MANITOBA PUBLIC INSURANCE

2021

Annual Report

Contents

Letters of Transmittal

MANITOBA PUBLIC INSURANCE

July 31, 2022

The Honourable Kelvin Goertzen
Minister of Justice and Attorney General & Minister Responsible for the Manitoba Public Insurance Corporation
Room 104, Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister,

In accordance with Section 43(1) of *The Manitoba Public Insurance Corporation Act*, I am pleased to submit the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended March 31, 2022.

Respectfully submitted,

Dr. Mike Sullivan
CHAIRPERSON OF THE BOARD

Manitoba

July 31, 2022

Her Honour The Honourable
Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, MB R3C 0V8

May it please your Honour,

I am pleased to present the Annual Report for the Manitoba Public Insurance Corporation for the fiscal year ended March 31, 2022.

Respectfully submitted,

Kelvin Goertzen
MINISTER OF JUSTICE AND ATTORNEY GENERAL & MINISTER RESPONSIBLE FOR THE MANITOBA PUBLIC INSURANCE CORPORATION

About Manitoba Public Insurance

Corporate Profile

Manitoba Public Insurance is a provincial Crown corporation that has provided automobile insurance coverage since 1971. We assumed a broader spectrum of services in 2004, when we merged driver and vehicle licensing into our operations. The Corporation is governed by *The Manitoba Public Insurance Corporation Act* and *The Drivers and Vehicles Act*.

Corporate Mission

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

Corporate Vision

The trusted auto insurance and driver services provider for every Manitoban.

Corporate Values

As a public auto insurer, we hold ourselves accountable to all Manitobans to deliver value by fostering a culture of excellence. We achieve this through our four core values:

Striving for Excellence

We provide exceptional coverage and service. We adapt to meet evolving customer and industry needs, focusing on continuous improvement.

Providing Value to Manitobans

We maintain affordable rates and ensure accessible coverage. As a public auto insurer, fiscal responsibility is at the forefront of everything we do.

Doing What's Right

We act with integrity and accountability. We strive to be open and transparent.

Investing in People

We empower our employees to provide excellent service. We work together with business, community and road safety partners to fulfil our mission.

Message from the Chairperson

The benefits of public auto insurance have never been clearer.

At MPI, we remain proud to provide Manitoba drivers with coverage that is among the most comprehensive in Canada, and rates that are among the lowest. The Public Utilities Board approved an overall 1.57 per cent rate decrease for Basic Autopac coverage for the 2022/23 insurance year. This rate decrease is in addition to a premium rebate of $312 million paid to customers in 2021/22. Combined with two previous rebates, MPI has returned almost $500 million to customers during the COVID-19 pandemic.

Overall, our public insurance model continues to provide among the lowest rates in Canada. For example, a 40-year-old couple and their 16-year-old son, all with clean driving records, can expect to pay a lot less here than elsewhere to insure a 2018 Ford F150 XLT SuperCrew. For comparable coverage, they would pay $5,120 in Toronto, $4,457 in Calgary, and just $1,420 in Winnipeg. This is just one example that clearly shows MPI is providing significant cost savings for Manitoba families.

Of course, coverage in Manitoba includes our Personal Injury Protection Plan, which protects all Manitobans injured in an automobile collision in Canada or the U.S. It provides world-class coverage for economic losses and rehabilitative requirements, and remains a feather in the cap of our public insurance model.

We also continue to enhance our other forms of insurance coverage. In 2021/22, customers received significantly increased third-party liability coverage and maximum insured value coverage on Basic policies. Additional modernization of coverage levels saw the Basic deductible set at $750 and deductible options were made available at levels of $500, $300, $200 Standard and $200 Plus.

Throughout the year, we also worked hard to bring additional enhancements to customers. These include expanding and updating the Driver Safety Rating (DSR) scale for 2022/23 to provide even greater rewards for the safest drivers. Premium discounts were increased for the upper levels of the scale and one additional level was added to the top of the scale. These are the first steps in a multi-year plan to gradually introduce higher DSR levels – and greater savings – in coming years, enabling the safest drivers to receive the greatest benefits. Additionally, we are streamlining our Loss of Use options and providing an enhanced passenger-vehicle option to improve replacement transportation coverage if your vehicle can't be driven, or is unsafe to drive, because it was stolen or damaged accidentally, regardless of fault.

Like many other organizations, COVID-19 continued to impact our operations throughout the year. Nevertheless, we worked diligently to provide as full a range of services as possible while keeping staff and customers safe. Throughout much of the pandemic, we loaned four services centres to Shared Health for use as testing sites. These service centre loans are just one example of MPI's exemplary corporate citizenship, which also included a United Way campaign that raised $525,000 for charities in our community, and a fundraising drive that raised $96,000 towards the Ukrainian humanitarian crisis. We also lead and partner on multiple community road safety initiatives, including the MADD Canada School Program for junior and senior school students, the Friends for Life speaker series, and several other initiatives and presentations.

Throughout the year, we maintained our focus on cost containment and fiscal responsibility, both in day-to-day operations amidst the upheaval of COVID-19 and in ongoing efforts to modernize our outdated systems, update products and services, and improve the overall customer experience. Project Nova, as we call it, remains an ongoing, multi-year systems modernization project, and 2021/22 saw movement from planning towards execution. We anticipate the introduction of our first release in 2022/23, which will help us transform how we manage our commercial lines of insurance.

This is the essence of the future direction of public insurance in our province – to continue to deliver value, increase convenience and create a positive experience for all customers, while maintaining comprehensive coverage and affordable, stable rates. This is all to be done while promoting and increasing road safety in our province through education, awareness and assistance with enforcement.

As MPI evolves, our mission remains paramount: exceptional coverage and service, affordable rates and safer roads through public auto insurance.

In closing, I must acknowledge the hard work, abundant expertise, insightful guidance and dedicated oversight of all my Board colleagues. I also want to recognize the commitment and expertise of the entire executive team, and the hard work and dedication of all employees and our industry partners. We all work together for our customers, and together we can ensure the future sustainability of public auto insurance in Manitoba. Through the combined efforts and expertise of our Board, executive, employees and partners, we will continue to realize our mission and provide value to our customers.

Dr. Mike Sullivan
CHAIRPERSON OF THE BOARD

Board of Directors

Dr. Mike Sullivan
CHAIRPERSON

Richard Chale

Domenic Grestoni

Carolyn Halbert

Kevin Klippenstein

Greg Leipsic

Kenneth Munroe

Jim Robson

Grant Stefanson

Eric Herbelin
EX-OFFICIO

Message from the President and Chief Executive Officer

At MPI, our vision is to be the trusted auto insurance and driver services provider for every Manitoban.

To help us realize this vision, we have developed a 5-Year Ambition that focuses on meeting the needs of customers, employees and stakeholders. Our ambition is to become more customer-centric, data-driven and employee-empowered, and our success is dependent on a commitment to five guiding principles:

- *Customer experience drives improvements.*
- *Improvements must make financial sense.*
- *Create a culture of continuous improvement through empowerment and automation.*
- *Be a fast follower of industry best practices and trends.*
- *Engage stakeholders actively along the way.*

Our 5-Year Ambition will guide us through our major ongoing digital-systems transformation that we call Project Nova, and into a future state that will enable our business by empowering people and partners with improved technology and processes, giving customers more choice and an enhanced experience.

