

# FINANCIAL CONDITION TESTING

## 2023 GENERAL RATE APPLICATION

October 14, 2022

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MANITOBA  
PUBLIC INSURANCE

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## Financial Condition Testing

### FCT.1 Summary Of Findings

1 I have completed my investigation of the future financial condition of Basic  
2 Compulsory Autopac Insurance (Basic) as at March 31, 2022 in accordance with  
3 accepted actuarial practice in Canada.

4 I have analyzed the forecasted financial positions of Basic over an appropriate forecast  
5 period under a series of scenarios. As part of my investigation, I have used the target  
6 capital ratios for Basic as set out in the Regulation and in the Capital Management  
7 Plan of MPI.

8 My report includes the identification of key risk exposures and corrective management  
9 actions that could be taken to mitigate the effect of adverse scenarios threatening  
10 Basic solvency or/and its ability to operate on a going concern basis.

11 In my opinion, the future financial condition of Basic is satisfactory.

12 Winnipeg, Manitoba

13 October 14, 2022

14

15

Approved by \_\_\_\_\_

Cara Low

Fellow, Canadian Institute of Actuaries



### FCT.1.1 Satisfactory Financial Condition

1 The insurer's financial condition would be satisfactory if throughout the forecast  
2 period:

- 3 • under the solvency scenarios, the statement value of the insurer's assets is  
4 greater than the statement value of its liabilities;
- 5 • under the going concern scenarios, the insurer meets the regulatory minimum  
6 capital ratio(s) as defined by the *Reserves Regulation*, Man. Reg. 76/2019 (the  
7 Regulation) and the MPI Capital Management Plan (CMP); and
- 8 • under the base scenario, the insurer meets its internal target capital ratio(s) as  
9 defined by the Regulation and the CMP.

10 Through reverse stress testing, MPI has determined that the Minimum Capital Test  
11 (MCT) ratio must remain above 35% MCT in order for Basic to meet the going concern  
12 capital requirements (i.e., build capital back to 100% MCT within 5 years or less). In  
13 other words, if the MCT falls below 35% then Basic cannot return to 100% MCT in 5  
14 years through the routine application of capital rebuilding fees.

### FCT.1.2 Base Scenario

15 The base scenario represents a realistic set of assumptions that are used to forecast  
16 the financial position of the insurer over the forecast period. The base scenario used in  
17 this Financial Condition Testing (FCT) analysis is the same base scenario that MPI filed  
18 on July 12, 2022, in the 2023 General Rate Application (GRA).

19 The base scenario includes the implementation of the CMP. The CMP provides a  
20 dynamic target capital level for Basic in all scenarios and assumes automatic transfers  
21 of excess capital from the MPI Extension line of business, when its capital exceeds the  
22 200% MCT ratio at a given fiscal year end.

**Figure FCT- 1 Base Scenario – Includes 0.9% Rate Decrease and no Capital Release in 2023/24 and no Rate Changes or Capital Build Provisions Thereafter**

| Line No. |   | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2025/26 |
|----------|---|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>  |         |         |         |         |         |
| 2        | <b>Net Income</b>   | \$27    | (\$9)   | \$1     | (\$105) | (\$11)  |
| 3        | <b>Premium Rebates</b>  | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 4        | <b>Retained Earnings</b>                                      | \$428   | \$457   | \$500   | \$449   | \$502   |
| 5        | <b>Capital Transfers</b>                                      | \$42    | \$38    | \$42    | \$53    | \$64    |
| 6        | <b>AOCI<sup>1</sup></b>                                       | \$23    | \$20    | \$23    | \$26    | \$29    |
| 7        | <b>Total Equity<sup>2</sup></b>                               | \$451   | \$478   | \$523   | \$475   | \$532   |
| 8        | <b>MCT Ratio<sup>3</sup></b>                                  | 108%    | 109%    | 115%    | 100%    | 110%    |
| 9        | 1. Accumulated Other Comprehensive Income                     |         |         |         |         |         |
| 10       | 2. Total Equity = Retained Earnings + AOCI                    |         |         |         |         |         |
| 11       | 3. Minimum Capital Test Ratio based on the 2021 MCT Guideline |         |         |         |         |         |

### FCT.1.3 Adverse Scenarios

- 1 An adverse scenario is developed by stress testing the assumptions used in the base
- 2 scenario with regard to risk factors that may trigger potential threats to the financial
- 3 condition of the insurer.

#### FCT.1.3.1 Solvency Scenarios

- 4 A solvency scenario is a plausible adverse scenario if it is credible and has a non-trivial
- 5 probability of occurring. In this FCT report, the selected solvency scenarios are at the
- 6 1-in-100 year probability level.

- 7 The figure below summarizes the most adverse solvency scenarios tested in this
- 8 report over the four-year return period, including assumed management and
- 9 regulatory action, for each of the six main risk categories.

**Figure FCT- 2 Solvency Scenarios with Management Action: Total Equity**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>                           |         |         |         |         |         |
| 2        | Combined Scenario (4-Year)                     | \$451   | \$252   | \$83    | \$10    | \$0     |
| 3        | High Loss Ratio (4-Year)                       | \$451   | \$359   | \$351   | \$75    | \$95    |
| 4        | Underestimation of Policy Liabilities (4-Year) | \$451   | \$437   | \$402   | \$472   | \$478   |
| 5        | Decline in Equity Markets (4-Year)             | \$451   | \$436   | \$440   | \$463   | \$478   |
| 6        | Interest Rate Decrease (4-Year)                | \$451   | \$449   | \$426   | \$439   | \$450   |
| 7        | Increasing Inflation (4-Year)                  | \$451   | \$402   | \$356   | \$304   | \$190   |

**Figure FCT- 3 Solvency Scenarios with Management Action: Minimum Capital Test Ratio**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 206/27 |
|----------|--|---------|---------|---------|---------|--------|
| 1        | Combined Scenario (4-Year)                     | 108%    | 51%     | 7%      | -11%    | -10%   |
| 2        | High Loss Ratio (4-Year)                       | 108%    | 77%     | 74%     | 4%      | 11%    |
| 3        | Underestimation of Policy Liabilities (4-Year) | 108%    | 97%     | 83%     | 98%     | 95%    |
| 4        | Decline in Equity Markets (4-Year)             | 108%    | 100%    | 98%     | 100%    | 100%   |
| 5        | Interest Rate Decrease (4-Year)                | 108%    | 89%     | 76%     | 81%     | 81%    |
| 6        | Increasing Inflation (4-Year)                  | 108%    | 85%     | 70%     | 55%     | 30%    |

- 1 Based on the above results, the most adverse solvency scenario is the four-year  
2 Combined scenario. As shown in the figure above, MPI Basic maintains a positive Total  
3 Equity balance for all 1-in-100 year solvency scenarios with management and  
4 regulatory action tested in this report.

**FCT.1.3.2 Going Concern Scenarios**

- 5 A going concern scenario is an adverse scenario that is more likely to occur and/or be  
6 less severe than a solvency scenario and could include risks not considered in the  
7 solvency scenarios. In this FCT report, the selected going concern scenarios are at the  
8 1-in-10 year probability level.

- 9 The figure below summarizes the most adverse going concern scenarios tested in this  
10 report over the four-year return period, for each of the six main risk categories.

**Figure FCT- 4 Going Concern Scenarios with Management Action: Total Equity**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>                           |         |         |         |         |         |
| 2        | Combined Scenario (4-Year)                     | \$451   | \$244   | \$237   | \$279   | \$294   |
| 3        | High Loss Ratio (4-Year)                       | \$451   | \$394   | \$313   | \$437   | \$390   |
| 4        | Underestimation of Policy Liabilities (4-Year) | \$451   | \$444   | \$476   | \$511   | \$522   |
| 5        | Decline in Equity Markets (4-Year)             | \$451   | \$452   | \$472   | \$510   | \$541   |
| 6        | Interest Rate Decrease (4-Year)                | \$451   | \$461   | \$469   | \$463   | \$463   |
| 7        | Increasing Inflation (4-Year)                  | \$451   | \$457   | \$472   | \$495   | \$499   |

**Figure FCT- 5 Going Concern Scenarios with Management Action: Minimum Capital Test Ratio**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | Combined Scenario (4-Year)                     | 108%    | 48%     | 47%     | 57%     | 61%     |
| 2        | High Loss Ratio (4-Year)                       | 108%    | 86%     | 62%     | 93%     | 77%     |
| 3        | Underestimation of Policy Liabilities (4-Year) | 108%    | 99%     | 103%    | 106%    | 105%    |
| 4        | Decline in Equity Markets (4-Year)             | 108%    | 103%    | 104%    | 109%    | 114%    |
| 5        | Interest Rate Decrease (4-Year)                | 108%    | 97%     | 91%     | 83%     | 82%     |
| 6        | Increasing Inflation (4-Year)                  | 108%    | 101%    | 101%    | 101%    | 99%     |

- 1 Based on the above, the most adverse going concern scenario is the four-year  
 2 Combined scenario. MPI Basic is able to meet the minimum capital requirement of the  
 3 CMP, as per Regulation, in all of the going concern scenarios (can achieve 100% MCT  
 4 within 5 years provided MCT is greater than 35%).

**FCT.1.4 Rationale for Actuarial Opinion**

- 5 Under the solvency scenarios, including plausible management and regulatory action,  
 6 there are no scenarios at the selected 1-in-100 year probability level that cause Basic  
 7 Total Equity to fall below zero during the four-year forecast period.

- 8 Under the going concern scenarios, including plausible management and regulatory  
 9 action, there are no scenarios at the selected 1-in-10 year probability level that cause  
 10 Basic to be unable to meet the target capital ratios required by the Regulation and  
 11 CMP over the forecast period (can achieve 100% MCT within 5 years provided MCT is  
 12 greater than 35%).

- 1 Under the base scenario, Basic maintains an MCT ratio at or above the target capital  
2 ratios as required by the Regulation and CMP over the forecast period.
- 3 As a result, the financial condition of Basic is satisfactory.

## FCT.1.5 Review of Events Since the Previous FCT Report

### FCT.1.5.1 Increasing Inflation

4 In 2021, Manitoba inflation began to rise to historical levels which continued into  
5 2022. These levels of inflation vastly outpaced the worst inflation scenarios of MPI in  
6 the 2021 FCT Report. The increase in inflation has resulted in increased expenses and  
7 claims costs as the PIPP claims are indexed to Manitoba inflation. Collision claims costs  
8 have also seen an increase related to increased parts costs, labour, and materials.

9 In March 2022, the forecast for Manitoba inflation was changed from 2.00% per year  
10 to a variable inflation beginning with 4.20% and slowly returning to 2.00% over the  
11 forecast period.

12 Given that these increases are extremely variable, MPI has re-evaluated the modeling  
13 of inflation as discussed in FCT.5.8.

### FCT.1.6 Peer Review & Recommendations

14 The 2022 FCT report was completed internally, and peer reviewed by the external  
15 appointed actuary, Raul Martin from JSCP. The scope of the External Review Report  
16 was to review the FCT Report for Basic Compulsory Automobile Insurance of MPIC  
17 which includes the following:

- 18 1. Ascertaining the work of the Chief Actuary is within the range of accepted  
19 actuarial practice in Canada as promulgated by the Actuarial Standards Board  
20 and the Canadian Institute of Actuaries.
- 21 2. Reviewing the appropriateness of the assumptions made and methods  
22 employed.

1        3. Determining whether the FCT Report accurately describes the assumptions and  
2            methodology employed by the Chief Actuary.

3        4. Reviewing the adequacy of procedures, systems and the work of others relied  
4            on by the Chief Actuary. This includes checks on data integrity and checks on  
5            the procedures and methodologies used to validate the calculations and results.

6        There were several recommendations found in the report; however, the  
7        recommendations do not affect the conclusion of the FCT report. Recommendations  
8        include the following:

9            1. Extend forecast period to show that 100% MCT could be achieved in 5 years  
10            when MCT drops below 100%.

11           2. There are instances where the Going Concern scenarios are more severe than  
12           the Solvency scenarios and MPI should undertake a comprehensive review of  
13           the selection of Solvency and Going Concern scenarios.

## FCT.2 Introduction

### FCT.2.1 Purpose

1 The purpose of financial condition testing is to identify (i) plausible threats to  
2 satisfactory financial condition, (ii) actions that would lessen the likelihood of those  
3 threats, and (iii) actions that would mitigate a threat if it materialized.

### FCT.2.2 Scope

4 The FCT report contains the key assumptions of the base scenario and the plausible  
5 adverse scenarios posing the greatest risk to the satisfactory financial condition of MPI  
6 Basic. This report discloses each of the risk categories considered in undertaking the  
7 FCT analysis. It is expected that the actuary would scenario test and report at least  
8 once during each financial year on the base scenario, and adverse scenarios posing  
9 significant risk for the insurer.

10 The report would also contain the adverse scenarios examined that cause the insurer  
11 to fall below its internal target capital ratio(s). The report would make it clear whether  
12 under these scenarios the regulators may impose restrictions on the operations of the  
13 insurer, including its ability to write new business.

14 If the investigation identifies any plausible threat to the satisfactory financial condition  
15 of Basic, then the actuary would identify corrective management action that would  
16 lessen or mitigate that threat if it materialized. For each adverse scenario reported  
17 upon, the actuary would report the results both with and without the effect of  
18 corrective management action.

19 The report would present the financial position of the insurer at each fiscal year-end  
20 throughout the forecast period.

21 The FCT analysis was performed by Cara Low. Ms. Low is available to answer any  
22 questions regarding this report and can be reached at the following address:

23 Manitoba Public Insurance Company

1 900-234 Donald Street, Box 6300  
2 Winnipeg, Manitoba  
3 R3C 4A4  
4 Telephone: 204-918-2847  
5 E-mail: [CLow@mpi.mb.ca](mailto:CLow@mpi.mb.ca)

### FCT.2.3 Use and Distribution

6 The 2022 FCT Report was prepared for the internal use of MPI. A copy of this report  
7 may be provided to MPI's external auditors and to the Public Utilities Board (PUB).

### FCT.2.4 Process

8 FCT has the following key elements:

- 9 • Development of a base scenario;
- 10 • Analysis of the impact of adverse scenarios;
- 11 • Identification and analysis of the effectiveness of various strategies to mitigate  
12 risks;
- 13 • A report on the results of the analysis and recommendations to MPI  
14 management and its Board of Directors; and
- 15 • An opinion signed by the actuary and included in the report on the financial  
16 condition of the insurer.

### FCT.2.5 Method

17 The Financial Forecasting Model (FFM) was used to perform the analysis in the 2022  
18 FCT Report. Detailed output from the FFM is provided in the supporting appendices for  
19 the base scenario and for each adverse scenario tested in this report.

20 The base scenario was generated through the combined effort of several departments  
21 and committees, including:

- 22 • Valuation
- 23 • Pricing
- 24 • ALM & Investment Management
- 25 • Capital Management



- 1       • Finance  
2       • Executive Committee

3       The assumptions and forecasts generated by the above units and committees are the  
4       inputs for the FFM. A written summary of the base scenario assumptions is contained  
5       in FCT.4.3 of this report, while the detailed model output for the base scenario with -  
6       0.9% rate change is contained in Appendix 1 – Base Scenario with Rate Change.

7       The modeling of plausible adverse scenarios involves reviewing all the assumptions of  
8       the base scenario and determining how they are impacted by the event. A new set of  
9       assumptions and forecasts are then generated based on the assumed plausible  
10      adverse scenario. These assumptions are then input into the FFM, and the results are  
11      compared to the base scenario.

### FCT.2.6      Data Sources

12      To perform this valuation, I have used information provided by:

- 13      • Tyler Clearwater, Actuarial Analyst II, Business Insights and Analytics  
14      • Glenn Bunston, Director, ALM & Investment Management  
15      • Jeremy Malana, Investment Analyst, ALM & Investment Management  
16      • Wes Sprenger, Manager, Enterprise Risk Management  
17      • Dean Dunstone, Manager, Capital Management  
18      • Mark Russo, Financial Forecasting Specialist, Capital Management  
19      • Jim Humble, Financial Forecasting Specialist, Capital Management  
20      • Yu Su, Senior Actuarial Analyst, Valuation & Capital Management  
21      • Michael Gandhi, Corporate Controller  
22      • Shanne Kernested, Consultant, NOVA Program Delivery

## FCT.3 Capital Adequacy Management

### FCT.3.1 Regulatory Capital Requirements and the Capital Management Plan

1 Basic Total Equity, net of any special appropriations, is referred to as the Rate  
2 Stabilization Reserve (RSR). Per the Regulation:

3 *The minimum amount the Corporation must maintain in its rate*  
4 *stabilization reserve is the amount determined using a MCT ratio of*  
5 *100%.*

6 MPI has interpreted that compliance with this Regulation occurs when the Basic MCT  
7 ratio is more than 100% or if MPI has executed a capital rebuilding plan to restore  
8 Basic MCT ratio to at least 100% in five years or less.

9 The MPI CMP was approved by the PUB in the 2019/20 fiscal year. The plan is  
10 anchored on the regulated 100% MCT capital target for Basic and includes capital  
11 transfers from the Extension line of business of MPI. The CMP includes the following  
12 components:

- 13 • **AAP ratemaking** – Basic rates are determined based on AAP using a 0% profit  
14 provision.
- 15 • **Capital targets by line of business** – Basic insurance has a capital target of  
16 100% MCT and Extension has a capital target of 200% MCT. The Extension  
17 capital target is relevant to this FCT report because of the assumption of capital  
18 transfers from Extension to Basic at fiscal year end.
- 19 • **Capital transfer rules** – When Extension has a year-end MCT ratio more than  
20 200% MCT, capital is transferred from Extension to Basic such that the  
21 Extension MCT ratio falls to 200% MCT. Capital cannot be transferred from  
22 Basic to Extension.

- 1       • **Capital build** – At the annual rate application process, when the Basic MCT  
2       ratio at the beginning of the rating year is less than 100% MCT, MPI must  
3       demonstrate that the base scenario for Basic insurance will achieve a 100%  
4       MCT ratio within 5 years or less. Further, Basic must move at least 1/5<sup>th</sup> of the  
5       way towards the 100% MCT target each year. If the Basic base scenario does  
6       not achieve the targeted MCT ratios, then a capital build (i.e., rate surcharge)  
7       must be applied.
- 8       • **Rate Caps** – The CMP does not cap any rate increases required from the  
9       application of AAP ratemaking. However, if the indicated AAP rate change is  
10      greater than +5%, then no additional surcharge will be applied. If the rate  
11      change is less than 5%, then a capital surcharge can be applied such that the  
12      maximum overall rate change from AAP and the capital surcharge is +5%.
- 13     • **Capital Rebate Provision** - MPI is applying for a capital rebate provision in  
14      the CMP for the 2023 GRA. This mechanism will replace the capital release. A  
15      rebate application would be made (i.e., the ability for MPI to apply for a rebate)  
16      when the Basic MCT ratio is 120% or greater at the end of an audited fiscal  
17      year and the MCT remains above the 100% target throughout the rating period  
18      after the proposed rebate. This ensures that MPI does not rebate into a position  
19      lower than 100% MCT.

20    The CMP is included in the FFM used in this FCT analysis.

21    The figure below shows the MCT ratio under the base scenario compared to the target  
22    MCT ratio based on the CMP of MPI. MPI Basic complies with the Regulation because  
23    the base scenario MCT ratio is more than the 100% MCT capital requirement over the  
24    next rating period (2023/24). In 2025/26, forecasted MCT is above 120% which  
25    triggers a premium rebate. MPI is forecasting a \$119 million premium rebate to bring  
26    the MCT ratio down to 100% MCT in 2025/26. The base scenario does not include  
27    assumed rate or capital adjustments beyond the 2023/24 rating year. However, in  
28    practice, rates would be modified each year as part of the regulatory rate review  
29    process, i.e., MPI's annual General Rate Application.

**Figure FCT- 6 Base Forecast, Minimum Capital Test Ratio**

| Line No. |                      | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|----------------------|---------|---------|---------|---------|---------|
| 1        | <b>Base Forecast</b> | 108.05% | 108.54% | 114.59% | 100.00% | 109.90% |
| 2        | <b>MCT Target</b>    | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

**FCT.3.2 Materiality**

1 As per CIA Standards of Practice, an omission, understatement, or overstatement is  
 2 material if the actuary expects it to materially affect either the user’s decision making  
 3 or the reasonable expectations of the user. MPI has judgmentally selected a  
 4 materiality standard of \$20 million, which is twice the materiality standard used in the  
 5 External Actuary Review EAR Attachment B - March 31, 2022 Basic Appointed  
 6 Actuary’s Report. The higher standard reflects the much greater uncertainty  
 7 associated with the projections in the report relative to the uncertainty of the base  
 8 forecast. The materiality level is not intended to represent the range of reasonable  
 9 values or the inherent uncertainty in an actuarial estimate.

## FCT.4 Background Discussions

### FCT.4.1 Description of Basic

1 MPI Basic is its compulsory automobile insurance product. MPI has a monopoly on the  
2 sale of Basic products. The Basic coverages are as follows:

- 3 • All perils coverage with a \$750 deductible
- 4 • Maximum insured value of \$70,000
- 5 • No-fault accident benefits - Personal Injury Protection Plan (PIPP)
- 6 • Third Party Liability with a \$500,000 limit.

### FCT.4.2 Recent and Current Financial Position

7 The figure below provides the historical financial results for Basic over the previous  
8 five fiscal years.

**Figure FCT- 7 Historical Results**

| Line No. |   | 2017/18 | 2018/19 | 12 month<br>2019/20 | 13 month<br>2019/20 | 2020/21 | 2021/22 |
|----------|---|---------|---------|---------------------|---------------------|---------|---------|
| 1        | <i>(in millions)</i>                    |         |         |                     |                     |         |         |
| 2        | <b>Earned Revenues</b>                  | \$983   | \$1,052 | \$1,116             | \$1,206             | \$1,146 | \$1,131 |
| 3        | <b>Total Claims Costs</b>               | \$924   | \$1,031 | \$906               | \$1,020             | \$803   | \$862   |
| 4        | <b>Expenses</b>                         | \$141   | \$152   | \$150               | \$162               | \$142   | \$154   |
| 5        | <b>Investment Income</b>                | \$116   | \$210   | \$60                | \$107               | \$90    | (\$47)  |
| 6        | <b>Net Income</b>                       | \$34    | \$79    | \$121               | \$131               | \$291   | \$67    |
| 7        | <b>Premium Rebates</b>                  | \$0     | \$0     | \$0                 | \$0                 | (\$283) | (\$157) |
| 8        | <b>Transfers from Competitive Lines</b> | \$37    | \$60    | \$0                 | \$0                 | \$0     | \$0     |
| 9        | <b>Retained Earnings</b>                | \$171   | \$310   | \$430               | \$441               | \$449   | \$359   |
| 10       | <b>AOCI<sup>1</sup></b>                 | \$40    | (\$60)  | \$15                | (\$34)              | (\$15)  | \$51    |
| 11       | <b>Total Equity<sup>2</sup></b>         | \$211   | \$250   | \$406               | \$407               | \$434   | \$411   |
| 12       | <b>MCT Ratio<sup>3</sup></b>            | 44%     | 52%     | 106%                | 104%                | 100%    | 95%     |

13 1. Accumulated Other Comprehensive Income

14 2. Total Equity = Retained Earnings + AOCI

15 3. Minimum Capital Test (MCT) Ratio. The 2021/22 MCT ratio is calculated based on the 2021 MCT Guideline.

### FCT.4.3 Base Scenario

9 As per CIA Standards of Practice (section 2520.17):

1            *The base scenario would be a realistic set of assumptions used to*  
2            *forecast the insurer's financial position over the forecast period.*  
3            *Normally, the base scenario would be consistent with the insurer's*  
4            *business plan. The actuary would accept the business plan's*  
5            *assumptions for use in the base scenario unless these assumptions are*  
6            *so inconsistent or unrealistic that the resulting report would be*  
7            *misleading. The actuary would report any material inconsistency*  
8            *between the base scenario and the business plan.*

9            Details of the MPI base scenario are provided in the following sections.

#### FCT.4.4      Description of Economic Assumptions in the Base Scenario

10          **Volume growth:** MPI forecasts total HTA units to grow by 0.97% in 2021/22, 1.11%  
11          in 2022/23 and by 1.07% thereafter, reflecting the aggregation of the forecasted unit  
12          growth by major class.

13          **Vehicle Upgrade Factor:** The average premium can increase or decrease without  
14          rate changes as customers change their vehicle preferences (i.e., SUVs versus cars),  
15          where they live (i.e., Winnipeg versus rural), or how they use their vehicle (i.e., all-  
16          purpose versus pleasure). The vehicle upgrade factor (excluding trailers and ORVs) is  
17          assumed to be 2.45% in 2022/23 and thereafter. For more information see Revenues  
18          REV.1.2.

19          **Inflation:** Manitoba CPI is forecasted to be 4.2% in 2022/23, 2.4% in 2023/24, 2.3%  
20          in 2024/25 and 2.0% thereafter. These rates are based on the consensus forecast  
21          from various banks and economic forecasting firms rounded to the nearest 10 basis  
22          points. For more information see Investments INV.14.2.1.

23          **Interest rates and yields:** The projected interest rates and yields for the investment  
24          portfolio are shown in the figure below. The Government of Canada (GoC) 10-year  
25          bond rate forecast, and the Canadian 91 Day T-Bill forecast was calculated using the

- 1 naïve forecast<sup>1</sup>. The returns for MUSH (i.e., non-marketable provincial bonds),  
2 equities, real estate, and infrastructure are the internal forecasts of MPI.

**Figure FCT- 8 Assumed Interest Rates and Yields**

| Line No. | Fiscal Year   | CDN 91 Day T-Bill | Government of Canada 10 Year | Basic Claims Marketable Bond Yield | RSR Marketable Bond Yield | MUSH Rate | CDN/US Equities | Global Equities | Global Low Volatility Equities | Real Estate | Infrastr. |
|----------|---|-------------------|------------------------------|------------------------------------|---------------------------|-----------|-----------------|-----------------|--------------------------------|-------------|-----------|
| 1        | 2022/23   | 0.60%             | 2.41%                        | 3.44%                              | 3.20%                     | 4.30%     | 6.60%           | 6.60%           | 6.00%                          | 7.80%       | 8.80%     |
| 2        | 2023/24   | 0.60%             | 2.41%                        | 3.43%                              | 3.11%                     | 4.32%     | 6.60%           | 6.60%           | 6.00%                          | 6.30%       | 7.30%     |
| 3        | 2024/25   | 0.60%             | 2.41%                        | 3.42%                              | 3.11%                     | 4.34%     | 6.60%           | 6.60%           | 6.00%                          | 6.00%       | 7.00%     |
| 4        | 2025/26   | 0.60%             | 2.41%                        | 3.41%                              | 3.11%                     | 4.39%     | 6.60%           | 6.60%           | 6.00%                          | 6.00%       | 7.00%     |
| 5        | 2026/27   | 0.60%             | 2.41%                        | 3.40%                              | 3.11%                     | 4.37%     | 6.60%           | 6.60%           | 6.00%                          | 6.00%       | 7.00%     |
| 6        | *The interest rates and yields in the above table are for the fourth quarter of each fiscal year. The Corporation creates forecasts for each quarter (not shown). |                   |                              |                                    |                           |           |                 |                 |                                |             |           |

- 3 **Claims Liability Discount Rate:** The present value of Basic claim liabilities is  
4 calculated using a discount rate based on the current average yields on the fixed  
5 income portfolio of MPI. The assumed claim liability discount rates over the forecast  
6 period are shown in the figure below. A detailed description on the claims liability  
7 discount rate calculation is included in External Actuary Review Policy Liabilities EAR  
8 Attachment B – Actuary Report March 31, 2022.

**Figure FCT- 9 Assumed Claims Liability Discount Rate**

| Line No. | Fiscal Year End | Nominal |
|----------|-----------------|---------|
| 1        | 2021/22 (a)     | 3.54%   |
| 2        | 2022/23         | 3.55%   |
| 3        | 2023/24         | 3.53%   |
| 4        | 2024/25         | 3.51%   |
| 5        | 2025/26         | 3.50%   |
| 6        | 2026/27         | 3.48%   |

- 9 **Vehicle premiums:** The base forecast includes the following rate change and capital  
10 adjustments over the forecast period.

<sup>1</sup> The naïve interest rate forecast is based on the March 31, 2022 GoC 10-year bond yield, which was 2.41%.

**Figure FCT- 10 Assumed Rate Changes and Capital Build Provisions**

| Line No. | Policy Year | Rate Change      | Capital Build Provision |
|----------|-------------|------------------|-------------------------|
| 1        | 2022/23     | -1.6% (approved) | -5.0% (approved)        |
| 2        | 2023/24     | -0.9% (proposed) | 0.0% (proposed)         |
| 3        | 2024/25     | 0.0% (assumed)   | 0.0% (assumed)          |
| 4        | 2025/26     | 0.0% (assumed)   | 0.0% (assumed)          |
| 5        | 2026/27     | 0.0% (assumed)   | 0.0% (assumed)          |

1 Per the above figure, MPI has applied for a 0.9% rate decrease and no capital release  
 2 in the 2023/24 policy year. The base forecast assumes the rate decrease proposed by  
 3 MPI will be approved by the PUB. However, MPI also has the opportunity to file a  
 4 compliance forecast with the PUB in October 2022. Should circumstances change (i.e.,  
 5 changes in interest rates, significant claims impacts, etc.), MPI has the opportunity to  
 6 restate its 2023/24 rate projection and capital adjustment to best estimate levels;  
 7 thereby reducing pricing risk.

8 In the 2024/25 to 2026/27 policy years, the base forecast assumes that there will be  
 9 no additional rate changes or capital adjustments. However, assumed capital transfers  
 10 from Extension to Basic *are* included in the forecast.

11 **Driver premiums:** There are no proposed changes to the current driver license  
 12 premiums. However, there are proposed changes to the current vehicle premium  
 13 discounts for DSR levels +9 to +17, which are discussed in detail in the *Driver Safety*  
 14 *Rating Chapter*.

**15 Reinsurance**

16 The MPI reinsurance structure is as follows:

- 17 • Catastrophe program more than \$40 million in aggregate annual catastrophic  
 18 losses with a limit of \$400 million. There is a \$1 million deductible for each  
 19 catastrophic event before inclusion into the aggregate loss pool.
- 20 • Casualty program with retention of \$10 million and a limit of \$50 million.



- 1 No changes in coverage are anticipated for the reinsurance program over the  
2 projection period.

3 **Deferred Policy Acquisition Costs (DPAC) Write-Down and Premium**  
4 **Deficiencies**

- 5 The figure below shows the assumed changes in the premium deficiency and DPAC  
6 write-down over the forecast period. These amounts are included in the base forecast.

**Figure FCT- 11 Change in the Premium Deficiency or DPAC Write Down**

| Line<br>No. |  | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|-------------|--|---------|---------|---------|---------|---------|
| 1           | <i>(in millions)</i>                     |         |         |         |         |         |
| 2           | <b>Change in Premium Deficiency/DPAC</b> | \$0     | \$0     | \$0     | \$0     | \$8     |

7 **Base Forecast**

- 8 The figure below shows the MPI base forecast used in this report.

**Figure FCT- 12 Base Scenario – Includes 0.9% Rate Decrease and no Capital Release in 2023/24 and No Rate Changes or Capital Build Provisions Thereafter**

| Line<br>No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|-------------|---------------------------------|---------|---------|---------|---------|---------|
| 1           | <i>(in millions)</i>            |         |         |         |         |         |
| 2           | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3           | <b>Total Claims Costs</b>       | \$1,047 | \$1,108 | \$1,153 | \$1,192 | \$1,256 |
| 4           | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$192   | \$199   |
| 5           | <b>Investment Income</b>        | \$136   | \$108   | \$104   | \$109   | \$110   |
| 6           | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7           | <b>Net Income</b>               | \$27    | (\$9)   | \$1     | (\$105) | (\$11)  |
| 8           | <b>Retained Earnings/RSR</b>    | \$428   | \$457   | \$500   | \$449   | \$502   |
| 9           | <b>AOCI</b>                     | \$23    | \$20    | \$23    | \$26    | \$29    |
| 10          | <b>Total Equity</b>             | \$451   | \$478   | \$523   | \$475   | \$532   |
| 11          | <b>MCT Ratio</b>                | 108%    | 109%    | 115%    | 100%    | 110%    |

#### FCT.4.5 Discussion of Prior Year's FCT Results, Recommendations, and Management Actions

1 The 2021 FCT Report found that the future financial condition of Basic was satisfactory  
2 because (i) there were no adverse scenarios at the selected 1-in-100 year probability  
3 level that caused Basic Total Equity to fall below zero during the four-year forecast  
4 period; (ii) under all going concern scenarios tested, Basic meets the minimum capital  
5 ratio under the Regulation and CMP; and (iii) under the base scenario, Basic  
6 maintained a Total Equity balance above the targeted MCT ratio over the forecast  
7 period.

8 It was recommended that Management conduct an analysis of the expected impacts of  
9 IFRS 17. For the 2022 FCT report, there is a limited view of upcoming IFRS 17 and  
10 IFRS 9 accounting standards as shown in *Pro Formas Chapter*; also included in this  
11 report as *Appendix 8 – Base Scenario with -0.86% Rate Change IFRS*. At the time of  
12 this report, only the base scenario was available under the new accounting scenarios  
13 with the exception of the MCT ratio. As the Corporation continues to work through the  
14 new accounting standards, it should be noted that the pro formas are subject to  
15 change until the details of IFRS 17 are finalized.

## FCT.5 Adverse Scenarios

### FCT.5.1 Solvency Scenarios

1 A summary of the projected Total Equity, MCT ratios, and assumed management  
2 action for the selected 1-in-100 year solvency scenarios are shown in the figures  
3 below. These scenarios are considered to have the most significant financial impact to  
4 the financial position of Basic. Each scenario is tested over 1, 2, 3, and 4-year return  
5 periods, and the return period that results in the lowest Total Equity is selected for  
6 modeling purposes. All other risk categories are discussed in the 'Analysis of All  
7 Property and Casualty Insurer Risk Categories' section of this report.

**Figure FCT- 13 Total Equity – 1-in-100 Year Solvency Scenarios including Management Action**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>                           |         |         |         |         |         |
| 2        | Base   | \$451   | \$478   | \$523   | \$475   | \$532   |
| 3        | Combined Scenario (4-Year)                     | \$451   | \$252   | \$83    | \$10    | \$0     |
| 4        | High Loss Ratio (4-Year)                       | \$451   | \$359   | \$351   | \$75    | \$95    |
| 5        | Underestimation of Policy Liabilities (4-Year) | \$451   | \$437   | \$402   | \$472   | \$478   |
| 6        | Decline in Equity Markets (4-Year)             | \$451   | \$436   | \$440   | \$463   | \$478   |
| 7        | Interest Rate Decrease (4-Year)                | \$451   | \$449   | \$426   | \$439   | \$450   |
| 8        | Increasing Inflation (4-Year)                  | \$451   | \$402   | \$356   | \$304   | \$190   |

**Figure FCT- 14 Minimum Capital Test Ratios – 1-in-100 Year Solvency Scenarios including Management Action**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | Base   | 108%    | 109%    | 115%    | 100%    | 110%    |
| 2        | Combined Scenario (4-Year)                     | 108%    | 51%     | 7%      | -11%    | -10%    |
| 3        | High Loss Ratio (4-Year)                       | 108%    | 77%     | 74%     | 4%      | 11%     |
| 4        | Underestimation of Policy Liabilities (4-Year) | 108%    | 97%     | 83%     | 98%     | 95%     |
| 5        | Decline in Equity Markets (4-Year)             | 108%    | 100%    | 98%     | 100%    | 100%    |
| 6        | Interest Rate Decrease (4-Year)                | 108%    | 89%     | 76%     | 81%     | 81%     |
| 7        | Increasing Inflation (4-Year)                  | 108%    | 85%     | 70%     | 55%     | 30%     |

**Figure FCT- 15 Assumed Management and Regulatory Action – 1-in-100 Year Solvency Scenarios**

| Line No. | Scenario                                       | 2023/24               | 2024/25              | 2025/26              | 2026/27              |
|----------|--|-----------------------|----------------------|----------------------|----------------------|
| 1        | Base   | -0.9% Rate / 0.0% CBP |                      |                      |                      |
| 3        | Combined Scenario (4-Year)                     | -0.9% Rate / 0.0% CBP | 5.0% Rate / 0.0% CBP | 5.0% Rate / 0.0% CBP | 5.0% Rate / 0.0% CBP |
| 2        | High Loss Ratio (4-Year)                       | -0.9% Rate / 0.0% CBP | 0.0% Rate / 5% CBP   | 0.0% Rate / 5% CBP   | 0.0% Rate / 5% CBP   |
| 4        | Underestimation of Policy Liabilities (4-Year) | -0.9% Rate / 0.0% CBP | 0.0% Rate / 5% CBP   | 0.0% Rate / 0% CBP   | 0.0% Rate / 1.1% CBP |
| 5        | Decline in Equity Markets (4-Year)             | -0.9% Rate / 0.0% CBP | 0.0% Rate / 0% CBP   | 0.0% Rate / 0% CBP   | 0.0% Rate / 0.1% CBP |
| 6        | Interest Rate Decrease (4-Year)                | -0.9% Rate / 0.0% CBP | 0.0% Rate / 5.0% CBP | 0.0% Rate / 2% CBP   | 0.0% Rate / 4.2% CBP |
| 7        | Increasing Inflation (4-Year)                  | -0.9% Rate / 0.0% CBP | 0.0% Rate / 5.0% CBP | 0.0% Rate / 5.0% CBP | 0.0% Rate / 5.0% CBP |

1 The Total Equity forecast for all the solvency scenarios remain positive throughout the  
2 forecast period after management and regulatory action.

### FCT.5.2 Going Concern Scenarios

3 A summary of the projected Total Equity, MCT ratios, and assumed management  
4 action for the selected 1-in-10 year going concern scenarios are shown in the figures  
5 below. These scenarios are considered to have the most significant financial impact to  
6 the financial position of Basic from a going concern perspective. Each scenario is  
7 tested over 1, 2, 3, and 4-year return periods, and the return period that results in  
8 the lowest Total Equity is selected for modeling purposes. All other risk categories are  
9 discussed in the 'Analysis of All Property and Casualty Insurer Risk Categories' section  
10 of this report.

11 MPI Basic has satisfactory financial condition under the going concern scenario when  
12 the MCT ratio remains above the minimum amount required to meet the requirements  
13 of the CMP. Through reverse stress testing, MPI has determined that the MCT ratio  
14 must remain at or above 35% MCT for Basic to meet the going concern capital  
15 requirements (i.e., build capital back to 100% MCT within five years or less). In other  
16 words, if the MCT falls below 35% then Basic cannot return to 100% MCT in five years  
17 through the routine application of capital rebuilding fees alone. The figure below shows  
18 the derivation of the minimum MCT.

**Figure FCT- 16 Going Concern Minimum MCT% Threshold**

| Line No. | Line Item Description          | Amount                 |
|----------|--------------------------------|------------------------|
| 1        | <i>(in millions)</i>           |                        |
| 2        | 2023/24 Written Premium        | \$1,150                |
| 3        | 5% Capital Build               | $\$1,150 * 5\% = \$58$ |
| 4        | 5 Years of 5%                  | $5 * \$58 = \$259$     |
| 5        | 100% MCT                       | \$390                  |
| 6        | 5 Years of 5% Converted to MCT | $\$259 / \$390 = 65\%$ |
| 7        | Minimum MCT                    | $100\% - 65\% = 35\%$  |

**Figure FCT- 17 Total Equity – 1-in-10 Year Going Concern Scenarios with Management Action**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>                           |         |         |         |         |         |
| 2        | Base   | \$451   | \$478   | \$523   | \$475   | \$532   |
| 3        | Combined Scenario (4-Year)                     | \$451   | \$244   | \$237   | \$279   | \$294   |
| 4        | High Loss Ratio (4-Year)                       | \$451   | \$394   | \$313   | \$437   | \$390   |
| 5        | Underestimation of Policy Liabilities (4-Year) | \$451   | \$444   | \$476   | \$511   | \$522   |
| 6        | Decline in Equity Markets (4-Year)             | \$451   | \$452   | \$472   | \$510   | \$541   |
| 7        | Interest Rate Decrease (4-Year)                | \$451   | \$461   | \$469   | \$463   | \$463   |
| 8        | Increasing Inflation (4-Year)                  | \$451   | \$457   | \$472   | \$495   | \$499   |

**Figure FCT- 18 Minimum Capital Test Ratios – 1-in-10 Year Going Concern Scenarios with Management Action**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | Base   | 108%    | 109%    | 115%    | 100%    | 110%    |
| 2        | Combined Scenario (4-Year)                     | 108%    | 48%     | 47%     | 57%     | 61%     |
| 3        | High Loss Ratio (4-Year)                       | 108%    | 86%     | 62%     | 93%     | 77%     |
| 4        | Underestimation of Policy Liabilities (4-Year) | 108%    | 99%     | 103%    | 106%    | 105%    |
| 5        | Decline in Equity Markets (4-Year)             | 108%    | 103%    | 104%    | 109%    | 114%    |
| 6        | Interest Rate Decrease (4-Year)                | 108%    | 97%     | 91%     | 83%     | 82%     |
| 7        | Increasing Inflation (4-Year)                  | 108%    | 101%    | 101%    | 101%    | 99%     |

**Figure FCT- 19 Assumed Management and Regulatory Action – 1-in-10 Year Going Concern Solvency Scenarios**

| Line No. | Scenario                                       | 2023/24               | 2024/25              | 2025/26              | 2026/27              |
|----------|--|-----------------------|----------------------|----------------------|----------------------|
| 1        | Base   | -0.9% Rate / 0.0% CBP |                      |                      |                      |
| 3        | Combined Scenario (4-Year)                     | -0.9% Rate / 0.0% CBP | 0.0% Rate / 5% CBP   | 0.0% Rate / 5% CBP   | 0.0% Rate / 5% CBP   |
| 2        | High Loss Ratio (4-Year)                       | -0.9% Rate / 0.0% CBP | 0.0% Rate / 5.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 5% CBP   |
| 4        | Underestimation of Policy Liabilities (4-Year) | -0.9% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP |
| 5        | Decline in Equity Markets (4-Year)             | -0.9% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP |
| 6        | Interest Rate Decrease (4-Year)                | -0.9% Rate / 0.0% CBP | 0.0% Rate / 1.9% CBP | 0.0% Rate / 1.9% CBP | 0.0% Rate / 4.4% CBP |
| 7        | Increasing Inflation (4-Year)                  | -0.9% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 0.0% CBP | 0.0% Rate / 0.3% CBP |

1 Under the going concern scenarios, MPI Basic maintains a minimum MCT ratio of 47%  
 2 or greater. MPI Basic is able to meet the target capital requirements of the CMP under  
 3 all of the going concern scenarios.

