**	**178,754**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	11,944	12,531	12,874	13,324	13,933
11	**Total Earned Revenues**	**165,814**	**180,159**	**191,285**	**196,893**	**203,406**	**210,371**
12	**Net Claims Incurred**	55,933	78,317	94,798	94,916	95,955	97,175
13	(a) Claims Incurred - Interest Rate Impact	99	12	(92)	(20)	(33)	(22)
14	**Total Claims Incurred**	**56,032**	**78,329**	**94,706**	**94,896**	**95,922**	**97,153**
15	Claims Expense	11,792	11,826	12,600	14,032	14,592	14,571
16	Road Safety/Loss Prevention	641	950	1,029	1,126	1,210	1,216
17	**Total Claims Costs**	**68,465**	**91,105**	**108,335**	**110,054**	**111,724**	**112,940**
18	**Expenses**						
19	Operating	7,851	7,907	8,944	9,493	9,756	9,786
20	Commissions	34,142	33,777	32,384	32,649	31,758	30,936
21	Premium Taxes	4,701	5,105	5,422	5,581	5,764	5,956
22	Regulatory/Appeal	13	8	12	12	12	13
23	**Total Expenses**	**46,707**	**46,797**	**46,762**	**47,735**	**47,290**	**46,691**
24	**Underwriting Income (Loss)**	**50,642**	**42,257**	**36,188**	**39,104**	**44,392**	**50,740**
25	**Investment Income**	5,038	13,413	13,107	9,853	9,341	8,915
26	(b) Investment Income - Interest Rate Impact	4	290	341	216	154	113
27	**Net Investment Income**	**5,042**	**13,703**	**13,448**	**10,069**	**9,495**	**9,028**
28	**Gain (Loss) on Sale of Property**	**6**	**-**	**-**	**-**	**-**	**-**
29	**Net Income (Loss) from Operations**	**55,690**	**55,960**	**49,636**	**49,173**	**53,887**	**59,768**
30	Total net Impact due to interest rate change (b) - (a)	(95)	279	433	236	187	135

Appendix 1:
EPF-3 Extension Statement of Changes in Equity
2022 GRA Base with August 30, 2021 50/50 interest Rate Forecast
2022/23 Basic AAP break even rate change -1.88% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +3.12% (Includes AAP BE RI -1.88% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	87,834	92,063	96,841	98,625
6	Net Income (Loss) from annual operations	55,690	55,959	49,636	49,174	53,887	59,769
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(54,360)				
9	Transfer (to) / from Basic Retained Earnings			(45,407)	(44,396)	(52,102)	(54,331)
10	**Total Retained Earnings**	86,234	87,833	92,063	96,841	98,626	104,063
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	12,412	7,261	5,406	4,205
13	Other Comprehensive Income on Available for Sale Assets	15,989	1,579	(6,240)	(2,367)	(2,079)	(1,263)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	127	1,089	512	878	578
15	**Total Accumulated Other Comprehensive Income**	10,705	12,412	7,261	5,406	4,205	3,520
16	**Total Equity Balance**	**96,940**	**100,246**	**99,324**	**102,247**	**102,831**	**107,583**
17	**MINIMUM CAPITAL TEST** *(C$ 000s)*						
18	Total Equity Balance	96,940	100,246	99,324	102,247	102,831	107,583
19	Less: Assets Requiring 100% Capital	2,696	3,916	4,804	5,005	3,817	2,785
20	Capital Available	94,244	96,330	94,520	97,242	99,014	104,798
21	Minimum Capital Required (100% MCT)	48,028	48,165	47,259	48,620	49,505	52,397
22	**MCT Ratio (%)**	**196.2%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**