Project Nova is our largest ongoing project, but it is far from our sole focus and we are striving for continuous improvement on multiple fronts to ensure an optimal experience for customers, employees and stakeholders. Our customer experience strategy is supported by a solid foundation of research that outlines the current experience and points us to necessary enhancements.

We remain committed to transparency in our operations and finances, and to maintaining a focus on cost containment and fiscal responsibility. We will continue to utilize our Capital Management Plan in 2022/23, which employs the industry-standard Minimum Capital Test and ensures appropriate capitalization for all lines of business in a manner that promotes rate stability. We will continue efforts to reduce volatility and to ensure robust and resilient operations, we continue to review and evolve our actuarial practices, financial forecasting, risk management programs and reinsurance as well as our investment strategies, Asset Liability Management (ALM) methods and International Financial Reporting Standards readiness.

To ensure adequate funding of our Driver and Vehicle Licensing line of business and maintain a sound and healthy capitalization of the Corporation, we completed two internal transfers over the course of the last and current fiscal years, totalling $117 million into Driver and Vehicle Licensing. These funds were drawn from profits that exceeded our target capital requirements in the non-compulsory Extension line of business, which provides additional insurance options over and above compulsory Basic coverage.

While MPI's financial prudence is vital, our business partners also remain critically important to our ongoing success. We are pleased to continue to work collaboratively with key stakeholders and business partners, like the Insurance Brokers Association of Manitoba and their members as well as the repair trade throughout the province to provide our shared customers with exceptional service. We also reached a two-year collective agreement with the Manitoba Government and General Employees Union, and I am confident we will continue to work together in the interests of our dedicated staff.

As we progress through significant transformational change for our organization, our executive management team continues to engage staff to improve operational excellence, challenge the status quo and ensure the optimal experience for customers and partners alike. I recognize and appreciate the expertise that resides in our leaders, and the incredible skills of all our employees. Employees continued to provide great service and operational excellence during the recent COVID-19 restrictions, and they continue to excel during this ongoing period of transformational change.

In closing, I want to extend my sincere appreciation to the Board of Directors for the opportunity to lead MPI through this evolution in technology, products and services. I look forward to the Board's guidance and collaboration as we work to realize our 5-Year Ambition and achieve our corporate vision. Together, employees, management and Board members are working as one team to enact positive change, refresh the customer experience and achieve our future state, while maintaining a focus on exceptional coverage and service, affordable rates and safer roads.

Eric Herbelin
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Executive Team

Eric Herbelin
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Lisa Gendreau
VICE PRESIDENT AND CHIEF PEOPLE OFFICER

Mark Giesbrecht
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Satvir Jatana
VICE PRESIDENT AND CHIEF CUSTOMER OFFICER

Marnie Kacher
VICE PRESIDENT AND CHIEF OPERATIONS OFFICER

Cara Low
VICE PRESIDENT AND CHIEF ACTUARY

Shayon Mitra
VICE PRESIDENT AND CHIEF TRANSFORMATION OFFICER

Siddhartha Parti
VICE PRESIDENT AND CHIEF INFORMATION & TECHNOLOGY OFFICER

Mike Triggs
GENERAL COUNSEL AND CORPORATE SECRETARY

Strategic Direction

As we look to the future, we remain firm in our commitment to fully meet the needs of our customers, employees and stakeholders through the overall set of corporate goals that we call our 5-Year Ambition. We are focused on creating an easy and effortless experience for customers, a rewarding and progressive workspace for employees, and a transparent and fair relationship for partners and stakeholders.

Recognizing that an enhanced employee experience will be the engine that drives improved customer and stakeholder experiences, we are intent on building an organizational culture that attracts, retains and motivates top talent. To drive continuous improvement, we are focusing our internal efforts on leadership development, LEAN principles and Agile practices. We are also working to reduce our corporate head office footprint at cityplace and right-size our physical-space requirements to create adaptable space that supports a flexible work arrangement, while reducing costs and increasing revenue-generating opportunities.

Manitobans are at the heart of everything we do. As such, better understanding their expectations using research metrics will guide our journey forward to enhance the customer experience at MPI.

Listening to direct customer feedback that shows an ever-growing segment of Manitobans prefer to conduct their transactions online, we are undertaking the largest digital transformation in MPI history. Project Nova will modernize and transform our in-house legacy applications and deliver business objectives that include a stable technology platform, reduced operating costs and IT risk, greater agility to meet future needs, increased security and more efficient procedures and processes. When complete, this transformation will result in increased service delivery channels and online services, providing customers more options and convenience.

Continuing towards the goal of enhancing products and services for customers, we have developed a product roadmap to assist in modernizing regulations, legislation, policies and procedures. The key overall objective, in alignment with Project Nova, is to increase value for Manitobans through new product development and continuous improvement. Initiatives over the coming year include enhancements to the Driver Safety Rating scale to provide even greater rewards to the safest drivers. Loss of Use options will be streamlined, and passenger vehicle coverage will be enhanced. As part of Project Nova, our Special Risk Extension commercial line of insurance will be enhanced with new technology. In addition, we are working toward the implementation of changes to the vehicle-for-hire insurance model that will better meet the needs of drivers and rideshare companies.

As part of our overall customer focus, we are building a Customer Experience Maturity Roadmap to improve the customer experience across all our channels. We will review service level metrics, creating new tools to measure targets and set new benchmarks for continuous improvement as we operationalize customer standards.

This level of change for our organization requires the right tools and support for our staff to ensure success. This is why we are expanding our Organizational Change Management practices to ensure the benefits of organizational change are fully realized. We will continue our adoption of Agile principles, and we will improve our internal processes through the creation of a Business Process Management and Lean Centre of Enablement. Statutory requirements and standards related to liabilities and assets will be implemented, to ensure we remain compliant with changing accounting standards. We will outline a vision to optimize core processes across our business to further improve customer service and enhance the customer experience. Throughout this, we will maintain a clear focus on cyber security and other IT strategic initiatives.

Just like employees and customers are central to our corporate vision, our continued success will not be possible without strong, collaborative relationships with our stakeholders throughout the province. We remain committed to being a good and trusted partner to them for the benefit of all Manitobans.

Road safety also remains a key component of our mission, and going forward, we will continue to shine a light on the three major risk behaviours that contribute to serious injury and death: unsafe speed, driver distraction and impaired driving. We will increasingly target safety campaigns to specific niche groups, based on demographic research, and we will maintain our commitment to driver education and road-safety programming.

This strategic direction is crucial in helping us achieve our 5-Year Ambition. Along the way, we will continue to maintain a sharp focus on fiscal prudence and remain committed to building value for all Manitobans. In this way, we can realize our vision of being the trusted auto insurance and driver services provider for every Manitoban.

Corporate Performance Measures and Targets

For the years ending March 31, 2022, and March 31, 2021.