**FCT.5.3 Management and Regulatory Action**

4 The CMP effectively predetermines the management action for Basic rate changes in  
 5 all scenarios. The key assumptions stemming from the CMP, which are relevant to the  
 6 FCT analysis, are as follows:

- 7 1. Basic rates will be determined using AAP and a 0% provision for profit. There  
 8 are no rate caps on indicated AAP rate increases. However, it is assumed that  
 9 5% would be the maximum rate which is approved by the PUB.
- 10  
 11 2. Basic will receive capital transfers from the Extension line of business whenever  
 12 Extension has an MCT ratio greater than 200%. Capital will be transferred from  
 13 Extension such that the year-end Extension MCT ratio does not exceed 200%.  
 14 Note: The FCT modeling has assumed that Extension capital transfers occur at  
 15 the fiscal year end; however, in practice the transfer may not occur until the  
 16 first quarter of the following year.
- 17  
 18 3. In the event Basic is in an insolvent position, additional capital can be  
 19 transferred from Extension to maintain Basic solvency after exhausting all  
 20 other management and regulatory action.
- 21  
 22 4. Basic insurance cannot transfer capital to other lines of business.

1

2 5. Basic has a regulated target MCT ratio of 100%. If the Basic MCT ratio is less  
3 than 100% at the beginning of the rating year, MPI must demonstrate in its  
4 base scenario that the Basic MCT will meet or exceed 100% MCT in 5 years or  
5 less. If it does not, then MPI must apply a capital surcharge to Basic rates in  
6 order to meet this requirement.

7

8 6. The maximum incremental capital surcharge in a given year is +5% less the  
9 amount of any AAP rate increase, i.e., if the AAP rate increase is +2%, then  
10 the maximum capital surcharge is +3%.

#### FCT.5.4 Decline in Equity Markets

##### 11 **Scenario Description**

12 The equity assets of MPI experience a decline beginning in the 2023/24 fiscal year.

##### 13 **Ripple Effects**

14 The impacts from changes in equity returns are incorporated into the FFM.

##### 15 **Changes from Last Year's FCT Report**

16 No changes were made to this scenario relative to last year's FCT report.

##### 17 **Scenario Justification**

18 Historical total returns on Canadian, Global, and Global Low Volatility equities were  
19 used to model this scenario. The figure below shows the actual total returns at the 1<sup>st</sup>,  
20 2.5<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> percentiles for each category from 1956 to present (June 2022).

**Figure FCT- 20 Historical Total Returns on Canadian Equities by Percentile and Return Period (Cumulative)**

| Line No. | Time Period  | Percentile | Return Period (Years) |      |      |     |
|----------|--------------|------------|-----------------------|------|------|-----|
|          |              |            | 1                     | 2    | 3    | 4   |
| 1        | 1956-present | 1st        | -32%                  | -28% | -23% | -9% |
| 2        | 1956-present | 2.5th      | -25%                  | -23% | -11% | -3% |
| 3        | 1956-present | 5th        | -17%                  | -15% | -6%  | 1%  |
| 4        | 1956-present | 10th       | -10%                  | -6%  | -1%  | 7%  |

**Figure FCT- 21 Historical Total Returns on Global Equities by Percentile and Return Period (Cumulative)**

| Line No. | Time Period  | Percentile | Return Period (Years) |      |      |      |
|----------|--------------|------------|-----------------------|------|------|------|
|          |              |            | 1                     | 2    | 3    | 4    |
| 1        | 1971-present | 1st        | -31%                  | -39% | -39% | -35% |
| 2        | 1971-present | 2.5th      | -27%                  | -34% | -35% | -33% |
| 3        | 1971-present | 5th        | -20%                  | -27% | -29% | -26% |
| 4        | 1971-present | 10th       | -14%                  | -18% | -19% | -21% |

**Figure FCT- 22 Historical Total Returns on Global Low Volatility Equities by Percentile and Return Period (Cumulative)**

| Line No. | Time Period  | Percentile | Return Period (Years) |      |      |      |
|----------|--------------|------------|-----------------------|------|------|------|
|          |              |            | 1                     | 2    | 3    | 4    |
| 1        | 1988-present | 1st        | -19%                  | -29% | -24% | -18% |
| 2        | 1988-present | 2.5th      | -16%                  | -20% | -19% | -14% |
| 3        | 1988-present | 5th        | -12%                  | -16% | -16% | -12% |
| 4        | 1988-present | 10th       | -7%                   | -8%  | -9%  | -9%  |

- 1 Based on the historical results, the selected equity decline scenarios are based on
- 2 fitted distributions that best represent the historical data. The assumptions are shown
- 3 as total return in the figure below.



**Figure FCT- 23 Fitted Distributions for Canadian Equities Total Return by Percentile and Return Period (Cumulative)**

| Line No. |            | Return Period (Years) |      |      |     |
|----------|------------|-----------------------|------|------|-----|
| 1        | Percentile | 1                     | 2    | 3    | 4   |
| 2        | 1st        | -35%                  | -29% | -20% | -8% |
| 3        | 2.5th      | -26%                  | -21% | -13% | -4% |
| 4        | 5th        | -19%                  | -14% | -7%  | 1%  |
| 5        | 10th       | -11%                  | -7%  | 1%   | 7%  |

**Figure FCT- 24 Fitted Distributions for Global Equities Total Return by Percentile and Return Period (Cumulative)**

| Line No. |            | Return Period (Years) |      |      |      |
|----------|------------|-----------------------|------|------|------|
| 1        | Percentile | 1                     | 2    | 3    | 4    |
| 2        | 1st        | -31%                  | -43% | -39% | -34% |
| 3        | 2.5th      | -23%                  | -32% | -33% | -30% |
| 4        | 5th        | -17%                  | -22% | -27% | -24% |
| 5        | 10th       | -10%                  | -13% | -18% | -16% |

**Figure FCT- 25 Fitted Distributions for Global Low Volatility Equities Total Return by Percentile and Return Period (Cumulative)**

| Line No. |            | Return Period (Years) |      |      |      |
|----------|------------|-----------------------|------|------|------|
| 1        | Percentile | 1                     | 2    | 3    | 4    |
| 2        | 1st        | -19%                  | -27% | -27% | -22% |
| 3        | 2.5th      | -15%                  | -20% | -20% | -16% |
| 4        | 5th        | -11%                  | -14% | -13% | -10% |
| 5        | 10th       | -6%                   | -6%  | -5%  | -1%  |

**1 Correlations**

- 2 Correlations between each of the different equity categories were selected based on
- 3 the Mercer 2018 ALM Phase 2 Report. The figure below shows the assumed
- 4 correlations between equity categories.

**Figure FCT- 26 Correlation between Equity Returns**

| Line No. | Index                          | Canadian Equities | Global Equities | Global Low Volatility Equities |
|----------|--------------------------------|-------------------|-----------------|--------------------------------|
| 1        | Canadian Equities              | 1.00              |                 |                                |
| 2        | Global Equities                | 0.70              | 1.00            |                                |
| 3        | Global Low Volatility Equities | 0.35              | 0.79            | 1.00                           |

**1 Dividend Yield**

2 The dividend yield used in the Equity Decline scenarios is the same dividend yield as  
3 the base forecast – see figure below.

**Figure FCT- 27 Dividend Yield**

| Line No. | Fiscal Year | Canadian Equities | Global Equities | Global Low Vol Equities |
|----------|-------------|-------------------|-----------------|-------------------------|
| 1        | 2022/23     | 2.76%             | 1.93%           | 1.33%                   |
| 2        | 2023/24     | 2.92%             | 2.05%           | 1.45%                   |
| 3        | 2024/25     | 2.88%             | 2.15%           | 1.55%                   |
| 4        | Thereafter  | 2.88%             | 2.15%           | 1.55%                   |

4 Dividend income is calculated based on the market value of the portfolio multiplied by  
5 the dividend yield. When the market value of the equity portfolio declines in the  
6 scenario analysis, dividends received as investment income also decline on a  
7 proportionate basis.

**8 Realized Losses**

9 Equity turnover indicates the rate at which gains, or losses are realized in the equity  
10 portfolio on an annual basis. For this year's report, turnover is assumed to be 3.13%  
11 for Canadian equity, 3.08% for Global equity, and 12.39% for Global Low Volatility  
12 equity for all years over the forecast period.

**13 Rebalancing Assumptions under the ALM Portfolios (Basic and RSR)**

14 The Basic Claims asset allocation tolerance ranges for each asset class are  
15 summarized in the figure below:

**Figure FCT- 28 Asset Allocation Tolerance Ranges (Basic Claims)**

Line

| No. | Asset Class Group         | Minimum | Target        | Maximum |
|-----|---------------------------|---------|---------------|---------|
| 1   | <b>Fixed Income</b>       |         |               |         |
| 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   | <b>Total Fixed Income</b> |         | <b>100.0%</b> |         |
| 6   | Cash and Equivalents      | 0.0%    | 0.0%          | 5.0%    |

- 1 The RSR asset allocation tolerance ranges for each asset class are summarized in the  
2 figure below:

**Figure FCT- 29 Asset Allocation Tolerance Ranges (RSR)**

Line

| No. | Asset Class Group         | Minimum      | Target       | Maximum      |
|-----|---------------------------|--------------|--------------|--------------|
| 1   | <b>Fixed Income</b>       |              |              |              |
| 2   | Provincial Bonds          | 10.0%        | 20.0%        | 30.0%        |
| 3   | Corporate Bonds           | 0.0%         | 10.0%        | 20.0%        |
| 4   | Private Debt              | 15.0%        | 20.0%        | 25.0%        |
| 5   | <b>Total Fixed Income</b> | <b>40.0%</b> | <b>50.0%</b> | <b>60.0%</b> |
| 6   | <b>Public Equities</b>    |              |              |              |
| 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  | <b>Total Equities</b>     | <b>25.0%</b> | <b>35.0%</b> | <b>45.0%</b> |
| 11  | <b>Alternatives</b>       |              |              |              |
| 12  | Canadian Real Estate      | 7.0%         | 10.0%        | 20.0%        |
| 13  | Infrastructure            | 2.0%         | 5.0%         | 8.0%         |
| 14  | Venture Capital           | 0.0%         | 0.0%         | 1.0%         |
| 15  | <b>Total Alternatives</b> | <b>10.0%</b> | <b>15.0%</b> | <b>30.0%</b> |
| 16  | Cash and Equivalents      | 0.0%         | 0.0%         | 5.0%         |

**3 Impairments**

- 4 The MPI Impairment Policy is consistent with the IFRS Standards. Equities are held at  
5 market value on the financial statements. Therefore, modeled losses are fully reflected  
6 in Total Equity at all times. When equities are impaired, the impairment reclassifies

1 the loss from Accumulated Other Comprehensive Income to Net Income. This  
2 impairment reclassification does not have any impact on the reported Total Equity.

3 Impairments are recognized in the model based on the following conditions:

- 4 • If the market value falls below 80% of book value at a fiscal year end,  
5 impairment is recognized.
- 6 • If market value remains below 100% of the book value for a period longer than  
7 a year, then at the following fiscal year-end an impairment is recognized.

8 When an impairment occurs, the book value of the equity portfolio is adjusted to equal  
9 the market value.

## 10 **Results**

11 The figures below show the projected Total Equity for each of the Equity Decline  
12 scenarios described above excluding management action.

**Figure FCT- 30 Total Equity - Decline in Equity Markets Scenario without Management Action**

| Line No. | Probability                 | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|-----------------------------|---------------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>        |               |         |         |         |         |
| 2        | 1-in-100                    | 1 year + base | \$375   |         |         |         |
| 3        | 1-in-40                     | 1 year + base | \$398   |         |         |         |
| 4        | 1-in-20                     | 1 year + base | \$414   |         |         |         |
| 5        | 1-in-10                     | 1 year + base | \$432   |         |         |         |
| 6        | 1-in-100                    | 2 year + base | \$401   | \$373   |         |         |
| 7        | 1-in-40                     | 2 year + base | \$416   | \$400   |         |         |
| 8        | 1-in-20                     | 2 year + base | \$428   | \$424   |         |         |
| 9        | 1-in-10                     | 2 year + base | \$443   | \$452   |         |         |
| 10       | 1-in-100                    | 3 year + base | \$422   | \$414   | \$308   |         |
| 11       | 1-in-40                     | 3 year + base | \$431   | \$431   | \$334   |         |
| 12       | 1-in-20                     | 3 year + base | \$438   | \$444   | \$353   |         |
| 13       | 1-in-10                     | 3 year + base | \$448   | \$463   | \$381   |         |
| 14       | 1-in-100                    | 4 year + base | \$436   | \$440   | \$348   | \$361   |
| 15       | 1-in-40                     | 4 year + base | \$440   | \$447   | \$358   | \$376   |
| 16       | 1-in-20                     | 4 year + base | \$446   | \$459   | \$376   | \$398   |
| 17       | 1-in-10                     | 4 year + base | \$452   | \$472   | \$394   | \$423   |
| 18       | Base                        |               | \$478   | \$523   | \$475   | \$532   |
| 19       | <b>Difference from Base</b> |               |         |         |         |         |
| 20       | 1-in-100, 1 year            |               | (\$103) |         |         |         |
| 21       | 1-in-100, 2 year            |               | (\$77)  | (\$150) |         |         |
| 22       | 1-in-100, 3 year            |               | (\$55)  | (\$110) | (\$167) |         |
| 23       | 1-in-100, 4 year            |               | (\$41)  | (\$83)  | (\$127) | (\$170) |

**Figure FCT- 31 Minimum Capital Test Ratio - Decline in Equity Markets Scenario without Management Action**

| Line No. | Probability          | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|----------------------|---------------|---------|---------|---------|---------|
| 1        | 1-in-100             | 1 year + base | 86.1%   |         |         |         |
| 2        | 1-in-40              | 1 year + base | 91.3%   |         |         |         |
| 3        | 1-in-20              | 1 year + base | 94.8%   |         |         |         |
| 4        | 1-in-10              | 1 year + base | 98.7%   |         |         |         |
| 5        | 1-in-100             | 2 year + base | 91.9%   | 82.7%   |         |         |
| 6        | 1-in-40              | 2 year + base | 95.2%   | 88.8%   |         |         |
| 7        | 1-in-20              | 2 year + base | 98.0%   | 94.0%   |         |         |
| 8        | 1-in-10              | 2 year + base | 101.2%  | 100.2%  |         |         |
| 9        | 1-in-100             | 3 year + base | 96.7%   | 91.8%   | 62.9%   |         |
| 10       | 1-in-40              | 3 year + base | 98.7%   | 95.5%   | 70.3%   |         |
| 11       | 1-in-20              | 3 year + base | 100.2%  | 98.3%   | 74.7%   |         |
| 12       | 1-in-10              | 3 year + base | 102.3%  | 102.4%  | 80.7%   |         |
| 13       | 1-in-100             | 4 year + base | 99.8%   | 97.6%   | 73.5%   | 74.6%   |
| 14       | 1-in-40              | 4 year + base | 100.6%  | 99.1%   | 75.7%   | 79.5%   |
| 15       | 1-in-20              | 4 year + base | 101.9%  | 101.6%  | 79.6%   | 82.5%   |
| 16       | 1-in-10              | 4 year + base | 103.2%  | 104.2%  | 83.5%   | 89.1%   |
| 17       | Base                 |               | 108.5%  | 114.6%  | 100.0%  | 109.9%  |
| 18       | Difference from Base |               |         |         |         |         |
| 19       | 1-in-100, 1 year     |               | -22.4%  |         |         |         |
| 20       | 1-in-100, 2 year     |               | -16.6%  | -31.9%  |         |         |
| 21       | 1-in-100, 3 year     |               | -11.8%  | -22.8%  | -37.1%  |         |
| 22       | 1-in-100, 4 year     |               | -8.7%   | -17.0%  | -26.5%  | -35.3%  |

## 1 Solvency Scenario

2 Of the 1-in-100 year scenarios, the four-year scenario produced the largest overall  
3 decline in Total Equity relative to the base forecast. The results for this scenario are  
4 shown in the figures below and in Appendix 5 – Decline in Equity Markets Solvency  
5 Scenario.

**Figure FCT- 32 Decline in Equity Markets Solvency Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,108 | \$1,153 | \$1,192 | \$1,256 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$192   | \$199   |
| 5        | <b>Investment Income</b>        | \$136   | \$96    | \$86    | \$73    | \$80    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$20)  | (\$18)  | (\$140) | (\$40)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$440   | \$459   | \$365   | \$382   |
| 9        | <b>AOCI</b>                     | \$23    | (\$4)   | (\$19)  | (\$17)  | (\$21)  |
| 10       | <b>Total Equity</b>             | \$451   | \$436   | \$440   | \$348   | \$361   |
| 11       | <b>MCT Ratio</b>                | 108%    | 100%    | 98%     | 73%     | 75%     |

**Figure FCT- 33 Decline in Equity Markets Solvency Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$0     | \$0     | \$0     | \$0     |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$0     | \$0     |
| 5        | <b>Investment Income</b>        | \$0     | (\$11)  | (\$19)  | (\$35)  | (\$29)  |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$12)  | (\$19)  | (\$36)  | (\$30)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$17)  | (\$42)  | (\$83)  | (\$120) |
| 9        | <b>AOCI</b>                     | \$0     | (\$24)  | (\$42)  | (\$44)  | (\$50)  |
| 10       | <b>Total Equity</b>             | \$0     | (\$41)  | (\$83)  | (\$127) | (\$170) |
| 11       | <b>MCT Ratio</b>                | 0%      | -9%     | -17%    | -27%    | -35%    |

1 Total Equity remains positive in the Equity Decline scenario before the application of  
 2 management action. Therefore, Basic has adequate capital to respond to this scenario  
 3 from a solvency perspective.

4 For completeness, MPI has also provided the Equity Decline scenario after  
 5 management action in the tables below.

**Figure FCT- 34 Decline in Equity Markets Solvency Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 0.0%    | 0.0%    | 0.1%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,336 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,108 | \$1,153 | \$1,192 | \$1,257 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$195   | \$199   |
| 7        | <b>Investment Income</b>        | \$136   | \$96    | \$86    | \$74    | \$81    |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$20)  | (\$18)  | (\$24)  | (\$38)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$440   | \$459   | \$482   | \$500   |
| 11       | <b>AOCI</b>                     | \$23    | (\$4)   | (\$19)  | (\$19)  | (\$22)  |
| 12       | <b>Total Equity</b>             | \$451   | \$436   | \$440   | \$463   | \$478   |
| 13       | <b>MCT Ratio</b>                | 108%    | 100%    | 98%     | 100%    | 100%    |

**Figure FCT- 35 Decline in Equity Markets Solvency Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.1%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$1     |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$0     | \$0     | (\$0)   | \$0     |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$4     | \$0     |
| 7        | <b>Investment Income</b>        | \$0     | (\$11)  | (\$19)  | (\$34)  | (\$28)  |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$12)  | (\$19)  | \$81    | (\$28)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$17)  | (\$42)  | \$34    | (\$2)   |
| 11       | <b>AOCI</b>                     | \$0     | (\$24)  | (\$42)  | (\$45)  | (\$51)  |
| 12       | <b>Total Equity</b>             | \$0     | (\$41)  | (\$83)  | (\$11)  | (\$53)  |
| 13       | <b>MCT Ratio</b>                | 0%      | -9%     | -17%    | 0%      | -10%    |

**Going Concern Scenario**

- 1 Of the 1-in-10 year Equity Decline going concern scenarios without management
- 2 action, the three-year scenario reaches a low of 80.7% MCT. After application of



- 1 management action, all Equity Decline going concern scenarios are materially above
- 2 35% MCT throughout the forecast period.

**Figure FCT- 36 Decline in Equity Markets Going Concern Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,108 | \$1,153 | \$1,192 | \$1,256 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$192   | \$199   |
| 5        | <b>Investment Income</b>        | \$136   | \$96    | \$86    | \$73    | \$80    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$20)  | (\$18)  | (\$140) | (\$40)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$440   | \$459   | \$365   | \$382   |
| 9        | <b>AOCI</b>                     | \$23    | (\$4)   | (\$19)  | (\$17)  | (\$21)  |
| 10       | <b>Total Equity</b>             | \$451   | \$436   | \$440   | \$348   | \$361   |
| 11       | <b>MCT Ratio</b>                | 108%    | 100%    | 98%     | 73%     | 75%     |

**Figure FCT- 37 Decline in Equity Markets Going Concern Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$0     | \$0     | \$0     | \$0     |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$0     | \$0     |
| 5        | <b>Investment Income</b>        | \$0     | (\$11)  | (\$19)  | (\$35)  | (\$29)  |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$12)  | (\$19)  | (\$36)  | (\$30)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$17)  | (\$42)  | (\$83)  | (\$120) |
| 9        | <b>AOCI</b>                     | \$0     | (\$24)  | (\$42)  | (\$44)  | (\$50)  |
| 10       | <b>Total Equity</b>             | \$0     | (\$41)  | (\$83)  | (\$127) | (\$170) |
| 11       | <b>MCT Ratio</b>                | 0%      | -9%     | -17%    | -27%    | -35%    |

**Figure FCT- 38 Decline in Equity Markets Going Concern Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,108 | \$1,153 | \$1,192 | \$1,257 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$195   | \$199   |
| 7        | <b>Investment Income</b>        | \$136   | \$102   | \$98    | \$94    | \$94    |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$15)  | (\$6)   | (\$4)   | (\$26)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$448   | \$481   | \$526   | \$561   |
| 11       | <b>AOCI</b>                     | \$23    | \$4     | (\$10)  | (\$17)  | (\$19)  |
| 12       | <b>Total Equity</b>             | \$451   | \$452   | \$472   | \$510   | \$541   |
| 13       | <b>MCT Ratio</b>                | 108%    | 103%    | 104%    | 109%    | 114%    |

**Figure FCT- 39 Decline in Equity Markets Going Concern Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$0     | \$0     | (\$0)   | \$0     |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$4     | \$0     |
| 7        | <b>Investment Income</b>        | \$0     | (\$6)   | (\$6)   | (\$14)  | (\$16)  |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$6)   | (\$7)   | \$101   | (\$16)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$9)   | (\$19)  | \$78    | \$58    |
| 11       | <b>AOCI</b>                     | \$0     | (\$16)  | (\$33)  | (\$43)  | (\$49)  |
| 12       | <b>Total Equity</b>             | \$0     | (\$25)  | (\$52)  | \$35    | \$10    |
| 13       | <b>MCT Ratio</b>                | 0%      | -5%     | -10%    | 9%      | 4%      |

## FCT.5.5 High Loss Ratio

### 1 Scenario Description

2 MPI experiences a significant increase in its loss ratio beginning in the 2023/24 fiscal  
3 year.

### 4 Ripple Effects

5 *Claims Expenses:* The claims expenses, including internal claims adjustment costs  
6 (ICAC), were adjusted based on the increased level of claims costs. Claims expenses  
7 were restated using the cost allocation rules in the MPI financial model. ICAC was  
8 adjusted based on the estimated level of unpaid losses and incurred-but-not-reported  
9 (IBNR) at each fiscal year end.

10 *Actuarial Adjustments:* The claims impacts were estimated by simulating ultimate loss  
11 costs for future loss years. The most adverse ultimate loss scenarios were then  
12 selected for input into the financial model (it is not practical to run every simulation  
13 through the financial model), which discounts and adjusts the ultimate losses for  
14 actuarial provisions for adverse deviation (per actuarial standards of practice).

15 *Reinsurance:* The adverse scenario was assumed to have no impact on future  
16 reinsurance premiums. Reinsurance recoveries, if applicable, are included  
17 automatically as part of the financial modeling process.

18 *Premium Deficiency and/or Deferred Policy Acquisition Cost (DPAC) Write-Down:* A  
19 significant increase in the loss ratio could result in unearned premiums being  
20 insufficient to cover expected claims costs and expenses. The impact of a premium  
21 deficiency/DPAC write-down is included in the simulated results.

### 22 Changes from Last Year's FCT Report

23 No changes were made to this scenario relative to last year's FCT report.

1 **Scenario Justification**2 *Simulation of Ultimate Losses*3 **Results**

4 The figure below shows the results of the incurred simulations by probability level and  
5 return period along with a comparison to the base forecast.

**Figure FCT- 40 Total Equity - High Loss Ratio Scenario without Management Action**

| Line No. | Probability                 | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|-----------------------------|---------------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>        |               |         |         |         |         |
| 2        | 1-in-100                    | 1 year + base | \$272   |         |         |         |
| 3        | 1-in-40                     | 1 year + base | \$310   |         |         |         |
| 4        | 1-in-20                     | 1 year + base | \$342   |         |         |         |
| 5        | 1-in-10                     | 1 year + base | \$361   |         |         |         |
| 6        | 1-in-100                    | 2 year + base | \$260   | \$176   |         |         |
| 7        | 1-in-40                     | 2 year + base | \$310   | \$245   |         |         |
| 8        | 1-in-20                     | 2 year + base | \$375   | \$292   |         |         |
| 9        | 1-in-10                     | 2 year + base | \$375   | \$292   |         |         |
| 10       | 1-in-100                    | 3 year + base | \$400   | \$287   | (\$21)  |         |
| 11       | 1-in-40                     | 3 year + base | \$335   | \$90    | \$44    |         |
| 12       | 1-in-20                     | 3 year + base | \$397   | \$303   | \$109   |         |
| 13       | 1-in-10                     | 3 year + base | \$356   | \$284   | \$200   |         |
| 14       | 1-in-100                    | 4 year + base | \$359   | \$322   | (\$129) | (\$179) |
| 15       | 1-in-40                     | 4 year + base | \$409   | \$170   | (\$92)  | (\$50)  |
| 16       | 1-in-20                     | 4 year + base | \$356   | \$317   | \$235   | \$67    |
| 17       | 1-in-10                     | 4 year + base | \$394   | \$284   | \$261   | \$171   |
| 18       | <b>Base</b>                 |               | \$478   | \$523   | \$475   | \$532   |
| 19       | <b>Difference from Base</b> |               |         |         |         |         |
| 20       | 1-in-100, 1 year            |               | (\$206) |         |         |         |
| 21       | 1-in-100, 2 year            |               | (\$217) | (\$347) |         |         |
| 22       | 1-in-100, 3 year            |               | (\$78)  | (\$236) | (\$496) |         |
| 23       | 1-in-100, 4 year            |               | (\$118) | (\$201) | (\$604) | (\$711) |

**Figure FCT- 41 Minimum Capital Test Ratio - High Loss Ratio Scenario without Management Action**

| Line No. | Probability          | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|----------------------|---------------|---------|---------|---------|---------|
| 1        | 1-in-100             | 1 year + base | 53.7%   |         |         |         |
| 2        | 1-in-40              | 1 year + base | 63.7%   |         |         |         |
| 3        | 1-in-20              | 1 year + base | 72.0%   |         |         |         |
| 4        | 1-in-10              | 1 year + base | 77.6%   |         |         |         |
| 5        | 1-in-100             | 2 year + base | 50.9%   | 29.4%   |         |         |
| 6        | 1-in-40              | 2 year + base | 63.8%   | 47.3%   |         |         |
| 7        | 1-in-20              | 2 year + base | 81.4%   | 58.6%   |         |         |
| 8        | 1-in-10              | 2 year + base | 81.4%   | 58.6%   |         |         |
| 9        | 1-in-100             | 3 year + base | 87.5%   | 56.0%   | -18.5%  |         |
| 10       | 1-in-40              | 3 year + base | 70.2%   | 8.1%    | -2.9%   |         |
| 11       | 1-in-20              | 3 year + base | 87.2%   | 60.3%   | 13.4%   |         |
| 12       | 1-in-10              | 3 year + base | 76.0%   | 56.6%   | 37.0%   |         |
| 13       | 1-in-100             | 4 year + base | 76.6%   | 66.2%   | -42.8%  | -48.1%  |
| 14       | 1-in-40              | 4 year + base | 90.2%   | 26.9%   | -34.8%  | -21.6%  |
| 15       | 1-in-20              | 4 year + base | 76.4%   | 65.1%   | 44.8%   | 4.6%    |
| 16       | 1-in-10              | 4 year + base | 86.2%   | 55.1%   | 52.6%   | 29.2%   |
| 17       | Base                 |               | 108.5%  | 114.6%  | 100.0%  | 109.9%  |
| 18       | Difference from Base |               |         |         |         |         |
| 19       | 1-in-100, 1 year     |               | -54.9%  |         |         |         |
| 20       | 1-in-100, 2 year     |               | -57.6%  | -85.2%  |         |         |
| 21       | 1-in-100, 3 year     |               | -21.0%  | -58.6%  | -118.5% |         |
| 22       | 1-in-100, 4 year     |               | -31.9%  | -48.4%  | -142.8% | -158.0% |

## 1 Solvency Scenarios

2 Based on the above results, the most significant solvency scenarios are the four-year  
3 scenarios. MPI selected the four-year scenario at the 1-in-100 year level for modeling  
4 purposes. Without any management action, the loss ratio solvency scenario can  
5 effectively exhaust the entire Total Equity balance over a four-year period. However,  
6 with routine management action at the assumed maximum of 5% capital build per  
7 year beginning with 2024/25 policies, the Total Equity remains above zero over the  
8 forecast period.

9 The results for this solvency scenario, with and without management action, are  
10 shown in the figures below and in *Appendix 3 – High Loss Ratio Solvency Scenario*.

**Figure FCT- 42 High Loss Ratio Solvency Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,221 | \$1,220 | \$1,574 | \$1,330 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$193   | \$201   |
| 5        | <b>Investment Income</b>        | \$136   | \$107   | \$101   | \$97    | \$89    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$122) | (\$70)  | (\$499) | (\$106) |
| 8        | <b>Retained Earnings</b>        | \$428   | \$340   | \$303   | (\$149) | (\$194) |
| 9        | <b>AOCI</b>                     | \$23    | \$19    | \$19    | \$21    | \$15    |
| 10       | <b>Total Equity</b>             | \$451   | \$359   | \$322   | (\$129) | (\$179) |
| 11       | <b>MCT Ratio</b>                | 108%    | 77%     | 66%     | -43%    | -48%    |

**Figure FCT- 43 High Loss Ratio Solvency Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$113   | \$67    | \$382   | \$73    |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$1     | \$1     | \$2     |
| 5        | <b>Investment Income</b>        | \$0     | (\$0)   | (\$3)   | (\$11)  | (\$21)  |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$113) | (\$71)  | (\$394) | (\$95)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$117) | (\$198) | (\$598) | (\$696) |
| 9        | <b>AOCI</b>                     | \$0     | (\$1)   | (\$4)   | (\$6)   | (\$15)  |
| 10       | <b>Total Equity</b>             | \$0     | (\$118) | (\$201) | (\$604) | (\$711) |
| 11       | <b>MCT Ratio</b>                | 0%      | -32%    | -48%    | -143%   | -158%   |

**Figure FCT- 44 High Loss Ratio Solvency Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,276 | \$1,351 | \$1,399 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,221 | \$1,220 | \$1,575 | \$1,330 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$199   | \$201   | \$205   |
| 7        | <b>Investment Income</b>        | \$136   | \$107   | \$101   | \$100   | \$95    |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$122) | (\$41)  | (\$323) | (\$41)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$340   | \$332   | \$55    | \$75    |
| 11       | <b>AOCI</b>                     | \$23    | \$19    | \$20    | \$21    | \$21    |
| 12       | <b>Total Equity</b>             | \$451   | \$359   | \$351   | \$75    | \$95    |
| 13       | <b>MCT Ratio</b>                | 108%    | 77%     | 74%     | 4%      | 11%     |

**Figure FCT- 45 High Loss Ratio Solvency Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$31    | \$62    | \$64    |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$113   | \$67    | \$382   | \$74    |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$3     | \$9     | \$6     |
| 7        | <b>Investment Income</b>        | \$0     | (\$0)   | (\$3)   | (\$8)   | (\$15)  |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$113) | (\$42)  | (\$219) | (\$31)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$117) | (\$169) | (\$394) | (\$428) |
| 11       | <b>AOCI</b>                     | \$0     | (\$1)   | (\$3)   | (\$6)   | (\$9)   |
| 12       | <b>Total Equity</b>             | \$0     | (\$118) | (\$172) | (\$400) | (\$436) |
| 13       | <b>MCT Ratio</b>                | 0%      | -32%    | -41%    | -96%    | -99%    |

**1 Going Concern Scenarios**

- 2 Of the 1-in-10 year High Loss Ratio going concern scenarios without management  
3 action, the four-year scenario reaches a low of 29% MCT (Figure FCT-46). As shown in  
4 Figure FCT-48, after applying routine management action, the four-year going concern

- 1 scenario meets the requirements of the CMP with a minimum MCT ratio of 62%
- 2 throughout the forecast period.

**Figure FCT- 46 High Loss Ratio Going Concern Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,179 | \$1,301 | \$1,159 | \$1,390 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$193   | \$199   |
| 5        | <b>Investment Income</b>        | \$136   | \$107   | \$102   | \$101   | \$97    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$80)  | (\$149) | (\$80)  | (\$157) |
| 8        | <b>Retained Earnings</b>        | \$428   | \$375   | \$264   | \$241   | \$150   |
| 9        | <b>AOCI</b>                     | \$23    | \$20    | \$20    | \$20    | \$21    |
| 10       | <b>Total Equity</b>             | \$451   | \$394   | \$284   | \$261   | \$171   |
| 11       | <b>MCT Ratio</b>                | 108%    | 86%     | 55%     | 53%     | 29%     |

**Figure FCT- 47 High Loss Ratio Going Concern without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$71    | \$148   | (\$33)  | \$134   |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$1     | \$0     |
| 5        | <b>Investment Income</b>        | \$0     | (\$0)   | (\$2)   | (\$8)   | (\$12)  |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$71)  | (\$150) | \$24    | (\$146) |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$83)  | (\$237) | (\$207) | (\$353) |
| 9        | <b>AOCI</b>                     | \$0     | (\$0)   | (\$3)   | (\$6)   | (\$8)   |
| 10       | <b>Total Equity</b>             | \$0     | (\$83)  | (\$240) | (\$214) | (\$361) |
| 11       | <b>MCT Ratio</b>                | 0%      | -22%    | -59%    | -47%    | -81%    |



**Figure FCT- 48 High Loss Ratio Going Concern Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 5.0%    | 0.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,276 | \$1,319 | \$1,368 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,179 | \$1,301 | \$1,159 | \$1,390 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$198   | \$199   | \$201   |
| 7        | <b>Investment Income</b>        | \$136   | \$107   | \$103   | \$104   | \$106   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$80)  | (\$119) | \$65    | (\$117) |
| 10       | <b>Retained Earnings</b>        | \$428   | \$375   | \$293   | \$416   | \$364   |
| 11       | <b>AOCI</b>                     | \$23    | \$20    | \$20    | \$21    | \$26    |
| 12       | <b>Total Equity</b>             | \$451   | \$394   | \$313   | \$437   | \$390   |
| 13       | <b>MCT Ratio</b>                | 108%    | 86%     | 62%     | 93%     | 77%     |

**Figure FCT- 49 High Loss Ratio Going Concern Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 5.0%    | 0.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$31    | \$30    | \$33    |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$71    | \$148   | (\$33)  | \$134   |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$2     | \$7     | \$3     |
| 7        | <b>Investment Income</b>        | \$0     | (\$0)   | (\$1)   | (\$5)   | (\$3)   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$71)  | (\$120) | \$170   | (\$106) |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$83)  | (\$207) | (\$32)  | (\$138) |
| 11       | <b>AOCI</b>                     | \$0     | (\$0)   | (\$3)   | (\$5)   | (\$4)   |
| 12       | <b>Total Equity</b>             | \$0     | (\$83)  | (\$210) | (\$38)  | (\$142) |
| 13       | <b>MCT Ratio</b>                | 0%      | -22%    | -52%    | -7%     | -33%    |

## FCT.5.6 Underestimation of Policy Liabilities Scenario

### 1 **Scenario Description**

2 An underestimation of the prior year's policy liabilities results in a large actuarial  
3 adjustment beginning in the 2023/24 fiscal year.

### 4 **Ripple Effects**

5 The impacts from an underestimation of the prior year's policy liabilities are  
6 incorporated into the FFM.

### 7 **Changes from Last Year's FCT Report**

8 No changes were made to this scenario relative to last year's FCT report.

### 9 **Scenario Justification**

10 Annual changes to estimated claim liabilities directly affect net claims incurred for the  
11 given fiscal year. To model the volatility of underestimation of policy liabilities, MPI  
12 used its historical prior year valuation changes for no-fault PIPP benefits. PIPP benefits  
13 make up the vast majority of Basic claim liabilities. Since MPI does not settle PIPP  
14 claims, the majority of PIPP liabilities are for lifetime claimants. The average claims  
15 duration of PIPP liabilities is more than 10 years.

16 MPI reviewed data back to 2015. The figure below shows the PIPP valuation changes  
17 from one year to the next.

**Figure FCT- 50 Historical PIPP Run off**

| Line No. |                      | Revised Valuation | Initial Valuation | Difference (\$) | Difference (%) |
|----------|----------------------|-------------------|-------------------|-----------------|----------------|
| 1        | <i>(in millions)</i> |                   |                   |                 |                |
| 2        | <b>Mar 2022</b>      | \$3,032           | \$3,026           | (\$5)           | -0.2%          |
| 3        | <b>Mar 2021</b>      | \$3,037           | \$2,993           | \$44            | 1.5%           |
| 4        | <b>Mar 2020</b>      | \$2,964           | \$3,016           | (\$52)          | -1.7%          |
| 5        | <b>Feb 2019</b>      | \$2,959           | \$2,930           | \$29            | 1.0%           |
| 6        | <b>Feb 2018</b>      | \$2,897           | \$2,857           | \$39            | 1.4%           |
| 7        | <b>Feb 2017</b>      | \$2,835           | \$2,771           | \$64            | 2.3%           |
| 8        | <b>Feb 2016</b>      | \$2,766           | \$2,733           | \$33            | 1.2%           |

- 1 Fitting the data directly would assume that there is overvaluation of policy liability  
2 every year on average. As such, MPI has judgmentally assumed a normal distribution  
3 with a mean of 0.0% and standard deviation of 1.3%. This was selected to accurately  
4 reflect the variability of future valuations while still assuming no inherent  
5 overestimation or underestimation of policy liabilities each year. A percentage of total  
6 PIPP claim liabilities was simulated for each year.

**Figure FCT- 51 Simulated PIPP Run off (Cumulative)**

| Line No. | Percentile           | 1-Year | 2-Year | 3-Year | 4-Year |
|----------|----------------------|--------|--------|--------|--------|
| 1        | <i>(in millions)</i> |        |        |        |        |
| 2        | <b>1-in-100</b>      | \$98   | \$141  | \$174  | \$202  |
| 3        | <b>1-in-40</b>       | \$83   | \$119  | \$145  | \$170  |
| 4        | <b>1-in-20</b>       | \$70   | \$99   | \$122  | \$141  |
| 5        | <b>1-in-10</b>       | \$54   | \$77   | \$95   | \$109  |

1 **Results**

- 2 The figures below show the projected Total Equity and MCT ratios for each of the  
3 Underestimation of Policy Liabilities scenarios described above. The results are shown  
4 without management action.

**Figure FCT- 52 Total Equity - Underestimation of Policy Liabilities Scenario without Management Action**

| Line No. | Probability                 | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|-----------------------------|---------------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>        |               |         |         |         |         |
| 2        | 1-in-100                    | 1 year + base | \$366   |         |         |         |
| 3        | 1-in-40                     | 1 year + base | \$383   |         |         |         |
| 4        | 1-in-20                     | 1 year + base | \$398   |         |         |         |
| 5        | 1-in-10                     | 1 year + base | \$415   |         |         |         |
| 6        | 1-in-100                    | 2 year + base | \$384   | \$354   |         |         |
| 7        | 1-in-40                     | 2 year + base | \$412   | \$383   |         |         |
| 8        | 1-in-20                     | 2 year + base | \$401   | \$407   |         |         |
| 9        | 1-in-10                     | 2 year + base | \$448   | \$434   |         |         |
| 10       | 1-in-100                    | 3 year + base | \$412   | \$390   | \$262   |         |
| 11       | 1-in-40                     | 3 year + base | \$424   | \$451   | \$304   |         |
| 12       | 1-in-20                     | 3 year + base | \$456   | \$386   | \$328   |         |
| 13       | 1-in-10                     | 3 year + base | \$409   | \$424   | \$362   |         |
| 14       | 1-in-100                    | 4 year + base | \$437   | \$373   | \$298   | \$288   |
| 15       | 1-in-40                     | 4 year + base | \$471   | \$468   | \$330   | \$335   |
| 16       | 1-in-20                     | 4 year + base | \$460   | \$449   | \$381   | \$366   |
| 17       | 1-in-10                     | 4 year + base | \$444   | \$476   | \$396   | \$401   |
| 18       | <b>Base</b>                 |               | \$478   | \$523   | \$475   | \$532   |
| 19       | <b>Difference from Base</b> |               |         |         |         |         |
| 20       | 1-in-100, 1 year            |               | (\$111) |         |         |         |
| 21       | 1-in-100, 2 year            |               | (\$94)  | (\$170) |         |         |
| 22       | 1-in-100, 3 year            |               | (\$66)  | (\$133) | (\$212) |         |
| 23       | 1-in-100, 4 year            |               | (\$41)  | (\$150) | (\$177) | (\$243) |

**Figure FCT- 53 Minimum Capital Test Ratio - Underestimation of Policy Liabilities Scenario without Management Action**

| Line No. | Probability          | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|----------------------|---------------|---------|---------|---------|---------|
| 1        | 1-in-100             | 1 year + base | 77.5%   |         |         |         |
| 2        | 1-in-40              | 1 year + base | 82.0%   |         |         |         |
| 3        | 1-in-20              | 1 year + base | 86.3%   |         |         |         |
| 4        | 1-in-10              | 1 year + base | 90.9%   |         |         |         |
| 5        | 1-in-100             | 2 year + base | 82.4%   | 72.3%   |         |         |
| 6        | 1-in-40              | 2 year + base | 90.0%   | 79.3%   |         |         |
| 7        | 1-in-20              | 2 year + base | 87.2%   | 86.0%   |         |         |
| 8        | 1-in-10              | 2 year + base | 100.1%  | 91.5%   |         |         |
| 9        | 1-in-100             | 3 year + base | 90.0%   | 81.1%   | 49.5%   |         |
| 10       | 1-in-40              | 3 year + base | 93.3%   | 97.0%   | 58.7%   |         |
| 11       | 1-in-20              | 3 year + base | 102.5%  | 78.7%   | 66.3%   |         |
| 12       | 1-in-10              | 3 year + base | 89.3%   | 90.3%   | 74.2%   |         |
| 13       | 1-in-100             | 4 year + base | 96.9%   | 75.9%   | 58.9%   | 55.3%   |
| 14       | 1-in-40              | 4 year + base | 106.8%  | 99.8%   | 64.8%   | 65.7%   |
| 15       | 1-in-20              | 4 year + base | 103.5%  | 95.2%   | 78.5%   | 72.0%   |
| 16       | 1-in-10              | 4 year + base | 98.9%   | 103.1%  | 81.5%   | 80.2%   |
| 17       | Base                 |               | 108.5%  | 114.6%  | 100.0%  | 109.9%  |
| 18       | Difference from Base |               |         |         |         |         |
| 19       | 1-in-100, 1 year     |               | -31.0%  |         |         |         |
| 20       | 1-in-100, 2 year     |               | -26.2%  | -42.3%  |         |         |
| 21       | 1-in-100, 3 year     |               | -18.6%  | -33.5%  | -50.5%  |         |
| 22       | 1-in-100, 4 year     |               | -11.6%  | -38.7%  | -41.1%  | -54.6%  |

## 1 Solvency Scenarios

2 Based on the above results, the most significant solvency scenarios (relative to the  
3 base forecast) are the four-year scenarios. However, Total Equity for all solvency  
4 scenarios before management action remains significantly above zero.