Appendix 1:
PF-1 Statement of Operations
2022 GRA Base with August 30, 2021 SIRF interest Rate Forecast
2022/23 Basic AAP break even rate change 2.39% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +2.39% (Includes AAP BE RI -2.61% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	1,091,979	1,022,158	1,105,677	1,146,320	1,187,997	1,231,296
4	Drivers	66,714	61,179	63,772	65,978	67,889	69,691
5	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
6	**Total Net Premiums Written**	**1,144,932**	**1,067,692**	**1,153,507**	**1,196,038**	**1,239,300**	**1,284,070**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,066,886	1,064,012	1,065,000	1,126,525	1,167,699	1,210,208
9	Drivers	67,343	63,506	62,499	64,895	66,951	68,806
10	Reinsurance Ceded	(13,761)	(15,645)	(15,942)	(16,260)	(16,586)	(16,917)
11	**Total Net Premiums Earned**	**1,120,468**	**1,111,873**	**1,111,557**	**1,175,160**	**1,218,064**	**1,262,097**
12	Service Fees & Other Revenues	25,792	25,468	28,795	29,000	29,718	31,336
13	**Total Earned Revenues**	**1,146,260**	**1,137,341**	**1,140,352**	**1,204,160**	**1,247,782**	**1,293,433**
14	Claims Incurred	620,145	751,946	904,176	939,777	979,240	1,015,861
15	DPAC \ Premium Deficiency Adjustment	(10,511)	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	44,194	(37,764)	(49,406)	(21,183)	(43,881)	(25,261)
17	**Total Claims Incurred**	**653,828**	**714,182**	**854,770**	**918,594**	**935,359**	**990,600**
18	Claims Expense	141,720	144,353	152,737	157,146	154,097	147,608
19	Road Safety/Loss Prevention	7,708	11,571	12,469	12,433	12,512	12,119
20	**Total Claims Costs**	**803,256**	**870,106**	**1,019,976**	**1,088,173**	**1,101,968**	**1,150,327**
21	**Expenses**						
22	Operating	70,063	73,450	83,761	86,580	85,071	81,958
23	Commissions	43,384	45,752	47,827	51,904	54,407	54,423
24	Premium Taxes	23,978	27,665	33,825	35,743	37,039	38,370
25	Regulatory/Appeal	4,399	4,269	4,620	4,361	4,169	4,252
26	**Total Expenses**	**141,824**	**151,136**	**170,033**	**178,588**	**180,686**	**179,003**
27	**Underwriting Income (Loss)**	**201,180**	**116,099**	**(49,657)**	**(62,601)**	**(34,872)**	**(35,897)**
28	**Investment Income**	88,878	91,492	97,735	101,318	106,216	120,904
29	(b) Investment Income - Interest Rate Impact	650	(23,280)	(68,232)	(31,830)	(54,214)	(35,713)
30	**Net Investment Income**	**89,528**	**68,212**	**29,503**	**69,488**	**52,002**	**85,191**
31	**Gain (Loss) on Sale of Property**	**74**	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**290,782**	**184,311**	**(20,154)**	**6,887**	**17,130**	**49,294**
33	Total net Impact due to interest rate change (b) - (a)	(43,544)	14,483	(18,826)	(10,647)	(10,333)	(10,452)

Appendix 1:
PF-2 Statement of Financial Position
2022 GRA Base with August 30, 2021 SIRF interest Rate Forecast
2022/23 Basic AAP break even rate change 2.39% and Removal of Capital Release 5.0%

Multi-year - Statement of Financial Position

2022/23 Basic overall rate change of +2.39% (Includes AAP BE RI -2.61% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Assets**						
4	Cash and cash equivalents	138,600	89,609	93,366	96,335	99,356	100,000
5	Investments	2,947,377	2,848,896	2,896,868	3,001,242	3,114,545	3,285,659
6	Investment property	6,065	5,917	5,788	5,660	5,531	5,402
7	Due from other insurance companies	109	-	-	-	-	-
8	Accounts receivable	405,876	406,959	433,705	449,036	464,422	480,101
9	Deferred policy acquisition costs	37,259	36,547	36,930	40,331	41,005	41,861
10	Reinsurers' share of unpaid claims	2,172	-	-	-	-	-
11	Property and equipment	110,262	128,045	149,307	167,649	179,880	186,035
12	Deferred development costs	32,042	46,450	56,887	59,649	45,936	33,933
13		**3,679,762**	**3,562,423**	**3,672,851**	**3,819,902**	**3,950,675**	**4,132,991**
14	**Liabilities**						
15	Due to other insurance companies	395	559	559	559	559	559
16	Accounts payable and accrued liabilites	196,153	80,153	81,318	85,170	82,519	79,385
17	Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
18	Unearned premiums and fees	592,939	550,972	594,518	617,113	640,199	664,164
19	Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
20	Provision for employee future benefits	385,846	380,181	366,790	366,921	359,228	358,377
21	Provision for unpaid claims	2,045,997	2,068,938	2,104,643	2,161,208	2,194,193	2,244,352
22		**3,245,785**	**3,105,826**	**3,173,406**	**3,257,103**	**3,303,384**	**3,374,077**
23	**Equity**						
24	Retained Earnings	448,678	427,640	453,541	504,827	574,074	679,324
25	Accumulated Other Comprehensive Income	(14,701)	28,958	45,904	57,970	73,217	79,590
26	**Total Equity**	**433,977**	**456,598**	**499,445**	**562,797**	**647,291**	**758,914**
27	**Total Liabilities & Equity**	**3,679,762**	**3,562,424**	**3,672,851**	**3,819,900**	**3,950,675**	**4,132,991**