Financial Performance

Net Income Before Rebate to Policyholders

In millions

ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21
$98.3	$84.4	$362.3

Total Net Premiums Earned

In millions

ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21
$1,420.8	$1,396.1	$1,389.4

Total Net Claims Incurred

In millions

ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21
$883.2	$1,023.7	$780.2

Corporate Loss Ratio

Net Claims Incurred / Net Premiums Earned

ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21
62.2%	73.3%	56.2%

Asset Liability Management — Interest Rate Impact

In millions

	ACTUAL 2021/22	PAST 2020/21
Investment Income	$(133.4)	$1.4
Net Claims Incurred	$(137.6)	$45.2
Net Income	$4.2	$(43.8)

Total Return — Investments

ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21
0.56%	3.97%	6.48%

Rate Comparison

2022 rates based on: 2018 Ford F150 XLT SuperCrew, $500 all-perils deductible, $2 million third-party liability	21-Year-Old Male Claims and conviction free	35-Year-Old Couple Both claims and conviction free	40-Year-Old Couple Both claims and conviction free 16-Year-Old Son Claims and conviction free
Winnipeg, MB	$1,846	$1,375	$1,420
Calgary, AB	$4,329	$2,310	$4,457
Toronto, ON	$5,156	$2,612	$5,120

Notes: 1. The 2018 Ford F150 XLT SuperCrew is the most common passenger vehicle registered in Manitoba.
2. Manitobans will pay less for their automobile insurance in 2022 than residents of most major Canadian cities.

Operational Excellence

Total Full-Time Equivalent (Average)

1,879	2,017	1,801
ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21

Combined Expense Ratio

(Claims Expenses + Operating Expenses) / Net Premiums Earned

23.0%	24.5%	21.2%
ACTUAL 2021/22	ANNUAL TARGET	PAST 2020/21

Customer Service

Customer Experience (CX) Index™ Score

76.8

ACTUAL 2021/22

Note: The overall CX Index™ score ranges from zero to 100.

Sourcing: A commissioned study conducted by Forrester Research leveraging the CX Index™ framework, February 2022.

MPI has adopted an industry standard method of measuring our customer experience. MPI's CX Index™ Score places it in the "Good" range overall, and in the "Excellent" range for many interactions. Customers rate the "Ease" (79%) and "Effectiveness" (79%) of their interactions highly.

Disclaimer: Forrester does not endorse any company included in any CX Index™ research and does not advise any person to select the products or services of any particular company based on their CX Index™ ratings.

Organizational Health

Employee Engagement

81%	80%
ACTUAL 2021	TARGET 2021

Note: Since the last survey was conducted in 2018, we have seen a 10 per cent increase in employee engagement, reflecting strong improvement.

Capital Adequacy (Minimum Capital Test)

Basic		Extension		Special Risk Extension	
95%	100%	201%	200%	270%	300%
ACTUAL 2021/22	TARGET	ACTUAL 2021/22	TARGET	ACTUAL 2021/22	TARGET

2021/22 Year-End Summary

Dollars and Cents

Approximate Autopac claims paid per working day	$2.7 million
Total Autopac claims paid for injuries occurring in 2021/22 (before expenses)	$148.0 million
Total Autopac claims paid for physical damage occurring in 2021/22 (before expenses)	$531.6 million
Amounts paid by MPI to Manitoba medical practitioners on behalf of customers	$23.0 million
Commissions expensed to independent insurance brokers for product sales	$95.4 million
Grants-in-lieu of taxes paid to Manitoba municipalities by MPI	$1.9 million
Provincial premium taxes total	$38.6 million
Dollars invested in road safety programs	$11.9 million
Savings to policyholders through use of recycled parts made available for use in claims repairs	$7.4 million
Estimated direct savings to policyholders through subrogation	$11.6 million

Significant Numbers

Average number of Autopac claims reported per working day	1,043
Total Autopac claims reported	258,659
Bodily injury claims reported	12,278
Property damage claims reported	246,381
Number of Autopac policies in force (average)	1,236,982

Corporate Five-Year Statistics

	2021/22	2020/21	2019/20*	2018/19	2017/18
Premiums written ($000)	1,400,637	1,421,176	1,506,361	1,315,612	1,232,350
Net claims incurred ($000)	883,226	780,167	1,008,821	1,105,922	883,813
Number of claims	258,659	228,956	293,649	297,920	299,518
Average cost per claim ($)	3,415	3,407	3,435	3,410	2,951
Claim expenses ($000)	166,547	160,857	161,236	143,382	161,583
Other expenses ($000)	294,778	255,766	291,030	268,872	254,460
Net income before rebate to policyholders ($000)	98,346	362,320	180,159	159,145	91,076
Net income (loss) after rebate to policyholders ($000)	(58,188)	27,373	180,159	159,145	91,076
Investments at year-end ($000)	3,503,089	3,559,312	3,248,890	3,072,813	2,784,706
Total assets ($000)	4,385,304	4,416,550	4,060,256	3,795,943	3,482,897

2019/20 includes 13 months of activity due to the change in fiscal year-end from February 28/29 to March 31. All years prior to 2019/20 are for the years ending February 28/29.

Management Discussion & Analysis

This Management Discussion & Analysis (MD&A) presents management's view of the overall performance and business approach of Manitoba Public Insurance (MPI). The MD&A is divided into four key topics: corporate governance, operational results, risk management and outlook.

Corporate Governance

Effective governance is key to creating value for Manitobans. The Corporation's Board of Directors provides oversight to our executive leadership team, and MPI has effective processes in place to deal with issues and concerns from staff, customers and other stakeholders.

Responsibilities of the Board

MPI was created by an Act of the Legislature to achieve the Corporation's founding principles. The Corporation's Board of Directors, appointed by the Government of Manitoba, ensures that corporate policies are consistent with its mandate and the laws of the Province of Manitoba. The Board of Directors is also responsible for overall policy direction of the Corporation and provides oversight and monitoring. Further duties, obligations and responsibilities of the Board of Directors are prescribed by *The Crown Corporations Governance and Accountability Act and The Manitoba Public Insurance Corporation Act*.

The Corporation is responsible for preparing an annual business plan which must be approved by the Board and submitted to the Minister responsible for MPI.

Under the provisions of *The Manitoba Public Insurance Corporation Act*, the Board chairperson is required to provide the Minister responsible for MPI and the Lieutenant Governor in Council with an annual report, which is subsequently reviewed by the Standing Committee on Crown Corporations of the Legislative Assembly. With the approval of the Lieutenant Governor in Council, the Minister responsible for MPI has the legislative authority to issue a mandate letter, and directives related to matters of policy, accounting and organizational reviews. The Public Utilities Board approves changes to Basic Autopac insurance rates.

Whistleblower Report

The Corporation has an established Whistleblower Hotline, which is an anonymous and confidential system for the receipt, retention and treatment of complaints about activities that are potentially unlawful or injurious to the public interest, including suspected fraud or financial mismanagement by employees.

As these matters are of paramount concern to the Board of Directors and senior management, the Corporation has retained the services of an independent third party to administer the Whistleblower Hotline, receive complaints and provide reports directly to the chair of the Audit, Finance & Risk Committee and the corporate General Counsel — recognizing that employees will be more likely to submit reports if they have a direct channel open to them with which they are comfortable.