5 MPI selected the four-year scenario at the 1-in-100 year level for modeling purposes.  
6 The results for this scenario, with and without management action, are shown in the  
7 figures below and in Appendix 4 – Underestimation of Policy Liabilities Solvency  
8 Scenario.

**Figure FCT- 54 Underestimation of Policy Liabilities Solvency Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,149 | \$1,261 | \$1,216 | \$1,318 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$192   | \$199   |
| 5        | <b>Investment Income</b>        | \$136   | \$108   | \$105   | \$109   | \$106   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$50)  | (\$107) | (\$129) | (\$76)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$417   | \$352   | \$276   | \$265   |
| 9        | <b>AOCI</b>                     | \$23    | \$20    | \$22    | \$22    | \$23    |
| 10       | <b>Total Equity</b>             | \$451   | \$437   | \$373   | \$298   | \$288   |
| 11       | <b>MCT Ratio</b>                | 108%    | 97%     | 76%     | 59%     | 55%     |

**Figure FCT- 55 Underestimation of Policy Liabilities Solvency Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$41    | \$108   | \$24    | \$62    |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$1     | \$1     |
| 5        | <b>Investment Income</b>        | \$0     | (\$0)   | \$0     | \$0     | (\$3)   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$41)  | (\$108) | (\$24)  | (\$66)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$41)  | (\$149) | (\$172) | (\$237) |
| 9        | <b>AOCI</b>                     | \$0     | (\$0)   | (\$1)   | (\$4)   | (\$6)   |
| 10       | <b>Total Equity</b>             | \$0     | (\$41)  | (\$150) | (\$177) | (\$243) |
| 11       | <b>MCT Ratio</b>                | 0%      | -12%    | -39%    | -41%    | -55%    |

**Figure FCT- 56 Underestimation of Policy Liabilities Solvency Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 5.0%    | 0.0%    | 1.1%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,276 | \$1,319 | \$1,342 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,149 | \$1,262 | \$1,216 | \$1,318 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$198   | \$198   | \$200   |
| 7        | <b>Investment Income</b>        | \$136   | \$108   | \$105   | \$110   | \$112   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$50)  | (\$79)  | \$16    | (\$63)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$417   | \$380   | \$449   | \$451   |
| 11       | <b>AOCI</b>                     | \$23    | \$20    | \$22    | \$22    | \$27    |
| 12       | <b>Total Equity</b>             | \$451   | \$437   | \$402   | \$472   | \$478   |
| 13       | <b>MCT Ratio</b>                | 108.05% | 96.92%  | 82.72%  | 97.82%  | 94.53%  |

**Figure FCT- 57 Underestimation of Policy Liabilities Solvency Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 5.0%    | 0.0%    | 1.1%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$31    | \$30    | \$7     |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$41    | \$109   | \$23    | \$61    |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$2     | \$7     | \$1     |
| 7        | <b>Investment Income</b>        | \$0     | (\$0)   | \$1     | \$2     | \$2     |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$41)  | (\$80)  | \$120   | (\$53)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$41)  | (\$120) | \$1     | (\$51)  |
| 11       | <b>AOCI</b>                     | \$0     | (\$0)   | (\$1)   | (\$4)   | (\$2)   |
| 12       | <b>Total Equity</b>             | \$0     | (\$41)  | (\$122) | (\$3)   | (\$54)  |
| 13       | <b>MCT Ratio</b>                | 0%      | -12%    | -32%    | -2%     | -15%    |

**Going Concern Scenarios**

Of the 1-in-10 year Policy Liabilities going concern scenarios without management action, the three-year scenario reaches a low of 74.2% MCT. As such, all the going concern scenarios meet the requirements of the CMP.

**Figure FCT- 58 Underestimation of Policy Liabilities Going Concern Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,142 | \$1,166 | \$1,223 | \$1,306 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$192   | \$199   |
| 5        | <b>Investment Income</b>        | \$136   | \$108   | \$105   | \$108   | \$109   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$42)  | (\$12)  | (\$136) | (\$61)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$424   | \$454   | \$371   | \$374   |
| 9        | <b>AOCI</b>                     | \$23    | \$20    | \$22    | \$25    | \$27    |
| 10       | <b>Total Equity</b>             | \$451   | \$444   | \$476   | \$396   | \$401   |
| 11       | <b>MCT Ratio</b>                | 108%    | 99%     | 103%    | 82%     | 80%     |

**Figure FCT- 59 Underestimation of Policy Liabilities Going Concern Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$34    | \$13    | \$30    | \$50    |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$0     | \$0     |
| 5        | <b>Investment Income</b>        | \$0     | (\$0)   | \$0     | (\$1)   | (\$1)   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$34)  | (\$13)  | (\$31)  | (\$51)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$34)  | (\$46)  | (\$78)  | (\$128) |
| 9        | <b>AOCI</b>                     | \$0     | (\$0)   | (\$1)   | (\$2)   | (\$3)   |
| 10       | <b>Total Equity</b>             | \$0     | (\$34)  | (\$47)  | (\$79)  | (\$131) |
| 11       | <b>MCT Ratio</b>                | 0%      | -10%    | -12%    | -18%    | -30%    |



**Figure FCT- 60 Underestimation of Policy Liabilities Going Concern Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,142 | \$1,166 | \$1,222 | \$1,306 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$195   | \$199   |
| 7        | <b>Investment Income</b>        | \$136   | \$108   | \$105   | \$108   | \$113   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$42)  | (\$12)  | (\$21)  | (\$57)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$424   | \$454   | \$486   | \$494   |
| 11       | <b>AOCI</b>                     | \$23    | \$20    | \$22    | \$25    | \$28    |
| 12       | <b>Total Equity</b>             | \$451   | \$444   | \$476   | \$511   | \$522   |
| 13       | <b>MCT Ratio</b>                | 108%    | 99%     | 103%    | 106%    | 105%    |

**Figure FCT- 61 Underestimation of Policy Liabilities Going Concern Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$34    | \$13    | \$30    | \$50    |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$4     | \$0     |
| 7        | <b>Investment Income</b>        | \$0     | (\$0)   | \$0     | (\$1)   | \$3     |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$34)  | (\$13)  | \$84    | (\$47)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$34)  | (\$46)  | \$38    | (\$9)   |
| 11       | <b>AOCI</b>                     | \$0     | (\$0)   | (\$1)   | (\$1)   | (\$1)   |
| 12       | <b>Total Equity</b>             | \$0     | (\$34)  | (\$47)  | \$36    | (\$10)  |
| 13       | <b>MCT Ratio</b>                | 0%      | -10%    | -12%    | 6%      | -5%     |

## FCT.5.7 Interest Rate Decrease Scenario

### 1 Scenario Description

2 Interest rates decrease or remain at sustained low levels over the forecast period  
3 beginning in the 2023/24 fiscal year.

### 4 Ripple Effects

5 The impacts from interest rate changes are incorporated into the FFM.

### 6 Changes from Last Year's FCT Report

7 No changes were made to this scenario relative to last year's FCT report.

### 8 Scenario Justification

9 Changes in the GoC 10-year bond rates impact both the fixed income portfolio and the  
10 claims liabilities valuation (which uses the fixed income portfolio yield to calculate the  
11 present value of the liabilities). Changes in the GoC 10-year bond rates impact the  
12 gains/losses on marketable bonds and the yield on new MUSH purchases. Changes in  
13 the marketable bond yield, which consists of the forecasted GoC 10-year bond rate  
14 plus a spread based on the marketable bond duration, impacts the claims liability  
15 discount rate.

16 The dataset used in this scenario is the historical long-term bond yield series from the  
17 Bank of Canada (BoC) from 1956 to June 2022.<sup>2</sup> Long-term bond yields include bonds  
18 with a term of 10 years or longer. The entire dataset for BoC long-term bond yields is  
19 available from January 1949 to present. However, since the equity return history used  
20 in this FCT analysis is from 1956 to present, the data from 1949 to 1955 was removed  
21 from the dataset for consistency.

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<sup>2</sup> V122487 series from the BoC.

1 Long-term bond yields were used instead of the GoC 10-year bond yields because the  
 2 GoC 10-year bond yield dataset is only available from June 1989. Applying the  
 3 historical change in long-term bond yields (10+ years) instead of applying the  
 4 historical change in the GoC 10-year bond rate is a reasonable assumption for this  
 5 analysis. This assumption holds true if there is a parallel shift in the yield curve when  
 6 interest rates decline. Therefore, it is assumed in this scenario that there is a parallel  
 7 yield curve shift when interest rates change. The figure below shows the actual decline  
 8 in long-term bond yields by percentile.

**Figure FCT- 62 Historical Declines in Long-Term Bond Yields by Percentile and Period (Cumulative)**

| Line No. | Time Period  | Percentile | Period (Years) |        |        |        |
|----------|--------------|------------|----------------|--------|--------|--------|
|          |              |            | 1              | 2      | 3      | 4      |
| 1        | 1956-present | 1st        | -3.37%         | -4.00% | -4.00% | -5.44% |
| 2        | 1956-present | 2.5th      | -2.04%         | -2.82% | -3.39% | -3.99% |
| 3        | 1956-present | 5th        | -1.52%         | -2.38% | -2.84% | -2.97% |
| 4        | 1956-present | 10th       | -1.07%         | -1.64% | -1.86% | -1.99% |

9 Based on the historical results above, MPI selected Interest Rate Decrease scenarios  
 10 based on fitted distributions selected to best represent the historical data. The  
 11 assumptions are shown in the figure below.

**Figure FCT- 63 Selected Adverse Scenarios by Percentile and Period (Cumulative)**

| Line No. | Percentile | Period (Years) |        |        |        |
|----------|------------|----------------|--------|--------|--------|
|          |            | 1              | 2      | 3      | 4      |
| 1        | 1st        | -2.88%         | -4.00% | -4.82% | -4.39% |
| 2        | 2.5th      | -2.22%         | -3.08% | -3.74% | -3.64% |
| 3        | 5th        | -1.72%         | -2.38% | -2.93% | -3.03% |
| 4        | 10th       | -1.21%         | -1.68% | -2.11% | -2.37% |

12 In addition to using the long-term bond yield dataset, for FCT purposes, MPI has made  
 13 the following assumptions:

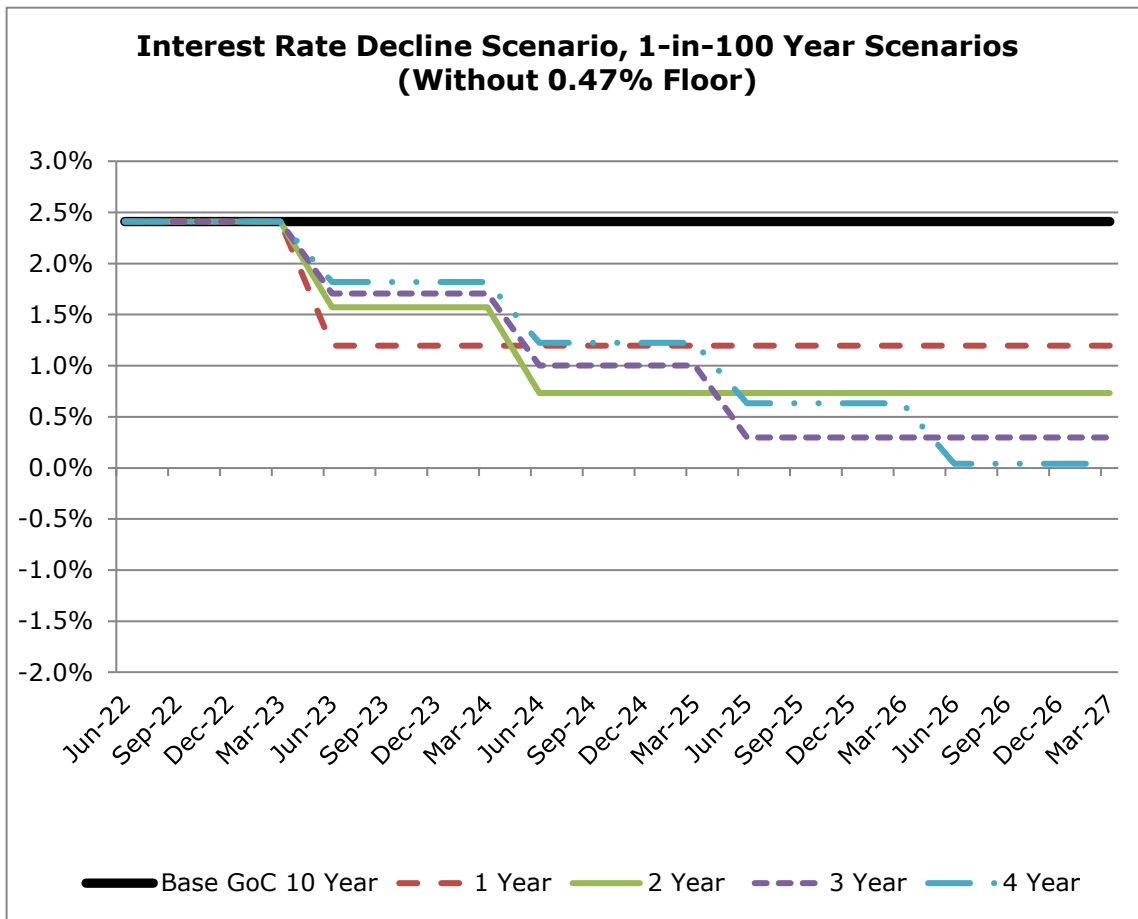
- 14 • The decline in interest rates starting in 2023/24 is based on the Q4 2022/23  
 15 forecasted rate of 2.41%.
- 16 • For the one-year scenario, the entire interest rate decline occurs in Q1  
 17 2023/24. For the two-year scenario, half of the modeled interest rate decline

1 occurs in Q1 2023/24 and half in Q1 2024/25. For the three-year and four-year  
2 scenarios, the modeled interest rate decline occurs in Q1 of each year on a  
3 linear basis similar to the two-year scenario.

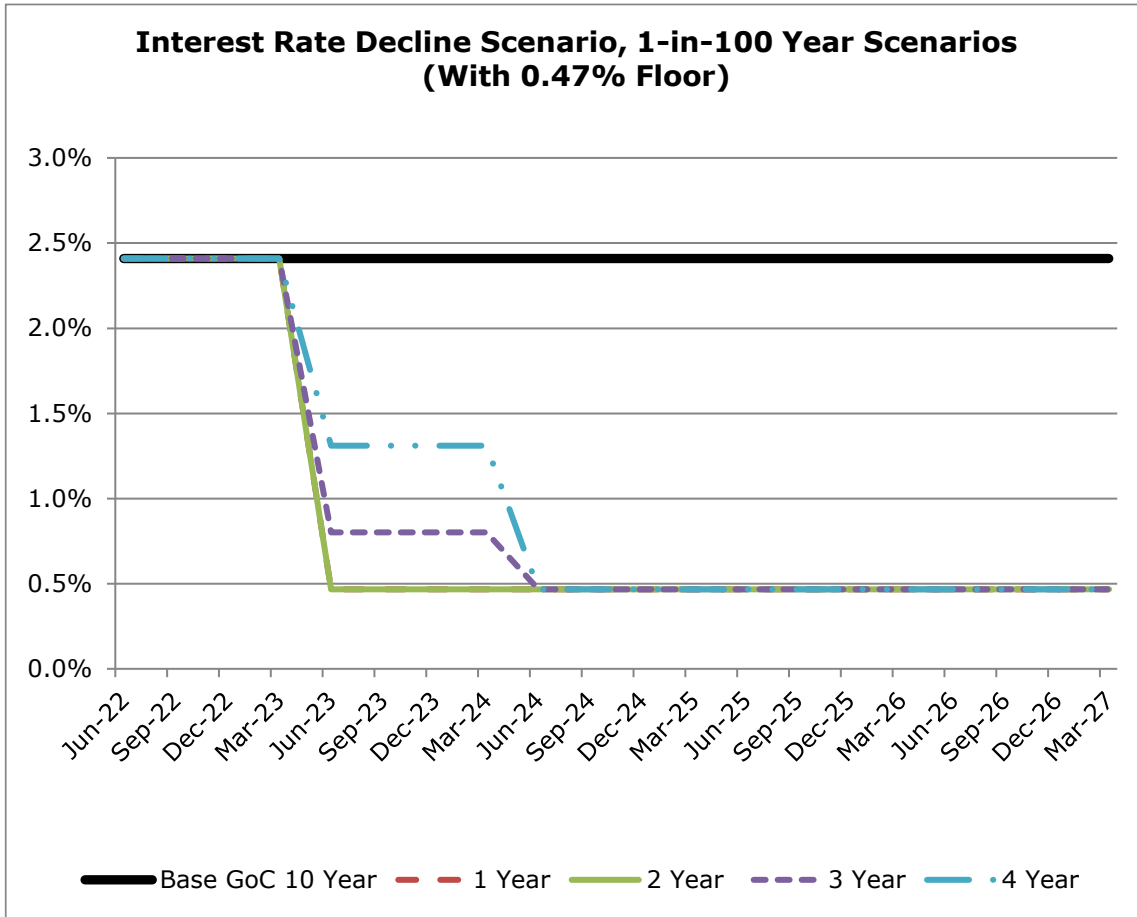
- 4 • An interest rate floor of 0.47% is applied to the interest rate scenarios if the  
5 forecasted interest rate falls below this level. The interest rate floor is based on  
6 the lowest monthly GoC 10-year bond yield from 1989 to present.

7 To illustrate the modeled interest rates and the application of the interest rate floor,  
8 below are two charts showing the 1-in-100 year interest rate decline scenarios over 1,  
9 2, 3, and 4 years. The first chart shows the modeled interest rate decline without the  
10 0.47% floor. The second chart shows the modeled interest rate decline with the  
11 0.47% floor.

**Figure FCT- 64 Interest Rate Decrease Scenario, 1-in-100 Year Scenarios (Without 0.47% Floor)**



**Figure FCT- 65 Interest Rate Decrease Scenario, 1-in-100 Year Scenarios (With 0.47% Floor)**



1 **Results**

2 The figures below show the projected Total Equity and MCT ratios for each of the  
 3 Interest Rate Decrease scenarios described above. The results are shown without  
 4 management action.

**Figure FCT- 66 Total Equity - Interest Rate Decrease Scenario without Management Action**

| Line No. | Probability                 | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|-----------------------------|---------------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>        |               |         |         |         |         |
| 2        | 1-in-100                    | 1 year + base | \$432   |         |         |         |
| 3        | 1-in-40                     | 1 year + base | \$432   |         |         |         |
| 4        | 1-in-20                     | 1 year + base | \$437   |         |         |         |
| 5        | 1-in-10                     | 1 year + base | \$447   |         |         |         |
| 6        | 1-in-100                    | 2 year + base | \$432   | \$389   |         |         |
| 7        | 1-in-40                     | 2 year + base | \$440   | \$390   |         |         |
| 8        | 1-in-20                     | 2 year + base | \$447   | \$396   |         |         |
| 9        | 1-in-10                     | 2 year + base | \$455   | \$425   |         |         |
| 10       | 1-in-100                    | 3 year + base | \$439   | \$389   | \$249   |         |
| 11       | 1-in-40                     | 3 year + base | \$446   | \$395   | \$252   |         |
| 12       | 1-in-20                     | 3 year + base | \$452   | \$405   | \$259   |         |
| 13       | 1-in-10                     | 3 year + base | \$458   | \$444   | \$287   |         |
| 14       | 1-in-100                    | 4 year + base | \$449   | \$399   | \$255   | \$221   |
| 15       | 1-in-40                     | 4 year + base | \$453   | \$416   | \$265   | \$231   |
| 16       | 1-in-20                     | 4 year + base | \$457   | \$437   | \$281   | \$246   |
| 17       | 1-in-10                     | 4 year + base | \$461   | \$459   | \$314   | \$270   |
| 18       | Base                        |               | \$478   | \$523   | \$475   | \$532   |
| 19       | <b>Difference from Base</b> |               |         |         |         |         |
| 20       | 1-in-100, 1 year            |               | (\$46)  |         |         |         |
| 21       | 1-in-100, 2 year            |               | (\$46)  | (\$134) |         |         |
| 22       | 1-in-100, 3 year            |               | (\$39)  | (\$134) | (\$226) |         |
| 23       | 1-in-100, 4 year            |               | (\$28)  | (\$124) | (\$220) | (\$311) |

**Figure FCT- 67 Minimum Capital Test Ratio - Interest Rate Decrease Scenario without Management Action**

| Line No. | Probability          | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|----------------------|---------------|---------|---------|---------|---------|
| 1        | 1-in-100             | 1 year + base | 76.3%   |         |         |         |
| 2        | 1-in-40              | 1 year + base | 76.3%   |         |         |         |
| 3        | 1-in-20              | 1 year + base | 79.5%   |         |         |         |
| 4        | 1-in-10              | 1 year + base | 86.9%   |         |         |         |
| 5        | 1-in-100             | 2 year + base | 76.3%   | 72.8%   |         |         |
| 6        | 1-in-40              | 2 year + base | 82.0%   | 70.7%   |         |         |
| 7        | 1-in-20              | 2 year + base | 87.3%   | 70.5%   |         |         |
| 8        | 1-in-10              | 2 year + base | 93.0%   | 77.5%   |         |         |
| 9        | 1-in-100             | 3 year + base | 81.1%   | 71.0%   | 42.0%   |         |
| 10       | 1-in-40              | 3 year + base | 86.4%   | 70.4%   | 42.5%   |         |
| 11       | 1-in-20              | 3 year + base | 90.7%   | 70.8%   | 43.9%   |         |
| 12       | 1-in-10              | 3 year + base | 95.3%   | 83.6%   | 47.8%   |         |
| 13       | 1-in-100             | 4 year + base | 88.7%   | 70.6%   | 43.1%   | 36.4%   |
| 14       | 1-in-40              | 4 year + base | 91.8%   | 74.0%   | 44.8%   | 38.5%   |
| 15       | 1-in-20              | 4 year + base | 94.4%   | 81.2%   | 47.0%   | 41.3%   |
| 16       | 1-in-10              | 4 year + base | 97.3%   | 88.7%   | 53.7%   | 45.6%   |
| 17       | Base                 |               | 108.5%  | 114.6%  | 100.0%  | 109.9%  |
| 18       | Difference from Base |               |         |         |         |         |
| 19       | 1-in-100, 1 year     |               | -32.2%  |         |         |         |
| 20       | 1-in-100, 2 year     |               | -32.2%  | -41.8%  |         |         |
| 21       | 1-in-100, 3 year     |               | -27.5%  | -43.6%  | -58.0%  |         |
| 22       | 1-in-100, 4 year     |               | -19.8%  | -44.0%  | -56.9%  | -73.5%  |

## 1 Solvency Scenarios

2 Based on the above results, the most significant solvency scenarios (relative to the  
3 base forecast) are the four-year scenarios. However, Total Equity for all solvency  
4 scenarios before management action remains significantly above zero.

5 MPI selected the four-year scenario at the 1-in-100 year level for modeling purposes.  
6 The results for this scenario, with and without management action, are shown in the  
7 figures below and in Appendix 6 – Interest Rate Decrease Solvency Scenario.

**Figure FCT- 68 Interest Rate Decrease Solvency Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,303 | \$1,369 | \$1,246 | \$1,294 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$197   | \$193   | \$200   |
| 5        | <b>Investment Income</b>        | \$136   | \$301   | \$255   | \$81    | \$59    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$11)  | (\$66)  | (\$188) | (\$99)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$458   | \$436   | \$303   | \$269   |
| 9        | <b>AOCI</b>                     | \$23    | (\$9)   | (\$37)  | (\$48)  | (\$48)  |
| 10       | <b>Total Equity</b>             | \$451   | \$449   | \$399   | \$255   | \$221   |
| 11       | <b>MCT Ratio</b>                | 108%    | 89%     | 71%     | 43%     | 36%     |

**Figure FCT- 69 Interest Rate Decrease Solvency Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$195   | \$217   | \$54    | \$37    |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$1     | \$1     | \$1     |
| 5        | <b>Investment Income</b>        | \$0     | \$193   | \$151   | (\$28)  | (\$50)  |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$2)   | (\$66)  | (\$83)  | (\$89)  |
| 8        | <b>Retained Earnings</b>        | \$0     | \$0     | (\$64)  | (\$146) | (\$233) |
| 9        | <b>AOCI</b>                     | \$0     | (\$29)  | (\$60)  | (\$74)  | (\$78)  |
| 10       | <b>Total Equity</b>             | \$0     | (\$28)  | (\$124) | (\$220) | (\$311) |
| 11       | <b>MCT Ratio</b>                | 0%      | -20%    | -44%    | -57%    | -73%    |



**Figure FCT- 70 Interest Rate Decrease Solvency Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 5.0%    | 2.0%    | 4.2%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,276 | \$1,332 | \$1,375 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,303 | \$1,371 | \$1,245 | \$1,294 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$199   | \$200   | \$203   |
| 7        | <b>Investment Income</b>        | \$136   | \$301   | \$255   | \$79    | \$63    |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$11)  | (\$39)  | (\$33)  | (\$58)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$458   | \$463   | \$483   | \$491   |
| 11       | <b>AOCI</b>                     | \$23    | (\$9)   | (\$36)  | (\$45)  | (\$41)  |
| 12       | <b>Total Equity</b>             | \$451   | \$449   | \$426   | \$439   | \$450   |
| 13       | <b>MCT Ratio</b>                | 108%    | 89%     | 76%     | 81%     | 81%     |

**Figure FCT- 71 Interest Rate Decrease Solvency Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 5.0%    | 2.0%    | 4.2%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$31    | \$43    | \$40    |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$195   | \$219   | \$53    | \$37    |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$3     | \$8     | \$4     |
| 7        | <b>Investment Income</b>        | \$0     | \$193   | \$151   | (\$29)  | (\$47)  |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$2)   | (\$40)  | \$71    | (\$48)  |
| 10       | <b>Retained Earnings</b>        | \$0     | \$0     | (\$38)  | \$35    | (\$12)  |
| 11       | <b>AOCI</b>                     | \$0     | (\$29)  | (\$59)  | (\$71)  | (\$70)  |
| 12       | <b>Total Equity</b>             | \$0     | (\$28)  | (\$97)  | (\$36)  | (\$82)  |
| 12       | <b>MCT Ratio</b>                | 0%      | -20%    | -38%    | -19%    | -29%    |

**Going Concern Scenarios**

- 1 Of the 1-in-10 year Interest Rate Decrease going concern scenarios without
- 2 management action, the four-year scenario reaches a low of 46% MCT. Before
- 3 application of routine management action, the Interest Rate Decrease going concern
- 4 scenario is materially above 35% MCT throughout the forecast period.

**Figure FCT- 72 Interest Rate Decrease Going Concern Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,209 | \$1,283 | \$1,367 | \$1,345 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$196   | \$193   | \$200   |
| 5        | <b>Investment Income</b>        | \$136   | \$204   | \$205   | \$214   | \$116   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$14)  | (\$29)  | (\$175) | (\$94)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$454   | \$469   | \$348   | \$320   |
| 9        | <b>AOCI</b>                     | \$23    | \$7     | (\$11)  | (\$34)  | (\$49)  |
| 10       | <b>Total Equity</b>             | \$451   | \$461   | \$459   | \$314   | \$270   |
| 11       | <b>MCT Ratio</b>                | 108%    | 97%     | 89%     | 54%     | 46%     |

**Figure FCT- 73 Interest Rate Decrease Going Concern Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$101   | \$130   | \$175   | \$89    |
| 4        | <b>Expenses</b>                 | \$0     | \$0     | \$0     | \$1     | \$1     |
| 5        | <b>Investment Income</b>        | \$0     | \$96    | \$101   | \$105   | \$6     |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$5)   | (\$30)  | (\$70)  | (\$83)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$4)   | (\$31)  | (\$100) | (\$183) |
| 9        | <b>AOCI</b>                     | \$0     | (\$13)  | (\$34)  | (\$60)  | (\$78)  |
| 10       | <b>Total Equity</b>             | \$0     | (\$16)  | (\$65)  | (\$161) | (\$261) |
| 11       | <b>MCT Ratio</b>                | 0%      | -11%    | -26%    | -46%    | -64%    |

**Figure FCT- 74 Interest Rate Decrease Going Concern Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 1.9%    | 1.9%    | 4.4%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,257 | \$1,313 | \$1,376 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,209 | \$1,284 | \$1,367 | \$1,346 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$197   | \$198   | \$203   |
| 7        | <b>Investment Income</b>        | \$136   | \$204   | \$205   | \$211   | \$119   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$14)  | (\$18)  | (\$40)  | (\$54)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$454   | \$480   | \$493   | \$504   |
| 11       | <b>AOCI</b>                     | \$23    | \$7     | (\$10)  | (\$30)  | (\$41)  |
| 12       | <b>Total Equity</b>             | \$451   | \$461   | \$469   | \$463   | \$463   |
| 13       | <b>MCT Ratio</b>                | 108%    | 97%     | 91%     | 83%     | 82%     |

**Figure FCT- 75 Interest Rate Decrease Going Concern Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 1.9%    | 1.9%    | 4.4%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$12    | \$24    | \$41    |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$101   | \$131   | \$174   | \$89    |
| 6        | <b>Expenses</b>                 | \$0     | \$0     | \$1     | \$6     | \$4     |
| 7        | <b>Investment Income</b>        | \$0     | \$96    | \$101   | \$103   | \$9     |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$5)   | (\$19)  | \$64    | (\$44)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$4)   | (\$21)  | \$45    | \$2     |
| 11       | <b>AOCI</b>                     | \$0     | (\$13)  | (\$33)  | (\$57)  | (\$70)  |
| 12       | <b>Total Equity</b>             | \$0     | (\$16)  | (\$54)  | (\$12)  | (\$68)  |
| 13       | <b>MCT Ratio</b>                | 0%      | -11%    | -24%    | -17%    | -28%    |

## FCT.5.8 Increasing Inflation Scenario

### 1 Scenario Description

2 Manitoba inflation increases or remains at sustained high levels over the forecast  
3 period beginning in the 2023/24 fiscal year.

### 4 Ripple Effects

5 The impacts from inflation are incorporated into the FFM. Inflation is applied to all  
6 operating expenses and indexed claim liabilities.

### 7 Changes from Last Year's FCT Report

8 Modelling of inflation was extended to 1979 from 1992 and Manitoba inflation was  
9 used instead of Canadian CPI.

### 10 Scenario Justification

11 In 2021, Manitoba inflation began to rise to historical levels which continued into  
12 2022. These levels of inflation vastly outpaced the worst inflation scenarios of MPI in  
13 the 2021 FCT Report. As such, MPI has re-evaluated its modelling and has used  
14 historical Manitoba inflation back to 1979 which is the furthest available from Statistics  
15 Canada<sup>3</sup>.

16 The figure below shows the actual increases in Manitoba inflation by percentile.

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<sup>3</sup> Statistics Canada. [Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted](#)

**Figure FCT- 76 Historical Manitoba Inflation by Percentile and Period (Cumulative)**

| Line No. |              |            | Period (Years) |       |       |       |
|----------|--------------|------------|----------------|-------|-------|-------|
| 1        | Time Period  | Percentile | 1              | 2     | 3     | 4     |
| 2        | 1979-present | 99th       | 10.8%          | 22.0% | 31.6% | 38.9% |
| 3        | 1979-present | 97.5th     | 10.0%          | 21.1% | 29.2% | 34.3% |
| 4        | 1979-present | 95th       | 8.7%           | 15.9% | 20.6% | 26.2% |
| 5        | 1979-present | 90th       | 5.1%           | 9.9%  | 15.1% | 20.0% |

- 1 Based on the historical results above, MPI selected Increasing Inflation scenarios
- 2 based on fitted distributions selected to best represent the historical data. The
- 3 assumptions are shown in the figure below.

**Figure FCT- 77 Selected Adverse Scenarios by Percentile and Period (Cumulative)**

| Line No. |            | Period (Years) |       |       |       |
|----------|------------|----------------|-------|-------|-------|
| 1        | Percentile | 1              | 2     | 3     | 4     |
| 2        | 1st        | 14.5%          | 23.8% | 44.8% | 47.0% |
| 3        | 2.5th      | 10.0%          | 16.8% | 29.3% | 35.5% |
| 4        | 5th        | 7.5%           | 12.9% | 21.3% | 27.7% |
| 5        | 10th       | 5.6%           | 9.9%  | 15.4% | 20.8% |

4 **Results**

- 5 The figures below show the projected Total Equity and MCT ratios for each of the
- 6 Increasing Inflation scenarios described above. The results are shown without
- 7 management action.

**Figure FCT- 78 Total Equity – Increasing Inflation Scenario without Management Action**

| No. | Probability                 | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|-----|-----------------------------|---------------|---------|---------|---------|---------|
| 1   | <i>(in millions)</i>        |               |         |         |         |         |
| 2   | 1-in-100                    | 1 year + base | \$389   |         |         |         |
| 3   | 1-in-40                     | 1 year + base | \$428   |         |         |         |
| 4   | 1-in-20                     | 1 year + base | \$448   |         |         |         |
| 5   | 1-in-10                     | 1 year + base | \$465   |         |         |         |
| 6   | 1-in-100                    | 2 year + base | \$404   | \$333   |         |         |
| 7   | 1-in-40                     | 2 year + base | \$433   | \$410   |         |         |
| 8   | 1-in-20                     | 2 year + base | \$449   | \$450   |         |         |
| 9   | 1-in-10                     | 2 year + base | \$463   | \$488   |         |         |
| 10  | 1-in-100                    | 3 year + base | \$387   | \$288   | \$27    |         |
| 11  | 1-in-40                     | 3 year + base | \$423   | \$383   | \$211   |         |
| 12  | 1-in-20                     | 3 year + base | \$443   | \$435   | \$312   |         |
| 13  | 1-in-10                     | 3 year + base | \$458   | \$474   | \$383   |         |
| 14  | 1-in-100                    | 4 year + base | \$402   | \$327   | \$100   | (\$83)  |
| 15  | 1-in-40                     | 4 year + base | \$428   | \$396   | \$237   | \$141   |
| 16  | 1-in-20                     | 4 year + base | \$445   | \$440   | \$320   | \$279   |
| 17  | 1-in-10                     | 4 year + base | \$457   | \$472   | \$380   | \$377   |
| 18  | <b>Base</b>                 |               | \$478   | \$523   | \$475   | \$532   |
| 19  | <b>Difference from Base</b> |               |         |         |         |         |
| 20  | 1-in-100, 1 year            |               | (\$89)  |         |         |         |
| 21  | 1-in-100, 2 year            |               | (\$74)  | (\$191) |         |         |
| 22  | 1-in-100, 3 year            |               | (\$90)  | (\$236) | (\$447) |         |
| 23  | 1-in-100, 4 year            |               | (\$76)  | (\$197) | (\$375) | (\$615) |

**Figure FCT- 79 Minimum Capital Test Ratio – Increasing Inflation Scenario without Management Action**

| Line No. | Probability          | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|----------------------|---------------|---------|---------|---------|---------|
| 1        | 1-in-100             | 1 year + base | 81.8%   |         |         |         |
| 2        | 1-in-40              | 1 year + base | 92.9%   |         |         |         |
| 3        | 1-in-20              | 1 year + base | 98.7%   |         |         |         |
| 4        | 1-in-10              | 1 year + base | 103.8%  |         |         |         |
| 5        | 1-in-100             | 2 year + base | 85.9%   | 64.5%   |         |         |
| 6        | 1-in-40              | 2 year + base | 94.4%   | 84.2%   |         |         |
| 7        | 1-in-20              | 2 year + base | 98.9%   | 94.8%   |         |         |
| 8        | 1-in-10              | 2 year + base | 103.3%  | 104.9%  |         |         |
| 9        | 1-in-100             | 3 year + base | 81.1%   | 53.3%   | -6.4%   |         |
| 10       | 1-in-40              | 3 year + base | 91.2%   | 77.1%   | 35.9%   |         |
| 11       | 1-in-20              | 3 year + base | 97.2%   | 90.9%   | 60.0%   |         |
| 12       | 1-in-10              | 3 year + base | 101.7%  | 101.1%  | 77.7%   |         |
| 13       | 1-in-100             | 4 year + base | 85.1%   | 62.9%   | 10.1%   | -27.2%  |
| 14       | 1-in-40              | 4 year + base | 92.7%   | 80.5%   | 42.0%   | 20.8%   |
| 15       | 1-in-20              | 4 year + base | 97.7%   | 92.0%   | 62.0%   | 51.8%   |
| 16       | 1-in-10              | 4 year + base | 101.4%  | 100.5%  | 76.7%   | 74.1%   |
| 17       | Base                 |               | 108.5%  | 114.6%  | 100.0%  | 109.9%  |
| 18       | Difference from Base |               |         |         |         |         |
| 19       | 1-in-100, 1 year     |               | -26.8%  |         |         |         |
| 20       | 1-in-100, 2 year     |               | -22.6%  | -50.1%  |         |         |
| 21       | 1-in-100, 3 year     |               | -27.5%  | -61.3%  | -106.4% |         |
| 22       | 1-in-100, 4 year     |               | -23.5%  | -51.7%  | -89.9%  | -137.1% |

## 1 Solvency Scenarios

2 Based on the above results, the most significant solvency scenarios (relative to the  
3 base forecast) are the four-year scenarios. Without any management action, the  
4 increasing inflation solvency scenario can effectively exhaust the entire Total Equity  
5 balance over a four-year period. However, with routine management action at the  
6 assumed maximum of 5% capital build per year beginning with 2024/25 policies, the  
7 Total Equity remains above zero over the forecast period.

8 MPI selected the four-year scenario at the 1-in-100 year level for modeling purposes.  
9 The results for this scenario, with and without management action, are shown in the  
10 figures below and in *Appendix 7 – Increasing Inflation Solvency Scenario*.

**Figure FCT- 80 Increasing Inflation Solvency Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,176 | \$1,257 | \$1,343 | \$1,455 |
| 4        | <b>Expenses</b>                 | \$175   | \$194   | \$211   | \$216   | \$233   |
| 5        | <b>Investment Income</b>        | \$136   | \$102   | \$113   | \$116   | \$119   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$90)  | (\$110) | (\$271) | (\$234) |
| 8        | <b>Retained Earnings</b>        | \$428   | \$375   | \$303   | \$78    | (\$99)  |
| 9        | <b>AOCI</b>                     | \$23    | \$27    | \$24    | \$22    | \$16    |
| 10       | <b>Total Equity</b>             | \$451   | \$402   | \$327   | \$100   | (\$83)  |
| 11       | <b>MCT Ratio</b>                | 108%    | 85%     | 63%     | 10%     | -27%    |

**Figure FCT- 81 Increasing Inflation Solvency Scenario without Management Action  
- Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$68    | \$105   | \$150   | \$199   |
| 4        | <b>Expenses</b>                 | \$0     | \$7     | \$15    | \$24    | \$34    |
| 5        | <b>Investment Income</b>        | \$0     | (\$6)   | \$9     | \$7     | \$10    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$81)  | (\$111) | (\$167) | (\$224) |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$83)  | (\$198) | (\$370) | (\$601) |
| 9        | <b>AOCI</b>                     | \$0     | \$7     | \$1     | (\$4)   | (\$13)  |
| 10       | <b>Total Equity</b>             | \$0     | (\$76)  | (\$197) | (\$375) | (\$615) |
| 11       | <b>MCT Ratio</b>                | 0%      | -23%    | -52%    | -90%    | -137%   |



**Figure FCT- 82 Increasing Inflation Solvency Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,276 | \$1,351 | \$1,399 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,176 | \$1,257 | \$1,343 | \$1,456 |
| 6        | <b>Expenses</b>                 | \$175   | \$194   | \$213   | \$224   | \$238   |
| 7        | <b>Investment Income</b>        | \$136   | \$102   | \$112   | \$118   | \$123   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$90)  | (\$81)  | (\$97)  | (\$171) |
| 10       | <b>Retained Earnings</b>        | \$428   | \$375   | \$331   | \$281   | \$166   |
| 11       | <b>AOCI</b>                     | \$23    | \$27    | \$25    | \$24    | \$24    |
| 12       | <b>Total Equity</b>             | \$451   | \$402   | \$356   | \$304   | \$190   |
| 13       | <b>MCT Ratio</b>                | 108%    | 85%     | 70%     | 55%     | 30%     |

**Figure FCT- 83 Increasing Inflation Solvency Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$31    | \$62    | \$64    |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$68    | \$105   | \$150   | \$199   |
| 6        | <b>Expenses</b>                 | \$0     | \$7     | \$17    | \$32    | \$39    |
| 7        | <b>Investment Income</b>        | \$0     | (\$6)   | \$8     | \$9     | \$14    |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$81)  | (\$82)  | \$7     | (\$160) |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$83)  | (\$169) | (\$168) | (\$336) |
| 11       | <b>AOCI</b>                     | \$0     | \$7     | \$2     | (\$2)   | (\$6)   |
| 12       | <b>Total Equity</b>             | \$0     | (\$76)  | (\$167) | (\$170) | (\$342) |
| 13       | <b>MCT Ratio</b>                | 0%      | -23%    | -45%    | -45%    | -80%    |

**Going Concern Scenarios**

- 1 Of the 1-in-10 year Increasing Inflation going concern scenarios without management  
2 action, the four-year scenario reaches a low of 74% MCT. After application of routine  
3 management action, the Increasing Inflation going concern scenario is materially  
4 above 35% MCT throughout the forecast period.