Appendix 1:
PF-3 Statement of Changes in Equity
2022 GRA Base with August 30, 2021 SIRF interest Rate Forecast
2022/23 Basic AAP break even rate change 2.39% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +2.39% (Includes AAP BE RI -2.61% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		**2021A**	**2022P**	**2023B**	**2024F**	**2025F**	**2026F**
2	**BASIC**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	440,522	448,678	427,640	453,541	504,827	574,074
6	Net Income (Loss) from annual operations	290,782	184,311	(20,154)	6,887	17,130	49,294
7	Premium Rebate	(282,626)	(205,349)	-	-	-	-
8	Transfer from Extension Retained Earnings	-	-	46,055	44,399	52,117	55,956
9	**Total Retained Earnings**	**448,678**	**427,640**	**453,541**	**504,827**	**574,074**	**679,324**
10	**Total Accumulated Other Comprehensive Income**						
11	Beginning Balance	(34,296)	(14,701)	28,958	45,904	57,970	73,217
12	Other Comprehensive Income for the Year	53,984	27,484	(7,871)	768	(3,877)	(5,909)
13	Change in Remeasurement of Employee Future Benefi	(34,389)	16,175	24,817	11,298	19,124	12,282
14	**Total Accumulated Other Comprehensive Income**	(14,701)	28,958	45,904	57,970	73,217	79,590
15	**Total Equity Balance**	**433,977**	**456,598**	**499,445**	**562,797**	**647,291**	**758,914**
16	**MINIMUM CAPITAL TEST (C$ 000s)**						
17	Total Equity Balance	433,835	456,598	499,445	562,797	647,291	758,914
18	Less: Assets Requiring 100% Capital	32,042	46,450	56,887	59,649	45,936	33,933
19	Capital Available	401,793	410,148	442,558	503,148	601,355	724,981
20	Minimum Capital Required (100% MCT)	401,793	410,293	426,384	447,287	461,337	473,413
21	**MCT Ratio %** (Line 17) / (Line 18)	**100.0%**	**100.0%**	**103.8%**	**112.5%**	**130.4%**	**153.1%**

Appendix 1:
EPF-1 Extension Statement of Operations
2022 GRA Base with August 30, 2021 SIRF interest Rate Forecast
2022/23 Basic AAP break even rate change 2.39% and Removal of Capital Release 5.0%