Furthermore, it is the policy of the Corporation to ensure there are no reprisals against any employee for accessing the Whistleblower Hotline and making a report, should the identity of the reporting employee become known despite stringent provisions for confidentiality. The purpose of the policy is to discipline those responsible, not to discipline those who report abuses.

During the fiscal period April 1, 2021, to March 31, 2022, the Whistleblower Hotline received no inquiries.

Fair Practices Office

The Fair Practices Office (FPO) is an avenue for customers and other interested parties to bring issues and concerns of a systemic nature to the attention of MPI.

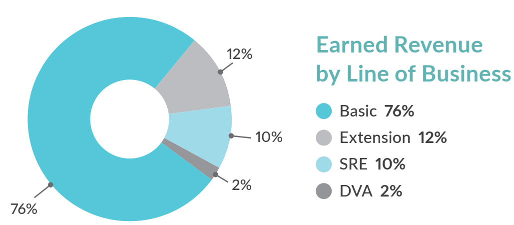
The FPO generally deals with concerns related to corporate policy, or issues involving complex or unusual situations where the correct interpretation of policy may seem unclear. The FPO may initiate its own investigations or respond to inquiries referred by others. It is free to scrutinize MPI's policies and procedures in an objective and constructive manner. As required, it can make recommendations about an operational decision on a specific case and alert senior management of any systemic concerns or policies that should be addressed.

Results of Operations

MPI's mandate is to ensure low and stable rates and provide value to Manitobans. We have achieved this mandate, despite a challenging year due to a variety of external factors including severe weather issues and unpredictability in relation to economic factors, namely interest rates and global unrest. Additionally, MPI was impacted by market fluctuations and continued uncertainty with driving patterns, which are one of the lasting hallmarks of the COVID-19 pandemic, as well as rising inflation coupled with the supply chain brittleness globally. Through it all, our nearly 1,900 employees found ways to stay connected with each other while some were working from home, and continued to meet the needs of our customers, communities, and stakeholder partners as well as their loved ones. Delivering on our mandate while coping with these challenges speaks to the agility in our business and our ability to adapt to change.

Though there were many headwinds, we finished the year with net income from operations of $98.3 million before the latest rebate to policyholders of $156.5 million, resulting in net loss from operations after rebate to policyholders of $58.2 million. The Corporation achieved a stronger than usual profitability based on claims being lower than historical forecasts as the pandemic impacts continued. MPI measures operational efficiency through the combined ratio. A ratio below 100 per cent indicates that the Corporation is making an underwriting profit, while a ratio above 100 per cent means that it is paying out more money in claims and expenses than it is receiving from premiums. The Corporation had an underwriting profit of $143.6 million and performed better than both its annual and long-term target with an 89.9 per cent combined ratio.

The results that follow represent the financial performance for the year for 2021/22, which are discussed and analyzed at the corporate level, while providing context on our four lines of business: Basic Autopac, Extension, Special Risk Extension, and operations under *The Drivers and Vehicles Act*. Overall for the year, MPI earned $1.48 billion in revenues, across all lines of business.



Impacts from the Pandemic

Operational impacts of the pandemic continue to unfold within the global Property and Casualty business. It is now over two years since the World Health Organization declared a global pandemic as a result of the COVID-19 virus on March 11, 2020, and the impacts through emergency measures including physical distancing, travel restrictions, and the temporary closure of non-essential businesses continued in Manitoba.

The pandemic has caused a change in driving and consumer behavior, and we continue to monitor the impacts to the Manitoba economy, our investment portfolio, claims costs (frequency and severity), and our operating expenses. Though the duration of the impacts is not known, we continue to stay committed to our strategic mandates and being adaptable in providing ongoing value to Manitobans.

MPI was mindful of the impact the pandemic has had on Manitobans. In light of the financial burden caused by the COVID-19 restrictions, MPI in our unwavering commitment to our corporate values of Providing Value to Manitobans, and Doing What's Right ensured significant financial support to our customers through:

- rebates to policyholders of $334.9 million in 2020/21 and $156.5 million in 2021/22
- halting insurance suspensions for lack of payment for our customers
- forgoing interest expense on late payments to ensure we can provide relief for our customers

Overall, the future impact of COVID-19 on the insurance industry and MPI continues to be unknown. To date, COVID-19 restrictions have decreased frequency of accidents due to reduced vehicles on the road. Management is maintaining focus on providing value to our customers through this uncertainty.

2021/22 Results

MPI remained in a positive position in the 2021/22 fiscal year, resulting in net income from operations of $98.3 million. As a continuation of the rebates provided in 2020/21, an additional $156.5 million was distributed to policyholders in 2021/22, which caused a net loss from operations after rebate to policyholders of $58.2 million. This is in comparison to results from 2020/21 of $362.3 million net income from operations and $27.4 million net income from operations after rebate to policyholders.

As our leadership team navigated the operational and socio-economic impacts of the pandemic, increasing incidences of extreme weather, surging inflation and global unrest added pressure to our financial results as follows:

- net claims incurred (excluding discount rate impact) increased by $285.9 million or 38.9 per cent as we saw increased cars on the roads as customers returned to work, increased cost of repairing and replacing vehicles due to inflation and supply issues, and a significantly challenging winter
- operating expenses, including commissions and premium taxes increased by $46.6 million or 11.2 per cent primarily driven by our IT modernization efforts, and increased claims management requirements
- investment income (excluding interest rate impact) decreased by $12.2 million or 12.2 per cent. The negative interest rate impact of $133.4 million was reflected primarily in the impact on our fixed income portfolio from rising inflation

The negative impacts to MPI financial results are offset by:

- a positive impact to claims incurred due to the discount rate of $137.6 million
- a reduction in the rebate to policyholders of $178.4 million or 53.3 per cent

During the 2021/22 fiscal year, for every dollar of revenue earned, MPI provided Manitobans with 59 cents in claims benefits (comprised of 44 cents for physical damage and 15 cents for bodily injury claims). Claims and operating expenses accounted for 22 cents of every dollar of revenue earned while commissions and premium taxes cost nine cents. This resulted in underwriting income of 10 cents of every dollar of revenue earned.

Investment income reduced three cents for every dollar of revenue earned and rebates to policyholders cost 11 cents, resulting in net loss from operations after rebate to policyholders of four cents.