**Figure FCT- 84 Increasing Inflation Going Concern Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,126 | \$1,180 | \$1,229 | \$1,305 |
| 4        | <b>Expenses</b>                 | \$175   | \$189   | \$200   | \$198   | \$207   |
| 5        | <b>Investment Income</b>        | \$136   | \$101   | \$109   | \$111   | \$112   |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | (\$119) | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$35)  | (\$26)  | (\$144) | (\$65)  |
| 8        | <b>Retained Earnings</b>        | \$428   | \$430   | \$445   | \$352   | \$349   |
| 9        | <b>AOCI</b>                     | \$23    | \$27    | \$27    | \$27    | \$28    |
| 10       | <b>Total Equity</b>             | \$451   | \$457   | \$472   | \$380   | \$377   |
| 11       | <b>MCT Ratio</b>                | 108%    | 101%    | 101%    | 77%     | 74%     |

**Figure FCT- 85 Increasing Inflation Going Concern Scenario without Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$18    | \$27    | \$36    | \$49    |
| 4        | <b>Expenses</b>                 | \$0     | \$2     | \$4     | \$6     | \$9     |
| 5        | <b>Investment Income</b>        | \$0     | (\$6)   | \$4     | \$3     | \$2     |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$27)  | (\$27)  | (\$40)  | (\$55)  |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$27)  | (\$55)  | (\$96)  | (\$153) |
| 9        | <b>AOCI</b>                     | \$0     | \$7     | \$3     | \$1     | (\$1)   |
| 10       | <b>Total Equity</b>             | \$0     | (\$20)  | (\$52)  | (\$95)  | (\$155) |
| 11       | <b>MCT Ratio</b>                | 0%      | -7%     | -14%    | -23%    | -36%    |

**Figure FCT- 86 Increasing Inflation Going Concern Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 0.0%    | 0.0%    | 0.3%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,337 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,126 | \$1,180 | \$1,229 | \$1,305 |
| 6        | <b>Expenses</b>                 | \$175   | \$189   | \$200   | \$201   | \$207   |
| 7        | <b>Investment Income</b>        | \$136   | \$101   | \$109   | \$111   | \$116   |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$35)  | (\$26)  | (\$29)  | (\$60)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$430   | \$445   | \$467   | \$470   |
| 11       | <b>AOCI</b>                     | \$23    | \$27    | \$27    | \$28    | \$29    |
| 12       | <b>Total Equity</b>             | \$451   | \$457   | \$472   | \$495   | \$499   |
| 13       | <b>MCT Ratio</b>                | 108%    | 101%    | 101%    | 101%    | 99%     |

**Figure FCT- 87 Increasing Inflation Going Concern Scenario with Management Action - Difference from Base Forecast**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.3%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$2     |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$18    | \$27    | \$36    | \$49    |
| 6        | <b>Expenses</b>                 | \$0     | \$2     | \$4     | \$10    | \$9     |
| 7        | <b>Investment Income</b>        | \$0     | (\$6)   | \$4     | \$3     | \$6     |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$119   | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$27)  | (\$27)  | \$75    | (\$49)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$27)  | (\$55)  | \$19    | (\$32)  |
| 11       | <b>AOCI</b>                     | \$0     | \$7     | \$3     | \$1     | \$0     |
| 12       | <b>Total Equity</b>             | \$0     | (\$20)  | (\$52)  | \$20    | (\$32)  |
| 13       | <b>MCT Ratio</b>                | 0%      | -7%     | -14%    | 1%      | -11%    |

## FCT.5.9 Combined Scenario: Equity Returns, High Loss Ratio, Policy Liabilities, Inflation, and Interest Rates

### 1 Scenario Description

2 MPI experiences a significant deterioration in its financial condition because of the  
3 combined impacts of equity returns, interest rates, claims experience, corporate  
4 bonds, inflation, and policy liability underestimation.

### 5 Ripple Effects

6 The ripple effects are as described in the applicable single-risk scenarios in this report.

### 7 Changes from Last Year's FCT Report

8 This scenario now includes the impact of increasing inflation. Inflation was also  
9 correlated to collision severity growth to model the relationship between increased  
10 repair costs and inflation. The scenario also reflects any other changes made to the  
11 single-risk scenarios described in this report.

### 12 Scenario Justification

#### 13 *Integrated Scenario*

14 An integrated scenario is a type of adverse scenario that results when two or more  
15 adverse scenarios are combined. The adverse scenarios to be combined may be based  
16 on correlated or uncorrelated risk factors but the resulting integrated scenario would  
17 be realistic and plausible at the same probability levels of the single-risk adverse  
18 scenarios.

19 The simulation assumes that undiscounted claims costs are independent of interest  
20 rates, corporate bonds, and equity returns, while underestimation of policy liabilities  
21 are assumed to be independent of current accident year claims costs.

- 1 For interest rates and equity returns, the correlation coefficients between these two  
2 variables are shown in the figure below.

**Figure FCT- 88 Correlation between Equity Returns and Interest Rate Movements**

| Line No. | Return Period | Canadian Equities | Global Equities | Global Low Volatility Equities |
|----------|---------------|-------------------|-----------------|--------------------------------|
| 1        | 1-Year        | (0.10)            | (0.23)          | (0.28)                         |
| 2        | 2-Year        | 0.05              | (0.25)          | (0.24)                         |
| 3        | 3-Year        | 0.05              | (0.31)          | (0.29)                         |
| 4        | 4-Year        | 0.07              | (0.31)          | (0.31)                         |

- 3 The interest rate 'floor' methodology (as described in the Interest Rate Decline  
4 section) was again used when modeling interest rates.

- 5 For inflation and collision severity growth, the correlation coefficients between these  
6 two variables are assumed to be 0.2 which is based on the historical correlation.

7 *Overall Results*

- 8 To produce the combined scenario model, 5,000 simulations were conducted for each  
9 return period using the following process:

- 10 • Simulate undiscounted claims costs and inflation for the given return period.
- 11 • Simulate the combined equity returns, corporate bond default impacts, and  
12 interest rates for the given return period.
- 13 • Simulate policy liability impacts for the given return period.
- 14 • Run the simulated scenarios through the financial model to determine the full  
15 financial impact, including all applicable financial adjustments.
- 16 • Calculate the financial impact (relative to base) over the return period for Total  
17 Equity.
- 18 • Order the scenarios from most unfavourable to most favourable financial  
19 impacts and select the 1<sup>st</sup>, 2.5<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> percentiles.

1 **Results**

- 2 The figures below summarize the Total Equity and MCT ratio projections for the  
3 Combined Scenarios without management action and without the premium rebate in  
4 2025/26. This was done due to model limitations and the extreme scenarios.

**Figure FCT- 89 Total Equity Combined Scenario without Management Action or Premium Rebate**

| Line No. | Probability  | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27   |
|----------|--|---------------|---------|---------|---------|-----------|
| 1        | <i>(in millions)</i>                               |               |         |         |         |           |
| 2        | 1-in-100   | 1 year + base | \$145   |         |         |           |
| 3        | 1-in-40  | 1 year + base | \$198   |         |         |           |
| 4        | 1-in-20  | 1 year + base | \$242   |         |         |           |
| 5        | 1-in-10  | 1 year + base | \$305   |         |         |           |
| 6        | 1-in-100   | 2 year + base | \$189   | (\$6)   |         |           |
| 7        | 1-in-40  | 2 year + base | \$249   | \$67    |         |           |
| 8        | 1-in-20  | 2 year + base | \$286   | \$140   |         |           |
| 9        | 1-in-10  | 2 year + base | \$321   | \$241   |         |           |
| 10       | 1-in-100   | 3 year + base | \$311   | \$91    | (\$193) |           |
| 11       | 1-in-40  | 3 year + base | \$351   | \$191   | (\$17)  |           |
| 12       | 1-in-20  | 3 year + base | \$405   | \$181   | \$78    |           |
| 13       | 1-in-10  | 3 year + base | \$345   | \$283   | \$210   |           |
| 14       | 1-in-100   | 4 year + base | \$252   | \$53    | (\$144) | (\$405)   |
| 15       | 1-in-40  | 4 year + base | \$326   | \$86    | \$106   | (\$205)   |
| 16       | 1-in-20  | 4 year + base | \$274   | \$185   | \$47    | (\$19)    |
| 17       | 1-in-10  | 4 year + base | \$244   | \$208   | \$191   | \$144     |
| 18       | <b>Base without Premium Rebate</b>                 |               | \$478   | \$523   | \$590   | \$653     |
| 19       | <b>Difference from Base without Premium Rebate</b> |               |         |         |         |           |
| 20       | 1-in-100, 1 year                                   |               | (\$332) |         |         |           |
| 21       | 1-in-100, 2 year                                   |               | (\$289) | (\$530) |         |           |
| 22       | 1-in-100, 3 year                                   |               | (\$167) | (\$432) | (\$783) |           |
| 23       | 1-in-100, 4 year                                   |               | (\$225) | (\$471) | (\$734) | (\$1,058) |

**Figure FCT- 90 Minimum Capital Test Ratio - Combined Scenario without Management Action or Premium Rebate**

| Line No. | Probability  | Return Period | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------------|---------|---------|---------|---------|
| 1        | 1-in-100   | 1 year + base | 26.5%   |         |         |         |
| 2        | 1-in-40  | 1 year + base | 38.9%   |         |         |         |
| 3        | 1-in-20  | 1 year + base | 50.7%   |         |         |         |
| 4        | 1-in-10  | 1 year + base | 63.0%   |         |         |         |
| 5        | 1-in-100   | 2 year + base | 35.5%   | -15.9%  |         |         |
| 6        | 1-in-40  | 2 year + base | 50.0%   | 2.7%    |         |         |
| 7        | 1-in-20  | 2 year + base | 65.1%   | 23.5%   |         |         |
| 8        | 1-in-10  | 2 year + base | 65.5%   | 45.1%   |         |         |
| 9        | 1-in-100   | 3 year + base | 62.4%   | 8.0%    | -52.9%  |         |
| 10       | 1-in-40  | 3 year + base | 75.8%   | 33.1%   | -17.1%  |         |
| 11       | 1-in-20  | 3 year + base | 90.5%   | 30.5%   | 5.3%    |         |
| 12       | 1-in-10  | 3 year + base | 77.1%   | 60.8%   | 40.6%   |         |
| 13       | 1-in-100   | 4 year + base | 50.8%   | -0.9%   | -47.1%  | -96.6%  |
| 14       | 1-in-40  | 4 year + base | 72.1%   | 7.7%    | 13.1%   | -57.0%  |
| 15       | 1-in-20  | 4 year + base | 52.3%   | 30.3%   | -2.0%   | -14.0%  |
| 16       | 1-in-10  | 4 year + base | 47.8%   | 39.2%   | 34.3%   | 24.1%   |
| 17       | <b>Base without Premium Rebate</b>                 |               | 108.5%  | 114.6%  | 124.2%  | 133.8%  |
| 18       | <b>Difference from Base without Premium Rebate</b> |               |         |         |         |         |
| 19       | 1-in-100, 1 year                                   |               | -82.1%  |         |         |         |
| 20       | 1-in-100, 2 year                                   |               | -73.1%  | -130.5% |         |         |
| 21       | 1-in-100, 3 year                                   |               | -46.1%  | -106.6% | -177.0% |         |
| 22       | 1-in-100, 4 year                                   |               | -57.7%  | -115.5% | -171.3% | -230.4% |

**1 Solvency Scenarios**

2 Based on the above, MPI selected the four-year, 1-in-100 year scenario for financial  
3 modeling purposes. For comparative purposes, the table below shows the assumptions  
4 of the selected combined scenario, Scenario #1, compared to the assumption of two  
5 other 1-in-100 year solvency scenarios that were simulated by the model.

**Figure FCT- 91 Selected 1-in-100 4-Year Combined Scenario Assumptions (Cumulative)**

| Line No. |                                    | Base    | Scenario #1 | Scenario #2 | Scenario #3 |
|----------|------------------------------------|---------|-------------|-------------|-------------|
| 1        | <i>(in millions)</i>               |         |             |             |             |
| 2        | Ultimate Claims                    | \$3,657 | \$4,092     | \$4,018     | \$4,064     |
| 3        | Policy Liability Adjustment        | \$0     | (\$75)      | \$67        | (\$68)      |
| 4        | Canadian Equity Total Return       | 26.40%  | 2.67%       | 44.52%      | 8.78%       |
| 5        | Global Equity Total Return         | 26.40%  | -3.70%      | 15.97%      | -33.86%     |
| 6        | Global Low Volatility Total Return | 24.00%  | 24.75%      | 32.17%      | -0.17%      |
| 7        | Corporate Bond Default Rate        | 0.00%   | 0.11%       | 0.00%       | 4.15%       |
| 8        | Interest Rates                     | 0 bps   | +244 bps    | +181 bps    | +124 bps    |
| 9        | Inflation                          | 11.34%  | 30.96%      | 48.30%      | 23.33%      |

- 1 The results for the selected combined solvency scenarios, with and without  
 2 management action, are shown in the figures below and in Appendix 2 – Combined  
 3 Solvency Scenario.

**Figure FCT- 92 Combined Solvency Scenario without Management Action**

| Line No. |                          | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>     |         |         |         |         |         |
| 2        | Earned Revenues          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | Total Claims Costs       | \$1,047 | \$1,235 | \$1,300 | \$1,368 | \$1,487 |
| 4        | Expenses                 | \$175   | \$191   | \$204   | \$209   | \$217   |
| 5        | Investment Income        | \$136   | \$8     | \$12    | (\$25)  | (\$0)   |
| 6        | Rebate to Policy Holders | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | Net Income               | \$27    | (\$239) | (\$247) | (\$312) | (\$369) |
| 8        | Retained Earnings        | \$428   | \$221   | \$9     | (\$249) | (\$560) |
| 9        | AOCI                     | \$23    | \$31    | \$44    | \$105   | \$155   |
| 10       | Total Equity             | \$451   | \$252   | \$53    | (\$144) | (\$405) |
| 11       | MCT Ratio                | 108%    | 51%     | -1%     | -47%    | -97%    |



**Figure FCT- 93 Combined Solvency Scenario without Management Action -  
Difference from Base Forecast without Premium Rebate**

| Line No. |                          | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27   |
|----------|--------------------------|---------|---------|---------|---------|-----------|
| 1        | <i>(in millions)</i>     |         |         |         |         |           |
| 2        | Earned Revenues          | \$0     | \$0     | \$0     | \$0     | \$0       |
| 3        | Total Claims Costs       | \$0     | \$127   | \$148   | \$176   | \$231     |
| 4        | Expenses                 | \$0     | \$4     | \$8     | \$13    | \$18      |
| 5        | Investment Income        | \$0     | (\$99)  | (\$92)  | (\$132) | (\$114)   |
| 6        | Rebate to Policy Holders | \$0     | \$0     | \$0     | \$0     | \$0       |
| 7        | Net Income               | \$0     | (\$230) | (\$248) | (\$321) | (\$363)   |
| 8        | Retained Earnings        | \$0     | (\$236) | (\$492) | (\$812) | (\$1,181) |
| 9        | AOCI                     | \$0     | \$11    | \$21    | \$78    | \$123     |
| 10       | Total Equity             | \$0     | (\$225) | (\$471) | (\$734) | (\$1,058) |
| 11       | MCT Ratio                | 0%      | -58%    | -115%   | -171%   | -230%     |

**Figure FCT- 94 Combined Solvency Scenario with Management Action**

| Line No. |                          | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>     |         |         |         |         |         |
| 2        | AAP Rate                 | -1.6%   | -0.9%   | 5.0%    | 5.0%    | 5.0%    |
| 3        | Capital Build Provision  | -5.0%   | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 4        | Earned Revenues          | \$1,113 | \$1,179 | \$1,277 | \$1,387 | \$1,506 |
| 5        | Total Claims Costs       | \$1,047 | \$1,235 | \$1,300 | \$1,336 | \$1,447 |
| 6        | Expenses                 | \$175   | \$191   | \$206   | \$215   | \$229   |
| 7        | Investment Income        | \$136   | \$8     | \$13    | (\$23)  | \$7     |
| 8        | Rebate to Policy Holders | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | Net Income               | \$27    | (\$239) | (\$217) | (\$188) | (\$163) |
| 10       | Retained Earnings        | \$428   | \$221   | \$39    | (\$95)  | (\$154) |
| 11       | AOCI                     | \$23    | \$31    | \$44    | \$105   | \$154   |
| 12       | Total Equity             | \$451   | \$252   | \$83    | \$10    | \$0     |
| 13       | MCT Ratio                | 108%    | 51%     | 7%      | -11%    | -10%    |

**Figure FCT- 95 Combined Solvency Scenario with Management Action - Difference from Base Forecast without Premium Rebate**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$32    | \$97    | \$171   |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$127   | \$148   | \$144   | \$191   |
| 6        | <b>Expenses</b>                 | \$0     | \$4     | \$10    | \$20    | \$30    |
| 7        | <b>Investment Income</b>        | \$0     | (\$99)  | (\$92)  | (\$131) | (\$107) |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$230) | (\$218) | (\$198) | (\$157) |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$236) | (\$461) | (\$658) | (\$775) |
| 11       | <b>AOCI</b>                     | \$0     | \$11    | \$21    | \$78    | \$123   |
| 12       | <b>Total Equity</b>             | \$0     | (\$225) | (\$440) | (\$580) | (\$653) |
| 13       | <b>MCT Ratio</b>                | 0%      | -58%    | -108%   | -135%   | -144%   |

1 Without any management action, the combined solvency scenario reduces the MCT  
2 ratio by 230% MCT from the base forecast and causes Total Equity to fall to negative  
3 \$405 million by the end of the four-year forecast period. However, with routine  
4 management action at the assumed approved maximum rate increase of 5% per year  
5 beginning with 2024/25 policies, and an additional capital transfer from Extension of  
6 \$45 million, the Total Equity remains above zero over the forecast period. The  
7 resulting transfer from Extension brings the Extension MCT ratio down to 108% MCT  
8 at the end of the four-year forecast period.

9 An alternative management action would be a starting balance of 120% MCT. At that  
10 capital level, Basic would no longer require additional capital transfers from Extension  
11 and could remain solvent with 5% rate increases per year. Similarly, if the approved  
12 maximum rate increase were increased to 6%, Basic would not need a starting  
13 balance of 120% MCT or any additional capital transfers from Extension.

1 **Going Concern Scenarios**

2 Of the 1-in-10 year Combined going concern scenarios without management action,  
3 the four-year scenario reaches a low of 24% MCT. After application of routine  
4 management action, the Combined going concern scenario is materially above 35%  
5 MCT throughout the forecast period.

**Figure FCT- 96 Combined Going Concern Scenario without Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,245 | \$1,289 | \$1,335 |
| 3        | <b>Total Claims Costs</b>       | \$1,047 | \$1,279 | \$1,183 | \$1,230 | \$1,312 |
| 4        | <b>Expenses</b>                 | \$175   | \$187   | \$195   | \$194   | \$196   |
| 5        | <b>Investment Income</b>        | \$136   | \$64    | \$59    | \$19    | \$38    |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$27    | (\$223) | (\$73)  | (\$115) | (\$135) |
| 8        | <b>Retained Earnings</b>        | \$428   | \$230   | \$193   | \$131   | \$51    |
| 9        | <b>AOCI</b>                     | \$23    | \$14    | \$14    | \$60    | \$93    |
| 10       | <b>Total Equity</b>             | \$451   | \$244   | \$208   | \$191   | \$144   |
| 11       | <b>MCT Ratio</b>                | 108%    | 48%     | 39%     | 34%     | 24%     |

**Figure FCT- 97 Combined Going Concern Scenario without Management Action - Difference from Base Forecast without Premium Rebate**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>Earned Revenues</b>          | \$0     | \$0     | \$0     | \$0     | \$0     |
| 3        | <b>Total Claims Costs</b>       | \$0     | \$171   | \$30    | \$38    | \$56    |
| 4        | <b>Expenses</b>                 | \$0     | (\$1)   | (\$1)   | (\$2)   | (\$2)   |
| 5        | <b>Investment Income</b>        | \$0     | (\$44)  | (\$45)  | (\$88)  | (\$76)  |
| 6        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 7        | <b>Net Income</b>               | \$0     | (\$214) | (\$74)  | (\$124) | (\$129) |
| 8        | <b>Retained Earnings</b>        | \$0     | (\$228) | (\$307) | (\$432) | (\$570) |
| 9        | <b>AOCI</b>                     | \$0     | (\$6)   | (\$9)   | \$32    | \$61    |
| 10       | <b>Total Equity</b>             | \$0     | (\$234) | (\$316) | (\$400) | (\$508) |
| 11       | <b>MCT Ratio</b>                | 0%      | -61%    | -75%    | -90%    | -110%   |

**Figure FCT- 98 Combined Going Concern Scenario with Management Action**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | -1.6%   | -0.9%   | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | -5.0%   | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$1,113 | \$1,179 | \$1,276 | \$1,351 | \$1,399 |
| 5        | <b>Total Claims Costs</b>       | \$1,047 | \$1,279 | \$1,183 | \$1,230 | \$1,312 |
| 6        | <b>Expenses</b>                 | \$175   | \$187   | \$197   | \$198   | \$201   |
| 7        | <b>Investment Income</b>        | \$136   | \$64    | \$60    | \$21    | \$71    |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$27    | (\$223) | (\$44)  | (\$55)  | (\$42)  |
| 10       | <b>Retained Earnings</b>        | \$428   | \$230   | \$222   | \$220   | \$232   |
| 11       | <b>AOCI</b>                     | \$23    | \$14    | \$14    | \$59    | \$62    |
| 12       | <b>Total Equity</b>             | \$451   | \$244   | \$237   | \$279   | \$294   |
| 13       | <b>MCT Ratio</b>                | 108%    | 48%     | 47%     | 57%     | 61%     |

**Figure FCT- 99 Combined Going Concern Scenario with Management Action - Difference from Base Forecast without Premium Rebate**

| Line No. |                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|---------------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>            |         |         |         |         |         |
| 2        | <b>AAP Rate</b>                 | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| 3        | <b>Capital Build Provision</b>  | 0.0%    | 0.0%    | 5.0%    | 5.0%    | 5.0%    |
| 4        | <b>Earned Revenues</b>          | \$0     | \$0     | \$31    | \$62    | \$64    |
| 5        | <b>Total Claims Costs</b>       | \$0     | \$171   | \$30    | \$38    | \$56    |
| 6        | <b>Expenses</b>                 | \$0     | (\$1)   | \$1     | \$3     | \$2     |
| 7        | <b>Investment Income</b>        | \$0     | (\$44)  | (\$44)  | (\$86)  | (\$43)  |
| 8        | <b>Rebate to Policy Holders</b> | \$0     | \$0     | \$0     | \$0     | \$0     |
| 9        | <b>Net Income</b>               | \$0     | (\$214) | (\$45)  | (\$65)  | (\$36)  |
| 10       | <b>Retained Earnings</b>        | \$0     | (\$228) | (\$278) | (\$343) | (\$389) |
| 11       | <b>AOCI</b>                     | \$0     | (\$6)   | (\$9)   | \$32    | \$31    |
| 12       | <b>Total Equity</b>             | \$0     | (\$234) | (\$287) | (\$312) | (\$358) |
| 13       | <b>MCT Ratio</b>                | 0%      | -61%    | -68%    | -67%    | -73%    |

## FCT.5.10 Sensitivity of Removing Assumed Capital Transfers from Extension

1 As part of the CMP, the Basic base scenario includes assumed capital transfers from  
2 Extension at the end of each fiscal year. The assumed capital transfers in the base  
3 scenario are shown in the figure below.

**Figure FCT- 100 Assumed Capital Transfers**

| Line No. |                          | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--------------------------|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>     |         |         |         |         |         |
| 2        | <b>Capital Transfers</b> | \$42    | \$38    | \$42    | \$53    | \$64    |

4 Given the magnitude of the assumed capital transfers, it is necessary to test the  
5 sensitivity to the future financial condition of Basic if the assumed transfers do not  
6 occur. Since Basic cannot transfer capital to Extension, the worst case scenario for  
7 Basic is that it receives no capital transfers from Extension over the entire forecast  
8 period. If Basic continues to have satisfactory future financial condition under these  
9 conditions, then it will also have satisfactory future financial condition for any amount  
10 transferred from Extension.

11 In this section MPI has assumed that all other aspects of the CMP (i.e., AAP rates,  
12 capital build provisions, 100% MCT target for Basic, etc.) will remain unchanged.

### 13 Solvency Scenarios

14 The figures below show the Total Equity and MCT ratio for the base scenario and for  
15 the six main solvency scenarios excluding assumed capital transfers from Extension.  
16 The scenarios include management action.

**Figure FCT- 101 Solvency Scenarios excluding Capital Transfers: Total Equity**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>                           |         |         |         |         |         |
| 2        | Combined Scenario (4-Year)                     | \$451   | \$220   | \$16    | (\$112) | (\$229) |
| 3        | High Loss Ratio (4-Year)                       | \$451   | \$325   | \$284   | (\$42)  | (\$88)  |
| 4        | Underestimation of Policy Liabilities (4-Year) | \$451   | \$399   | \$320   | \$332   | \$266   |
| 5        | Decline in Equity Markets (4-Year)             | \$451   | \$404   | \$371   | \$347   | \$304   |
| 6        | Interest Rate Decrease (4-Year)                | \$451   | \$409   | \$340   | \$294   | \$234   |
| 7        | Increasing Inflation (4-Year)                  | \$451   | \$366   | \$281   | \$178   | \$1     |

**Figure FCT- 102 Solvency Scenarios excluding Capital Transfers: Minimum Capital Test Ratio**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | Combined Scenario (4-Year)                     | 108%    | 43%     | -10%    | -40%    | -61%    |
| 2        | High Loss Ratio (4-Year)                       | 108%    | 69%     | 58%     | -23%    | -30%    |
| 3        | Underestimation of Policy Liabilities (4-Year) | 108%    | 88%     | 64%     | 67%     | 50%     |
| 4        | Decline in Equity Markets (4-Year)             | 108%    | 92%     | 81%     | 73%     | 62%     |
| 5        | Interest Rate Decrease (4-Year)                | 108%    | 80%     | 59%     | 52%     | 39%     |
| 6        | Increasing Inflation (4-Year)                  | 108%    | 77%     | 53%     | 28%     | -10%    |

1 Based on the above results *excluding* Extension capital transfers and only including  
2 *routine* management action, Basic would not be able to remain solvent. As such it is  
3 critical to the financial condition of Basic that capital transfers from Extension remain  
4 in place. MPI believes that such a scenario would not occur, i.e., where Extension  
5 would withhold the required capital to keep Basic in a solvent position. Otherwise,  
6 Extension would likely also become insolvent due to the relationship Extension shares  
7 with Basic policies.

**8 Going Concern Scenarios**

9 The figures below show the Total Equity and MCT ratio for the base scenario and for  
10 the six main going concern scenarios excluding assumed capital transfers from  
11 Extension. The scenarios exclude management action.

**Figure FCT- 103 Going Concern Scenarios excluding Capital Transfers: Total Equity**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | <i>(in millions)</i>                           |         |         |         |         |         |
| 2        | Combined Scenario (4-Year)                     | \$451   | \$220   | \$176   | \$164   | \$121   |
| 3        | High Loss Ratio (4-Year)                       | \$451   | \$368   | \$248   | \$311   | \$193   |
| 4        | Underestimation of Policy Liabilities (4-Year) | \$451   | \$406   | \$394   | \$372   | \$311   |
| 5        | Decline in Equity Markets (4-Year)             | \$451   | \$418   | \$398   | \$385   | \$352   |
| 6        | Interest Rate Decrease (4-Year)                | \$451   | \$422   | \$384   | \$318   | \$247   |
| 7        | Increasing Inflation (4-Year)                  | \$451   | \$420   | \$392   | \$359   | \$295   |

**Figure FCT- 104 Going Concern Scenarios excluding Capital Transfers: Minimum Capital Test Ratio**

| Line No. | Scenario                                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|----------|--|---------|---------|---------|---------|---------|
| 1        | Combined Scenario (4-Year)                     | 108%    | 42%     | 31%     | 28%     | 19%     |
| 2        | High Loss Ratio (4-Year)                       | 108%    | 80%     | 47%     | 64%     | 34%     |
| 3        | Underestimation of Policy Liabilities (4-Year) | 108%    | 90%     | 85%     | 76%     | 61%     |
| 4        | Decline in Equity Markets (4-Year)             | 108%    | 95%     | 87%     | 81%     | 74%     |
| 5        | Interest Rate Decrease (4-Year)                | 108%    | 89%     | 73%     | 55%     | 41%     |
| 6        | Increasing Inflation (4-Year)                  | 108%    | 93%     | 83%     | 72%     | 57%     |

1 Based on the above results, Basic may not be able to meet the requirements of the  
2 CMP on a going concern basis (i.e., minimum 35% MCT after management action  
3 would allow for a return to a 100% MCT in five years or less) without the assumed  
4 capital transfers from the Extension line of business. Although this scenario is not  
5 considered plausible, these results confirm that Extension transfers are a vital  
6 component of the CMP. Without the assumption of capital transfers, MPI would have to  
7 revisit other assumptions of the CMP such as removing the annual cap of 5% on  
8 capital rebuilding fees.

## FCT.5.11 Analysis of All Property and Casualty Insurer Risk Categories

### 1 **Catastrophe**

2 MPI's major catastrophe exposure is from hailstorms. The modeling of hail losses is  
3 included as part of the High Loss Ratio (Claims Incurred) scenario.

### 4 **Loss Ratio**

5 The detailed assumptions and results of this scenario are presented in FCT.5.5.

### 6 **Underestimation of Policy Liabilities Risk**

The detailed assumptions and results of this scenario are presented in FCT.5.6.

### 7 **Mortality Improvements**

8 MPI uses a disabled mortality figure based on the Canadian Institute of Actuaries July  
9 1992 research paper "Accident Benefits Long-Term Disability Losses". The historical  
10 experience of the actual versus expected claim closure rates of MPI for long-term (i.e.,  
11 open more than 10 years) claimants are shown in the figure below. The results show  
12 that there has been a recent deterioration in actual termination rates relative to  
13 expected termination rates from the mortality tables. Put another way, long-term  
14 injury claims are not being closed at the rate they once were. MPI continually updates  
15 the selected loss development factors for long-term claims in the Appointed Actuary's  
16 report (where at least five years of loss development experience is available), so MPI  
17 does not believe there is a risk of a sudden unexpected adverse financial impact.  
18 However, MPI should continue to closely track the termination (closure) rates of these  
19 claims.

20 In the figure below, the "number of claimants at the start of the year" represents the  
21 number of claimants that received a claim payment of any amount in the previous  
22 calendar year. A claim is then considered "closed" if there are no payments made in



- 1 the current calendar year. A “relapse” means that a claimant started receiving
- 2 payments in the current year after not having received payment in the prior year(s).

**Figure FCT- 105 Terminations for PIPP Claims Open More Than 10 Years**

| Line No. | Calendar Year | # of Claimants Start of Year | Actual Terminations | Current Table Expected Terminations | Actual Termination Rate | Expected Termination Rate | Difference | Relapse |
|----------|---------------|------------------------------|---------------------|-------------------------------------|-------------------------|---------------------------|------------|---------|
| 1        | 2004          | 63                           | 7                   | 2                                   | 11.11%                  | 3.17%                     | 7.94%      | 0       |
| 2        | 2005          | 123                          | 16                  | 4                                   | 13.01%                  | 3.25%                     | 9.76%      | 0       |
| 3        | 2006          | 154                          | 18                  | 6                                   | 11.69%                  | 3.90%                     | 7.79%      | 0       |
| 4        | 2007          | 199                          | 18                  | 7                                   | 9.05%                   | 3.52%                     | 5.53%      | 2       |
| 5        | 2008          | 257                          | 13                  | 10                                  | 5.06%                   | 3.89%                     | 1.17%      | 2       |
| 6        | 2009          | 309                          | 22                  | 13                                  | 7.12%                   | 4.21%                     | 2.91%      | 3       |
| 7        | 2010          | 353                          | 15                  | 15                                  | 4.25%                   | 4.25%                     | 0.00%      | 2       |
| 8        | 2011          | 411                          | 25                  | 17                                  | 6.08%                   | 4.14%                     | 1.95%      | 4       |
| 9        | 2012          | 463                          | 18                  | 20                                  | 3.89%                   | 4.32%                     | -0.43%     | 1       |
| 10       | 2013          | 528                          | 26                  | 23                                  | 4.92%                   | 4.36%                     | 0.57%      | 4       |
| 11       | 2014          | 587                          | 23                  | 26                                  | 3.92%                   | 4.43%                     | -0.51%     | 5       |
| 12       | 2015          | 633                          | 20                  | 30                                  | 3.16%                   | 4.74%                     | -1.58%     | 2       |
| 13       | 2016          | 726                          | 38                  | 34                                  | 5.23%                   | 4.68%                     | 0.55%      | 6       |
| 14       | 2017          | 799                          | 31                  | 39                                  | 3.88%                   | 4.88%                     | -1.00%     | 5       |
| 15       | 2018          | 873                          | 39                  | 44                                  | 4.47%                   | 5.04%                     | -0.57%     | 7       |
| 16       | 2019          | 939                          | 46                  | 49                                  | 4.90%                   | 5.22%                     | -0.32%     | 5       |
| 17       | 2020          | 996                          | 57                  | 53                                  | 5.72%                   | 5.32%                     | 0.40%      | 6       |
| 18       | 2021          | 1045                         | 43                  | 58                                  | 4.11%                   | 5.55%                     | -1.44%     | 4       |
| 19       | Total         | 9458                         | 475                 | 450                                 | 5.02%                   | 4.76%                     | 0.26%      | 58      |

### 3 Interest Rate Adjustments

- 4 The detailed assumptions and results of this scenario are presented in FCT.5.7.

### 5 Government and Political Action

- 6 MPI assumes that it is very unlikely that government action (i.e., retroactive increase
- 7 in benefits) that results in a significant impact to existing and/or future claim liabilities
- 8 will be made without advance notice to MPI.

1 **Inflation Risk**

2 The detailed assumptions and results of this scenario are presented in FCT.5.8.

3 **Premium Risk**

4 MPI Basic is a monopoly insurance provider of compulsory automobile insurance.

5 Premium risk is not a significant risk factor.

6 **Reinsurance Risk**

7 As of March 31, 2022, MPI Basic had approximately \$1.4 million in ceded claim  
8 liabilities. The impact of any reinsurance risk scenario is not a top three adverse  
9 scenario for MPI.

10 **Investment Risk**

11 *Equities:* This risk was analyzed in FCT.5.4.

12 *Fixed Income:* Interest rate decrease scenarios are analyzed in FCT.5.7.

13 *Private Debt:* This risk was included with interest rate adjustments in FCT.5.7.

14 *Corporate Bonds:* MPI used 25 years of data from Moody's from 1989 to 2013 to  
15 model Canada Corporate Bond default rates. The figure below outlines the default  
16 rates by Corporate Bond level.

**Figure FCT- 106 Canadian Corporate Bond Default Rate Analysis**

| Line No. | Year    | Aa    | A     | Baa   | Ba     | B       |
|----------|---------|-------|-------|-------|--------|---------|
| 1        | 1989    | 0.00% | 0.00% | 0.00% | 0.00%  | 33.33%  |
| 2        | 1990    | 0.00% | 0.00% | 0.00% | 0.00%  | 100.00% |
| 3        | 1991    | 0.00% | 0.00% | 0.00% | 0.00%  | n.a.    |
| 4        | 1992    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 5        | 1993    | 0.00% | 0.00% | 0.00% | 0.00%  | n.a.    |
| 6        | 1994    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 7        | 1995    | 0.00% | 0.00% | 0.00% | 10.00% | 0.00%   |
| 8        | 1996    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 9        | 1997    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 10       | 1998    | 0.00% | 0.00% | 0.00% | 4.35%  | 5.99%   |
| 11       | 1999    | 0.00% | 0.00% | 0.00% | 3.85%  | 0.00%   |
| 12       | 2000    | 0.00% | 0.00% | 2.56% | 0.00%  | 2.70%   |
| 13       | 2001    | 0.00% | 0.00% | 0.00% | 0.00%  | 8.57%   |
| 14       | 2002    | 0.00% | 0.00% | 4.37% | 0.00%  | 0.00%   |
| 15       | 2003    | 0.00% | 0.00% | 0.00% | 0.00%  | 3.70%   |
| 16       | 2004    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 17       | 2005    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 18       | 2006    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 19       | 2007    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 20       | 2008    | 0.00% | 0.00% | 0.00% | 5.26%  | 10.91%  |
| 21       | 2009    | 0.00% | 0.00% | 0.00% | 0.00%  | 16.76%  |
| 22       | 2010    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 23       | 2011    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 24       | 2012    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 25       | 2013    | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 26       | minimum | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%   |
| 27       | maximum | 0.00% | 0.00% | 4.37% | 10.00% | 100.00% |
| 28       | average | 0.00% | 0.00% | 0.28% | 0.94%  | 7.91%   |

1 To model the financial impact of defaulting Canadian Corporate Bonds, MPI used a  
2 fitted distribution to the percentiles of the historical data plus a 99th percentile from  
3 the MCT.

**Figure FCT- 107 Fitted Canadian Corporate Bond Default Rates**

| Line No. | Percentile | Fitted | Actual |
|----------|------------|--------|--------|
| 1        | 92nd       | 2.58%  | 2.60%  |
| 2        | 96th       | 4.38%  | 4.40%  |
| 3        | 99th       | 5.29%  | 5.30%  |

4 If 5.29% of Canadian Corporate Bonds defaulted, the estimated losses to MPI would  
5 be approximately \$29 million. As a result, defaulting of Canadian Corporate Bonds is  
6 not a top three adverse scenario for MPI.

7 *Other Asset Categories:* There are several other asset categories included in the base  
8 forecast that were not discussed as part of an adverse scenario, such as real estate,  
9 non-marketable bonds, and infrastructure. The most significant asset class not  
10 included was MUSH, which represented 12.3% of the total portfolio on average over  
11 the forecast period. The financial impact of non-marketable MUSH bonds is limited  
12 since the asset class is held at book value on the financial statements.

13 Real estate and infrastructure are the remaining two asset classes with 4.0% and  
14 2.3% of the total portfolio on average over the forecast period. Real estate and  
15 infrastructure are expected to provide diversification to the total portfolio and have  
16 limited exposure in the total portfolio.

17 **Off-Balance Sheet Risk**

18 None of the following off-balance sheet items were determined to be top 3 risk factors  
19 for MPI Basic:

- 20 • Structured settlements
- 21 • Contingent liabilities or losses
- 22 • Derivative instruments

- 1       • Pension underfunding – Pension assets are now modeled as part of a  
2       segregated pension investment portfolio. Pension liabilities are modeled for  
3       interest rate changes.

#### 4       **Related Company Risk**

5       Basic and Extension insurance are part of the same corporate financial model. As a  
6       result, the adverse scenarios modeled for Basic will automatically impact Extension  
7       financial outcomes. For example, if an equity decline scenario occurs, both Basic and  
8       Extension equity portfolios will be impacted, and Extension would have less excess  
9       capital to transfer to Basic. Similarly, interest rates, collision frequency, and  
10      comprehensive frequency are linked between Basic and Extension.

11      The risk to Basic from the elimination of assumed capital transfers from Extension is  
12      discussed in section FCT.5.10.

#### 13      **International Financial Reporting Standards**

14      In May 2017, the International Accounting Standards Board issued IFRS 17 on the  
15      accounting for insurance contracts. In March 2020, the changes under IFRS 17 were  
16      delayed an additional year and are now effective for periods beginning on or after  
17      January 1, 2023, which is the fiscal year 2023/24 for MPI with retroactive restatement  
18      of the 2022/23 fiscal year. In Pro Formas, there is a presentation of the financial  
19      statements under IFRS 9 and IFRS 17 (also included as Appendix 8 – Base Scenario  
20      with -0.86% Rate Change IRFS). The reader should refer to this section for more  
21      information.

22      At this time, MPI continues to understand and determine the impact on the MCT  
23      calculation.

**1 NOVA Project**

2 MPI is currently undergoing a significant legacy modernization project, which focuses  
3 on replacing outdated core systems and implementing new capabilities. Originally the  
4 budget for NOVA was \$85.4 million, set in 2019.

5 In February 2021, a re-baseline of the NOVA Business case was approved. This re-  
6 baseline was a planned re-baseline to consider the final product and System  
7 Integrators selections and the final negotiated agreements. MPI utilized the AACE  
8 International – Cost Estimate Classification System to re-baseline to the \$111.7  
9 million budget plus contingency.

10 In 2022, NOVA went through a second re-baseline. This re-baseline was executed to  
11 de-risk the project by adding 50% to the schedule as well as to address constraints in  
12 critical areas. This resulted in a \$112.4 million increase to the existing budget of  
13 \$111.7 million. This also resulted in an increase to the contingency ranging from 20%  
14 to 40% or \$32.9 million to \$65.8 million. For more information about the re-baselining  
15 see Part 4 NOVA Project.