Multi-year - Statement of Operations

2022/23 Basic overall rate change of +2.39% (Includes AAP BE RI -2.61% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	Motor Vehicles	160,042	178,307	182,999	188,872	195,189	201,661
4	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
5	**Total Net Premiums Written**	**158,253**	**176,358**	**181,012**	**186,845**	**193,122**	**199,552**
6	**Net Premiums Earned**						
7	Motor Vehicles	156,701	170,164	180,741	186,046	192,149	198,547
8	Reinsurance Ceded	(1,789)	(1,949)	(1,987)	(2,027)	(2,067)	(2,109)
9	**Total Net Premiums Earned**	**154,912**	**168,215**	**178,754**	**184,019**	**190,082**	**196,438**
10	Service Fees & Other Revenues	10,902	11,944	12,534	12,877	13,327	13,935
11	**Total Earned Revenues**	**165,814**	**180,159**	**191,288**	**196,896**	**203,409**	**210,373**
12	**Net Claims Incurred**	55,933	78,317	94,801	94,922	95,959	97,176
13	(a) Claims Incurred - Interest Rate Impact	99	(50)	(132)	(40)	(66)	(42)
14	**Total Claims Incurred**	**56,032**	**78,267**	**94,669**	**94,882**	**95,893**	**97,134**
15	Claims Expense	11,792	11,826	12,600	14,173	14,844	14,880
16	Road Safety/Loss Prevention	641	950	1,029	1,139	1,234	1,243
17	**Total Claims Costs**	**68,465**	**91,043**	**108,298**	**110,194**	**111,971**	**113,257**
18	**Expenses**						
19	Operating	7,851	7,907	8,944	9,561	9,877	9,932
20	Commissions	34,142	33,777	32,384	32,649	31,758	30,936
21	Premium Taxes	4,701	5,105	5,422	5,581	5,764	5,956
22	Regulatory/Appeal	13	8	12	12	12	13
23	**Total Expenses**	**46,707**	**46,797**	**46,762**	**47,803**	**47,411**	**46,837**
24	**Underwriting Income (Loss)**	**50,642**	**42,319**	**36,228**	**38,899**	**44,027**	**50,279**
25	**Investment Income**	5,038	13,412	12,817	9,652	9,127	9,687
26	(b) Investment Income - Interest Rate Impact	4	252	305	203	128	102
27	**Net Investment Income**	**5,042**	**13,664**	**13,122**	**9,855**	**9,255**	**9,789**
28	**Gain (Loss) on Sale of Property**	**6**	-	-	-	-	-
29	**Net Income (Loss) from Operations**	**55,690**	**55,983**	**49,350**	**48,754**	**53,282**	**60,068**
30	Total net Impact due to interest rate change (b) - (a)	(95)	302	437	243	194	144

Appendix 1:
EPF-3 Extension Statement of Changes in Equity
2022 GRA Base with August 30, 2021 SIRF interest Rate Forecast
2022/23 Basic AAP break even rate change 2.39% and Removal of Capital Release 5.0%

Multi-year - Statement of Changes in Equity

2022/23 Basic overall rate change of +2.39% (Includes AAP BE RI -2.61% and removal of +5.0% Capital release provision)

Line No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March,*					
1		2021A	2022P	2023B	2024F	2025F	2026F
2	**EXTENSION**	**2020/21A**	**2021/22P**	**2022/23B**	**2023/24F**	**2024/25F**	**2025/26F**
3	**Total Equity**						
4	**Retained Earnings**						
5	Beginning Balance	142,866	86,234	86,989	90,284	94,638	95,802
6	Net Income (Loss) from annual operations	55,690	55,983	49,350	48,754	53,280	60,068
7	Premium Rebate	(52,322)	-	-	-	-	-
8	Transfer (to) / from DVA Retained Earnings	(60,000)	(55,228)				
9	Transfer (to) / from Basic Retained Earnings			(46,055)	(44,399)	(52,117)	(55,956)
10	**Total Retained Earnings**	86,234	86,989	90,284	94,639	95,801	99,914
11	**Total Accumulated Other Comprehensive Income**						
12	Beginning Balance	(2,367)	10,706	12,985	8,090	6,390	5,421
13	Other Comprehensive Income on Available for Sale Assets	15,989	912	(6,992)	(2,655)	(2,585)	(2,245)
14	Change in Remeasurement of Employee Future Benefits	(2,917)	1,367	2,097	955	1,616	1,038
15	**Total Accumulated Other Comprehensive Income**	10,705	12,985	8,090	6,390	5,421	4,214
16	**Total Equity Balance**	**96,940**	**99,974**	**98,374**	**101,029**	**101,223**	**104,127**
17	**MINIMUM CAPITAL TEST** *(C$ 000s)*						
18	Total Equity Balance	96,940	99,974	98,374	101,029	101,223	104,127
19	Less: Assets Requiring 100% Capital	2,696	3,916	4,804	4,999	3,803	2,765
20	Capital Available	94,244	96,058	93,570	96,030	97,420	101,362
21	Minimum Capital Required (100% MCT)	48,028	48,029	46,783	48,013	48,708	50,681
22	**MCT Ratio (%)**	**196.2%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**	**200.0%**