Where Your Premium Dollar Has Gone

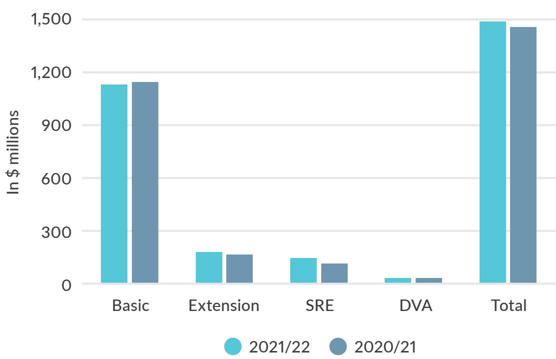
Net Claims Incurred — Physical Damage	$	0.44
Net Claims Incurred — Bodily Injury	$	0.15
Claims & Operating Expense	$	0.22
Commissions	$	0.06
Premium Taxes	$	0.03

Total earned revenues	$	1.00
– Total claims and expenses	$	0.90
= Underwriting income	$	0.10
– Investment loss	$	(0.03)
= Net income from operations before rebate to policyholders	$	0.07
– Rebate to policyholders	$	(0.11)
= Net loss from operations after rebate to policyholders	$	(0.04)

Revenue

Overall, revenue increased due to policies in force and Net Premiums Written across the insurance lines of business. The latter is a purposeful outcome of MPI continuing to ensure affordable and managed rates to provide continued value to Manitobans. Total earned revenues, which includes our insurance lines of business and DVA increased $30.7 million or 2.1 per cent in 2021/22. The Extension, Special Risk Extension (SRE) and *The Drivers and Vehicles Act* (DVA) operations lines of business all experienced increases ranging from a high of 27.9 per cent for SRE to a low of 1.4 per cent for the DVA. SRE has growth in both the number and size of policies sold. The Basic line of business experienced a decrease of $15.1 million or 1.3 per cent, primarily due to the five per cent capital release that shows as a rate decrease and that was part of the rate application and order from the Public Utilities Board.

Total Earned Revenue

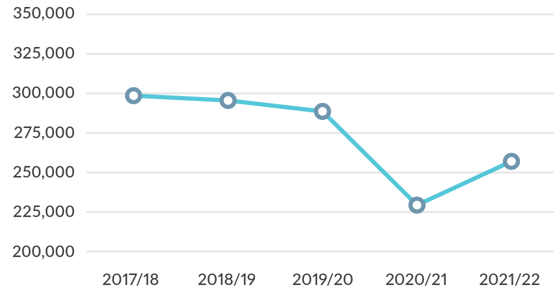


Claims Costs

Claims incurred costs are impacted by several factors, which are mainly driven by driving patterns, road safety programs, weather impacts, road conditions, and fluctuations in market conditions/discount rates. MPI will see a growth in claims mainly through, growth in the number of policies leading to increased vehicles on the road, number of claims occurrences (frequency) and the average cost of the claim (severity).

Total claims costs for the Corporation increased $111.8 million to $1,061.7 million in 2021/22. This increase was a result of an increase in net claims incurred excluding discount rate impact of $285.9 million offset by a decrease resulting from the discount rate changes of $182.8 million. The overall increase is apparent in the Basic and Extension lines of business which had an increase in claims costs of 7.4 per cent and 27.8 per cent, respectively. These are primarily due to a significant increase in claims over the winter as more people returned to normalized driving patterns and treacherous road conditions leading to the higher than planned frequency and severity of claims. The total number of Autopac claims in the 12-months of April 1, 2021, to March 31, 2022, increased 13.0 per cent from the previous 12 months.

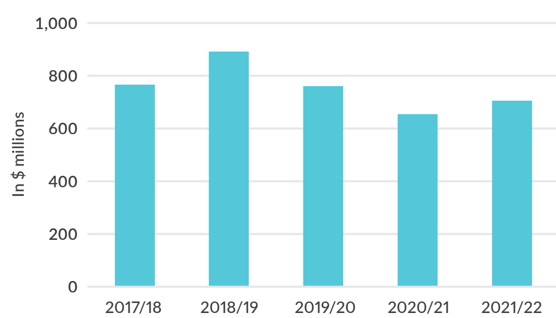
Autopac Annual Claims Reported



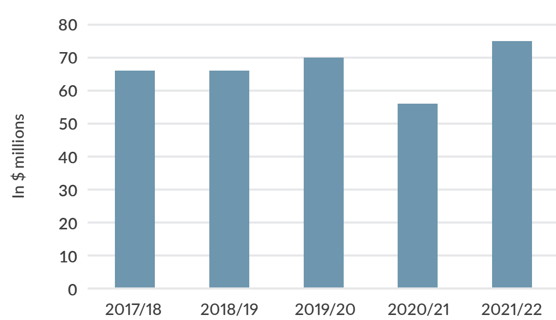
Total net claims incurred was $103.1 million higher than the previous 12-month period. This included a positive impact related to discount rate changes of $182.8 million. Bodily injury net claims incurred, excluding impacts from discount rates, increased $113.9 million to $341.6 million compared to the previous 12 months. Physical damage net claims incurred increased to $679.2 million, $172.0 million higher than the previous 12-month period. Claims expenses and loss prevention/road safety expenses both increased compared to the prior year by $5.7 million and $3.1 million respectively.

Net claims incurred increased in 2021/22 for the Basic and Extension lines of business, primarily due to the return to a new normal following the impacts from COVID-19 public health restrictions. Additionally, the winter of 2022 was significantly worse than has been seen in many years, resulting in higher claims. Basic net claims incurred increased by $52.0 million to $705.8 million, approximately 8 per cent. Extension net claims incurred increased by $18.8 million to $74.8 million, almost 34 per cent.

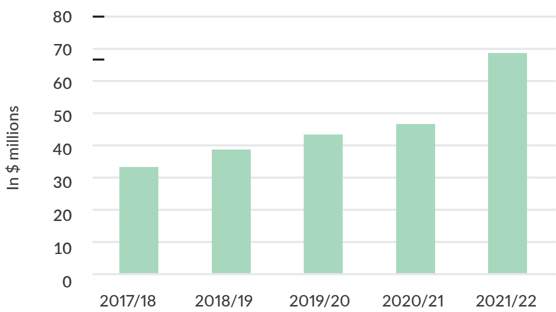
Basic Net Claims Incurred



Extension Net Claims Incurred

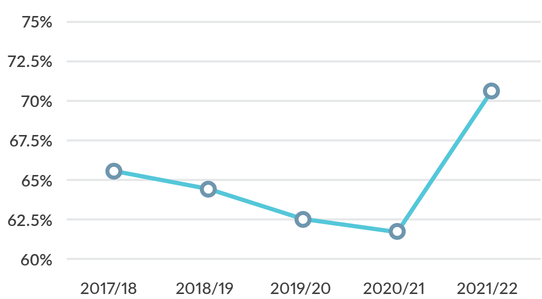


SRE Net Claims Incurred



The increase in net claims incurred for the SRE line of business, increasing $32.3 million to $102.6 million, was primarily due to two large losses in the U.S. These losses are covered by reinsurance which helps mitigate the total impact on the overall net income. These two losses significantly impacted the loss ratio as noted below.

SRE Loss Ratio



In 2019/20, MPI changed its catastrophic reinsurance structure from a per-event basis to an aggregate cover, whereby cumulative annual losses for severe weather storms such as hail and wind were capped at $35 million. This change in structure better utilizes the Corporation's reinsurance premium dollars to reduce financial risk and improve rate stability. In 2021/22, there was $9.6 million in gross claims related to hailstorms.

Current year claims – Basic ultimate physical damage claims, excluding hail claims, are up 7.7 per cent from prior year, due to increased claim frequency as a result of more vehicles on the road relative to the COVID-19 economic slowdown that occurred in the prior year. Current year claims are the Basic ultimate (reported plus incurred but not reported) claim counts as of March 31, 2022. Insured units used to calculate frequency are *The Highway Traffic Act* earned units. Extension claims are tied very closed to Basic claims as a majority of Extension claims will have a Basic portion. SRE is not shown here as there is not currently an earned exposure to calculate frequency on. Hail claims are 42.2 per cent lower than prior year due to favorable weather resulting in very little hailstorms. MPI Basic frequency of claims has increased from 161 claims per 1,000 insured in 2020/21 to 168 in 2021/22.