16 If a third re-baselining were to occur with similar impacts, a \$150 million increase in  
17 the current budget of \$224 million, Basic would expect a \$17.3 million impact, as  
18 \$84.2 million would be left after the 40% contingency. Basic would only be allocated  
19 21% of this impact or \$17.3 million based on the current allocation structure. The  
20 impact of any NOVA risk scenario is not a top three adverse scenario for MPI.

## Appendix 1a

### Base Scenario with -0.86% Rate Change

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,923           | 27,546           | 28,199           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,256</b> | <b>1,289,434</b> | <b>1,335,089</b> |
| Claims Incurred  | 838,574                       | 885,524          | 927,756          | 970,720          | 1,016,556        | 1,063,330        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | -                | 8,469            |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (2,545)          | 4,768            | 4,487            | 2,874            | 6,212            |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>932,524</b>   | <b>975,207</b>   | <b>1,019,430</b> | <b>1,078,011</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 164,739          | 160,498          | 165,620          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,721           | 12,353           | 12,737           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,107,955</b> | <b>1,152,667</b> | <b>1,192,281</b> | <b>1,256,368</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,292           | 94,436           | 97,510           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 34,836           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,283            | 4,373            | 4,466            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>195,921</b>   | <b>191,736</b>   | <b>198,868</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(116,182)</b> | <b>(103,332)</b> | <b>(94,583)</b>  | <b>(120,147)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 107,515          | 104,271          | 108,684          | 109,572          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>107,515</b>   | <b>104,271</b>   | <b>108,684</b>   | <b>109,572</b>   |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(8,667)</b>   | <b>939</b>       | <b>14,101</b>    | <b>(10,575)</b>  |
| <b>Rebate to Policyholders</b>                         | <b>(156,534)</b>              | -                | -                | -                | <b>(118,620)</b> | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(8,667)</b>   | <b>939</b>       | <b>(104,519)</b> | <b>(10,575)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 2,545            | (4,768)          | (4,487)          | (2,874)          | (6,212)          |

## Appendix 1b

### Base Scenario with -0.86% Rate Change

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 141,750          | 134,418          | 122,620          | 111,308          |
| Investments                              | 2,750,044                     | 2,856,888        | 2,962,110        | 3,087,738        | 3,128,694        | 3,299,704        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 43,101           | 42,777           | 35,288           |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,350           | 55,859           | 46,726           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,748,446</b> | <b>3,896,633</b> | <b>3,945,539</b> | <b>4,109,689</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,179,501        | 2,244,164        | 2,308,184        | 2,376,820        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,270,921</b> | <b>3,373,258</b> | <b>3,470,761</b> | <b>3,578,162</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 457,467          | 500,359          | 448,513          | 502,364          |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 20,056           | 23,018           | 26,265           | 29,165           |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>477,523</b>   | <b>523,377</b>   | <b>474,778</b>   | <b>531,529</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,748,444</b> | <b>3,896,635</b> | <b>3,945,539</b> | <b>4,109,691</b> |



**Appendix 1c**  
**Base Scenario with -0.86% Rate Change**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                       |                       |                       |                       |                       |
|---|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2022A                                | 2023BF                | 2024F                 | 2025F                 | 2026F                 | 2027F                 |
| <b>BASIC</b>  |                                      |                       |                       |                       |                       |                       |
| <b>Total Equity</b>                                 |                                      |                       |                       |                       |                       |                       |
| <b>Retained Earnings</b>                            |                                      |                       |                       |                       |                       |                       |
| Beginning Balance                                   | 448,678                              | 359,335               | 428,373               | 457,467               | 500,359               | 448,513               |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739                | (8,667)               | 939                   | 14,101                | (10,575)              |
| Premium Rebate                                      | (156,534)                            | -                     | -                     | -                     | (118,620)             | -                     |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299                | 37,761                | 41,953                | 52,673                | 64,426                |
| <b>Total Retained Earnings</b>                      | <u>359,335</u>                       | <u>428,373</u>        | <u>457,467</u>        | <u>500,359</u>        | <u>448,513</u>        | <u>502,364</u>        |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                       |                       |                       |                       |                       |
| Beginning Balance                                   | (14,700)                             | 51,429                | 23,009                | 20,056                | 23,018                | 26,265                |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)              | (2,953)               | 2,962                 | 3,247                 | 2,900                 |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -                     | -                     | -                     | -                     | -                     |
| <b>Total Accumulated Other Comprehensive Income</b> | <u>51,429</u>                        | <u>23,009</u>         | <u>20,056</u>         | <u>23,018</u>         | <u>26,265</u>         | <u>29,165</u>         |
| <b>Total Equity Balance</b>                         | <u><b>410,764</b></u>                | <u><b>451,382</b></u> | <u><b>477,523</b></u> | <u><b>523,377</b></u> | <u><b>474,778</b></u> | <u><b>531,529</b></u> |

**Appendix 1d**  
**Base Scenario with -0.86% Rate Change**  
**Minimum Capital Test**

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024    | 2024 - 2025    | 2025 - 2026    | 2026 - 2027    |
|---|-----------|----------------|----------------|----------------|----------------|----------------|
| <b>BASIC</b>  |           |                |                |                |                |                |
| <b>Capital Available:</b>   |           |                |                |                |                |                |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 423,295        | 467,027        | 418,919        | 484,803        |
| Phase-in of capital available   | 03        | 0              | 0              | 0              | 0              | 0              |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>423,295</b> | <b>467,027</b> | <b>418,919</b> | <b>484,803</b> |
| <b>Assets Available:</b>  |           |                |                |                |                |                |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0              | 0              | 0              | 0              |
| Phase-in of net assets available  | 13        | 0              | 0              | 0              | 0              | 0              |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                |                |                |                |
| Insurance Risk:   |           |                |                |                |                |                |
| Premium liabilities   | 20        | 86,484         | 90,534         | 96,212         | 102,126        | 108,767        |
| Unpaid claims   | 22        | 194,661        | 200,512        | 206,614        | 212,701        | 219,275        |
| Catastrophes  | 24        | 0              | 0              | 0              | 0              | 0              |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0              | 0              | 0              | 0              |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 291,046        | 302,826        | 314,827        | 328,042        |
| Market Risk:  |           |                |                |                |                |                |
| Interest rate risk  | 30        | 53,612         | 56,653         | 56,903         | 60,646         | 58,248         |
| Foreign exchange risk   | 32        | 28,498         | 29,885         | 31,828         | 31,510         | 36,677         |
| Equity risk   | 34        | 106,701        | 114,749        | 122,360        | 121,627        | 133,901        |
| Real estate risk  | 36        | 37,598         | 41,193         | 44,097         | 44,853         | 47,788         |
| Other market risk exposures   | 38        | 0              | 0              | 0              | 0              | 0              |
| Subtotal: Market risk margin  | 39        | 226,409        | 242,480        | 255,188        | 258,636        | 276,614        |
| Credit Risk:  |           |                |                |                |                |                |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 48,834         | 50,978         | 52,246         | 54,884         |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264          | 1,264          | 1,264          | 1,264          |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0              | 0              | 0              | 0              |
| Subtotal: Credit risk margin  | 49        | 48,123         | 50,098         | 52,242         | 53,511         | 56,149         |
| Operational risk margin   | 50        | 76,303         | 79,529         | 82,861         | 85,391         | 89,407         |
| Less: Diversification credit  | 52        | 74,435         | 78,190         | 81,754         | 83,997         | 88,526         |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>584,963</b> | <b>611,363</b> | <b>628,368</b> | <b>661,686</b> |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 389,976        | 407,575        | 418,912        | 441,124        |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0              | 0              | 0              | 0              |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>389,976</b> | <b>407,575</b> | <b>418,912</b> | <b>441,124</b> |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>33,319</b>  | <b>59,452</b>  | <b>7</b>       | <b>43,679</b>  |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>108.54%</b> | <b>114.59%</b> | <b>100.00%</b> | <b>109.90%</b> |

**Appendix 1e**  
**Base Scenario with -0.86% Rate Change**  
**Net Claims Incurred Summary**

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                |                  |                  |
| Collision  | 420,813        | 470,049        | 497,780        | 526,106        | 555,975          | 587,543          |
| Comprehensive                                      | 84,729         | 94,330         | 98,988         | 103,845        | 108,970          | 114,394          |
| Property Damage                                    | 37,180         | 49,040         | 49,189         | 49,098         | 48,992           | 48,866           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,831          | 5,972          | 6,090            | 6,198            |
| PIPP   | 121,706        | 228,398        | 242,226        | 248,229        | 253,741          | 262,869          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>894,015</b> | <b>933,250</b> | <b>973,769</b>   | <b>1,019,870</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612         | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 4,653          | 6,345          | 6,138            | 6,946            |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0              | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0              | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0              | 0                | 8,469            |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>932,524</b> | <b>975,207</b> | <b>1,019,430</b> | <b>1,078,011</b> |

**Appendix 1f**  
**Base Scenario with -0.86% Rate Change**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 70.25%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 72.22%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 74.26%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 76.62%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.30%     | 8.81%     | 8.78%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.10%     | 2.94%     | 2.93%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.15%     | 3.02%     | 2.93%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 412,702   | 439,425   | 468,049   | 500,263   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 18,988    | 18,859    | 18,976    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 78,413    | 83,491    | 88,929    | 95,050    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 74,760    | 63,215    | 51,068    | 35,288    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | -         | 8,469     |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | -         | 8,469     |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

**Appendix 1g**  
**Base Scenario with -0.86% Rate Change**  
**Summary of Investment Income**

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | (0)              | 0                | 0                |
| Government Bonds                                   | 37,370           | 38,810           | 40,197           | 41,511           | 43,327           |
| Corporate Bonds                                    | 20,959           | 22,108           | 23,175           | 24,157           | 25,312           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,172</b>    | <b>80,557</b>    | <b>81,873</b>    | <b>83,780</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 180              | 189              | 196              | 193              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (180)            | (189)            | (196)            | (193)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (45)             | (47)             | (47)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 45               | 47               | 47               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,457)          | (1,492)          | (1,505)          | (1,512)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,092)          | (3,286)          | (3,416)          | (3,350)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,549)</b>   | <b>(4,778)</b>   | <b>(4,921)</b>   | <b>(4,862)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,624</b>    | <b>75,778</b>    | <b>76,952</b>    | <b>78,918</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (6,942)          | (3,648)          | (4,127)          | (3,621)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (6,577)          | (3,746)          | (4,629)          | (4,294)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,675)          | (2,124)          | (2,636)          | (2,509)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(16,195)</b>  | <b>(9,518)</b>   | <b>(11,393)</b>  | <b>(10,424)</b>  |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,183,000        | 1,256,866        | 1,320,489        | 1,398,330        |
| Corporate Bonds                                    | 520,912          | 541,422          | 567,792          | 590,814          | 618,551          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,137,459</b> | <b>2,211,226</b> | <b>2,271,438</b> | <b>2,354,271</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.3%            | 56.8%            | 58.1%            | 59.4%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.7%            | 26.0%            | 26.3%            |
| MUSH   | 21.1%            | 19.3%            | 17.5%            | 15.9%            | 14.3%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 2a

### Combined Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,930           | 27,556           | 28,210           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,263</b> | <b>1,289,444</b> | <b>1,335,100</b> |
| Claims Incurred  | 838,574                       | 883,024          | 1,055,404        | 1,110,310        | 1,142,138        | 1,239,334        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | 31,529           | 39,614           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | (1,714)          | (2,077)          | (2,189)          | (2,182)          |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>1,053,690</b> | <b>1,108,233</b> | <b>1,171,478</b> | <b>1,276,766</b> |
| Claims Expense   | 146,277                       | 151,982          | 168,603          | 178,211          | 181,874          | 195,208          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 13,160           | 13,875           | 14,162           | 15,212           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,235,453</b> | <b>1,300,319</b> | <b>1,367,514</b> | <b>1,487,186</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 99,477           | 104,323          | 107,155          | 115,053          |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 38,394           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,667            | 4,646            | 4,941            | 5,256            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>190,869</b>   | <b>204,315</b>   | <b>208,581</b>   | <b>217,201</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(247,377)</b> | <b>(259,371)</b> | <b>(286,651)</b> | <b>(369,287)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 105,775          | 113,315          | 78,698           | 104,664          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | (97,482)         | (101,239)        | (103,547)        | (104,794)        |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>8,293</b>     | <b>12,076</b>    | <b>(24,849)</b>  | <b>(130)</b>     |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(239,084)</b> | <b>(247,295)</b> | <b>(311,500)</b> | <b>(369,417)</b> |
| <b>Rebate to Policyholders</b>                         | <b>(156,534)</b>              | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(239,084)</b> | <b>(247,295)</b> | <b>(311,500)</b> | <b>(369,417)</b> |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (95,768)         | (99,162)         | (101,358)        | (102,612)        |

## Appendix 2b

### Combined Solvency Scenario

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 142,479          | 135,690          | 125,802          | 155,589          |
| Investments                              | 2,750,044                     | 2,856,888        | 2,836,452        | 2,770,143        | 2,760,266        | 2,623,887        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 43,101           | 11,248           | -                |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,315           | 55,791           | 46,630           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,623,517</b> | <b>3,580,275</b> | <b>3,548,696</b> | <b>3,442,769</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 70,650           | 76,164           | 76,819           | 82,279           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 340,872          | 317,694          | 296,870          | 278,159          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,314,672        | 2,465,382        | 2,626,410        | 2,770,169        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,371,203</b> | <b>3,527,506</b> | <b>3,692,560</b> | <b>3,848,008</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 221,119          | 8,767            | (249,006)        | (559,804)        |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 31,193           | 44,002           | 105,143          | 154,564          |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>252,312</b>   | <b>52,769</b>    | <b>(143,863)</b> | <b>(405,240)</b> |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,623,515</b> | <b>3,580,275</b> | <b>3,548,697</b> | <b>3,442,768</b> |

**Appendix 2c**  
**Combined Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |               |                  |                  |
|---|--------------------------------------|----------------|----------------|---------------|------------------|------------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F         | 2026F            | 2027F            |
| <b>BASIC</b>  |                                      |                |                |               |                  |                  |
| <b>Total Equity</b>                                 |                                      |                |                |               |                  |                  |
| <b>Retained Earnings</b>                            |                                      |                |                |               |                  |                  |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 221,119       | 8,767            | (249,006)        |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (239,084)      | (247,295)     | (311,500)        | (369,417)        |
| Premium Rebate                                      | (156,534)                            | -              | -              | -             | -                | -                |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 31,830         | 34,943        | 53,727           | 58,619           |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>221,119</b> | <b>8,767</b>  | <b>(249,006)</b> | <b>(559,804)</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |               |                  |                  |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 31,193        | 44,002           | 105,143          |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (29,044)       | (21,799)      | 28,886           | 19,280           |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | 37,228         | 34,608        | 32,255           | 30,141           |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>31,193</b>  | <b>44,002</b> | <b>105,143</b>   | <b>154,564</b>   |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>252,312</b> | <b>52,769</b> | <b>(143,863)</b> | <b>(405,240)</b> |



## Appendix 2d

### Combined Solvency Scenario

### Minimum Capital Test

| <i>(C\$ 000s, rounding may affect totals)</i>                                       |           | 2022 - 2023    | 2023 - 2024      | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                  |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                  |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 198,085          | (3,545)          | (199,654)        | (451,868)        |
| Phase-in of capital available   | 03        | 0              | 0                | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>198,085</b>   | <b>(3,545)</b>   | <b>(199,654)</b> | <b>(451,868)</b> |
| <b>Assets Available:</b>  |           |                |                  |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0                | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0                | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                  |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                  |                  |                  |                  |
| Premium liabilities   | 20        | 88,337         | 91,660           | 98,950           | 109,247          | 120,009          |
| Unpaid claims   | 22        | 194,661        | 212,678          | 227,355          | 239,236          | 254,954          |
| Catastrophes  | 24        | 0              | 0                | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0                | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 282,998        | 304,338          | 326,305          | 348,483          | 374,963          |
| <b>Market Risk:</b>   |           |                |                  |                  |                  |                  |
| Interest rate risk  | 30        | 53,599         | 68,853           | 80,946           | 95,902           | 137,511          |
| Foreign exchange risk   | 32        | 28,498         | 25,207           | 21,145           | 20,377           | 19,550           |
| Equity risk   | 34        | 106,701        | 97,624           | 83,129           | 80,843           | 81,540           |
| Real estate risk  | 36        | 37,598         | 38,886           | 38,676           | 39,779           | 41,425           |
| Other market risk exposures   | 38        | 0              | 0                | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,396        | 230,570          | 223,896          | 236,901          | 280,026          |
| <b>Credit Risk:</b>   |           |                |                  |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 47,027           | 46,691           | 47,089           | 46,271           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264            | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0                | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 48,291           | 47,956           | 48,353           | 47,535           |
| Operational risk margin   | 50        | 76,459         | 79,493           | 81,832           | 85,966           | 92,954           |
| Less: Diversification credit  | 52        | 74,674         | 77,973           | 79,423           | 83,995           | 93,659           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>559,302</b> | <b>584,719</b>   | <b>600,566</b>   | <b>635,708</b>   | <b>701,819</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 372,868        | 389,813          | 400,377          | 423,806          | 467,879          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0                | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>372,868</b> | <b>389,813</b>   | <b>400,377</b>   | <b>423,806</b>   | <b>467,879</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>28,763</b>  | <b>(191,728)</b> | <b>(403,922)</b> | <b>(623,460)</b> | <b>(919,747)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>107.71%</b> | <b>50.82%</b>    | <b>-0.89%</b>    | <b>-47.11%</b>   | <b>-96.58%</b>   |

## Appendix 2e

### Combined Solvency Scenario

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                  |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                  |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 544,605          | 627,584          | 628,028          | 679,950          |
| Comprehensive                                      | 84,729         | 94,330         | 93,374           | 97,369           | 119,658          | 118,171          |
| Property Damage                                    | 37,180         | 49,040         | 44,132           | 59,987           | 53,524           | 56,189           |
| Public Liability - BI                              | 1,990          | 5,607          | 10,394           | 7,826            | 8,070            | 4,930            |
| PIPP   | 121,706        | 228,398        | 307,029          | 265,944          | 280,089          | 316,679          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>999,534</b>   | <b>1,058,710</b> | <b>1,089,369</b> | <b>1,175,919</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856           | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 20,300           | 13,910           | 11,056           | 18,508           |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0                | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0                | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0                | 0                | 31,529           | 39,614           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>1,053,690</b> | <b>1,108,233</b> | <b>1,171,478</b> | <b>1,276,766</b> |

**Appendix 2f**  
**Combined Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 74.36%    | 85.13%    | 82.96%    | 84.54%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0128    | 1.0218    | 1.0184    | 1.0020    | 1.0031    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0642    | 1.0490    | 1.0208    | 1.0106    | 1.0084    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0622    | 1.0307    | 1.0176    | 1.0124    | 1.0104    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0830    | 1.0586    | 1.0429    | 1.0305    | 1.0182    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 70.92%        |
| 2023  |               |         | 66.40%    | 54.38%    | 64.60%    | 70.17%    | 74.59%    |           |           |           | 67.06%          | 71.17%        |
| 2024  |               |         |           | 56.64%    | 66.54%    | 71.49%    | 75.15%    | 85.84%    |           |           | 71.06%          | 74.18%        |
| 2025  |               |         |           |           | 67.37%    | 72.18%    | 75.67%    | 86.19%    | 83.83%    |           | 77.22%          | 79.31%        |
| 2026  |               |         |           |           |           | 75.85%    | 78.72%    | 88.78%    | 85.49%    | 86.08%    | 83.43%          | 84.31%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| <i>(C\$ 000s, rounding may affect totals)</i>                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.94%     | 10.08%    | 10.01%    | 10.37%    |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.31%     | 3.36%     | 3.34%     | 3.46%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.20%     | 3.34%     | 3.35%     | 3.40%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 404,815   | 418,120   | 451,381   | 499,841   | 550,494   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,596    | 20,086    | 20,845    | 21,875    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 76,915    | 79,443    | 85,762    | 94,970    | 104,594   |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 69,267    | 67,989    | 47,890    | 11,248    | (27,386)  |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | 31,529    | 43,757    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | 31,529    | 12,228    |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | 27,386    |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | 27,386    |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

## Appendix 2g

### Combined Solvency Scenario

### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | (0)              | 0                | (0)              | (60)             |
| Government Bonds                                   | 37,370           | 41,368           | 47,817           | 54,029           | 60,059           |
| Corporate Bonds                                    | 20,959           | 23,418           | 27,430           | 31,634           | 35,812           |
| MUSH   | 19,328           | 18,304           | 17,418           | 16,754           | 16,134           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>83,090</b>    | <b>92,666</b>    | <b>102,417</b>   | <b>111,945</b>   |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | (63,214)         | (66,084)         | (67,622)         | (66,258)         |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (3,345)          | (3,228)          | (3,053)          | (5,433)          |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (28,212)         | (29,249)         | (30,216)         | (28,661)         |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | (2,710)          | (2,678)          | (2,656)          | (4,442)          |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(97,482)</b>  | <b>(101,239)</b> | <b>(103,547)</b> | <b>(104,794)</b> |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,488)          | (1,577)          | (1,585)          | (1,526)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | 1,284            | 7,730            | 13,778           | 18,101           |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(204)</b>     | <b>6,153</b>     | <b>12,193</b>    | <b>16,575</b>    |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>(14,596)</b>  | <b>(2,421)</b>   | <b>11,064</b>    | <b>23,727</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (5,634)          | (3,476)          | (1,284)          | (1,017)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (4,202)          | (1,535)          | (165)            | 149              |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,934)          | (2,049)          | (1,542)          | (1,398)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(12,769)</b>  | <b>(7,061)</b>   | <b>(2,992)</b>   | <b>(2,266)</b>   |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | (38,367)         |
| Government Bonds                                   | 1,126,634        | 1,198,394        | 1,268,434        | 1,305,054        | 1,225,252        |
| Corporate Bonds                                    | 520,912          | 537,831          | 553,749          | 557,597          | 522,013          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,149,261</b> | <b>2,208,751</b> | <b>2,222,785</b> | <b>2,046,288</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | -1.9%            |
| Government Bonds                                   | 54.0%            | 55.8%            | 57.4%            | 58.7%            | 59.9%            |
| Corporate Bonds                                    | 24.9%            | 25.0%            | 25.1%            | 25.1%            | 25.5%            |
| MUSH   | 21.1%            | 19.2%            | 17.5%            | 16.2%            | 16.5%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 2h

### Combined Solvency Scenario with Management Action

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,251,492        | 1,362,266        | 1,482,740        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,300,140</b> | <b>1,412,563</b> | <b>1,534,430</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,201,785        | 1,307,852        | 1,423,561        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,249,153</b> | <b>1,357,084</b> | <b>1,474,304</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 27,918           | 29,651           | 31,545           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,277,071</b> | <b>1,386,735</b> | <b>1,505,849</b> |
| Claims Incurred  | 838,574                       | 883,024          | 1,055,404        | 1,110,310        | 1,142,138        | 1,239,335        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | -                | -                |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | (1,714)          | (2,072)          | (2,196)          | (2,239)          |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>1,053,690</b> | <b>1,108,238</b> | <b>1,139,942</b> | <b>1,237,096</b> |
| Claims Expense   | 146,277                       | 151,982          | 168,603          | 178,211          | 181,874          | 195,007          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 13,160           | 13,875           | 14,162           | 15,194           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,235,453</b> | <b>1,300,324</b> | <b>1,335,978</b> | <b>1,447,297</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 99,477           | 104,323          | 107,155          | 114,941          |
| Commissions  | 44,925                        | 47,977           | 51,674           | 59,406           | 61,838           | 63,598           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,997           | 41,250           | 44,783           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,667            | 4,646            | 4,941            | 5,255            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>190,869</b>   | <b>206,372</b>   | <b>215,184</b>   | <b>228,577</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(247,377)</b> | <b>(229,625)</b> | <b>(164,427)</b> | <b>(170,025)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 105,775          | 113,959          | 81,962           | 117,459          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | (97,482)         | (101,239)        | (105,449)        | (110,377)        |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>8,293</b>     | <b>12,720</b>    | <b>(23,487)</b>  | <b>7,082</b>     |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(239,084)</b> | <b>(216,905)</b> | <b>(187,914)</b> | <b>(162,943)</b> |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(239,084)</b> | <b>(216,905)</b> | <b>(187,914)</b> | <b>(162,943)</b> |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (95,768)         | (99,167)         | (103,253)        | (108,138)        |

## Appendix 2i

### Combined Solvency Scenario with Management Action

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

|  | 2022A            | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                             |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                  |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131          | 151,300          | 142,479          | 135,981          | 126,861          | 119,827          |
| Investments                              | 2,750,044        | 2,856,888        | 2,836,452        | 2,807,154        | 2,869,127        | 3,044,868        |
| Investment property                      | 5,912            | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14               | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612          | 361,715          | 392,022          | 426,508          | 464,260          | 505,318          |
| Prepaid expenses                         | -                | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672           | 37,111           | 41,249           | 45,294           | 47,237           | 50,772           |
| Reinsurers' share of unearned premiums   | -                | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457            | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880          | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687           | 49,751           | 54,229           | 56,315           | 55,791           | 46,632           |
| <b>Total Assets</b>                      | <b>3,504,409</b> | <b>3,595,663</b> | <b>3,623,517</b> | <b>3,640,414</b> | <b>3,738,439</b> | <b>3,948,581</b> |
| <b>Liabilities</b>                       |                  |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369              | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876           | 62,805           | 70,650           | 76,164           | 76,819           | 82,279           |
| Financing lease obligation               | 5,361            | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725          | 572,104          | 618,853          | 671,311          | 728,377          | 790,215          |
| Provision for employee current benefits  | 19,281           | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244          | 366,670          | 340,872          | 317,694          | 296,870          | 278,159          |
| Provision for unpaid claims              | 2,103,789        | 2,117,101        | 2,314,672        | 2,465,386        | 2,599,021        | 2,770,110        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b> | <b>3,144,282</b> | <b>3,371,203</b> | <b>3,557,265</b> | <b>3,728,351</b> | <b>3,948,582</b> |
| <b>Equity</b>                            |                  |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335          | 428,373          | 221,119          | 39,144           | (95,063)         | (154,341)        |
| Accumulated Other Comprehensive Income   | 51,429           | 23,009           | 31,193           | 44,002           | 105,151          | 154,341          |
| <b>Total Equity</b>                      | <b>410,764</b>   | <b>451,382</b>   | <b>252,312</b>   | <b>83,146</b>    | <b>10,088</b>    | <b>-</b>         |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b> | <b>3,595,664</b> | <b>3,623,515</b> | <b>3,640,411</b> | <b>3,738,439</b> | <b>3,948,582</b> |

**Appendix 2j**  
**Combined Solvency Scenario with Management Action**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |               |                 |                  |
|---|--------------------------------------|----------------|----------------|---------------|-----------------|------------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F         | 2026F           | 2027F            |
| <b>BASIC</b>  |                                      |                |                |               |                 |                  |
| <b>Total Equity</b>                                 |                                      |                |                |               |                 |                  |
| <b>Retained Earnings</b>                            |                                      |                |                |               |                 |                  |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 221,119       | 39,144          | (95,063)         |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (239,084)      | (216,905)     | (187,914)       | (162,943)        |
| Premium Rebate                                      | (156,534)                            | -              | -              | -             | -               | -                |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 31,830         | 34,930        | 53,707          | 103,665          |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>221,119</b> | <b>39,144</b> | <b>(95,063)</b> | <b>(154,341)</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |               |                 |                  |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 31,193        | 44,002          | 105,151          |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (29,044)       | (21,799)      | 28,894          | 19,049           |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | 37,228         | 34,608        | 32,255          | 30,141           |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>31,193</b>  | <b>44,002</b> | <b>105,151</b>  | <b>154,341</b>   |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>252,312</b> | <b>83,146</b> | <b>10,088</b>   | <b>-</b>         |

## Appendix 2k

### Combined Solvency Scenario with Management Action

### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024      | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                  |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                  |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 198,085          | 26,833           | (45,703)         | (46,633)         |
| Phase-in of capital available   | 03        | 0              | 0                | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>198,085</b>   | <b>26,833</b>    | <b>(45,703)</b>  | <b>(46,633)</b>  |
| <b>Assets Available:</b>  |           |                |                  |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0                | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0                | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                  |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                  |                  |                  |                  |
| Premium liabilities   | 20        | 88,337         | 91,660           | 99,051           | 109,395          | 120,131          |
| Unpaid claims   | 22        | 194,661        | 212,678          | 227,356          | 239,236          | 254,948          |
| Catastrophes  | 24        | 0              | 0                | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0                | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 282,998        | 304,338          | 326,407          | 348,631          | 375,079          |
| <b>Market Risk:</b>   |           |                |                  |                  |                  |                  |
| Interest rate risk  | 30        | 53,599         | 68,745           | 77,151           | 81,186           | 97,312           |
| Foreign exchange risk   | 32        | 28,498         | 25,207           | 21,145           | 20,376           | 20,097           |
| Equity risk   | 34        | 106,701        | 97,624           | 83,127           | 80,841           | 86,944           |
| Real estate risk  | 36        | 37,598         | 38,886           | 38,676           | 39,778           | 42,326           |
| Other market risk exposures   | 38        | 0              | 0                | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,396        | 230,462          | 220,099          | 222,181          | 246,679          |
| <b>Credit Risk:</b>   |           |                |                  |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 47,027           | 48,062           | 50,275           | 53,776           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264            | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0                | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 48,291           | 49,327           | 51,539           | 55,040           |
| Operational risk margin   | 50        | 76,459         | 79,484           | 83,149           | 88,214           | 95,889           |
| Less: Diversification credit  | 52        | 74,674         | 77,957           | 79,040           | 82,079           | 89,527           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>559,302</b> | <b>584,618</b>   | <b>599,942</b>   | <b>628,486</b>   | <b>683,160</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 372,868        | 389,745          | 399,961          | 418,991          | 455,440          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0                | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>372,868</b> | <b>389,745</b>   | <b>399,961</b>   | <b>418,991</b>   | <b>455,440</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>28,763</b>  | <b>(191,660)</b> | <b>(373,128)</b> | <b>(464,694)</b> | <b>(502,073)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>107.71%</b> | <b>50.82%</b>    | <b>6.71%</b>     | <b>-10.91%</b>   | <b>-10.24%</b>   |



## Appendix 2I

### Combined Solvency Scenario with Management Action

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                  |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                  |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 544,605          | 627,586          | 628,027          | 679,936          |
| Comprehensive                                      | 84,729         | 94,330         | 93,374           | 97,369           | 119,657          | 118,168          |
| Property Damage                                    | 37,180         | 49,040         | 44,132           | 59,987           | 53,524           | 56,187           |
| Public Liability - BI                              | 1,990          | 5,607          | 10,394           | 7,827            | 8,069            | 4,923            |
| PIPP   | 121,706        | 228,398        | 307,029          | 265,945          | 280,086          | 316,658          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>999,534</b>   | <b>1,058,714</b> | <b>1,089,363</b> | <b>1,175,872</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856           | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 20,300           | 13,911           | 11,055           | 18,499           |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0                | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0                | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0                | 0                | 0                | 0                |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>1,053,690</b> | <b>1,108,238</b> | <b>1,139,942</b> | <b>1,237,096</b> |

**Appendix 2m**  
**Combined Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 74.36%    | 83.03%    | 77.14%    | 74.94%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0128    | 1.0218    | 1.0184    | 1.0020    | 1.0031    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0142    | 0.9997    | 0.9728    | 0.9631    | 0.9853    |           |           |                 |               |
| 2025  |               |         |           |           | 0.9650    | 0.9364    | 0.9245    | 0.9431    | 0.9873    |           |                 |               |
| 2026  |               |         |           |           |           | 0.9380    | 0.9169    | 0.9261    | 0.9598    | 0.9948    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 70.92%        |
| 2023  |               |         | 66.40%    | 54.38%    | 64.60%    | 70.17%    | 74.59%    |           |           |           | 67.06%          | 71.17%        |
| 2024  |               |         |           | 53.98%    | 63.41%    | 68.13%    | 71.62%    | 81.81%    |           |           | 67.72%          | 70.70%        |
| 2025  |               |         |           |           | 61.21%    | 65.58%    | 68.75%    | 78.31%    | 76.16%    |           | 70.16%          | 72.05%        |
| 2026  |               |         |           |           |           | 65.69%    | 68.18%    | 76.89%    | 74.04%    | 74.55%    | 72.26%          | 73.00%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,249,153 | 1,357,084 | 1,474,304 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.94%     | 9.83%     | 9.30%     | 9.18%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.31%     | 3.28%     | 3.10%     | 3.06%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.20%     | 3.30%     | 3.19%     | 3.08%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 647,158   | 702,637   | 762,762   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 404,815   | 418,120   | 451,214   | 499,650   | 550,132   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,596    | 20,806    | 21,849    | 22,906    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 76,915    | 79,443    | 85,731    | 94,933    | 104,525   |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 69,267    | 67,989    | 77,122    | 73,652    | 72,646    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 45,294    | 47,237    | 50,772    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | -         | -         |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

## Appendix 2n

### Combined Solvency Scenario with Management Action

### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | (0)              | 0                | 0                | 0                |
| Government Bonds                                   | 37,370           | 41,368           | 48,223           | 56,040           | 66,988           |
| Corporate Bonds                                    | 20,959           | 23,418           | 27,608           | 32,550           | 39,066           |
| MUSH   | 19,328           | 18,304           | 17,418           | 16,754           | 16,134           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>83,090</b>    | <b>93,249</b>    | <b>105,344</b>   | <b>122,188</b>   |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | (63,214)         | (66,087)         | (68,921)         | (72,635)         |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (3,345)          | (3,226)          | (3,107)          | (3,026)          |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (28,212)         | (29,251)         | (30,726)         | (32,005)         |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | (2,710)          | (2,676)          | (2,695)          | (2,711)          |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(97,482)</b>  | <b>(101,239)</b> | <b>(105,449)</b> | <b>(110,377)</b> |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,488)          | (1,586)          | (1,626)          | (1,653)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | 1,284            | 7,799            | 14,166           | 20,545           |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(204)</b>     | <b>6,213</b>     | <b>12,540</b>    | <b>18,892</b>    |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>(14,596)</b>  | <b>(1,777)</b>   | <b>12,434</b>    | <b>30,704</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (5,634)          | (3,476)          | (1,284)          | (1,018)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (4,202)          | (1,535)          | (165)            | 149              |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,934)          | (2,049)          | (1,542)          | (1,398)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(12,769)</b>  | <b>(7,061)</b>   | <b>(2,992)</b>   | <b>(2,266)</b>   |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,198,394        | 1,296,199        | 1,386,765        | 1,507,646        |
| Corporate Bonds                                    | 520,912          | 537,831          | 563,008          | 584,772          | 615,561          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,149,261</b> | <b>2,245,776</b> | <b>2,331,671</b> | <b>2,460,597</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.8%            | 57.7%            | 59.5%            | 61.3%            |
| Corporate Bonds                                    | 24.9%            | 25.0%            | 25.1%            | 25.1%            | 25.0%            |
| MUSH   | 21.1%            | 19.2%            | 17.2%            | 15.4%            | 13.7%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

### Appendix 3a

#### High Loss Ratio Solvency Scenario

#### Statement of Operations

| (C\$ 000s, rounding may affect totals)                 | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,928           | 27,552           | 28,214           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,261</b> | <b>1,289,440</b> | <b>1,335,104</b> |
| Claims Incurred  | 838,574                       | 883,024          | 1,045,510        | 1,035,307        | 1,345,045        | 1,121,398        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | 5,740            | 55,180           | 26,633           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 49               | 145              | (89)             | (70)             |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>1,045,559</b> | <b>1,041,192</b> | <b>1,400,136</b> | <b>1,147,961</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 165,686          | 161,783          | 168,607          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,816           | 12,478           | 13,014           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,220,990</b> | <b>1,219,694</b> | <b>1,574,397</b> | <b>1,329,582</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,841           | 95,202           | 99,226           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 34,836           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,284            | 4,374            | 4,469            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>196,471</b>   | <b>192,503</b>   | <b>200,587</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(229,217)</b> | <b>(170,904)</b> | <b>(477,460)</b> | <b>(195,065)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 107,371          | 100,875          | 97,434           | 89,002           |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>107,371</b>   | <b>100,875</b>   | <b>97,434</b>    | <b>89,002</b>    |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(121,846)</b> | <b>(70,029)</b>  | <b>(380,026)</b> | <b>(106,063)</b> |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | (118,620)        | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(121,846)</b> | <b>(70,029)</b>  | <b>(498,646)</b> | <b>(106,063)</b> |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (49)             | (145)            | 89               | 70               |

## Appendix 3b

### High Loss Ratio Solvency Scenario

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 157,964          | 167,065          | 279,292          | 472,724          |
| Investments                              | 2,750,044                     | 2,856,888        | 2,860,803        | 2,929,938        | 2,569,413        | 2,313,517        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 37,361           | -                | -                |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,324           | 55,812           | 46,641           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,663,353</b> | <b>3,765,714</b> | <b>3,500,106</b> | <b>3,449,545</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,212,877        | 2,314,597        | 2,466,315        | 2,427,401        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,304,297</b> | <b>3,443,691</b> | <b>3,628,892</b> | <b>3,628,743</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 340,095          | 302,712          | (149,420)        | (193,805)        |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 18,959           | 19,312           | 20,633           | 14,608           |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>359,054</b>   | <b>322,024</b>   | <b>(128,787)</b> | <b>(179,197)</b> |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,663,351</b> | <b>3,765,715</b> | <b>3,500,105</b> | <b>3,449,546</b> |

**Appendix 3c**  
**High Loss Ratio Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                |                  |                  |
|---|--------------------------------------|----------------|----------------|----------------|------------------|------------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F          | 2026F            | 2027F            |
| <b>BASIC</b>  |                                      |                |                |                |                  |                  |
| <b>Total Equity</b>                                 |                                      |                |                |                |                  |                  |
| <b>Retained Earnings</b>                            |                                      |                |                |                |                  |                  |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 340,095        | 302,712          | (149,420)        |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (121,846)      | (70,029)       | (380,026)        | (106,063)        |
| Premium Rebate                                      | (156,534)                            | -              | -              | -              | (118,620)        | -                |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 33,568         | 32,646         | 46,514           | 61,678           |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>340,095</b> | <b>302,712</b> | <b>(149,420)</b> | <b>(193,805)</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                |                  |                  |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 18,959         | 19,312           | 20,633           |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (4,050)        | 353            | 1,321            | (6,025)          |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -              | -                | -                |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>18,959</b>  | <b>19,312</b>  | <b>20,633</b>    | <b>14,608</b>    |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>359,054</b> | <b>322,024</b> | <b>(128,787)</b> | <b>(179,197)</b> |

### Appendix 3d

#### High Loss Ratio Solvency Scenario

#### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|-----------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                 |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                 |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 304,826         | 265,701          | (184,598)        | (225,837)        |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>304,826</b>  | <b>265,701</b>   | <b>(184,598)</b> | <b>(225,837)</b> |
| <b>Assets Available:</b>  |           |                |                 |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                  |                  |
| Insurance Risk:   |           |                |                 |                  |                  |                  |
| Premium liabilities   | 20        | 86,484         | 92,000          | 100,679          | 114,093          | 122,451          |
| Unpaid claims   | 22        | 194,661        | 204,898         | 211,649          | 227,101          | 225,323          |
| Catastrophes  | 24        | 0              | 0               | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 296,898         | 312,328          | 341,194          | 347,774          |
| Market Risk:  |           |                |                 |                  |                  |                  |
| Interest rate risk  | 30        | 53,612         | 68,661          | 68,563           | 116,968          | 154,204          |
| Foreign exchange risk   | 32        | 28,498         | 29,086          | 26,247           | 20,833           | 23,486           |
| Equity risk   | 34        | 106,701        | 111,783         | 101,655          | 82,022           | 92,792           |
| Real estate risk  | 36        | 37,598         | 40,699          | 40,646           | 38,252           | 40,936           |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,409        | 250,229         | 237,111          | 258,075          | 311,418          |
| Credit Risk:  |           |                |                 |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 47,819          | 49,217           | 46,211           | 45,008           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 49,084          | 50,481           | 47,475           | 46,273           |
| Operational risk margin   | 50        | 76,303         | 80,599          | 81,982           | 87,071           | 93,203           |
| Less: Diversification credit  | 52        | 74,435         | 79,876          | 80,227           | 86,364           | 94,494           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>596,934</b>  | <b>601,675</b>   | <b>647,451</b>   | <b>704,174</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 397,956         | 401,117          | 431,634          | 469,449          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>397,956</b>  | <b>401,117</b>   | <b>431,634</b>   | <b>469,449</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>(93,130)</b> | <b>(135,416)</b> | <b>(616,232)</b> | <b>(695,286)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>76.60%</b>   | <b>66.24%</b>    | <b>-42.77%</b>   | <b>-48.11%</b>   |

### Appendix 3e

#### High Loss Ratio Solvency Scenario

#### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                  |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                  |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 576,255          | 502,573          | 592,191          | 656,113          |
| Comprehensive                                      | 84,729         | 94,330         | 112,176          | 140,651          | 394,991          | 114,173          |
| Property Damage                                    | 37,180         | 49,040         | 60,241           | 52,474           | 50,475           | 52,070           |
| Public Liability - BI                              | 1,990          | 5,607          | 2,940            | 2,770            | 4,880            | 7,907            |
| PIPP   | 121,706        | 228,398        | 251,722          | 291,577          | 251,252          | 250,013          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>1,003,334</b> | <b>990,045</b>   | <b>1,293,789</b> | <b>1,080,276</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856           | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 8,370            | 9,795            | 11,644           | (1,674)          |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0                | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0                | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0                | 5,740            | 55,180           | 26,633           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>1,045,559</b> | <b>1,041,192</b> | <b>1,400,137</b> | <b>1,147,961</b> |



