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2023 GENERAL RATE APPLICATION
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MPI to provide, with respect to each of the changes set out at PF-6 under net claims incurred, explanation of variances, the calculations underlying the projected claims for each and every coverage for which the change is over \$1 million in either direction.

RESPONSE:

The figure below shows the dollar change in Interest Rate Impact, PIPP & Liability, Collision, and ILAE from the 2023 GRA as filed in July to MPI Exhibit 58 for fiscal year 2023/24. The changes include interest rates as of August 31, 2022 and are updated using the latest reported claims as of July 31, 2022 along with an updated inflation forecast.

Figure 1 Fiscal Year 2023/24 changes from 2023 GRA to MPI Exhibit 58

Line No.	Coverage	2023 GRA	MPI Exhibit 58	Difference
1	(\$000's)			
2	Interest Rate Impact	\$4,768	(\$400)	(\$5,167)
3	PIPP & Liability	\$244,021	\$250,634	\$6,613
4	ILAE	\$3,948	\$2,149	(\$1,799)
5	Collision	\$497,763	\$503,693	\$5,930

The claims discount rate was originally forecasted to decrease 2 bps from 3.55% to 3.53% in the 2023 GRA. After updating interest rates, the claims discount rate is forecasted to increase 1 bps from 4.19% to 4.20%. This net 3 bps difference results in a \$5.2 million reduction in the interest rate impact.

Forecasted PIPP & liability claims were increased \$6.6 million to account for the increased Manitoba inflation assumption. This increase was only applied to the indexed lines. This increase is for the 2023/24 accident year claims and not due to prior years. The inflation impact on prior years for PIPP would be included in 2022/23 fiscal year.

ILAE decreased \$1.8 million due to lower forecasted prior year claims in 2023/24 as the ultimate loss estimate for accident year 2022/23 was reduced. This reduced the

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change in IBNR and was slightly offset from an increase in unpaid claims due to the revised inflation assumption.

*Change in ILAE = ILAE Provision * (Change in Discounted Unpaid Claims
+ Change in IBNR)*

*\$1.8 million = 9.50% * (\$8.7 million + -\$27.6 million)*

Collision increased \$5.9 million due to the revised LVAA impacts. No other changes were made to the collision accident year forecast.