Development of prior year claims are based on Actuarial assumptions, provisions for future payments on existing claims and an estimate for claims that have occurred and are not known. In review of the prior year development, we have noted that we have appropriately captured our prior year development and reduced MPI's claims estimate by $21 million. MPI has been prudent in its reserving practices as a redundancy exists.

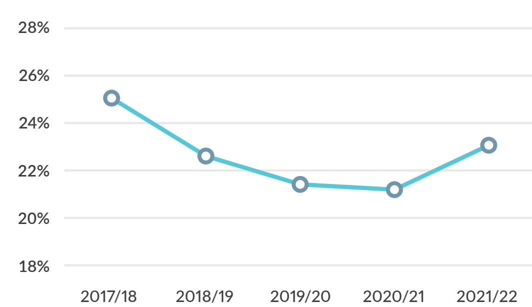
Expenses

Total corporate expenses of $282.9 million were higher than the previous 12-month period by $35.9 million, due to increased technology costs associated with modernizing the Corporation's systems as well as compensation as the Corporation fills critical positions in such areas as IT and Actuarial. Premium taxes also increased $6.4 million compared to the previous 12 months due to the lower rebate to policyholders. Commissions, including flat fees, paid to brokers increased by $4.9 million to $95.4 million.

Corporate operating expenses, which include claims expenses, loss prevention/road safety expenses, operating expenses and regulatory/appeal expenses, are allocated to Basic, Extension, SRE and DVA representing their share of common costs such as compensation of common departments (Finance, IT and Human Resources) that support the four lines of business. Costs are allocated through a formal and structured allocation policy developed in 2011 that is reviewed, at a minimum, annually. The external auditors have accepted the policy, and, for Basic Autopac rate-setting purposes, the Public Utilities Board has approved its use. Effectively, the Corporation's integrated service delivery model ensures that the cost of providing these services is lower than if each were operated on a stand-alone basis.

Although we see a slight increase in the combined claims expense ratio (net claims incurred + claims expenses) in 2021/22, this is due to the ongoing investment in technology that the Corporation has committed to do over the next number of years. Overall, MPI has continued to demonstrate the positive impact of the integrated service delivery model.

Combined Claims Expense Ratio



Underwriting Income (Loss)

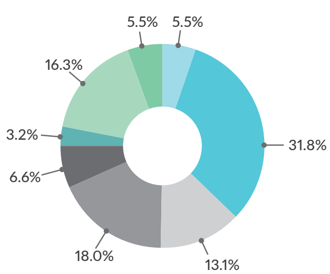
Underwriting income for the 12-months ending March 31, 2022, was $143.8 million, a decrease of almost 45 per cent from the previous 12-month period. All three lines of insurance experienced decreases in underwriting income: $86.8 million for Basic; $5.3 million for Extension and $7.7 million for SRE.

Investments and Investment Income

The investment portfolio is held to ensure payment of future claims and is divided into five portfolios. MPI maintains a conservative investment portfolio which consists primarily of high-quality fixed income. Our asset strategy is formally documented in our Statement of Investment Policies which provides guidance on our permissible investments, quality guidelines and investment fiduciary responsibilities.

MPI strives to match our claims payments with an ample investment base to ensure we match both cashflow impacts and duration, known as our Asset Liability Management (ALM) Program. In the year, MPI has done well in the ALM match, as we have a decrease in claims incurred of $137.6 million and a loss in interest income of $133.4 million for a net ALM gain of $4.2 million. Our target which is based on an extremely conservative requirement is +/- $10 million. With a $4.2 million overall impact, MPI has operated the ALM program precisely and in a robust nature factoring the extreme market conditions.

The Minister of Finance is responsible for investing the money that MPI sets aside for future claims payments and other liabilities. The total fair value of the Corporation's investment portfolio was $3.6 billion at March 31, 2022, down $0.07 billion from March 31, 2021. The investment portfolio is made up of the below investments:



The total portfolio, on a market value basis, had a positive 0.6 per cent return during the fiscal year (holding period return over the 12 months ended March 31, 2022). The portfolio return is reported on a market value basis for all the assets other than the non-marketable bonds that are reported on a book value basis. Marketable bonds returned negative 5.1 per cent while non-marketable bonds returned 4.4 per cent. The private debt portfolio returned negative 3.4 per cent. The total Canadian equity portfolio increased by 26.3 per cent; large cap Canadian equities returned 28.8 per cent and small cap Canadian equities returned 16.9 per cent. Global equities returned 8.7 per cent in Canadian dollars. The real estate portfolio returned 14.5 per cent while the infrastructure portfolio increased by 2.9 per cent in fiscal 2021/22. Over a four-year period, the investment portfolio has achieved an annualized return of 3.9 per cent.

Equity markets had strong performance during the period with the S&P/TSX index, BMO Small Index and MSCI World Index rising by 20.2 per cent, 9.1 per cent and 9.3 per cent respectively.

Government bond yields declined until early August, with the Government of Canada 10-year bond reaching 1.12 per cent on August 3, while rising throughout the year reaching 2.55 per cent on March 25, 2022, and ending the fiscal year at 2.41 per cent.

Inflation was a major concern during the period. Supply chain disruptions driven by the pandemic and a significant rise in energy prices were among the main drivers for the acceleration in the inflation rate over the last 12 months. The annual inflation was 2.2 per cent at March 31, 2021, and rose to 6.7 per cent at March 31, 2022.

Investment income fluctuated as a consequence of the uncertainty that has occurred in the global markets due to rising inflation, supply chain disruption and the war that Russia has been waging on Ukraine. The year-end investment income has decreased dramatically from last year. Total investment income, net of investment management fees, decreased over 144 per cent to a loss of $45.4 million compared to the previous 12-month period. The primary factor in this loss is the interest rate impact which accounts for $134.8 million of the $147.0 million loss. The decrease in investment income of $147.0 million is primarily a result of:

- larger unrealized loss in FVTPL bonds of $129.4 million compared to $10.1 million in the previous 12 months
- $42.6 million change in writedown of AFS investments due to a writedown of $29.2 million compared to $13.4 million recovery of previously written down investments in the previous 12 months
- loss on sale of FVTPL bonds of $4.0 million compared to gains of $11.5 million the previous year
- no gain on sale of global low volatility equities compared to $11.3 million in the previous 12 months
- interest on long-term bonds was lower by $3.7 million
- no gain on sale of infrastructure compared to $2.8 million in the previous year
- unrealized loss on private debt increased from $0.3 million last year to $2.9 million in the current year
- increase in investment management fees of $1.0 million

The decreases in investment income are offset by:

- increase in income from real-estate (pooled real estate is up $24.6 million and cityplace is up $2.1 million)
- higher gain on sale of Canadian, global and global low volatility equities of $6.1 million, $3.5 million and $1.6 million respectively
- higher dividend income on Canadian and global equities of $3.3 million and $4.1 million respectively
- increase in income from private debt of $3.2 million
- increase in amortization of bonds of $2.1 million

Many of these items are a direct reflection of impacts related to the unstable global markets.