**Appendix 3f**  
**High Loss Ratio Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 81.27%    | 77.72%    | 98.69%    | 78.00%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0322    | 1.0372    | 1.0297    | 1.0091    | 1.0061    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0593    | 1.0452    | 1.0181    | 1.0089    | 1.0077    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0981    | 1.0581    | 1.0374    | 1.0249    | 1.0158    |           |                 |               |
| 2026  |               |         |           |           | 1.0919    | 1.0655    | 1.0478    | 1.0336    | 1.0195    |           |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 67.68%    | 55.20%    | 65.31%    | 70.67%    | 81.77%    |           |           |           | 67.89%          | 71.46%        |
| 2024  |               |         |           | 56.38%    | 66.30%    | 71.30%    | 81.99%    | 78.31%    |           |           | 71.97%          | 75.78%        |
| 2025  |               |         |           |           | 69.65%    | 74.10%    | 84.30%    | 79.66%    | 100.25%   |           | 79.36%          | 83.47%        |
| 2026  |               |         |           |           | 76.47%    | 86.59%    | 81.44%    | 102.01%   |           | 79.52%    | 82.51%          | 86.77%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| <i>(C\$ 000s, rounding may affect totals)</i>                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.35%     | 8.88%     | 8.93%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.12%     | 2.96%     | 2.98%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.16%     | 3.04%     | 2.97%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 419,826   | 461,105   | 526,102   | 566,521   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 19,042    | 18,986    | 19,213    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 79,767    | 87,610    | 99,959    | 107,639   |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum((9) to (14))]             | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 66,282    | 37,361    | (18,143)  | (43,796)  |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | 5,740     | 42,777    | 43,757    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | 5,740     | 37,037    | 980       |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | 18,143    | 43,796    |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | 18,143    | 25,653    |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3g

#### High Loss Ratio Solvency Scenario

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | (25)             | (25)             | (187)            | (313)            |
| Government Bonds                                   | 37,370           | 38,400           | 40,215           | 41,783           | 33,558           |
| Corporate Bonds                                    | 20,959           | 21,938           | 23,185           | 24,276           | 21,032           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>78,567</b>    | <b>80,560</b>    | <b>82,078</b>    | <b>69,420</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 1,168            | 333              | 6,844            | 8,891            |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (1,168)          | (333)            | (6,844)          | (8,891)          |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | 751              | 50               | 1,215            | (10,411)         |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | (751)            | (50)             | (1,215)          | 10,411           |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,449)          | (1,528)          | (1,574)          | (1,323)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,037)          | (3,382)          | (3,423)          | (2,802)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,486)</b>   | <b>(4,910)</b>   | <b>(4,997)</b>   | <b>(4,125)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,081</b>    | <b>75,649</b>    | <b>77,081</b>    | <b>65,295</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (7,566)          | (5,048)          | (3,994)          | (2,686)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (7,145)          | (5,158)          | (4,481)          | (3,216)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,714)          | (2,161)          | (2,015)          | (1,489)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(17,425)</b>  | <b>(12,366)</b>  | <b>(10,490)</b>  | <b>(7,391)</b>   |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | (16,684)         | -                | (124,846)        | (85,763)         |
| Government Bonds                                   | 1,126,634        | 1,125,580        | 1,267,951        | 1,148,633        | 915,968          |
| Corporate Bonds                                    | 520,912          | 522,258          | 571,494          | 533,542          | 457,481          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,044,190</b> | <b>2,226,013</b> | <b>1,917,464</b> | <b>1,625,076</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | -0.8%            | 0.0%             | -6.5%            | -5.3%            |
| Government Bonds                                   | 54.0%            | 55.1%            | 57.0%            | 59.9%            | 56.4%            |
| Corporate Bonds                                    | 24.9%            | 25.5%            | 25.7%            | 27.8%            | 28.2%            |
| MUSH   | 21.1%            | 20.2%            | 17.4%            | 18.8%            | 20.8%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 3h

### High Loss Ratio Solvency Scenario with Management Action

### Statement of Operations

| (C\$ 000s, rounding may affect totals)                 | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,872        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | 60,575           | 62,742           | 64,986           |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,300,140</b> | <b>1,346,684</b> | <b>1,394,548</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,657        | 1,256,148        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | 30,820           | 61,677           | 63,883           |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,249,153</b> | <b>1,323,566</b> | <b>1,370,774</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 27,188           | 27,821           | 28,493           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,276,341</b> | <b>1,351,387</b> | <b>1,399,267</b> |
| Claims Incurred  | 838,574                       | 883,024          | 1,045,510        | 1,035,307        | 1,345,048        | 1,121,395        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | 5,778            | 55,268           | 27,302           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 49               | 156              | (63)             | 117              |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>1,045,559</b> | <b>1,041,241</b> | <b>1,400,253</b> | <b>1,148,814</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 165,686          | 161,783          | 168,607          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,816           | 12,478           | 13,014           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,220,990</b> | <b>1,219,743</b> | <b>1,574,514</b> | <b>1,330,435</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,841           | 95,202           | 99,226           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 59,406           | 60,694           | 59,692           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,997           | 40,245           | 41,677           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,284            | 4,374            | 4,469            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>198,528</b>   | <b>200,515</b>   | <b>205,064</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(229,217)</b> | <b>(141,930)</b> | <b>(423,642)</b> | <b>(136,232)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 107,371          | 101,232          | 100,326          | 94,751           |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>107,371</b>   | <b>101,232</b>   | <b>100,326</b>   | <b>94,751</b>    |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(121,846)</b> | <b>(40,698)</b>  | <b>(323,316)</b> | <b>(41,481)</b>  |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(121,846)</b> | <b>(40,698)</b>  | <b>(323,316)</b> | <b>(41,481)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (49)             | (156)            | 63               | (117)            |

## Appendix 3i

### High Loss Ratio Solvency Scenario with Management Action

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 157,964          | 167,270          | 238,157          | 344,523          |
| Investments                              | 2,750,044                     | 2,856,888        | 2,860,803        | 2,968,306        | 2,824,885        | 2,726,111        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 426,508          | 441,809          | 457,646          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 37,323           | -                | -                |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,324           | 55,812           | 46,641           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,663,353</b> | <b>3,824,893</b> | <b>3,735,826</b> | <b>3,756,085</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 671,311          | 696,016          | 721,504          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,212,877        | 2,314,734        | 2,467,151        | 2,427,626        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,304,297</b> | <b>3,473,583</b> | <b>3,660,547</b> | <b>3,660,890</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 340,095          | 331,785          | 54,722           | 74,630           |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 18,959           | 19,524           | 20,556           | 20,568           |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>359,054</b>   | <b>351,309</b>   | <b>75,278</b>    | <b>95,198</b>    |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,663,351</b> | <b>3,824,892</b> | <b>3,735,825</b> | <b>3,756,088</b> |

**Appendix 3j**  
**High Loss Ratio Solvency Scenario with Management Action**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                |               |               |
|---|--------------------------------------|----------------|----------------|----------------|---------------|---------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F          | 2026F         | 2027F         |
| <b>BASIC</b>  |                                      |                |                |                |               |               |
| <b>Total Equity</b>                                 |                                      |                |                |                |               |               |
| <b>Retained Earnings</b>                            |                                      |                |                |                |               |               |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 340,095        | 331,785       | 54,722        |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (121,846)      | (40,698)       | (323,316)     | (41,481)      |
| Premium Rebate                                      | (156,534)                            | -              | -              | -              | -             | -             |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 33,568         | 32,388         | 46,253        | 61,389        |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>340,095</b> | <b>331,785</b> | <b>54,722</b> | <b>74,630</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                |               |               |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 18,959         | 19,524        | 20,556        |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (4,050)        | 565            | 1,032         | 12            |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -              | -             | -             |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>18,959</b>  | <b>19,524</b>  | <b>20,556</b> | <b>20,568</b> |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>359,054</b> | <b>351,309</b> | <b>75,278</b> | <b>95,198</b> |

### Appendix 3k

#### High Loss Ratio Solvency Scenario with Management Action

#### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|-----------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                 |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                 |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 304,826         | 294,986          | 19,467           | 48,556           |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>304,826</b>  | <b>294,986</b>   | <b>19,467</b>    | <b>48,556</b>    |
| <b>Assets Available:</b>  |           |                |                 |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                 |                  |                  |                  |
| Premium liabilities   | 20        | 86,484         | 92,000          | 100,685          | 114,113          | 122,576          |
| Unpaid claims   | 22        | 194,661        | 204,898         | 211,651          | 227,107          | 225,347          |
| Catastrophes  | 24        | 0              | 0               | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 296,898         | 312,336          | 341,220          | 347,923          |
| <b>Market Risk:</b>   |           |                |                 |                  |                  |                  |
| Interest rate risk  | 30        | 53,612         | 68,661          | 65,819           | 100,620          | 112,524          |
| Foreign exchange risk   | 32        | 28,498         | 29,086          | 26,557           | 26,407           | 24,265           |
| Equity risk   | 34        | 106,701        | 111,783         | 102,808          | 102,698          | 100,392          |
| Real estate risk  | 36        | 37,598         | 40,699          | 40,838           | 41,698           | 42,203           |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,409        | 250,229         | 236,022          | 271,423          | 279,384          |
| <b>Credit Risk:</b>   |           |                |                 |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 47,819          | 50,618           | 50,038           | 50,136           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 49,084          | 51,882           | 51,303           | 51,400           |
| Operational risk margin   | 50        | 76,303         | 80,599          | 82,009           | 88,533           | 90,929           |
| Less: Diversification credit  | 52        | 74,435         | 79,876          | 80,273           | 88,878           | 90,867           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>596,934</b>  | <b>601,976</b>   | <b>663,601</b>   | <b>678,769</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 397,956         | 401,317          | 442,401          | 452,513          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>397,956</b>  | <b>401,317</b>   | <b>442,401</b>   | <b>452,513</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>(93,130)</b> | <b>(106,331)</b> | <b>(422,934)</b> | <b>(403,957)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>76.60%</b>   | <b>73.50%</b>    | <b>4.40%</b>     | <b>10.73%</b>    |

## Appendix 31

### High Loss Ratio Solvency Scenario with Management Action

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                  |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                  |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 576,255          | 502,575          | 592,197          | 656,157          |
| Comprehensive                                      | 84,729         | 94,330         | 112,176          | 140,652          | 394,996          | 114,184          |
| Property Damage                                    | 37,180         | 49,040         | 60,241           | 52,474           | 50,476           | 52,078           |
| Public Liability - BI                              | 1,990          | 5,607          | 2,940            | 2,771            | 4,882            | 7,926            |
| PIPP   | 121,706        | 228,398        | 251,722          | 291,582          | 251,263          | 250,087          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>1,003,334</b> | <b>990,055</b>   | <b>1,293,813</b> | <b>1,080,433</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856           | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 8,370            | 9,796            | 11,648           | (1,645)          |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0                | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0                | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0                | 5,778            | 55,268           | 27,302           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>1,045,559</b> | <b>1,041,242</b> | <b>1,400,253</b> | <b>1,148,814</b> |

**Appendix 3m**  
**High Loss Ratio Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 81.27%    | 77.72%    | 98.69%    | 78.00%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0322    | 1.0372    | 1.0297    | 1.0091    | 1.0061    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0593    | 1.0452    | 1.0181    | 1.0089    | 1.0077    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0981    | 1.0581    | 1.0374    | 1.0249    | 1.0158    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0919    | 1.0655    | 1.0478    | 1.0336    | 1.0195    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 67.68%    | 55.20%    | 65.31%    | 70.67%    | 81.77%    |           |           |           | 67.89%          | 71.46%        |
| 2024  |               |         |           | 56.38%    | 66.30%    | 71.30%    | 81.99%    | 78.31%    |           |           | 71.97%          | 75.79%        |
| 2025  |               |         |           |           | 69.65%    | 74.10%    | 84.30%    | 79.66%    | 100.25%   |           | 79.36%          | 83.49%        |
| 2026  |               |         |           |           |           | 76.47%    | 86.59%    | 81.44%    | 102.01%   | 79.52%    | 82.51%          | 86.87%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.35%     | 8.88%     | 8.93%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.12%     | 2.96%     | 2.98%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.16%     | 3.04%     | 2.97%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 419,826   | 461,137   | 526,207   | 567,186   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 19,042    | 18,987    | 19,216    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 79,767    | 87,616    | 99,979    | 107,765   |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 66,282    | 37,323    | (18,269)  | (44,591)  |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | 5,778     | 42,777    | 43,757    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | 5,778     | 36,999    | 980       |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | 18,269    | 44,591    |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | 18,269    | 26,322    |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0



### Appendix 3n

#### High Loss Ratio Solvency Scenario with Management Action

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | (25)             | (25)             | (125)            | (180)            |
| Government Bonds                                   | 37,370           | 38,400           | 40,391           | 42,297           | 38,962           |
| Corporate Bonds                                    | 20,959           | 21,938           | 23,260           | 24,499           | 23,408           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>78,567</b>    | <b>80,811</b>    | <b>82,877</b>    | <b>77,333</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 1,168            | 194              | 4,579            | 4,211            |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (1,168)          | (194)            | (4,579)          | (4,211)          |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | 751              | (45)             | 1,612            | (1,905)          |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | (751)            | 45               | (1,612)          | 1,905            |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,449)          | (1,529)          | (1,579)          | (1,454)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,037)          | (3,398)          | (3,565)          | (3,170)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,486)</b>   | <b>(4,927)</b>   | <b>(5,144)</b>   | <b>(4,624)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,081</b>    | <b>75,884</b>    | <b>77,733</b>    | <b>72,709</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (7,566)          | (4,936)          | (3,646)          | (3,631)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (7,145)          | (5,046)          | (4,079)          | (4,357)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,714)          | (2,152)          | (1,960)          | (1,960)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(17,425)</b>  | <b>(12,133)</b>  | <b>(9,685)</b>   | <b>(9,948)</b>   |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | (16,684)         | -                | (83,349)         | (36,637)         |
| Government Bonds                                   | 1,126,634        | 1,125,580        | 1,289,520        | 1,210,958        | 1,177,720        |
| Corporate Bonds                                    | 520,912          | 522,258          | 578,691          | 554,378          | 544,977          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,044,190</b> | <b>2,254,779</b> | <b>2,042,122</b> | <b>2,023,450</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | -0.8%            | 0.0%             | -4.1%            | -1.8%            |
| Government Bonds                                   | 54.0%            | 55.1%            | 57.2%            | 59.3%            | 58.2%            |
| Corporate Bonds                                    | 24.9%            | 25.5%            | 25.7%            | 27.1%            | 26.9%            |
| MUSH   | 21.1%            | 20.2%            | 17.1%            | 17.6%            | 16.7%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 4a

### Underestimation of Policy Liabilities Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,925           | 27,550           | 28,204           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,258</b> | <b>1,289,438</b> | <b>1,335,094</b> |
| Claims Incurred  | 838,574                       | 883,024          | 968,655          | 1,077,929        | 1,037,589        | 1,124,426        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | -                | 8,636            |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 4,755            | 5,351            | 4,862            | 5,480            |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>973,410</b>   | <b>1,083,280</b> | <b>1,042,451</b> | <b>1,138,542</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 165,045          | 161,497          | 166,682          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,751           | 12,443           | 12,832           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,148,841</b> | <b>1,261,076</b> | <b>1,216,391</b> | <b>1,318,056</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,463           | 94,994           | 98,103           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 34,836           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,283            | 4,374            | 4,467            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>196,092</b>   | <b>192,295</b>   | <b>199,462</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(157,068)</b> | <b>(211,910)</b> | <b>(119,248)</b> | <b>(182,424)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 107,511          | 104,664          | 108,940          | 106,218          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>107,511</b>   | <b>104,664</b>   | <b>108,940</b>   | <b>106,218</b>   |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(49,557)</b>  | <b>(107,246)</b> | <b>(10,308)</b>  | <b>(76,206)</b>  |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | (118,620)        | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(49,557)</b>  | <b>(107,246)</b> | <b>(128,928)</b> | <b>(76,206)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (4,755)          | (5,351)          | (4,862)          | (5,480)          |

## Appendix 4b

### Underestimation of Policy Liabilities Solvency Scenario

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 141,725          | 134,462          | 123,138          | 111,771          |
| Investments                              | 2,750,044                     | 2,856,888        | 2,957,809        | 3,066,807        | 3,087,244        | 3,234,912        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 43,101           | 42,777           | 35,121           |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,342           | 55,836           | 46,690           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,744,120</b> | <b>3,875,738</b> | <b>3,904,584</b> | <b>4,045,157</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,216,128        | 2,373,439        | 2,444,195        | 2,555,363        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,307,548</b> | <b>3,502,533</b> | <b>3,606,772</b> | <b>3,756,705</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 416,576          | 351,501          | 276,045          | 265,105          |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 19,995           | 21,706           | 21,767           | 23,350           |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>436,571</b>   | <b>373,207</b>   | <b>297,812</b>   | <b>288,455</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,744,119</b> | <b>3,875,740</b> | <b>3,904,584</b> | <b>4,045,160</b> |

**Appendix 4c**  
**Underestimation of Policy Liabilities Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                |                |                |
|---|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F          | 2026F          | 2027F          |
| <b>BASIC</b>  |                                      |                |                |                |                |                |
| <b>Total Equity</b>                                 |                                      |                |                |                |                |                |
| <b>Retained Earnings</b>                            |                                      |                |                |                |                |                |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 416,576        | 351,501        | 276,045        |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (49,557)       | (107,246)      | (10,308)       | (76,206)       |
| Premium Rebate                                      | (156,534)                            | -              | -              | -              | (118,620)      | -              |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 37,760         | 42,171         | 53,472         | 65,266         |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>416,576</b> | <b>351,501</b> | <b>276,045</b> | <b>265,105</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                |                |                |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 19,995         | 21,706         | 21,767         |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (3,014)        | 1,711          | 61             | 1,583          |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -              | -              | -              |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>19,995</b>  | <b>21,706</b>  | <b>21,767</b>  | <b>23,350</b>  |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>436,571</b> | <b>373,207</b> | <b>297,812</b> | <b>288,455</b> |

## Appendix 4d

### Underestimation of Policy Liabilities Solvency Scenario

### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|-----------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                 |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                 |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 382,343         | 316,864          | 241,976          | 241,764          |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>382,343</b>  | <b>316,864</b>   | <b>241,976</b>   | <b>241,764</b>   |
| <b>Assets Available:</b>  |           |                |                 |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                 |                  |                  |                  |
| Premium liabilities   | 20        | 86,484         | 90,532          | 96,219           | 102,158          | 108,796          |
| Unpaid claims   | 22        | 194,661        | 203,730         | 217,957          | 224,577          | 234,819          |
| Catastrophes  | 24        | 0              | 0               | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 294,262         | 314,176          | 326,735          | 343,615          |
| <b>Market Risk:</b>   |           |                |                 |                  |                  |                  |
| Interest rate risk  | 30        | 53,612         | 60,794          | 69,310           | 66,881           | 72,642           |
| Foreign exchange risk   | 32        | 28,498         | 29,850          | 30,334           | 25,751           | 28,095           |
| Equity risk   | 34        | 106,701        | 114,617         | 116,816          | 100,265          | 111,195          |
| Real estate risk  | 36        | 37,598         | 41,171          | 43,173           | 41,293           | 44,004           |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,409        | 246,432         | 259,633          | 234,190          | 255,936          |
| <b>Credit Risk:</b>   |           |                |                 |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 48,793          | 50,702           | 51,543           | 53,949           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 50,057          | 51,967           | 52,807           | 55,214           |
| Operational risk margin   | 50        | 76,303         | 80,135          | 84,180           | 84,265           | 88,894           |
| Less: Diversification credit  | 52        | 74,435         | 79,144          | 83,837           | 81,853           | 87,490           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>591,742</b>  | <b>626,119</b>   | <b>616,144</b>   | <b>656,169</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 394,495         | 417,412          | 410,763          | 437,446          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>394,495</b>  | <b>417,412</b>   | <b>410,763</b>   | <b>437,446</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>(12,152)</b> | <b>(100,548)</b> | <b>(168,787)</b> | <b>(195,682)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>96.92%</b>   | <b>75.91%</b>    | <b>58.91%</b>    | <b>55.27%</b>    |

## Appendix 4e

### Underestimation of Policy Liabilities Solvency Scenario

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24        | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 497,780        | 526,108          | 555,982          | 587,539          |
| Comprehensive                                      | 84,729         | 94,330         | 98,988         | 103,845          | 108,972          | 114,393          |
| Property Damage                                    | 37,180         | 49,040         | 49,189         | 49,099           | 48,993           | 48,865           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,831          | 5,973            | 6,093            | 6,196            |
| PIPP   | 121,706        | 228,398        | 277,853        | 343,151          | 277,616          | 321,063          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>929,641</b> | <b>1,028,176</b> | <b>997,656</b>   | <b>1,078,055</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 9,913          | 19,491           | 5,272            | 9,126            |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0                | 0                | 8,636            |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>973,410</b> | <b>1,083,280</b> | <b>1,042,451</b> | <b>1,138,542</b> |

**Appendix 4f**  
**Underestimation of Policy Liabilities Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 70.25%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 72.22%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 74.28%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 76.63%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.32%     | 8.86%     | 8.83%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.11%     | 2.95%     | 2.94%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.15%     | 3.03%     | 2.95%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 412,697   | 439,444   | 468,148   | 500,309   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 19,005    | 18,930    | 19,088    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 78,412    | 83,494    | 88,948    | 95,059    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 74,765    | 63,175    | 50,878    | 35,121    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | -         | 8,636     |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | -         | 8,636     |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 4g

#### Underestimation of Policy Liabilities Solvency Scenario

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | 0                | (0)              | 0                |
| Government Bonds                                   | 37,370           | 38,790           | 40,785           | 44,287           | 46,551           |
| Corporate Bonds                                    | 20,959           | 22,100           | 23,424           | 25,351           | 26,715           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,144</b>    | <b>81,394</b>    | <b>85,843</b>    | <b>88,409</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 180              | 193              | 203              | 210              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (180)            | (193)            | (203)            | (210)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (46)             | (49)             | (49)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 46               | 49               | 49               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,457)          | (1,516)          | (1,615)          | (1,641)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,090)          | (3,368)          | (3,521)          | (3,665)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,547)</b>   | <b>(4,884)</b>   | <b>(5,136)</b>   | <b>(5,306)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,597</b>    | <b>76,510</b>    | <b>80,708</b>    | <b>83,102</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (6,976)          | (4,230)          | (5,313)          | (3,368)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (6,608)          | (4,329)          | (5,926)          | (4,018)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,677)          | (2,170)          | (2,658)          | (1,885)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(16,260)</b>  | <b>(10,730)</b>  | <b>(13,897)</b>  | <b>(9,272)</b>   |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,180,599        | 1,275,806        | 1,422,879        | 1,491,532        |
| Corporate Bonds                                    | 520,912          | 540,621          | 574,138          | 625,044          | 649,861          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,134,257</b> | <b>2,236,512</b> | <b>2,408,058</b> | <b>2,478,782</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.3%            | 57.0%            | 59.1%            | 60.2%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.7%            | 26.0%            | 26.2%            |
| MUSH   | 21.1%            | 19.4%            | 17.3%            | 15.0%            | 13.6%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |



## Appendix 4h

Underestimation of Policy Liabilities Solvency Scenario with Management Action  
Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | 60,575           | -                | 13,700           |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,300,140</b> | <b>1,283,942</b> | <b>1,343,263</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,657        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | 30,820           | 29,755           | 6,971            |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,249,153</b> | <b>1,291,644</b> | <b>1,313,861</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 27,185           | 27,553           | 28,268           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,276,338</b> | <b>1,319,197</b> | <b>1,342,129</b> |
| Claims Incurred  | 838,574                       | 883,024          | 968,655          | 1,077,928        | 1,037,609        | 1,124,420        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | -                | 8,608            |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 4,755            | 6,041            | 3,991            | 5,116            |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>973,410</b>   | <b>1,083,969</b> | <b>1,041,600</b> | <b>1,138,144</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 165,045          | 161,512          | 166,682          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,751           | 12,445           | 12,832           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,148,841</b> | <b>1,261,765</b> | <b>1,215,557</b> | <b>1,317,658</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,463           | 95,003           | 98,103           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 59,406           | 59,605           | 57,364           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,997           | 39,287           | 39,970           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,283            | 4,374            | 4,467            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>198,149</b>   | <b>198,269</b>   | <b>199,904</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(157,068)</b> | <b>(183,576)</b> | <b>(94,629)</b>  | <b>(175,433)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 107,511          | 104,975          | 110,486          | 111,999          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>107,511</b>   | <b>104,975</b>   | <b>110,486</b>   | <b>111,999</b>   |
| Gain (Loss) on Sale of Property                        | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(49,557)</b>  | <b>(78,601)</b>  | <b>15,857</b>    | <b>(63,434)</b>  |
| Rebate to Policyholders                                | (156,534)                     | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(49,557)</b>  | <b>(78,601)</b>  | <b>15,857</b>    | <b>(63,434)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (4,755)          | (6,041)          | (3,991)          | (5,116)          |

## Appendix 4i

### Underestimation of Policy Liabilities Solvency Scenario with Management Action Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

|  | 2022A            | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                             |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                  |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131          | 151,300          | 141,725          | 134,642          | 123,256          | 111,896          |
| Investments                              | 2,750,044        | 2,856,888        | 2,957,809        | 3,105,071        | 3,260,784        | 3,425,790        |
| Investment property                      | 5,912            | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14               | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612          | 361,715          | 392,022          | 426,508          | 420,426          | 440,168          |
| Prepaid expenses                         | -                | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672           | 37,111           | 41,249           | 43,101           | 42,777           | 35,149           |
| Reinsurers' share of unearned premiums   | -                | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457            | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880          | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687           | 49,751           | 54,229           | 56,342           | 55,836           | 46,690           |
| <b>Total Assets</b>                      | <b>3,504,409</b> | <b>3,595,663</b> | <b>3,744,120</b> | <b>3,934,826</b> | <b>4,078,242</b> | <b>4,240,857</b> |
| <b>Liabilities</b>                       |                  |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369              | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876           | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361            | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725          | 572,104          | 618,853          | 671,311          | 665,197          | 696,312          |
| Provision for employee current benefits  | 19,281           | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244          | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789        | 2,117,101        | 2,216,128        | 2,374,129        | 2,444,034        | 2,554,830        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b> | <b>3,144,282</b> | <b>3,307,548</b> | <b>3,532,978</b> | <b>3,606,611</b> | <b>3,762,902</b> |
| <b>Equity</b>                            |                  |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335          | 428,373          | 416,576          | 379,887          | 449,220          | 450,999          |
| Accumulated Other Comprehensive Income   | 51,429           | 23,009           | 19,995           | 21,962           | 22,413           | 26,959           |
| <b>Total Equity</b>                      | <b>410,764</b>   | <b>451,382</b>   | <b>436,571</b>   | <b>401,849</b>   | <b>471,633</b>   | <b>477,958</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b> | <b>3,595,664</b> | <b>3,744,119</b> | <b>3,934,827</b> | <b>4,078,244</b> | <b>4,240,860</b> |

## Appendix 4j

### Underestimation of Policy Liabilities Solvency Scenario with Management Action Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

|   | For the Years Ended March 31, |                |                |                |                |                |
|---|-------------------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2022A                         | 2023BF         | 2024F          | 2025F          | 2026F          | 2027F          |
| <b>BASIC</b>  |                               |                |                |                |                |                |
| <b>Total Equity</b>                                 |                               |                |                |                |                |                |
| <b>Retained Earnings</b>                            |                               |                |                |                |                |                |
| Beginning Balance                                   | 448,678                       | 359,335        | 428,373        | 416,576        | 379,887        | 449,220        |
| Net Income (Loss) from annual operations            | 67,191                        | 26,739         | (49,557)       | (78,601)       | 15,857         | (63,434)       |
| Premium Rebate                                      | (156,534)                     | -              | -              | -              | -              | -              |
| Transfer (to) / from Non-Basic Retained Earnings    | -                             | 42,299         | 37,760         | 41,912         | 53,476         | 65,213         |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                | <b>428,373</b> | <b>416,576</b> | <b>379,887</b> | <b>449,220</b> | <b>450,999</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                               |                |                |                |                |                |
| Beginning Balance                                   | (14,700)                      | 51,429         | 23,009         | 19,995         | 21,962         | 22,413         |
| Other Comprehensive Income for the Year             | 25,485                        | (28,420)       | (3,014)        | 1,967          | 451            | 4,546          |
| Change in Remeasurement of Employee Future Benefits | 40,644                        | -              | -              | -              | -              | -              |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                 | <b>23,009</b>  | <b>19,995</b>  | <b>21,962</b>  | <b>22,413</b>  | <b>26,959</b>  |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                | <b>451,382</b> | <b>436,571</b> | <b>401,849</b> | <b>471,633</b> | <b>477,958</b> |

## Appendix 4k

### Underestimation of Policy Liabilities Solvency Scenario with Management Action Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025     | 2025 - 2026    | 2026 - 2027     |
|---|-----------|----------------|-----------------|-----------------|----------------|-----------------|
| <b>BASIC</b>  |           |                |                 |                 |                |                 |
| <b>Capital Available:</b>   |           |                |                 |                 |                |                 |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 382,343         | 345,506         | 415,795        | 431,266         |
| Phase-in of capital available   | 03        | 0              | 0               | 0               | 0              | 0               |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>382,343</b>  | <b>345,506</b>  | <b>415,795</b> | <b>431,266</b>  |
| <b>Assets Available:</b>  |           |                |                 |                 |                |                 |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0               | 0              | 0               |
| Phase-in of net assets available  | 13        | 0              | 0               | 0               | 0              | 0               |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>        | <b>0</b>       | <b>0</b>        |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                 |                |                 |
| Insurance Risk:   |           |                |                 |                 |                |                 |
| Premium liabilities   | 20        | 86,484         | 90,532          | 96,225          | 102,157        | 108,792         |
| Unpaid claims   | 22        | 194,661        | 203,730         | 218,016         | 224,562        | 234,774         |
| Catastrophes  | 24        | 0              | 0               | 0               | 0              | 0               |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0               | 0              | 0               |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 294,262         | 314,241         | 326,719        | 343,566         |
| Market Risk:  |           |                |                 |                 |                |                 |
| Interest rate risk  | 30        | 53,612         | 60,794          | 66,609          | 60,033         | 66,360          |
| Foreign exchange risk   | 32        | 28,498         | 29,850          | 30,644          | 30,977         | 34,626          |
| Equity risk   | 34        | 106,701        | 114,617         | 117,967         | 119,651        | 134,592         |
| Real estate risk  | 36        | 37,598         | 41,171          | 43,364          | 44,524         | 47,903          |
| Other market risk exposures   | 38        | 0              | 0               | 0               | 0              | 0               |
| Subtotal: Market risk margin  | 39        | 226,409        | 246,432         | 258,584         | 255,185        | 283,481         |
| Credit Risk:  |           |                |                 |                 |                |                 |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 48,793          | 52,102          | 53,427         | 56,288          |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264           | 1,264          | 1,264           |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0               | 0              | 0               |
| Subtotal: Credit risk margin  | 49        | 48,123         | 50,057          | 53,367          | 54,691         | 57,552          |
| Operational risk margin   | 50        | 76,303         | 80,135          | 84,215          | 86,209         | 91,430          |
| Less: Diversification credit  | 52        | 74,435         | 79,144          | 83,893          | 85,223         | 91,718          |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>591,742</b>  | <b>626,514</b>  | <b>637,581</b> | <b>684,311</b>  |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 394,495         | 417,676         | 425,054        | 456,207         |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0               | 0              | 0               |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>394,495</b>  | <b>417,676</b>  | <b>425,054</b> | <b>456,207</b>  |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>(12,152)</b> | <b>(72,170)</b> | <b>(9,259)</b> | <b>(24,941)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>96.92%</b>   | <b>82.72%</b>   | <b>97.82%</b>  | <b>94.53%</b>   |

**Appendix 4I****Underestimation of Policy Liabilities Solvency Scenario with Management  
Action****Net Claims Incurred Summary***(C\$ 000s, rounding may affect totals)*

|  | 2021/22        | 2022/23        | 2023/24        | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 497,780        | 526,110          | 555,979          | 587,538          |
| Comprehensive                                      | 84,729         | 94,330         | 98,988         | 103,846          | 108,971          | 114,393          |
| Property Damage                                    | 37,180         | 49,040         | 49,189         | 49,099           | 48,992           | 48,865           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,831          | 5,975            | 6,092            | 6,195            |
| PIPP   | 121,706        | 228,398        | 277,853        | 343,734          | 276,897          | 320,749          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>929,641</b> | <b>1,028,764</b> | <b>996,931</b>   | <b>1,077,739</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 9,913          | 19,593           | 5,146            | 9,071            |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0                | 0                | 8,608            |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>973,410</b> | <b>1,083,969</b> | <b>1,041,600</b> | <b>1,138,143</b> |

**Appendix 4m**  
**Underestimation of Policy Liabilities Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |                 |               |        |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|--------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |                 |               |        |
|   | Accident Year |         |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |        |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      |                 |               | 2026   |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%          |               |        |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |                 |               |        |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |                 |               |        |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |                 |               |        |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |                 |               |        |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |                 |               |        |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |                 |               |        |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066          |               |        |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |                 |               |        |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |                 | 63.90%        | 67.19% |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |                 | 65.52%        | 69.20% |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |                 | 66.72%        | 70.25% |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |                 | 68.60%        | 72.23% |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |                 | 70.56%        | 74.28% |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%          | 72.75%        | 76.62% |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |                 |               |        |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |                 |               |        |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |                 |               |        |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026            |               |        |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890       |               |        |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.32%     | 8.86%     | 8.83%           |               |        |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.11%     | 2.95%     | 2.94%           |               |        |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.15%     | 3.03%     | 2.95%           |               |        |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%          |               |        |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |                 |               |        |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129         |               |        |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202           |               |        |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 412,697   | 439,474   | 468,141   | 500,284         |               |        |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -               |               |        |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 19,005    | 18,931    | 19,089          |               |        |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 78,412    | 83,500    | 88,947    | 95,054          |               |        |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350           |               |        |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 74,765    | 63,139    | 50,885    | 35,149          |               |        |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757          |               |        |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | -         | 8,608           |               |        |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | -         | 8,608           |               |        |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -               |               |        |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -               |               |        |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 4n

#### Underestimation of Policy Liabilities Solvency Scenario with Management Action

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | 0                | (0)              | (0)              |
| Government Bonds                                   | 37,370           | 38,790           | 40,961           | 44,543           | 46,471           |
| Corporate Bonds                                    | 20,959           | 22,100           | 23,499           | 25,462           | 26,681           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,144</b>    | <b>81,644</b>    | <b>86,211</b>    | <b>88,294</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 180              | 194              | 204              | 210              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (180)            | (194)            | (204)            | (210)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (46)             | (49)             | (49)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 46               | 49               | 49               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,457)          | (1,518)          | (1,614)          | (1,591)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,090)          | (3,383)          | (3,542)          | (3,659)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,547)</b>   | <b>(4,901)</b>   | <b>(5,156)</b>   | <b>(5,250)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,597</b>    | <b>76,743</b>    | <b>81,055</b>    | <b>83,044</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (6,976)          | (4,102)          | (4,420)          | (3,044)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (6,608)          | (4,201)          | (5,327)          | (3,581)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,677)          | (2,159)          | (2,431)          | (2,183)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(16,260)</b>  | <b>(10,461)</b>  | <b>(12,178)</b>  | <b>(8,808)</b>   |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,180,599        | 1,297,304        | 1,431,847        | 1,488,420        |
| Corporate Bonds                                    | 520,912          | 540,621          | 581,311          | 628,051          | 648,838          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,134,257</b> | <b>2,265,183</b> | <b>2,420,033</b> | <b>2,474,648</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.3%            | 57.3%            | 59.2%            | 60.1%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.7%            | 26.0%            | 26.2%            |
| MUSH   | 21.1%            | 19.4%            | 17.1%            | 14.9%            | 13.6%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 5a

### Decline in Equity Markets Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,923           | 27,546           | 28,199           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,256</b> | <b>1,289,434</b> | <b>1,335,089</b> |
| Claims Incurred  | 838,574                       | 883,024          | 927,756          | 970,725          | 1,016,565        | 1,063,344        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | -                | 8,507            |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 4,954            | 4,674            | 3,046            | 6,282            |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>932,710</b>   | <b>975,399</b>   | <b>1,019,611</b> | <b>1,078,133</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 164,739          | 160,500          | 165,620          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,721           | 12,353           | 12,737           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,108,141</b> | <b>1,152,859</b> | <b>1,192,464</b> | <b>1,256,490</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,292           | 94,436           | 97,510           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 34,836           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,283            | 4,373            | 4,466            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>195,921</b>   | <b>191,736</b>   | <b>198,868</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(116,368)</b> | <b>(103,524)</b> | <b>(94,766)</b>  | <b>(120,269)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 96,062           | 85,552           | 73,287           | 80,147           |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>96,062</b>    | <b>85,552</b>    | <b>73,287</b>    | <b>80,147</b>    |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(20,306)</b>  | <b>(17,972)</b>  | <b>(21,479)</b>  | <b>(40,122)</b>  |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | (118,620)        | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(20,306)</b>  | <b>(17,972)</b>  | <b>(140,099)</b> | <b>(40,122)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (4,954)          | (4,674)          | (3,046)          | (6,282)          |



## Appendix 5b

### Decline in Equity Markets Solvency Scenario

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 141,794          | 134,445          | 122,644          | 111,312          |
| Investments                              | 2,750,044                     | 2,856,888        | 2,920,989        | 3,004,903        | 3,002,499        | 3,130,211        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 43,101           | 42,777           | 35,250           |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,350           | 55,859           | 46,726           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,707,369</b> | <b>3,813,825</b> | <b>3,819,368</b> | <b>3,940,162</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,179,687        | 2,244,541        | 2,308,743        | 2,377,463        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,271,107</b> | <b>3,373,635</b> | <b>3,471,320</b> | <b>3,578,805</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 440,393          | 458,742          | 365,440          | 381,884          |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | (4,134)          | (18,554)         | (17,394)         | (20,528)         |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>436,259</b>   | <b>440,188</b>   | <b>348,046</b>   | <b>361,356</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,707,366</b> | <b>3,813,823</b> | <b>3,819,366</b> | <b>3,940,161</b> |

**Appendix 5c**  
**Decline in Equity Markets Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                 |                 |                 |
|---|--------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F           | 2026F           | 2027F           |
| <b>BASIC</b>  |                                      |                |                |                 |                 |                 |
| <b>Total Equity</b>                                 |                                      |                |                |                 |                 |                 |
| <b>Retained Earnings</b>                            |                                      |                |                |                 |                 |                 |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 440,393         | 458,742         | 365,440         |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (20,306)       | (17,972)        | (21,479)        | (40,122)        |
| Premium Rebate                                      | (156,534)                            | -              | -              | -               | (118,620)       | -               |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 32,326         | 36,321          | 46,797          | 56,566          |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>440,393</b> | <b>458,742</b>  | <b>365,440</b>  | <b>381,884</b>  |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                 |                 |                 |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | (4,134)         | (18,554)        | (17,394)        |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (27,143)       | (14,420)        | 1,160           | (3,134)         |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -               | -               | -               |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>(4,134)</b> | <b>(18,554)</b> | <b>(17,394)</b> | <b>(20,528)</b> |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>436,259</b> | <b>440,188</b>  | <b>348,046</b>  | <b>361,356</b>  |

### Appendix 5d

#### Decline in Equity Markets Solvency Scenario

#### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024    | 2024 - 2025    | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|----------------|----------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                |                |                  |                  |
| <b>Capital Available:</b>   |           |                |                |                |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 382,032        | 383,841        | 292,189          | 314,632          |
| Phase-in of capital available   | 03        | 0              | 0              | 0              | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>382,032</b> | <b>383,841</b> | <b>292,189</b>   | <b>314,632</b>   |
| <b>Assets Available:</b>  |           |                |                |                |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0              | 0              | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0              | 0              | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                |                |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                |                |                  |                  |
| Premium liabilities   | 20        | 86,484         | 90,535         | 96,216         | 102,131          | 108,772          |
| Unpaid claims   | 22        | 194,661        | 200,528        | 206,647        | 212,748          | 219,330          |
| Catastrophes  | 24        | 0              | 0              | 0              | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0              | 0              | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 291,063        | 302,863        | 314,879          | 328,102          |
| <b>Market Risk:</b>   |           |                |                |                |                  |                  |
| Interest rate risk  | 30        | 53,612         | 57,333         | 58,284         | 62,796           | 65,840           |
| Foreign exchange risk   | 32        | 28,498         | 27,372         | 26,843         | 24,051           | 29,265           |
| Equity risk   | 34        | 106,701        | 105,829        | 104,538        | 94,777           | 106,727          |
| Real estate risk  | 36        | 37,598         | 40,813         | 43,305         | 43,612           | 46,090           |
| Other market risk exposures   | 38        | 0              | 0              | 0              | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,409        | 231,347        | 232,970        | 225,236          | 247,922          |
| <b>Credit Risk:</b>   |           |                |                |                |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 48,626         | 50,551         | 51,582           | 52,915           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264          | 1,264          | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0              | 0              | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 49,891         | 51,815         | 52,846           | 54,179           |
| Operational risk margin   | 50        | 76,303         | 78,567         | 80,939         | 82,500           | 86,806           |
| Less: Diversification credit  | 52        | 74,435         | 76,649         | 78,650         | 79,112           | 84,276           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>574,219</b> | <b>589,937</b> | <b>596,349</b>   | <b>632,733</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 382,813        | 393,291        | 397,566          | 421,822          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0              | 0              | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>382,813</b> | <b>393,291</b> | <b>397,566</b>   | <b>421,822</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>(781)</b>   | <b>(9,450)</b> | <b>(105,377)</b> | <b>(107,190)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>99.80%</b>  | <b>97.60%</b>  | <b>73.49%</b>    | <b>74.59%</b>    |

## Appendix 5e

### Decline in Equity Markets Solvency Scenario

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                |                  |                  |
| Collision  | 420,813        | 470,049        | 497,781        | 526,106        | 555,976          | 587,544          |
| Comprehensive                                      | 84,729         | 94,330         | 98,988         | 103,845        | 108,971          | 114,394          |
| Property Damage                                    | 37,180         | 49,040         | 49,189         | 49,098         | 48,992           | 48,866           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,831          | 5,973          | 6,090            | 6,198            |
| PIPP   | 121,706        | 228,398        | 242,384        | 248,391        | 253,894          | 262,939          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>894,173</b> | <b>933,413</b> | <b>973,923</b>   | <b>1,019,942</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612         | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 4,680          | 6,373          | 6,164            | 6,959            |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0              | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0              | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0              | 0                | 8,507            |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>932,710</b> | <b>975,399</b> | <b>1,019,611</b> | <b>1,078,133</b> |