Rebate to Policyholders

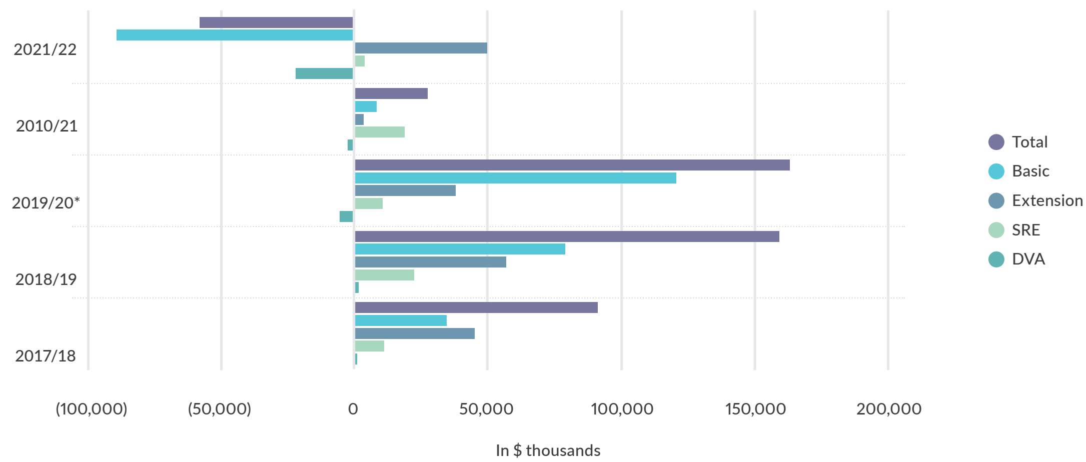
On July 19, 2021, the Corporation applied to the Public Utilities Board to issue a directive that the Corporation issue to ratepayers a percentage of their annualized premiums in respect to universal compulsory automobile insurance policies, through a special payment in an amount equal to the approximate sum of $202.7 million which included $155.4 million that had been accrued at the end of the 2020/21 fiscal year. The special rebate amount was updated by the Corporation on October 5, 2021, to $335 million. On December 15, 2021, the Public Utilities Board issued Order 134/21 approving a rebate of approximately $312 million. In January 2022, the Corporation issued the rebate cheques to policyholders.

Net Income from Operations after Rebate to Policyholders

At a corporate level, the net loss from operations after rebate to policyholders of $58.2 million was $85.6 million lower for the 12-months ending March 31, 2022, than the previous 12-month period. The decrease was a result of decreases to Basic of $97.5 million, SRE of $14.9 million and DVA of $19.4 million due to increases in claims costs related to inflation, large loss claims and investments in technology. These decreases were offset by an increase for Extension of $46.2 million.

The contribution from each of the lines of business to the total corporate net income (loss) from operations after rebate to policyholders for the last five years are below.

Net Income (Loss) after Rebate to Policyholders

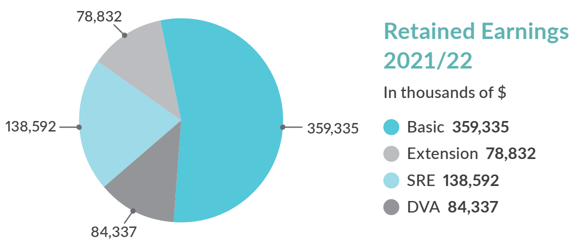


**Adjusted to be 12-month period only*

Retained Earnings & Transfers between Lines of Business

Overall, the Corporation's retained earnings decreased by the net loss after rebate to policyholders to $661.1 million. Retained earnings by line of business are depicted below.

Of note, in 2021/22 the Corporation transferred $57 million ($60 million in 2020/21) from the Extension line of business to the DVA line of business. These transfers were done to defray the impact of historical losses in the DVA line of business as well as the costs associated with the technology changes related to Project Nova. The Corporation is working with the Province of Manitoba to determine the ongoing funding model for DVA operations.



Risk Management

Like any enterprise, MPI assumes risks in its operations that must be handled effectively in order to achieve its goals. Key risk mitigation areas are addressed below.

Processes and Controls

The Audit, Finance & Risk Committee of the Board of Directors ensures that enterprise-wide risk assessment processes and controls are in place to identify and mitigate these risks. The Audit, Finance & Risk Committee also monitors the Corporation's risks on an ongoing basis.

Management is responsible for developing, updating and enforcing the Corporation's Enterprise Risk Management Framework (the Framework), which includes:

- Risk identification and assessment of impact.
- Risk monitoring procedures.
- Processes and controls to manage and mitigate risks.
- The residual risk after consideration of management action.

The Framework ensures a consistent approach for addressing risks and a common understanding of risk and its mitigation throughout the Corporation.

Unpaid Claims

MPI maintains provisions for unpaid claims on a discounted basis to cover its future claims commitments. The Corporation makes provisions for future development on claims that have been made, and an estimate for those that may have occurred but have not yet reported. In the case of major injuries, only a small portion of the total benefit is paid in the first year. As time passes and more information becomes available, the estimates are revised to reflect the most current forecast of claims costs.

Because the total amount paid on any single claim may be different from its initial reserve, MPI reviews the adequacy of these reserves quarterly. Adjustments, if needed, are calculated by the Corporation's Valuation department. An independent assessment of the reserves is also conducted twice a year by the Corporation's external Appointed Actuary. The external auditor performs procedures to assess the reasonability of the reserves as part of its annual audit of the Corporation's financial statements. This process serves to mitigate risk of misstatement of unpaid claims reserves.

For MPI, long-tail injury claims such as Personal Injury Protection Plan (PIPP) and public liability claims are the largest source of year-to-year variability in the estimate of ultimate costs. This variability is related to future events that arise from the date of loss to the ultimate settlement of the claims. In comparison, short-tail claims, such as physical damage claims, tend to be more reasonably predictable than long-tail claims.

For MPI, factors such as the effects of inflationary trends and changing interest rates contribute further to this variability. Investment portfolio management techniques help to reduce the effect of this on net income.

The determination of the provision for unpaid claims, including adjustment expenses, relies on analysis of historical claim trends, investment rates of return, expectation on the future development of claims and judgment. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

Capital Management

The Corporation's objectives for managing capital are to ensure MPI is capitalized in a manner which provides a strong financial position, protects its ability to meet policyholder obligations and maintains stable rates.

The capital structure of the Corporation is comprised of retained earnings and Accumulated Other Comprehensive Income. Retained Earnings are comprised of the accumulation of net income (loss) for the Basic and non-Basic lines of business. Non-Basic lines of business consist of Extension and Special Risk Extension (SRE) lines of business and *The Drivers and Vehicles Act* operations.

The capital backing Basic is comprised of the total equity position of the line of business, referred to as the Rate Stabilization Reserve (RSR). The purpose of the RSR is to protect motorists from rate increases that would otherwise be necessary due to unexpected variances from forecasted results, unforeseen events and losses arising from non-recurring events or factors.