**Appendix 5f**  
**Decline in Equity Markets Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 70.25%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 72.22%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 74.27%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 76.62%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| Fiscal Year   |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.30%     | 8.81%     | 8.78%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.10%     | 2.94%     | 2.93%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.15%     | 3.02%     | 2.93%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 412,710   | 439,442   | 468,075   | 500,295   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 18,988    | 18,859    | 18,976    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 78,415    | 83,494    | 88,934    | 95,056    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 74,750    | 63,194    | 51,036    | 35,250    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | -         | 8,507     |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | -         | 8,507     |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 5g

#### Decline in Equity Markets Solvency Scenario

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | (0)              | 0                | 0                |
| Government Bonds                                   | 37,370           | 38,810           | 40,201           | 41,515           | 43,338           |
| Corporate Bonds                                    | 20,959           | 22,108           | 23,177           | 24,158           | 25,316           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,172</b>    | <b>80,561</b>    | <b>81,879</b>    | <b>83,797</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 180              | 189              | 196              | 193              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (180)            | (189)            | (196)            | (193)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (45)             | (47)             | (47)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 45               | 47               | 47               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,477)          | (1,532)          | (1,565)          | (1,587)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,092)          | (3,287)          | (3,416)          | (3,351)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,569)</b>   | <b>(4,819)</b>   | <b>(4,981)</b>   | <b>(4,938)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,604</b>    | <b>75,743</b>    | <b>76,897</b>    | <b>78,858</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (5,529)          | (2,437)          | (1,789)          | (1,260)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (501)            | 7,017            | 18,601           | 13,270           |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | 631              | 2,771            | 4,234            | 3,223            |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(5,398)</b>   | <b>7,351</b>     | <b>21,046</b>    | <b>15,234</b>    |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,182,991        | 1,256,986        | 1,320,571        | 1,398,714        |
| Corporate Bonds                                    | 520,912          | 541,419          | 567,832          | 590,842          | 618,680          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,137,446</b> | <b>2,211,387</b> | <b>2,271,548</b> | <b>2,354,783</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.3%            | 56.8%            | 58.1%            | 59.4%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.7%            | 26.0%            | 26.3%            |
| MUSH   | 21.1%            | 19.3%            | 17.5%            | 15.9%            | 14.3%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 5h

### Decline in Equity Markets Solvency Scenario with Management Action

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,872        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | 1,206            |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,330,768</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,148        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | 613              |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,307,504</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,923           | 27,546           | 28,204           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,256</b> | <b>1,289,434</b> | <b>1,335,708</b> |
| Claims Incurred  | 838,574                       | 883,024          | 927,756          | 970,725          | 1,016,565        | 1,063,334        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | -                | 8,492            |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 4,954            | 4,674            | 2,666            | 6,412            |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>932,710</b>   | <b>975,399</b>   | <b>1,019,231</b> | <b>1,078,238</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 164,739          | 160,500          | 165,620          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,721           | 12,353           | 12,737           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,108,141</b> | <b>1,152,859</b> | <b>1,192,084</b> | <b>1,256,595</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 96,292           | 94,436           | 97,510           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,152           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 38,394           | 39,779           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,283            | 4,373            | 4,466            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>195,921</b>   | <b>195,294</b>   | <b>198,907</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(116,368)</b> | <b>(103,524)</b> | <b>(97,944)</b>  | <b>(119,794)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 96,062           | 85,552           | 74,441           | 81,443           |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>96,062</b>    | <b>85,552</b>    | <b>74,441</b>    | <b>81,443</b>    |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(20,306)</b>  | <b>(17,972)</b>  | <b>(23,503)</b>  | <b>(38,351)</b>  |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(20,306)</b>  | <b>(17,972)</b>  | <b>(23,503)</b>  | <b>(38,351)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (4,954)          | (4,674)          | (2,666)          | (6,412)          |

## Appendix 5i

### Decline in Equity Markets Solvency Scenario with Management Action Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

|  | 2022A            | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                             |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                  |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131          | 151,300          | 141,794          | 134,445          | 122,621          | 111,413          |
| Investments                              | 2,750,044        | 2,856,888        | 2,920,989        | 3,004,903        | 3,117,541        | 3,246,836        |
| Investment property                      | 5,912            | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14               | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612          | 361,715          | 392,022          | 405,864          | 420,426          | 435,910          |
| Prepaid expenses                         | -                | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672           | 37,111           | 41,249           | 43,101           | 42,777           | 35,265           |
| Reinsurers' share of unearned premiums   | -                | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457            | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880          | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687           | 49,751           | 54,229           | 56,350           | 55,859           | 46,726           |
| <b>Total Assets</b>                      | <b>3,504,409</b> | <b>3,595,663</b> | <b>3,707,369</b> | <b>3,813,825</b> | <b>3,934,387</b> | <b>4,057,314</b> |
| <b>Liabilities</b>                       |                  |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369              | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876           | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361            | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725          | 572,104          | 618,853          | 641,556          | 665,197          | 690,174          |
| Provision for employee current benefits  | 19,281           | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244          | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789        | 2,117,101        | 2,179,687        | 2,244,541        | 2,308,363        | 2,377,203        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b> | <b>3,144,282</b> | <b>3,271,107</b> | <b>3,373,635</b> | <b>3,470,940</b> | <b>3,579,137</b> |
| <b>Equity</b>                            |                  |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335          | 428,373          | 440,393          | 458,742          | 482,036          | 500,253          |
| Accumulated Other Comprehensive Income   | 51,429           | 23,009           | (4,134)          | (18,554)         | (18,591)         | (22,077)         |
| <b>Total Equity</b>                      | <b>410,764</b>   | <b>451,382</b>   | <b>436,259</b>   | <b>440,188</b>   | <b>463,445</b>   | <b>478,176</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b> | <b>3,595,664</b> | <b>3,707,366</b> | <b>3,813,823</b> | <b>3,934,385</b> | <b>4,057,313</b> |



**Appendix 5j**  
**Decline in Equity Markets Solvency Scenario with Management Action**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                 |                 |                 |
|---|--------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F           | 2026F           | 2027F           |
| <b>BASIC</b>  |                                      |                |                |                 |                 |                 |
| <b>Total Equity</b>                                 |                                      |                |                |                 |                 |                 |
| <b>Retained Earnings</b>                            |                                      |                |                |                 |                 |                 |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 440,393         | 458,742         | 482,036         |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (20,306)       | (17,972)        | (23,503)        | (38,351)        |
| Premium Rebate                                      | (156,534)                            | -              | -              | -               | -               | -               |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 32,326         | 36,321          | 46,797          | 56,568          |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>440,393</b> | <b>458,742</b>  | <b>482,036</b>  | <b>500,253</b>  |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                 |                 |                 |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | (4,134)         | (18,554)        | (18,591)        |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | (27,143)       | (14,420)        | (37)            | (3,486)         |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -               | -               | -               |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>(4,134)</b> | <b>(18,554)</b> | <b>(18,591)</b> | <b>(22,077)</b> |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>436,259</b> | <b>440,188</b>  | <b>463,445</b>  | <b>478,176</b>  |

## Appendix 5k

### Decline in Equity Markets Solvency Scenario with Management Action Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024    | 2024 - 2025    | 2025 - 2026    | 2026 - 2027    |
|---|-----------|----------------|----------------|----------------|----------------|----------------|
| <b>BASIC</b>  |           |                |                |                |                |                |
| <b>Capital Available:</b>   |           |                |                |                |                |                |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 382,032        | 383,841        | 407,588        | 431,452        |
| Phase-in of capital available   | 03        | 0              | 0              | 0              | 0              | 0              |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>382,032</b> | <b>383,841</b> | <b>407,588</b> | <b>431,452</b> |
| <b>Assets Available:</b>  |           |                |                |                |                |                |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0              | 0              | 0              | 0              |
| Phase-in of net assets available  | 13        | 0              | 0              | 0              | 0              | 0              |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                |                |                |                |
| Insurance Risk:   |           |                |                |                |                |                |
| Premium liabilities   | 20        | 86,484         | 90,535         | 96,216         | 102,128        | 108,770        |
| Unpaid claims   | 22        | 194,661        | 200,528        | 206,647        | 212,716        | 219,308        |
| Catastrophes  | 24        | 0              | 0              | 0              | 0              | 0              |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0              | 0              | 0              | 0              |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 291,063        | 302,863        | 314,844        | 328,078        |
| Market Risk:  |           |                |                |                |                |                |
| Interest rate risk  | 30        | 53,612         | 57,333         | 58,294         | 58,984         | 61,727         |
| Foreign exchange risk   | 32        | 28,498         | 27,372         | 26,843         | 27,889         | 33,216         |
| Equity risk   | 34        | 106,701        | 105,829        | 104,538        | 109,011        | 120,699        |
| Real estate risk  | 36        | 37,598         | 40,813         | 43,305         | 45,985         | 48,419         |
| Other market risk exposures   | 38        | 0              | 0              | 0              | 0              | 0              |
| Subtotal: Market risk margin  | 39        | 226,409        | 231,347        | 232,980        | 241,869        | 264,061        |
| Credit Risk:  |           |                |                |                |                |                |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 48,626         | 50,551         | 52,851         | 54,215         |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264          | 1,264          | 1,264          | 1,264          |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0              | 0              | 0              | 0              |
| Subtotal: Credit risk margin  | 49        | 48,123         | 49,891         | 51,815         | 54,116         | 55,480         |
| Operational risk margin   | 50        | 76,303         | 78,567         | 80,940         | 84,018         | 88,287         |
| Less: Diversification credit  | 52        | 74,435         | 76,649         | 78,651         | 81,751         | 86,748         |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,545</b> | <b>574,219</b> | <b>589,947</b> | <b>613,096</b> | <b>649,158</b> |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,696        | 382,813        | 393,298        | 408,730        | 432,772        |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0              | 0              | 0              | 0              |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,696</b> | <b>382,813</b> | <b>393,298</b> | <b>408,730</b> | <b>432,772</b> |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,935</b>  | <b>(781)</b>   | <b>(9,457)</b> | <b>(1,142)</b> | <b>(1,320)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>99.80%</b>  | <b>97.60%</b>  | <b>99.72%</b>  | <b>99.69%</b>  |

## Appendix 5I

### Decline in Equity Markets Solvency Scenario with Management Action Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                |                  |                  |
| Collision  | 420,813        | 470,049        | 497,781        | 526,106        | 555,975          | 587,544          |
| Comprehensive                                      | 84,729         | 94,330         | 98,988         | 103,845        | 108,970          | 114,394          |
| Property Damage                                    | 37,180         | 49,040         | 49,189         | 49,098         | 48,991           | 48,866           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,831          | 5,973          | 6,089            | 6,199            |
| PIPP   | 121,706        | 228,398        | 242,384        | 248,391        | 253,573          | 263,041          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>894,173</b> | <b>933,413</b> | <b>973,599</b>   | <b>1,020,044</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612         | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 4,680          | 6,373          | 6,108            | 6,977            |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0              | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0              | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0              | 0                | 8,492            |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>932,710</b> | <b>975,399</b> | <b>1,019,231</b> | <b>1,078,238</b> |

**Appendix 5m**  
**Decline in Equity Markets Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 70.25%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 72.22%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 74.26%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 76.62%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.30%     | 8.81%     | 8.78%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.10%     | 2.94%     | 2.93%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.15%     | 3.02%     | 2.93%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 412,710   | 439,442   | 468,057   | 500,282   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,272    | 18,988    | 18,859    | 18,976    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 78,415    | 83,494    | 88,931    | 95,054    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 74,750    | 63,194    | 51,058    | 35,265    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | -         | 8,492     |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | -         | 8,492     |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

## Appendix 5n

### Decline in Equity Markets Solvency Scenario with Management Action

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | (0)              | 0                | (0)              |
| Government Bonds                                   | 37,370           | 38,810           | 40,201           | 41,483           | 43,313           |
| Corporate Bonds                                    | 20,959           | 22,108           | 23,177           | 24,144           | 25,305           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,172</b>    | <b>80,561</b>    | <b>81,832</b>    | <b>83,760</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 180              | 189              | 196              | 193              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (180)            | (189)            | (196)            | (193)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (45)             | (47)             | (47)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 45               | 47               | 47               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,477)          | (1,532)          | (1,564)          | (1,556)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,092)          | (3,287)          | (3,414)          | (3,349)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,569)</b>   | <b>(4,819)</b>   | <b>(4,978)</b>   | <b>(4,905)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,604</b>    | <b>75,743</b>    | <b>76,855</b>    | <b>78,855</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (5,529)          | (2,437)          | (1,723)          | (1,226)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (501)            | 7,017            | 18,601           | 15,407           |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | 631              | 2,771            | 4,234            | 3,889            |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(5,398)</b>   | <b>7,351</b>     | <b>21,112</b>    | <b>18,070</b>    |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,182,991        | 1,256,986        | 1,317,888        | 1,398,850        |
| Corporate Bonds                                    | 520,912          | 541,419          | 567,832          | 589,946          | 618,723          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,137,446</b> | <b>2,211,387</b> | <b>2,267,969</b> | <b>2,354,962</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.3%            | 56.8%            | 58.1%            | 59.4%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.7%            | 26.0%            | 26.3%            |
| MUSH   | 21.1%            | 19.3%            | 17.5%            | 15.9%            | 14.3%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 6a

### Interest Rate Decrease Solvency Scenario

### Statement of Operations

| (C\$ 000s, rounding may affect totals)                 | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,930           | 27,557           | 28,211           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,263</b> | <b>1,289,445</b> | <b>1,335,101</b> |
| Claims Incurred  | 838,574                       | 885,524          | 927,756          | 975,297          | 1,026,301        | 1,074,035        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | 2,338            | 14,863           | 19,309           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (2,545)          | 200,149          | 212,891          | 29,373           | 19,118           |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>1,127,905</b> | <b>1,190,526</b> | <b>1,070,537</b> | <b>1,112,462</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 166,055          | 162,955          | 168,161          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,847           | 12,574           | 12,965           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,303,336</b> | <b>1,369,428</b> | <b>1,246,066</b> | <b>1,293,588</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 97,025           | 95,804           | 98,926           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 34,836           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,284            | 4,375            | 4,469            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>196,655</b>   | <b>193,106</b>   | <b>200,287</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(311,563)</b> | <b>(320,820)</b> | <b>(149,727)</b> | <b>(158,774)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 93,744           | 81,637           | 80,690           | 59,376           |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | 207,013          | 173,644          | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>300,757</b>   | <b>255,281</b>   | <b>80,690</b>    | <b>59,376</b>    |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(10,806)</b>  | <b>(65,539)</b>  | <b>(69,037)</b>  | <b>(99,398)</b>  |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | (118,620)        | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(10,806)</b>  | <b>(65,539)</b>  | <b>(187,657)</b> | <b>(99,398)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 2,545            | 6,864            | (39,247)         | (29,373)         | (19,118)         |

## Appendix 6b

### Interest Rate Decrease Solvency Scenario

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

|  | 2022A            | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                             |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                  |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131          | 151,300          | 140,065          | 129,963          | 117,097          | 104,517          |
| Investments                              | 2,750,044        | 2,856,888        | 3,198,017        | 3,508,517        | 3,505,899        | 3,621,906        |
| Investment property                      | 5,912            | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14               | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612          | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672           | 37,111           | 41,249           | 40,763           | 25,576           | 7,247            |
| Reinsurers' share of unearned premiums   | -                | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457            | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880          | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687           | 49,751           | 54,229           | 56,315           | 55,787           | 46,623           |
| <b>Total Assets</b>                      | <b>3,504,409</b> | <b>3,595,663</b> | <b>3,982,668</b> | <b>4,310,584</b> | <b>4,299,948</b> | <b>4,396,956</b> |
| <b>Liabilities</b>                       |                  |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369              | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876           | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361            | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725          | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281           | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244          | 366,670          | 445,253          | 519,423          | 530,854          | 542,285          |
| Provision for unpaid claims              | 2,103,789        | 2,117,101        | 2,374,883        | 2,652,525        | 2,752,790        | 2,845,036        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b> | <b>3,144,282</b> | <b>3,533,457</b> | <b>3,911,512</b> | <b>4,045,260</b> | <b>4,176,271</b> |
| <b>Equity</b>                            |                  |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335          | 428,373          | 457,936          | 436,067          | 302,684          | 269,182          |
| Accumulated Other Comprehensive Income   | 51,429           | 23,009           | (8,726)          | (36,993)         | (47,995)         | (48,496)         |
| <b>Total Equity</b>                      | <b>410,764</b>   | <b>451,382</b>   | <b>449,210</b>   | <b>399,074</b>   | <b>254,689</b>   | <b>220,686</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b> | <b>3,595,664</b> | <b>3,982,667</b> | <b>4,310,586</b> | <b>4,299,949</b> | <b>4,396,957</b> |

**Appendix 6c**  
**Interest Rate Decrease Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                 |                 |                 |
|---|--------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F           | 2026F           | 2027F           |
| <b>BASIC</b>  |                                      |                |                |                 |                 |                 |
| <b>Total Equity</b>                                 |                                      |                |                |                 |                 |                 |
| <b>Retained Earnings</b>                            |                                      |                |                |                 |                 |                 |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 457,936         | 436,067         | 302,684         |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (10,806)       | (65,539)        | (69,037)        | (99,398)        |
| Premium Rebate                                      | (156,534)                            | -              | -              | -               | (118,620)       | -               |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 40,369         | 43,670          | 54,274          | 65,896          |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>457,936</b> | <b>436,067</b>  | <b>302,684</b>  | <b>269,182</b>  |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                 |                 |                 |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | (8,726)         | (36,993)        | (47,995)        |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | 35,418         | 34,472          | (11,002)        | (501)           |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | (67,153)       | (62,739)        | -               | -               |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>(8,726)</b> | <b>(36,993)</b> | <b>(47,995)</b> | <b>(48,496)</b> |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>449,210</b> | <b>399,074</b>  | <b>254,689</b>  | <b>220,686</b>  |



## Appendix 6d

### Interest Rate Decrease Solvency Scenario

### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|-----------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                 |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                 |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 394,982         | 342,758          | 198,902          | 174,063          |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>394,982</b>  | <b>342,758</b>   | <b>198,902</b>   | <b>174,063</b>   |
| <b>Assets Available:</b>  |           |                |                 |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                 |                  |                  |                  |
| Premium liabilities   | 20        | 86,484         | 92,164          | 99,743           | 106,136          | 113,177          |
| Unpaid claims   | 22        | 194,661        | 217,173         | 241,364          | 250,522          | 259,102          |
| Catastrophes  | 24        | 0              | 0               | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 309,337         | 341,107          | 356,658          | 372,279          |
| <b>Market Risk:</b>   |           |                |                 |                  |                  |                  |
| Interest rate risk  | 30        | 53,636         | 81,959          | 98,044           | 89,255           | 91,696           |
| Foreign exchange risk   | 32        | 28,498         | 37,521          | 39,294           | 30,365           | 30,093           |
| Equity risk   | 34        | 106,701        | 141,839         | 147,611          | 114,828          | 118,929          |
| Real estate risk  | 36        | 37,598         | 45,708          | 48,305           | 43,720           | 45,293           |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,433        | 307,027         | 333,254          | 278,168          | 286,011          |
| <b>Credit Risk:</b>   |           |                |                 |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 52,408          | 56,979           | 57,321           | 59,294           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 53,673          | 58,243           | 58,585           | 60,558           |
| Operational risk margin   | 50        | 76,305         | 86,874          | 93,260           | 91,038           | 94,341           |
| Less: Diversification credit  | 52        | 74,438         | 89,200          | 97,650           | 92,817           | 96,175           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,568</b> | <b>667,711</b>  | <b>728,214</b>   | <b>691,632</b>   | <b>717,014</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,712        | 445,140         | 485,476          | 461,088          | 478,010          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,712</b> | <b>445,140</b>  | <b>485,476</b>   | <b>461,088</b>   | <b>478,010</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,919</b>  | <b>(50,158)</b> | <b>(142,718)</b> | <b>(262,186)</b> | <b>(303,947)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>88.73%</b>   | <b>70.60%</b>    | <b>43.14%</b>    | <b>36.41%</b>    |

## Appendix 6e

### Interest Rate Decrease Solvency Scenario

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                  |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                  |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 498,451          | 526,780          | 556,126          | 587,660          |
| Comprehensive                                      | 84,729         | 94,330         | 99,160           | 104,015          | 109,006          | 114,421          |
| Property Damage                                    | 37,180         | 49,040         | 49,342           | 49,237           | 49,007           | 48,872           |
| Public Liability - BI                              | 1,990          | 5,607          | 6,197            | 6,336            | 6,154            | 6,237            |
| PIPP   | 121,706        | 228,398        | 407,390          | 428,464          | 284,383          | 282,812          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>1,060,541</b> | <b>1,114,832</b> | <b>1,004,676</b> | <b>1,040,001</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856           | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 33,508           | 37,743           | 11,474           | 10,426           |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0                | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0                | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0                | 2,338            | 14,863           | 19,309           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>1,127,905</b> | <b>1,190,526</b> | <b>1,070,537</b> | <b>1,112,461</b> |

**Appendix 6f**  
**Interest Rate Decrease Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 71.72%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 75.30%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 77.62%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 80.18%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.37%     | 8.94%     | 8.90%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.12%     | 2.98%     | 2.97%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.16%     | 3.05%     | 2.97%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 421,358   | 458,169   | 489,232   | 523,531   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,310    | 19,133    | 19,142    | 19,328    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 80,058    | 87,052    | 92,954    | 99,471    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 64,422    | 40,763    | 25,576    | 7,247     |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | 2,338     | 17,201    | 36,510    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | 2,338     | 14,863    | 19,309    |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 6g

#### Interest Rate Decrease Solvency Scenario

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | 0                | (0)              | (0)              |
| Government Bonds                                   | 37,370           | 34,481           | 32,356           | 33,300           | 32,867           |
| Corporate Bonds                                    | 20,959           | 19,904           | 18,309           | 17,897           | 17,411           |
| MUSH   | 19,328           | 18,163           | 16,783           | 15,384           | 13,913           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>72,548</b>    | <b>67,447</b>    | <b>66,582</b>    | <b>64,190</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 141,057          | 117,842          | 1,087            | 1,158            |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | 2,658            | 5,320            | (1,087)          | (1,158)          |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | 61,273           | 46,264           | 564              | 579              |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 2,025            | 4,218            | (564)            | (579)            |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>207,013</b>   | <b>173,644</b>   | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,411)          | (1,533)          | (1,736)          | (1,793)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (10,480)         | (21,647)         | (27,839)         | (29,415)         |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(11,891)</b>  | <b>(23,180)</b>  | <b>(29,575)</b>  | <b>(31,208)</b>  |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>267,670</b>   | <b>217,911</b>   | <b>37,006</b>    | <b>32,982</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (4,418)          | (4,910)          | (8,324)          | (4,471)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (4,220)          | (5,083)          | (9,268)          | (5,303)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,479)          | (2,960)          | (3,840)          | (2,367)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(11,117)</b>  | <b>(12,953)</b>  | <b>(21,432)</b>  | <b>(12,140)</b>  |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,163,248        | 1,366,374        | 1,598,695        | 1,687,368        |
| Corporate Bonds                                    | 520,912          | 549,659          | 627,502          | 706,094          | 737,114          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,125,943</b> | <b>2,380,444</b> | <b>2,664,924</b> | <b>2,761,871</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 54.7%            | 57.4%            | 60.0%            | 61.1%            |
| Corporate Bonds                                    | 24.9%            | 25.9%            | 26.4%            | 26.5%            | 26.7%            |
| MUSH   | 21.1%            | 19.4%            | 16.2%            | 13.5%            | 12.2%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 6h

### Interest Rate Decrease Solvency Scenario with Management Action

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,646        | 1,277,872        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | 60,575           | 25,105           | 54,654           |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,300,140</b> | <b>1,309,048</b> | <b>1,384,216</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,148        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | 30,820           | 42,529           | 40,139           |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,249,153</b> | <b>1,304,417</b> | <b>1,347,030</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 27,190           | 27,669           | 28,447           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,276,343</b> | <b>1,332,086</b> | <b>1,375,477</b> |
| Claims Incurred  | 838,574                       | 885,524          | 927,756          | 975,297          | 1,026,342        | 1,074,051        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | 2,433            | 14,809           | 19,317           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (2,545)          | 200,149          | 214,618          | 28,294           | 19,216           |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>1,127,905</b> | <b>1,192,348</b> | <b>1,069,445</b> | <b>1,112,584</b> |
| Claims Expense   | 146,277                       | 151,982          | 162,764          | 166,055          | 162,970          | 168,164          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 12,667           | 12,847           | 12,576           | 12,965           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,303,336</b> | <b>1,371,250</b> | <b>1,244,991</b> | <b>1,293,713</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 95,966           | 97,025           | 95,813           | 98,926           |
| Commissions  | 44,925                        | 47,977           | 51,674           | 59,406           | 60,041           | 58,643           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,997           | 39,670           | 40,965           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,481            | 4,284            | 4,375            | 4,469            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>187,172</b>   | <b>198,712</b>   | <b>199,899</b>   | <b>203,003</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(311,563)</b> | <b>(293,619)</b> | <b>(112,804)</b> | <b>(121,239)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 93,744           | 81,405           | 79,310           | 62,945           |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | 207,013          | 173,644          | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>300,757</b>   | <b>255,049</b>   | <b>79,310</b>    | <b>62,945</b>    |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(10,806)</b>  | <b>(38,570)</b>  | <b>(33,494)</b>  | <b>(58,294)</b>  |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(10,806)</b>  | <b>(38,570)</b>  | <b>(33,494)</b>  | <b>(58,294)</b>  |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 2,545            | 6,864            | (40,974)         | (28,294)         | (19,216)         |

## Appendix 6i

### Interest Rate Decrease Solvency Scenario with Management Action Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

|  | 2022A            | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                             |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                  |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131          | 151,300          | 140,065          | 130,091          | 117,238          | 104,811          |
| Investments                              | 2,750,044        | 2,856,888        | 3,198,017        | 3,546,599        | 3,694,380        | 3,859,766        |
| Investment property                      | 5,912            | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14               | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612          | 361,715          | 392,022          | 426,508          | 428,982          | 454,125          |
| Prepaid expenses                         | -                | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672           | 37,111           | 41,249           | 40,669           | 25,536           | 7,199            |
| Reinsurers' share of unearned premiums   | -                | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457            | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880          | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687           | 49,751           | 54,229           | 56,315           | 55,787           | 46,623           |
| <b>Total Assets</b>                      | <b>3,504,409</b> | <b>3,595,663</b> | <b>3,982,668</b> | <b>4,369,344</b> | <b>4,497,086</b> | <b>4,653,688</b> |
| <b>Liabilities</b>                       |                  |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369              | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876           | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| Financing lease obligation               | 5,361            | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725          | 572,104          | 618,853          | 671,311          | 677,529          | 716,428          |
| Provision for employee current benefits  | 19,281           | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244          | 366,670          | 445,253          | 519,423          | 530,854          | 542,285          |
| Provision for unpaid claims              | 2,103,789        | 2,117,101        | 2,374,883        | 2,654,253        | 2,753,479        | 2,845,840        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b> | <b>3,144,282</b> | <b>3,533,457</b> | <b>3,942,995</b> | <b>4,058,281</b> | <b>4,203,921</b> |
| <b>Equity</b>                            |                  |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335          | 428,373          | 457,936          | 462,779          | 483,457          | 490,845          |
| Accumulated Other Comprehensive Income   | 51,429           | 23,009           | (8,726)          | (36,431)         | (44,652)         | (41,078)         |
| <b>Total Equity</b>                      | <b>410,764</b>   | <b>451,382</b>   | <b>449,210</b>   | <b>426,348</b>   | <b>438,805</b>   | <b>449,767</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b> | <b>3,595,664</b> | <b>3,982,667</b> | <b>4,369,343</b> | <b>4,497,086</b> | <b>4,653,688</b> |

**Appendix 6j**  
**Interest Rate Decrease Solvency Scenario with Management Action**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                       |                       |                       |                       |                       |
|---|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2022A                                | 2023BF                | 2024F                 | 2025F                 | 2026F                 | 2027F                 |
| <b>BASIC</b>  |                                      |                       |                       |                       |                       |                       |
| <b>Total Equity</b>                                 |                                      |                       |                       |                       |                       |                       |
| <b>Retained Earnings</b>                            |                                      |                       |                       |                       |                       |                       |
| Beginning Balance                                   | 448,678                              | 359,335               | 428,373               | 457,936               | 462,779               | 483,457               |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739                | (10,806)              | (38,570)              | (33,494)              | (58,294)              |
| Premium Rebate                                      | (156,534)                            | -                     | -                     | -                     | -                     | -                     |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299                | 40,369                | 43,413                | 54,172                | 65,682                |
| <b>Total Retained Earnings</b>                      | <u>359,335</u>                       | <u>428,373</u>        | <u>457,936</u>        | <u>462,779</u>        | <u>483,457</u>        | <u>490,845</u>        |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                       |                       |                       |                       |                       |
| Beginning Balance                                   | (14,700)                             | 51,429                | 23,009                | (8,726)               | (36,431)              | (44,652)              |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)              | 35,418                | 35,034                | (8,221)               | 3,574                 |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -                     | (67,153)              | (62,739)              | -                     | -                     |
| <b>Total Accumulated Other Comprehensive Income</b> | <u>51,429</u>                        | <u>23,009</u>         | <u>(8,726)</u>        | <u>(36,431)</u>       | <u>(44,652)</u>       | <u>(41,078)</u>       |
| <b>Total Equity Balance</b>                         | <u><b>410,764</b></u>                | <u><b>451,382</b></u> | <u><b>449,210</b></u> | <u><b>426,348</b></u> | <u><b>438,805</b></u> | <u><b>449,767</b></u> |

## Appendix 6k

### Interest Rate Decrease Solvency Scenario with Management Action

### Minimum Capital Test

| <i>(C\$ 000s, rounding may affect totals)</i>                                       |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026     | 2026 - 2027     |
|---|-----------|----------------|-----------------|------------------|-----------------|-----------------|
| <b>BASIC</b>  |           |                |                 |                  |                 |                 |
| <b>Capital Available:</b>   |           |                |                 |                  |                 |                 |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 394,982         | 370,034          | 383,018         | 403,144         |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0               | 0               |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>394,982</b>  | <b>370,034</b>   | <b>383,018</b>  | <b>403,144</b>  |
| <b>Assets Available:</b>  |           |                |                 |                  |                 |                 |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0               | 0               |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0               | 0               |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>        | <b>0</b>        |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                 |                 |
| <b>Insurance Risk:</b>  |           |                |                 |                  |                 |                 |
| Premium liabilities   | 20        | 86,484         | 92,164          | 99,757           | 106,142         | 113,185         |
| Unpaid claims   | 22        | 194,661        | 217,173         | 241,510          | 250,579         | 259,171         |
| Catastrophes  | 24        | 0              | 0               | 0                | 0               | 0               |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0               | 0               |
| Subtotal: Insurance risk margin   | 29        | 281,145        | 309,337         | 341,267          | 356,721         | 372,356         |
| <b>Market Risk:</b>   |           |                |                 |                  |                 |                 |
| Interest rate risk  | 30        | 53,636         | 81,959          | 95,108           | 80,838          | 80,703          |
| Foreign exchange risk   | 32        | 28,498         | 37,521          | 39,601           | 35,661          | 38,226          |
| Equity risk   | 34        | 106,701        | 141,839         | 148,751          | 134,474         | 143,582         |
| Real estate risk  | 36        | 37,598         | 45,708          | 48,495           | 46,994          | 49,401          |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0               | 0               |
| Subtotal: Market risk margin  | 39        | 226,433        | 307,027         | 331,955          | 297,967         | 311,912         |
| <b>Credit Risk:</b>   |           |                |                 |                  |                 |                 |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 52,408          | 58,377           | 59,774          | 62,780          |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264           | 1,264           |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0               | 0               |
| Subtotal: Credit risk margin  | 49        | 48,123         | 53,673          | 59,641           | 61,038          | 64,044          |
| Operational risk margin   | 50        | 76,305         | 86,874          | 93,282           | 92,935          | 96,846          |
| Less: Diversification credit  | 52        | 74,438         | 89,200          | 97,686           | 95,888          | 100,252         |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>557,568</b> | <b>667,711</b>  | <b>728,459</b>   | <b>712,773</b>  | <b>744,906</b>  |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 371,712        | 445,140         | 485,640          | 475,182         | 496,604         |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0               | 0               |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>371,712</b> | <b>445,140</b>  | <b>485,640</b>   | <b>475,182</b>  | <b>496,604</b>  |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>29,919</b>  | <b>(50,158)</b> | <b>(115,606)</b> | <b>(92,164)</b> | <b>(93,460)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>108.05%</b> | <b>88.73%</b>   | <b>76.20%</b>    | <b>80.60%</b>   | <b>81.18%</b>   |



## Appendix 6I

### Interest Rate Decrease Solvency Scenario with Management Action Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                  |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                  |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 498,451          | 526,785          | 556,123          | 587,660          |
| Comprehensive                                      | 84,729         | 94,330         | 99,160           | 104,016          | 109,005          | 114,421          |
| Property Damage                                    | 37,180         | 49,040         | 49,342           | 49,238           | 49,006           | 48,872           |
| Public Liability - BI                              | 1,990          | 5,607          | 6,197            | 6,339            | 6,152            | 6,237            |
| PIPP   | 121,706        | 228,398        | 407,390          | 429,927          | 283,505          | 282,909          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>1,060,541</b> | <b>1,116,305</b> | <b>1,003,791</b> | <b>1,040,098</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856           | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 33,508           | 37,998           | 11,321           | 10,443           |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0                | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0                | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0                | 2,433            | 14,809           | 19,317           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>1,127,905</b> | <b>1,192,347</b> | <b>1,069,444</b> | <b>1,112,584</b> |

**Appendix 6m**  
**Interest Rate Decrease Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 69.20%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 71.72%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 75.31%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 77.63%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 80.19%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 9.59%     | 9.37%     | 8.94%     | 8.90%     |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.20%     | 3.12%     | 2.98%     | 2.97%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.14%     | 3.16%     | 3.05%     | 2.97%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 394,999   | 421,358   | 458,249   | 489,265   | 523,571   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,310    | 19,134    | 19,143    | 19,329    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 75,050    | 80,058    | 87,067    | 92,960    | 99,478    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 80,949    | 64,422    | 40,669    | 25,536    | 7,199     |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | 2,433     | 17,241    | 36,558    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | 2,433     | 14,809    | 19,317    |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

## Appendix 6n

### Interest Rate Decrease Solvency Scenario with Management Action

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | (0)              | (0)              | (0)              |
| Government Bonds                                   | 37,370           | 34,481           | 32,481           | 33,534           | 33,084           |
| Corporate Bonds                                    | 20,959           | 19,904           | 18,360           | 17,992           | 17,499           |
| MUSH   | 19,328           | 18,163           | 16,783           | 15,384           | 13,913           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>72,548</b>    | <b>67,624</b>    | <b>66,910</b>    | <b>64,496</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 141,057          | 117,846          | 1,095            | 1,167            |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | 2,658            | 5,316            | (1,095)          | (1,167)          |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | 61,273           | 46,266           | 567              | 582              |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 2,025            | 4,217            | (567)            | (582)            |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>207,013</b>   | <b>173,644</b>   | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,411)          | (1,536)          | (1,736)          | (1,751)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (10,480)         | (21,736)         | (28,024)         | (29,634)         |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(11,891)</b>  | <b>(23,272)</b>  | <b>(29,760)</b>  | <b>(31,385)</b>  |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>267,670</b>   | <b>217,995</b>   | <b>37,150</b>    | <b>33,110</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (4,418)          | (4,749)          | (8,074)          | (3,748)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (4,220)          | (4,917)          | (9,000)          | (4,453)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,479)          | (2,937)          | (3,733)          | (2,577)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(11,117)</b>  | <b>(12,603)</b>  | <b>(20,807)</b>  | <b>(10,778)</b>  |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,163,248        | 1,387,796        | 1,617,234        | 1,711,612        |
| Corporate Bonds                                    | 520,912          | 549,659          | 634,651          | 712,301          | 745,253          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,125,943</b> | <b>2,409,015</b> | <b>2,689,670</b> | <b>2,794,255</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 54.7%            | 57.6%            | 60.1%            | 61.3%            |
| Corporate Bonds                                    | 24.9%            | 25.9%            | 26.3%            | 26.5%            | 26.7%            |
| MUSH   | 21.1%            | 19.4%            | 16.0%            | 13.4%            | 12.1%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 7a

### Increasing Inflation Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

|  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,873        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | -                | -                | -                |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,239,565</b> | <b>1,283,942</b> | <b>1,329,563</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,656        | 1,256,147        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | -                | -                | -                |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,218,333</b> | <b>1,261,888</b> | <b>1,306,890</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 26,925           | 27,550           | 28,206           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,245,258</b> | <b>1,289,438</b> | <b>1,335,096</b> |
| Claims Incurred  | 838,574                       | 883,024          | 988,722          | 1,054,316        | 1,124,799        | 1,206,490        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | 3,566            | 10,783           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 109              | 123              | 96               | 103              |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>988,831</b>   | <b>1,054,439</b> | <b>1,128,461</b> | <b>1,217,376</b> |
| Claims Expense   | 146,277                       | 151,982          | 173,716          | 188,296          | 198,611          | 220,746          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 13,592           | 14,708           | 15,546           | 17,333           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,176,139</b> | <b>1,257,443</b> | <b>1,342,618</b> | <b>1,455,455</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 102,552          | 110,370          | 117,179          | 130,352          |
| Commissions  | 44,925                        | 47,977           | 51,674           | 58,274           | 58,091           | 57,131           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,072           | 34,836           | 39,761           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,829            | 4,974            | 5,474            | 6,026            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>194,106</b>   | <b>210,690</b>   | <b>215,580</b>   | <b>233,270</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(191,300)</b> | <b>(222,875)</b> | <b>(268,760)</b> | <b>(353,629)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 101,638          | 112,981          | 115,888          | 119,481          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>101,638</b>   | <b>112,981</b>   | <b>115,888</b>   | <b>119,481</b>   |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(89,662)</b>  | <b>(109,894)</b> | <b>(152,872)</b> | <b>(234,148)</b> |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | (118,620)        | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(89,662)</b>  | <b>(109,894)</b> | <b>(271,492)</b> | <b>(234,148)</b> |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (109)            | (123)            | (96)             | (103)            |

## Appendix 7b

### Increasing Inflation Solvency Scenario

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 141,443          | 134,203          | 122,602          | 110,216          |
| Investments                              | 2,750,044                     | 2,856,888        | 3,037,783        | 3,215,051        | 3,276,844        | 3,433,105        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 405,864          | 420,426          | 435,499          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 43,101           | 39,211           | 29,408           |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,339           | 55,834           | 46,683           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,823,812</b> | <b>4,023,720</b> | <b>4,090,080</b> | <b>4,236,075</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 72,697           | 80,588           | 84,051           | 92,790           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 641,556          | 665,197          | 689,582          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,326,402        | 2,558,531        | 2,812,344        | 3,096,813        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,422,207</b> | <b>3,696,915</b> | <b>3,989,817</b> | <b>4,319,396</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 374,569          | 302,854          | 78,242           | (99,131)         |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 27,033           | 23,951           | 22,020           | 15,810           |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>401,602</b>   | <b>326,805</b>   | <b>100,262</b>   | <b>(83,321)</b>  |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,823,809</b> | <b>4,023,720</b> | <b>4,090,079</b> | <b>4,236,075</b> |

**Appendix 7c**  
**Increasing Inflation Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                |                |                 |
|---|--------------------------------------|----------------|----------------|----------------|----------------|-----------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F          | 2026F          | 2027F           |
| <b>BASIC</b>  |                                      |                |                |                |                |                 |
| <b>Total Equity</b>                                 |                                      |                |                |                |                |                 |
| <b>Retained Earnings</b>                            |                                      |                |                |                |                |                 |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 374,569        | 302,854        | 78,242          |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (89,662)       | (109,894)      | (152,872)      | (234,148)       |
| Premium Rebate                                      | (156,534)                            | -              | -              | -              | (118,620)      | -               |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 35,858         | 38,179         | 46,880         | 56,775          |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>374,569</b> | <b>302,854</b> | <b>78,242</b>  | <b>(99,131)</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                |                |                 |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 27,033         | 23,951         | 22,020          |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | 4,024          | (3,082)        | (1,931)        | (6,210)         |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -              | -              | -               |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>27,033</b>  | <b>23,951</b>  | <b>22,020</b>  | <b>15,810</b>   |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>401,602</b> | <b>326,805</b> | <b>100,262</b> | <b>(83,321)</b> |

### Appendix 7d Increasing Inflation Solvency Scenario Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|-----------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                 |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                 |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 347,374         | 270,467          | 44,429           | (130,002)        |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>347,374</b>  | <b>270,467</b>   | <b>44,429</b>    | <b>(130,002)</b> |
| <b>Assets Available:</b>  |           |                |                 |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                 |                  |                  |                  |
| Premium liabilities   | 20        | 90,124         | 93,578          | 98,808           | 104,124          | 109,858          |
| Unpaid claims   | 22        | 194,661        | 213,308         | 234,003          | 256,635          | 282,052          |
| Catastrophes  | 24        | 0              | 0               | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 284,785        | 306,886         | 332,811          | 360,759          | 391,910          |
| <b>Market Risk:</b>   |           |                |                 |                  |                  |                  |
| Interest rate risk  | 30        | 53,656         | 65,554          | 72,234           | 84,552           | 104,810          |
| Foreign exchange risk   | 32        | 28,498         | 30,569          | 29,798           | 24,701           | 23,976           |
| Equity risk   | 34        | 106,701        | 117,286         | 114,830          | 96,369           | 97,595           |
| Real estate risk  | 36        | 37,598         | 41,616          | 42,842           | 40,643           | 41,737           |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,453        | 255,025         | 259,704          | 246,265          | 268,118          |
| <b>Credit Risk:</b>   |           |                |                 |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 49,566          | 52,032           | 53,227           | 55,571           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 50,831          | 53,296           | 54,491           | 56,836           |
| Operational risk margin   | 50        | 76,616         | 82,004          | 85,883           | 88,327           | 94,172           |
| Less: Diversification credit  | 52        | 74,913         | 82,092          | 86,435           | 87,841           | 95,139           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>561,064</b> | <b>612,654</b>  | <b>645,259</b>   | <b>662,001</b>   | <b>715,897</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 374,042        | 408,436         | 430,173          | 441,334          | 477,264          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>374,042</b> | <b>408,436</b>  | <b>430,173</b>   | <b>441,334</b>   | <b>477,264</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>27,589</b>  | <b>(61,062)</b> | <b>(159,706)</b> | <b>(396,905)</b> | <b>(607,266)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>107.38%</b> | <b>85.05%</b>   | <b>62.87%</b>    | <b>10.07%</b>    | <b>-27.24%</b>   |

## Appendix 7e

### Increasing Inflation Solvency Scenario

### Net Claims Incurred Summary

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2021/22        | 2022/23        | 2023/24        | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 497,785        | 526,115          | 555,986          | 587,543          |
| Comprehensive                                      | 84,729         | 94,330         | 98,990         | 103,847          | 108,973          | 114,394          |
| Property Damage                                    | 37,180         | 49,040         | 49,190         | 49,100           | 48,994           | 48,866           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,834          | 5,977            | 6,095            | 6,197            |
| PIPP   | 121,706        | 228,398        | 283,814        | 310,056          | 338,837          | 375,969          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>935,612</b> | <b>995,095</b>   | <b>1,058,884</b> | <b>1,132,969</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 19,363         | 23,732           | 26,488           | 30,899           |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0                | 3,566            | 10,783           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>988,831</b> | <b>1,054,439</b> | <b>1,128,461</b> | <b>1,217,377</b> |



**Appendix 7f**  
**Increasing Inflation Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 72.58%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 72.88%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 74.13%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 75.36%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 76.66%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 10.25%    | 10.67%    | 10.95%    | 11.76%    |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.42%     | 3.56%     | 3.65%     | 3.92%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.25%     | 3.49%     | 3.60%     | 3.79%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 414,294   | 428,149   | 451,082   | 474,932   | 500,555   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,919    | 21,042    | 22,524    | 24,509    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 78,716    | 81,348    | 85,706    | 90,237    | 95,105    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum(9) to (14)]               | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 57,988    | 55,730    | 47,289    | 39,211    | 29,408    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | 3,566     | 14,349    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | 3,566     | 10,783    |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 7g Increasing Inflation Solvency Scenario Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | 0                | 0                | (0)              |
| Government Bonds                                   | 37,370           | 39,112           | 43,517           | 48,881           | 53,285           |
| Corporate Bonds                                    | 20,959           | 22,234           | 24,583           | 27,340           | 29,678           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,600</b>    | <b>85,284</b>    | <b>92,426</b>    | <b>98,105</b>    |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 186              | 203              | 225              | 242              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (186)            | (203)            | (225)            | (242)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (48)             | (53)             | (55)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 48               | 53               | 55               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,458)          | (1,588)          | (1,740)          | (1,834)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,197)          | (3,548)          | (3,926)          | (4,247)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,655)</b>   | <b>(5,136)</b>   | <b>(5,666)</b>   | <b>(6,081)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,945</b>    | <b>80,148</b>    | <b>86,760</b>    | <b>92,025</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (3,612)          | (6,348)          | (6,493)          | (4,521)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (3,388)          | (7,170)          | (6,472)          | (5,153)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,118)          | (2,666)          | (2,763)          | (1,976)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(9,118)</b>   | <b>(16,184)</b>  | <b>(15,728)</b>  | <b>(11,649)</b>  |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,223,868        | 1,399,300        | 1,589,189        | 1,724,749        |
| Corporate Bonds                                    | 520,912          | 555,084          | 615,434          | 680,803          | 728,194          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,191,988</b> | <b>2,401,302</b> | <b>2,630,127</b> | <b>2,790,333</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.8%            | 58.3%            | 60.4%            | 61.8%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.6%            | 25.9%            | 26.1%            |
| MUSH   | 21.1%            | 18.8%            | 16.1%            | 13.7%            | 12.1%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

## Appendix 7h

### Increasing Inflation Solvency Scenario with Management Action

### Statement of Operations

| (C\$ 000s, rounding may affect totals)                 | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,092,643                     | 1,119,227        | 1,150,299        | 1,190,917        | 1,233,645        | 1,277,872        |
| Capital Release Provision                              | (73,275)                      | (57,857)         | -                | 60,575           | 62,742           | 64,986           |
| Drivers  | 61,511                        | 59,927           | 63,390           | 65,996           | 68,165           | 70,094           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Written</b>                      | <b>1,065,220</b>              | <b>1,104,945</b> | <b>1,196,846</b> | <b>1,300,140</b> | <b>1,346,684</b> | <b>1,394,548</b> |
| <b>Net Premiums Earned</b>                             |                               |                  |                  |                  |                  |                  |
| Motor Vehicles   | 1,094,496                     | 1,107,273        | 1,135,036        | 1,170,965        | 1,212,657        | 1,256,148        |
| Capital Release Provision                              | (36,176)                      | (66,536)         | (28,420)         | 30,820           | 61,677           | 63,883           |
| Drivers  | 63,747                        | 60,635           | 61,689           | 64,716           | 67,100           | 69,147           |
| Reinsurance Ceded                                      | (15,659)                      | (16,352)         | (16,843)         | (17,348)         | (17,868)         | (18,404)         |
| <b>Total Net Premiums Earned</b>                       | <b>1,106,408</b>              | <b>1,085,020</b> | <b>1,151,462</b> | <b>1,249,153</b> | <b>1,323,566</b> | <b>1,370,774</b> |
| Service Fees & Other Revenues                          | 24,652                        | 27,967           | 27,483           | 27,186           | 27,818           | 28,486           |
| <b>Total Earned Revenues</b>                           | <b>1,131,060</b>              | <b>1,112,987</b> | <b>1,178,945</b> | <b>1,276,339</b> | <b>1,351,384</b> | <b>1,399,260</b> |
| Claims Incurred  | 838,574                       | 883,024          | 988,722          | 1,054,316        | 1,124,799        | 1,206,490        |
| DPAC \ Premium Deficiency Adjustment                   | -                             | -                | -                | -                | 3,583            | 10,851           |
| (a) Claims Incurred - Interest Rate Impact             | (132,765)                     | (45)             | 109              | 133              | 91               | 124              |
| <b>Total Claims Incurred</b>                           | <b>705,809</b>                | <b>882,979</b>   | <b>988,831</b>   | <b>1,054,449</b> | <b>1,128,473</b> | <b>1,217,465</b> |
| Claims Expense   | 146,277                       | 151,982          | 173,716          | 188,296          | 198,611          | 220,746          |
| Road Safety/Loss Prevention                            | 10,337                        | 12,267           | 13,592           | 14,708           | 15,546           | 17,333           |
| <b>Total Claims Costs</b>                              | <b>862,423</b>                | <b>1,047,228</b> | <b>1,176,139</b> | <b>1,257,453</b> | <b>1,342,630</b> | <b>1,455,544</b> |
| <b>Expenses</b>  |                               |                  |                  |                  |                  |                  |
| Operating  | 75,945                        | 89,477           | 102,552          | 110,370          | 117,179          | 130,352          |
| Commissions  | 44,925                        | 47,977           | 51,674           | 59,406           | 60,694           | 59,692           |
| Premium Taxes  | 28,966                        | 33,043           | 35,051           | 37,997           | 40,245           | 41,677           |
| Regulatory/Appeal                                      | 4,530                         | 4,620            | 4,829            | 4,974            | 5,474            | 6,026            |
| <b>Total Expenses</b>                                  | <b>154,366</b>                | <b>175,117</b>   | <b>194,106</b>   | <b>212,747</b>   | <b>223,592</b>   | <b>237,747</b>   |
| <b>Underwriting Income (Loss)</b>                      | <b>114,271</b>                | <b>(109,358)</b> | <b>(191,300)</b> | <b>(193,861)</b> | <b>(214,838)</b> | <b>(294,031)</b> |
| <b>Investment Income</b>                               | 79,813                        | 136,097          | 101,638          | 112,486          | 117,724          | 123,345          |
| (b) Investment Income - Interest Rate Impact           | (126,997)                     | -                | -                | -                | -                | -                |
| <b>Net Investment Income</b>                           | <b>(47,184)</b>               | <b>136,097</b>   | <b>101,638</b>   | <b>112,486</b>   | <b>117,724</b>   | <b>123,345</b>   |
| <b>Gain (Loss) on Sale of Property</b>                 | 104                           | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) from Annual Operations</b>        | <b>67,191</b>                 | <b>26,739</b>    | <b>(89,662)</b>  | <b>(81,375)</b>  | <b>(97,114)</b>  | <b>(170,686)</b> |
| <b>Rebate to Policyholders</b>                         | (156,534)                     | -                | -                | -                | -                | -                |
| <b>Net Income (Loss) after Rebate to Policyholders</b> | <b>(89,343)</b>               | <b>26,739</b>    | <b>(89,662)</b>  | <b>(81,375)</b>  | <b>(97,114)</b>  | <b>(170,686)</b> |
| Total net Impact due to interest rate change (b) - (a) | 5,768                         | 45               | (109)            | (133)            | (91)             | (124)            |

## Appendix 7i

### Increasing Inflation Solvency Scenario with Management Action

### Balance Sheet

| (C\$ 000s, rounding may affect totals)   | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| <b>BASIC</b>                             |                               |                  |                  |                  |                  |                  |
| <b>Assets</b>                            |                               |                  |                  |                  |                  |                  |
| Cash and investments                     | 153,131                       | 151,300          | 141,443          | 134,382          | 122,906          | 111,451          |
| Investments                              | 2,750,044                     | 2,856,888        | 3,037,783        | 3,253,312        | 3,490,124        | 3,715,012        |
| Investment property                      | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| Due from other insurance companies       | 14                            | -                | -                | -                | -                | -                |
| Accounts receivable                      | 398,612                       | 361,715          | 392,022          | 426,508          | 441,809          | 457,646          |
| Prepaid expenses                         | -                             | -                | -                | -                | -                | -                |
| Deferred policy acquisition costs        | 37,672                        | 37,111           | 41,249           | 43,101           | 39,194           | 29,323           |
| Reinsurers' share of unearned premiums   | -                             | -                | -                | -                | -                | -                |
| Reinsurers' share of unearned claims     | 2,457                         | -                | -                | -                | -                | -                |
| Property and equipment                   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| Deferred development costs               | 44,687                        | 49,751           | 54,229           | 56,339           | 55,834           | 46,683           |
| <b>Total Assets</b>                      | <b>3,504,409</b>              | <b>3,595,663</b> | <b>3,823,812</b> | <b>4,082,804</b> | <b>4,325,030</b> | <b>4,541,279</b> |
| <b>Liabilities</b>                       |                               |                  |                  |                  |                  |                  |
| Due to other insurance companies         | 369                           | 325              | 325              | 325              | 325              | 325              |
| Accounts payable and accrued liabilities | 60,876                        | 62,805           | 72,697           | 80,588           | 84,051           | 92,790           |
| Financing lease obligation               | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| Unearned premiums and fees               | 548,725                       | 572,104          | 618,853          | 671,311          | 696,016          | 721,504          |
| Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| Provision for unpaid claims              | 2,103,789                     | 2,117,101        | 2,326,402        | 2,558,541        | 2,812,350        | 3,096,838        |
| <b>Total Liabilities</b>                 | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,422,207</b> | <b>3,726,680</b> | <b>4,020,642</b> | <b>4,351,343</b> |
| <b>Equity</b>                            |                               |                  |                  |                  |                  |                  |
| Retained earnings                        | 359,335                       | 428,373          | 374,569          | 331,112          | 280,616          | 166,424          |
| Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 27,033           | 25,012           | 23,772           | 23,513           |
| <b>Total Equity</b>                      | <b>410,764</b>                | <b>451,382</b>   | <b>401,602</b>   | <b>356,124</b>   | <b>304,388</b>   | <b>189,937</b>   |
| <b>Total Liabilities &amp; Equity</b>    | <b>3,504,409</b>              | <b>3,595,664</b> | <b>3,823,809</b> | <b>4,082,804</b> | <b>4,325,030</b> | <b>4,541,280</b> |

**Appendix 7j**  
**Increasing Inflation Solvency Scenario with Management Action**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

|   | <i>For the Years Ended March 31,</i> |                |                |                |                |                |
|---|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2022A                                | 2023BF         | 2024F          | 2025F          | 2026F          | 2027F          |
| <b>BASIC</b>  |                                      |                |                |                |                |                |
| <b>Total Equity</b>                                 |                                      |                |                |                |                |                |
| <b>Retained Earnings</b>                            |                                      |                |                |                |                |                |
| Beginning Balance                                   | 448,678                              | 359,335        | 428,373        | 374,569        | 331,112        | 280,616        |
| Net Income (Loss) from annual operations            | 67,191                               | 26,739         | (89,662)       | (81,375)       | (97,114)       | (170,686)      |
| Premium Rebate                                      | (156,534)                            | -              | -              | -              | -              | -              |
| Transfer (to) / from Non-Basic Retained Earnings    | -                                    | 42,299         | 35,858         | 37,918         | 46,618         | 56,494         |
| <b>Total Retained Earnings</b>                      | <b>359,335</b>                       | <b>428,373</b> | <b>374,569</b> | <b>331,112</b> | <b>280,616</b> | <b>166,424</b> |
| <b>Total Accumulated Other Comprehensive Income</b> |                                      |                |                |                |                |                |
| Beginning Balance                                   | (14,700)                             | 51,429         | 23,009         | 27,033         | 25,012         | 23,772         |
| Other Comprehensive Income for the Year             | 25,485                               | (28,420)       | 4,024          | (2,021)        | (1,240)        | (259)          |
| Change in Remeasurement of Employee Future Benefits | 40,644                               | -              | -              | -              | -              | -              |
| <b>Total Accumulated Other Comprehensive Income</b> | <b>51,429</b>                        | <b>23,009</b>  | <b>27,033</b>  | <b>25,012</b>  | <b>23,772</b>  | <b>23,513</b>  |
| <b>Total Equity Balance</b>                         | <b>410,764</b>                       | <b>451,382</b> | <b>401,602</b> | <b>356,124</b> | <b>304,388</b> | <b>189,937</b> |

## Appendix 7k

### Increasing Inflation Solvency Scenario with Management Action

### Minimum Capital Test

(C\$ 000s, rounding may affect totals)

|   |           | 2022 - 2023    | 2023 - 2024     | 2024 - 2025      | 2025 - 2026      | 2026 - 2027      |
|---|-----------|----------------|-----------------|------------------|------------------|------------------|
| <b>BASIC</b>  |           |                |                 |                  |                  |                  |
| <b>Capital Available:</b>   |           |                |                 |                  |                  |                  |
| Capital available (from page 30.62 - capital available)                             | 01        | 401,631        | 347,374         | 299,785          | 248,554          | 143,254          |
| Phase-in of capital available   | 03        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Capital Available</b>  | <b>09</b> | <b>401,631</b> | <b>347,374</b>  | <b>299,785</b>   | <b>248,554</b>   | <b>143,254</b>   |
| <b>Assets Available:</b>  |           |                |                 |                  |                  |                  |
| Net Assets Available (from page 30.92 - net assets available)                       | 11        | 0              | 0               | 0                | 0                | 0                |
| Phase-in of net assets available  | 13        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Net Assets Available</b>   | <b>19</b> | <b>0</b>       | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Capital (Margin) Required at Target:</b>   |           |                |                 |                  |                  |                  |
| <b>Insurance Risk:</b>  |           |                |                 |                  |                  |                  |
| Premium liabilities   | 20        | 90,124         | 93,578          | 98,814           | 104,126          | 109,871          |
| Unpaid claims   | 22        | 194,661        | 213,308         | 234,003          | 256,637          | 282,054          |
| Catastrophes  | 24        | 0              | 0               | 0                | 0                | 0                |
| Margin required for reinsurance ceded to unregistered insurers                      | 26        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Insurance risk margin   | 29        | 284,785        | 306,886         | 332,817          | 360,763          | 391,925          |
| <b>Market Risk:</b>   |           |                |                 |                  |                  |                  |
| Interest rate risk  | 30        | 53,656         | 65,554          | 69,421           | 74,099           | 85,547           |
| Foreign exchange risk   | 32        | 28,498         | 30,569          | 30,108           | 30,272           | 25,912           |
| Equity risk   | 34        | 106,701        | 117,286         | 115,981          | 117,034          | 117,163          |
| Real estate risk  | 36        | 37,598         | 41,616          | 43,033           | 44,087           | 44,998           |
| Other market risk exposures   | 38        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Market risk margin  | 39        | 226,453        | 255,025         | 258,543          | 265,492          | 273,620          |
| <b>Credit Risk:</b>   |           |                |                 |                  |                  |                  |
| Counterparty default risk for balance sheet assets                                  | 40        | 46,858         | 49,566          | 53,432           | 56,563           | 59,559           |
| Counterparty default risk for off-balance sheet exposures                           | 42        | 1,264          | 1,264           | 1,264            | 1,264            | 1,264            |
| Counterparty default risk for unregistered reinsurance collateral and SIRs          | 44        | 0              | 0               | 0                | 0                | 0                |
| Subtotal: Credit risk margin  | 49        | 48,123         | 50,831          | 54,696           | 57,828           | 60,823           |
| Operational risk margin   | 50        | 76,616         | 82,004          | 85,904           | 90,245           | 94,980           |
| Less: Diversification credit  | 52        | 74,913         | 82,092          | 86,470           | 91,354           | 96,659           |
| <b>Total Capital (Margin) Required at Target</b>                                    | <b>59</b> | <b>561,064</b> | <b>612,654</b>  | <b>645,490</b>   | <b>682,974</b>   | <b>724,689</b>   |
| Minimum Capital (Margin) Required (line 59 / 1.5)                                   | 60        | 374,042        | 408,436         | 430,327          | 455,316          | 483,126          |
| Phase-in of Capital (Margin) Required   | 62        | 0              | 0               | 0                | 0                | 0                |
| <b>Total Minimum Capital (Margin) Required</b>                                      | <b>69</b> | <b>374,042</b> | <b>408,436</b>  | <b>430,327</b>   | <b>455,316</b>   | <b>483,126</b>   |
| <b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b> | <b>79</b> | <b>27,589</b>  | <b>(61,062)</b> | <b>(130,542)</b> | <b>(206,762)</b> | <b>(339,872)</b> |
| <b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>                      | <b>90</b> | <b>107.38%</b> | <b>85.05%</b>   | <b>69.66%</b>    | <b>54.59%</b>    | <b>29.65%</b>    |

## Appendix 7I

### Increasing Inflation Solvency Scenario with Management Action

### Net Claims Incurred Summary

*(C\$ 000s, rounding may affect totals)*

|  | 2021/22        | 2022/23        | 2023/24        | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------|----------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                |                |                |                  |                  |                  |
| <b>Claims Incurred before Financial Provisions</b> |                |                |                |                  |                  |                  |
| Collision  | 420,813        | 470,049        | 497,785        | 526,117          | 555,985          | 587,547          |
| Comprehensive                                      | 84,729         | 94,330         | 98,990         | 103,848          | 108,973          | 114,395          |
| Property Damage                                    | 37,180         | 49,040         | 49,190         | 49,101           | 48,993           | 48,866           |
| Public Liability - BI                              | 1,990          | 5,607          | 5,834          | 5,978            | 6,094            | 6,200            |
| PIPP   | 121,706        | 228,398        | 283,814        | 310,060          | 338,835          | 375,978          |
| <b>Total</b>                                       | <b>666,418</b> | <b>847,425</b> | <b>935,612</b> | <b>995,104</b>   | <b>1,058,880</b> | <b>1,132,986</b> |
| Non-Proportional ILAE                              | 33,797         | 32,660         | 33,856         | 35,612           | 39,524           | 42,725           |
| Change in ILAE Provision                           | 6,866          | 2,894          | 19,363         | 23,733           | 26,487           | 30,903           |
| Change in Reinsurance Ceded Provision              | 2,338          | 0              | 0              | 0                | 0                | 0                |
| Other Financial Adjustments                        | (3,609)        | 0              | 0              | 0                | 0                | 0                |
| Change in DPAC / Premium Deficiency Provision      | 0              | 0              | 0              | 0                | 3,583            | 10,851           |
| <b>Total Net Claims Incurred</b>                   | <b>705,809</b> | <b>882,979</b> | <b>988,831</b> | <b>1,054,449</b> | <b>1,128,474</b> | <b>1,217,465</b> |

**Appendix 7m**  
**Increasing Inflation Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

| BASIC   |               |         |           |           |           |           |           |           |           |           |                 |               |
|---|---------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|---------------|
| A. Claims (Including External Adjustment Expense) Data              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Accident Year |         |           |           |           |           |           |           |           |           | Selected Undisc | Selected Disc |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 1. Ultimate Loss Ratio - Total All Coverage                         | 75.40%        | 68.94%  | 65.57%    | 53.22%    | 63.43%    | 70.03%    | 71.78%    | 72.75%    | 73.51%    | 74.25%    |                 |               |
| 2. Trend/Rate Adjustment for Fiscal Year                            |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 0.8997        | 0.9436  | 0.9746    | 0.9879    | 0.9893    |           |           |           |           |           |                 |               |
| 2022  |               | 0.9673  | 0.9992    | 1.0130    | 1.0147    | 1.0032    |           |           |           |           |                 |               |
| 2023  |               |         | 1.0048    | 1.0154    | 1.0138    | 0.9991    | 1.0019    |           |           |           |                 |               |
| 2024  |               |         |           | 1.0224    | 1.0164    | 0.9974    | 0.9958    | 1.0020    |           |           |                 |               |
| 2025  |               |         |           |           | 1.0023    | 0.9845    | 0.9839    | 0.9910    | 1.0012    |           |                 |               |
| 2026  |               |         |           |           |           | 1.0072    | 0.9997    | 0.9999    | 1.0033    | 1.0066    |                 |               |
| 3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]                  |               |         |           |           |           |           |           |           |           |           |                 |               |
| 2021  | 67.84%        | 65.05%  | 63.90%    | 52.57%    | 62.75%    |           |           |           |           |           | 63.90%          | 67.19%        |
| 2022  |               | 66.68%  | 65.51%    | 53.91%    | 64.36%    | 70.26%    |           |           |           |           | 65.52%          | 72.58%        |
| 2023  |               |         | 65.88%    | 54.04%    | 64.30%    | 69.97%    | 71.91%    |           |           |           | 66.72%          | 72.88%        |
| 2024  |               |         |           | 54.41%    | 64.47%    | 69.85%    | 71.48%    | 72.90%    |           |           | 68.60%          | 74.14%        |
| 2025  |               |         |           |           | 63.58%    | 68.95%    | 70.63%    | 72.10%    | 73.60%    |           | 70.56%          | 75.36%        |
| 2026  |               |         |           |           |           | 70.54%    | 71.76%    | 72.75%    | 73.75%    | 74.74%    | 72.75%          | 76.67%        |
| B. Actual Data Other Than Losses                                    |               |         |           |           |           |           |           |           |           |           |                 |               |
| (C\$ 000s, rounding may affect totals)                              |               |         |           |           |           |           |           |           |           |           |                 |               |
|   | Fiscal Year   |         |           |           |           |           |           |           |           |           |                 |               |
|   | 2017          | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |                 |               |
| 4. Net Earned Premium   | 965,709       | #####   | 1,085,549 | 1,120,929 | 1,143,507 | 1,151,556 | 1,179,883 | 1,218,333 | 1,261,888 | 1,306,890 |                 |               |
| 5. Operating Expenses as % of Earned Premium                        | 9.94%         | 9.14%   | 8.96%     | 7.90%     | 8.20%     | 9.24%     | 10.25%    | 10.67%    | 10.95%    | 11.76%    |                 |               |
| 6. Maintenance Expense Rate [(5) x 1/3]                             | 3.31%         | 3.05%   | 2.99%     | 2.63%     | 2.73%     | 3.08%     | 3.42%     | 3.56%     | 3.65%     | 3.92%     |                 |               |
| Selected  |               |         |           |           | 2.73%     | 2.91%     | 3.25%     | 3.49%     | 3.60%     | 3.79%     |                 |               |
| 7. ILAE Ratio to Losses - Selected                                  | 18.40%        | 18.00%  | 18.80%    | 18.80%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    | 19.00%    |                 |               |
| C. Equity in Unearned Premium                                       |               |         |           |           |           |           |           |           |           |           |                 |               |
| 8. Net Unearned Premium   | 468,613       | 499,704 | 538,911   | 571,607   | 567,038   | 579,207   | 596,171   | 617,403   | 639,457   | 662,129   |                 |               |
| 9. Additional Expected Cost of Non-Proportional Reinsurance         | 5,598         | 7,075   | 6,807     | 7,815     | 8,177     | 8,421     | 8,674     | 8,934     | 9,202     | 9,202     |                 |               |
| 10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)] | 383,468       | 396,537 | 410,591   | 371,002   | 381,026   | 414,294   | 428,149   | 451,111   | 474,947   | 500,626   |                 |               |
| 11. Reinsurance PFAD  | 10            | 43      | -         | 24        | 212       | -         | -         | -         | -         | -         |                 |               |
| 12. Maintenance Expense [a]   | 13,837        | 14,679  | 14,923    | 14,183    | 15,144    | 16,439    | 18,919    | 21,042    | 22,524    | 24,509    |                 |               |
| 13. Internal Loss Adjustment Expense [Sheet 1, Row 11]              | 70,595        | 71,531  | 77,191    | 69,840    | 73,200    | 78,716    | 81,348    | 85,711    | 90,240    | 95,119    |                 |               |
| 14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement | 3,950         | 3,777   | 3,818     | 4,428     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     | 3,350     |                 |               |
| 15. Equity in Unearned Premium [(8) - Sum((9) to (14))]             | (8,845)       | 6,063   | 25,582    | 104,316   | 85,929    | 57,988    | 55,730    | 47,254    | 39,194    | 29,323    |                 |               |
| 16. Carried Deferred Policy Acquisition Expenses                    | 32,055        | 33,980  | 36,093    | 37,245    | 38,758    | 37,111    | 41,249    | 43,101    | 42,777    | 43,757    |                 |               |
| 17. Write Down Deferred Policy Acquisition Expenses [b]             | 32,055        | 27,917  | 10,511    | -         | -         | -         | -         | -         | 3,583     | 14,434    |                 |               |
| Change  | (15,104)      | -       | (17,406)  | (10,511)  | -         | -         | -         | -         | 3,583     | 10,851    |                 |               |
| 18. Premium Deficiency [c]  | 8,845         | -       | -         | -         | -         | -         | -         | -         | -         | -         |                 |               |
| Change  | -             | (8,774) | (11,950)  | 6,844     | -         | -         | -         | -         | -         | -         |                 |               |

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0



## Appendix 7n

### Increasing Inflation Solvency Scenario with Management Action

#### Summary of Investment Income

| <i>(C\$ 000s, rounding may affect totals)</i>      | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>BASIC</b>                                       |                  |                  |                  |                  |                  |
| <b>Income Received During Period</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 84               | 0                | 0                | (0)              | (0)              |
| Government Bonds                                   | 37,370           | 39,112           | 43,693           | 49,305           | 55,100           |
| Corporate Bonds                                    | 20,959           | 22,234           | 24,658           | 27,523           | 30,477           |
| MUSH   | 19,328           | 18,254           | 17,184           | 16,205           | 15,142           |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV  | -                | -                | -                | -                | -                |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Net Rental Income                                  | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>77,741</b>    | <b>79,600</b>    | <b>85,534</b>    | <b>93,033</b>    | <b>100,719</b>   |
| <b>Gains During Period - Profit &amp; Loss</b>     |                  |                  |                  |                  |                  |
| Government Bonds Unrealized Gains/(Loss)           | 2,052            | 186              | 204              | 227              | 249              |
| Government Bonds Realized Gains/(Loss)             | (2,052)          | (186)            | (204)            | (227)            | (249)            |
| Corporate Bonds Unrealized Gains/(Loss)            | 4,273            | (48)             | (48)             | (53)             | (56)             |
| Corporate Bonds Realized Gains/(Loss)              | (4,273)          | 48               | 48               | 53               | 56               |
| MUSH   | -                | -                | -                | -                | -                |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities Realized Gains                   | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global Equities Realized Gains                     | (0)              | (0)              | (0)              | (0)              | (0)              |
| Global LV  | (0)              | (0)              | (0)              | (0)              | (0)              |
| Pooled Real Estate Fund                            | -                | -                | -                | -                | -                |
| Infrastructure                                     | -                | -                | -                | -                | -                |
| <b>Total</b>                                       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       | <b>(0)</b>       |
| <b>Other</b>                                       |                  |                  |                  |                  |                  |
| Investment Fees Paid                               | (1,430)          | (1,458)          | (1,591)          | (1,739)          | (1,841)          |
| Pension Expense                                    | -                | -                | -                | -                | -                |
| Amortization on Marketable Bonds (Prem) / Discount | (2,701)          | (3,197)          | (3,563)          | (3,961)          | (4,373)          |
| <b>Total</b>                                       | <b>(4,131)</b>   | <b>(4,655)</b>   | <b>(5,154)</b>   | <b>(5,700)</b>   | <b>(6,214)</b>   |
| <b>Total Investment Income</b>                     | <b>73,609</b>    | <b>74,945</b>    | <b>80,380</b>    | <b>87,333</b>    | <b>94,505</b>    |
| <b>Equity Unrealized Gains/(Losses)</b>            |                  |                  |                  |                  |                  |
| Canadian Equities Unrealized Gains/(Losses)        | (25,784)         | (3,612)          | (6,114)          | (5,097)          | (4,800)          |
| Global Equities Unrealized Gains/(Losses)          | (9,824)          | (3,388)          | (6,166)          | (6,131)          | (5,246)          |
| Global LV Unrealized Gains/(Losses)                | (8,320)          | (2,118)          | (2,641)          | (2,494)          | (2,446)          |
| <b>Total Unrealized Gains/(Losses)</b>             | <b>(43,928)</b>  | <b>(9,118)</b>   | <b>(14,921)</b>  | <b>(13,722)</b>  | <b>(12,492)</b>  |
| <b>Ending Asset Values</b>                         |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | -                | -                | -                | -                | -                |
| Government Bonds                                   | 1,126,634        | 1,223,868        | 1,420,797        | 1,619,963        | 1,813,789        |
| Corporate Bonds                                    | 520,912          | 555,084          | 622,607          | 691,085          | 757,961          |
| MUSH   | 440,475          | 413,036          | 386,568          | 360,135          | 337,390          |
| Private Debt                                       | -                | -                | -                | -                | -                |
| Canadian Equities                                  | -                | -                | -                | -                | -                |
| Global Equities                                    | -                | -                | -                | -                | -                |
| Global LV Equities                                 | -                | -                | -                | -                | -                |
| Real Estate Investments                            | -                | -                | -                | -                | -                |
| Infrastructure & Venture Capital                   | -                | -                | -                | -                | -                |
| <b>Total Ending Asset Values</b>                   | <b>2,088,022</b> | <b>2,191,988</b> | <b>2,429,972</b> | <b>2,671,183</b> | <b>2,909,139</b> |
| <b>Ending Rebalanced Allocations</b>               |                  |                  |                  |                  |                  |
| Cash/Short Term Investments                        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Government Bonds                                   | 54.0%            | 55.8%            | 58.5%            | 60.6%            | 62.3%            |
| Corporate Bonds                                    | 24.9%            | 25.3%            | 25.6%            | 25.9%            | 26.1%            |
| MUSH   | 21.1%            | 18.8%            | 15.9%            | 13.5%            | 11.6%            |
| Private Debt                                       | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Canadian Equities                                  | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global Equities                                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Global LV Equities                                 | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Real Estate Investments                            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Infrastructure & Venture Capital                   | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| <b>Total</b>                                       | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    | <b>100.0%</b>    |

PF-12

Statement of Operations: -0.9% Basic Rate Change - with IFRS accounting effective in 2023/24

## Multi-year - Statement of Operations

| No. | 2023 GRA Base - 23/24 Basic Rate Change of -0.9%<br>(C\$ 000s, rounding may affect totals) | IFRS 9/17                     |                  |                 |                 |                 |                 |
|-----|--|-------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|     |  | For the Years Ended March 31, |                  |                 |                 |                 |                 |
|     |  | 2022A                         | 2023BF           | 2024F           | 2025F           | 2026F           | 2027F           |
| 2   | <b>BASIC</b>   | <b>2021/22A</b>               | <b>2022/23FB</b> | <b>2023/24F</b> | <b>2024/25F</b> | <b>2025/26F</b> | <b>2026/27F</b> |
| 3   | Insurance revenue  | 1,141,901                     | 1,123,876        | 1,191,522       | 1,259,483       | 1,304,176       | 1,350,344       |
| 4   | Insurance service expenses   | 925,977                       | 1,115,981        | 1,069,609       | 1,118,624       | 1,157,538       | 1,206,208       |
| 5   | Recovered claims from reinsurance contracts  |                               |                  | -               | -               | -               | -               |
| 6   | Expenses from reinsurance contracts held   | 15,659                        | 16,352           | 16,843          | 17,348          | 17,868          | 18,404          |
| 7   | <b>Insurance service result</b>  | <b>200,265</b>                | <b>(8,457)</b>   | <b>105,071</b>  | <b>123,511</b>  | <b>128,770</b>  | <b>125,732</b>  |
| 8   | <b>Net investment income</b>   | <b>(47,184)</b>               | <b>136,097</b>   | <b>105,346</b>  | <b>109,078</b>  | <b>113,091</b>  | <b>117,748</b>  |
| 9   | Finance expenses from insurance contracts issued   | -                             | -                | 101,125         | 106,343         | 109,997         | 115,239         |
| 10  | Finance income from reinsurance contracts held   |                               |                  | -               | -               | -               | -               |
| 11  | <b>Net insurance finance expenses</b>  | <b>-</b>                      | <b>-</b>         | <b>101,125</b>  | <b>106,343</b>  | <b>109,997</b>  | <b>115,239</b>  |
| 12  | <b>Net insurance and investment result</b>   | <b>153,081</b>                | <b>127,640</b>   | <b>109,291</b>  | <b>126,246</b>  | <b>131,865</b>  | <b>128,240</b>  |
| 13  | Other Income   | 4,818                         | 5,464            | 4,266           | 3,121           | 3,125           | 3,150           |
| 14  | Other Operating expenses   | 90,812                        | 106,364          | 113,114         | 113,285         | 111,140         | 114,746         |
| 15  | Gain (loss) on disposal of property and equipment  | 104                           | -                | -               | -               | -               | -               |
| 16  | <b>Net income from operations</b>  | <b>67,191</b>                 | <b>26,739</b>    | <b>443</b>      | <b>16,082</b>   | <b>23,849</b>   | <b>16,644</b>   |

## PF-13

## Statement of Financial Position: -0.9% Basic Rate Change - with IFRS accounting effective in 2023/24

## Multi-year - Statement of Financial Position

| Line No. | 2023 GRA Base - 23/24 Basic Rate Change of -0.9%<br>(C\$ 000s, rounding may affect totals) | IFRS 9/17                     |                  |                  |                  |                  |                  |
|----------|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|          |  | For the Years Ended March 31, |                  |                  |                  |                  |                  |
|          |  | 2022A                         | 2023BF           | 2024F            | 2025F            | 2026F            | 2027F            |
| 1        |  |                               |                  |                  |                  |                  |                  |
| 2        | <b>BASIC</b>   |                               |                  |                  |                  |                  |                  |
| 3        | <b>Assets</b>  | <b>2021/22A</b>               | <b>2022/23FB</b> | <b>2023/24F</b>  | <b>2024/25F</b>  | <b>2025/26F</b>  | <b>2026/27F</b>  |
| 4        | Cash and cash equivalents  | 153,131                       | 151,302          | 104,870          | 99,999           | 100,000          | 100,000          |
| 5        | Investments  | 2,750,044                     | 2,856,888        | 2,975,576        | 3,072,427        | 3,179,076        | 3,296,709        |
| 6        | Investment property  | 5,912                         | 5,757            | 5,603            | 5,448            | 5,293            | 5,138            |
| 7        | Due from other Insurance companies   | 14                            | -                | n/a              | n/a              | n/a              | n/a              |
| 8        | Accounts receivable  | 398,612                       | 361,715          | 125,447          | 129,877          | 134,536          | 139,360          |
| 9        | Prepaid expenses   | -                             | -                | -                | -                | -                | -                |
| 10       | Deferred policy acquisition costs  | 37,672                        | 37,111           | 37,111           | 37,111           | 37,111           | 37,111           |
| 11       | Reinsurers' share of unpaid claims   | 2,457                         | -                | n/a              | n/a              | n/a              | n/a              |
| 12       | Reinsurance asset  | n/a                           | n/a              | (325)            | (325)            | (325)            | (325)            |
| 13       | Property and Equipment   | 111,880                       | 133,141          | 151,483          | 163,714          | 169,870          | 176,026          |
| 14       | Deferred development costs   | 44,687                        | 49,751           | 54,229           | 56,351           | 55,860           | 46,727           |
| 15       | <b>Total Assets</b>  | <b>3,504,409</b>              | <b>3,595,665</b> | <b>3,453,994</b> | <b>3,564,602</b> | <b>3,681,421</b> | <b>3,800,746</b> |
| 16       | <b>Liabilities</b>   |                               |                  |                  |                  |                  |                  |
| 17       | Due to other insurance companies   | 369                           | 325              | n/a              | n/a              | n/a              | n/a              |
| 18       | Accounts payable and accrued liabilities   | 60,876                        | 62,805           | 68,312           | 71,298           | 69,155           | 71,549           |
| 19       | Lease obligation   | 5,361                         | 5,282            | 5,159            | 5,036            | 4,913            | 4,791            |
| 20       | Insurance contract liability   | 2,652,514                     | 2,689,205        | 2,529,927        | 2,609,481        | 2,692,609        | 2,780,911        |
| 21       | Provision for employee current benefits  | 19,281                        | 19,995           | 20,672           | 21,349           | 22,026           | 22,703           |
| 22       | Provision for employee future benefits   | 355,244                       | 366,670          | 378,099          | 389,530          | 400,961          | 412,392          |
| 23       | <b>Total Liabilities</b>   | <b>3,093,645</b>              | <b>3,144,282</b> | <b>3,002,169</b> | <b>3,096,694</b> | <b>3,189,664</b> | <b>3,292,346</b> |
| 24       | <b>Equity</b>  |                               |                  |                  |                  |                  |                  |
| 25       | Retained Earnings  | 359,335                       | 428,374          | 428,817          | 444,899          | 468,748          | 485,392          |
| 26       | Accumulated Other Comprehensive Income   | 51,429                        | 23,009           | 23,009           | 23,009           | 23,009           | 23,009           |
| 27       | <b>Total Equity</b>  | <b>410,764</b>                | <b>451,383</b>   | <b>451,825</b>   | <b>467,908</b>   | <b>491,757</b>   | <b>508,401</b>   |
| 28       | <b>Total Liabilities &amp; Equity</b>  | <b>3,504,409</b>              | <b>3,595,665</b> | <b>3,453,994</b> | <b>3,564,602</b> | <b>3,681,421</b> | <b>3,800,746</b> |

PF-14

Statement of Changes in Equity: -0.9% Basic Rate Change - with IFRS accounting effective in 2023/24

Multi-year - Statement of Changes in Equity

| Line No. | 2023 GRA Base - 23/24 Basic Rate Change of -0.9%<br>(C\$ 000s, except where noted) | IFRS 9/17                     |                |                |                |                |                |
|----------|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|
|          |  | For the Years Ended March 31, |                |                |                |                |                |
|          |  | 2022A                         | 2023BF         | 2024F          | 2025F          | 2026F          | 2027F          |
| 1        |  |                               |                |                |                |                |                |
| 2        | <b>BASIC</b>   |                               |                |                |                |                |                |
| 3        |  |                               |                |                |                |                |                |
| 4        | <b>Total Equity</b>  |                               |                |                |                |                |                |
| 5        | Retained Earnings  |                               |                |                |                |                |                |
| 6        | Beginning Balance  | 448,678                       | 359,335        | 428,374        | 428,817        | 444,899        | 468,748        |
| 7        | Restatement of AOCI on AFS Assets (IFRS 9)   |                               |                | -              | -              | -              | -              |
| 8        | Restatement of MUSH Assets to FVTPL (IFRS 9)                                       |                               |                | -              | -              | -              | -              |
| 9        | Restatement of Claims Discount Rate (IFRS 17)                                      |                               | -              | -              | -              | -              | -              |
| 10       | Restatement of Risk Adjustment (IFRS 17)   |                               | -              | -              | -              | -              | -              |
| 11       | Restatement of DPAC (IFRS 17)  |                               | -              | -              | -              | -              | -              |
| 12       | Net Income (Loss) from annual operations   | 67,191                        | 26,740         | 443            | 16,082         | 23,849         | 16,644         |
| 13       | Rebate to Policyholders  | (156,534)                     | -              | -              | -              | -              | -              |
| 14       | Transfer (to) / from Non-Basic Retained Earnings                                   | -                             | 42,299         | -              | -              | -              | -              |
| 15       | <b>Total Retained Earnings</b>   | <b>359,335</b>                | <b>428,374</b> | <b>428,817</b> | <b>444,899</b> | <b>468,748</b> | <b>485,392</b> |
| 16       | Total Accumulated Other Comprehensive Income                                       |                               |                |                |                |                |                |
| 17       | Beginning Balance  | (14,700)                      | 51,429         | 23,009         | 23,009         | 23,009         | 23,009         |
| 18       | Other Comprehensive Income on Available for Sale Assets                            | 25,485                        | (28,420)       | -              | -              | -              | -              |
| 19       | Restatement of AOCI on AFS Assets (IFRS 9)   |                               |                | -              | -              | -              | -              |
| 20       | Change in Remeasurement of Employee Future Benefits                                | 40,644                        | -              | -              | -              | -              | -              |
| 21       | <b>Total Accumulated Other Comprehensive Income</b>                                | <b>51,429</b>                 | <b>23,009</b>  | <b>23,009</b>  | <b>23,009</b>  | <b>23,009</b>  | <b>23,009</b>  |
| 22       | <b>Total Equity Balance</b>  | <b>410,764</b>                | <b>451,383</b> | <b>451,825</b> | <b>467,908</b> | <b>491,757</b> | <b>508,401</b> |