MPI's Board of Directors has approved risk-based capital adequacy target levels by line of business. Targets are based upon the capital management framework of the Office of the Superintendent of Financial Institutions Canada and the Minimum Capital Test (MCT). The MCT is a ratio of capital available to capital required and utilizes a risk-based formula to assess the capital adequacy of an insurance company. The Corporation's capital targets are determined based on the underlying risks and the competitive nature of each line of business.

Reserves Regulation 76/2019, of *The Manitoba Public Insurance Corporation Act* sets out the Corporation's capital targets expressed as a MCT percentage by line of business as follows:

- Basic 100%
- Extension 200%
- SRE 300%

In Order No. 176/19, the Public Utilities Board approved the Corporation's Capital Management Plan (CMP), including the 100 per cent MCT Basic target capital level for the next two subsequent insurance years. The CMP determines the mechanism for building and releasing capital within the Basic line of business as well as the capital transfer protocols between Extension and Basic.

Use of the MCT framework aligns with industry best practice and allows for comparisons to the private insurance market. The 100 per cent MCT target for Basic reflects the lower risk level of the Basic monopoly insurance program, while the 200 per cent MCT target for Extension reflects the higher risks of operating in a competitive environment. SRE's 300 per cent MCT target reflects the higher risk exposure of commercial trucking fleets operating out-of-province.

As at March 31, 2022, Basic's MCT was 95 per cent (March 31, 2021 — 100 per cent), Extension's MCT was 201 per cent (March 31, 2021— 196 per cent), and SRE's MCT was 270 per cent (March 31, 2021 — 288 per cent).

The Corporation's actuarial team has prepared an FCT report for the Basic line of business to assess capital adequacy under adverse financial conditions. In the most recent report, which was reviewed and signed by the Corporation's external Appointed Actuary, the Basic line of business was determined to have satisfactory future financial conditions.

Claims Control Strategies

MPI works diligently to ensure that the premiums entrusted to the Corporation by ratepayers are used efficiently and judiciously, while providing the best customer service possible when paying out on claims. This includes ongoing and active monitoring of claims costs. Our cost control measures with respect to claims management include efforts on multiple fronts to ensure cost effective repairs, fraud prevention, salvage and subrogation recovery, and the sound management of PIPP claims.

Each year, these initiatives contribute significantly to efficiencies in operations to help contain costs or generate revenue, as the case may be. Together, they contribute to keeping insurance premiums as low as possible for customers.

COVID–19 Response

Since the start of the pandemic, MPI has responded with agility and resiliency to the challenges of COVID–19. Throughout these unprecedented times, we remained intent on keeping staff and customers safe, while continuing to provide services to customers in as convenient a manner as possible. At various times, we transferred four service centres to the Province of Manitoba to use as testing centres, receiving these back at the end of 2021/22. We worked to create and implement alternate processes and procedures, such as increasing the number of transactions that can be completed over the phone. Most non-customer facing staff continued to work from home as we prepared to implement a new flexible work program.

To support Manitobans who suffered financially during COVID–19, we continued to work with the Manitoba government to provide premium rebates to customers. In February, 2022, we issued a premium rebate that returned approximately $312 million to MPI customers. Combined with the two previous rebates ($110 million in May 2020 and $69 million in December 2020), MPI has returned almost $500 million to customers during the COVID–19 pandemic.

Information Technology Processes

From a risk-management perspective, our two key information technology processes are our business continuity capability and our ongoing digital transformation.

Business Continuity

Over a number of successive years now, MPI has built up robust business-continuity capabilities. These have been developed as a "made-for-MPI" solution leveraging industry best practices, and are aligned to the needs of our staff, customers and business partners. Our Business Continuity Management Program creates corporate plans and responses that ensure continued customer service in the event of a business disruption. It includes emergency response, crisis management, business recovery, IT service continuity, catastrophe, contingency and pandemic responses, and the processes used to ensure ongoing readiness in all phases of our operations. The program is focused on creating and implementing corporate business continuity planning through a strong understanding of our products and services, our people, and our delivery processes and technology.

Business continuity includes planning, prevention, preparedness and a proactive program approach to crisis responses and business delivery. This approach leverages the prevention and proactive aspects of business continuity that provide continuous service during business disruptions as opposed to suspension and recovery.

Project Nova Transformation

MPI is engaged in the largest business transformation in the Corporation's 50-year history. Aptly named Project Nova, this initiative aims to usher in a new and improved customer experience by modernizing MPI's core legacy systems and streamlining existing processes.

The technologies that comprise MPI's core systems range in age from 20 to 40-plus years and were built using system architecture principles that are now antiquated, are no longer adequate and don't offer the agility to provide online service capabilities.

Key outcomes of Project Nova include:

- Significantly reducing downtime and technology risks in performing day-to-day service transactions by moving to modern technology and providing online functionality to our customers.
- Positioning MPI to be better equipped to implement new legislation and offer new services.
- Reducing the current operating costs and IT risks of managing and supporting legacy systems by moving into new commercial off-the-shelf applications for property and casualty insurance, and driver licensing and vehicle registration.

Project Nova contains four major releases. In 2021/22, the Corporation completed the discovery phase and began implementation work for the first two releases. The first release, related to our commercial line of business, is to be implemented in 2022/23.

In the final quarter of 2021/22, we completed an updated re-baseline assessment of Project Nova based on the experience and key learnings we gathered thus far, leading us to reduce inter-dependencies in our release schedule and mitigate project execution risks. Once the first release is operational later in 2022/23, in parallel with completion of the second release, we will complete the discovery phase and plan implementation for the third and fourth releases.

MPI stakeholders, including brokers, law enforcement, medical professionals and customers, will be engaged throughout the project to capture their feedback and align to their expectations in meeting service standards for MPI customers, and lay the foundation for long-term transformation.

Loss Prevention Strategies

Loss prevention programs and activities support MPI's objective to reduce claims and claims costs, which ultimately contribute to lower insurance premiums for customers. MPI is uniquely positioned to deliver these programs which are designed to educate, influence and incent safe driving behaviour.

Though MPI continued to offer its road safety programs in 2021, the COVID-19 pandemic brought new road safety challenges. Despite traffic volumes being reduced at certain times during the pandemic, data suggests an increase in high-risk driving behaviours, such as extreme speed. As a result, the Corporation modified its programming and program funding, to address these emerging high-risk driving behaviours.

In 2021, the Corporation also conducted research to establish a current baseline understanding of the prevalence of these high-risk behaviours that cause fatalities and serious injuries on Manitoba roads. A comprehensive observational study was conducted to determine the prevalence of mobile device and seatbelt use throughout all regions of Manitoba. This unprecedented research study identified common characteristics of drivers who engage in these risky behaviours and patterns in where they take place. In 2022, we are planning a comprehensive speed study to measure vehicle travel speeds and identify locations and situations where driver speeds are unsafe. As well, a follow-up to the 2016 alcohol and drug roadside survey is being planned for comparison to previous results, to gather post-legislation and post-pandemic measures for prevalence in the presence of alcohol and drugs in Manitoba drivers.

The ongoing pandemic also impacted road safety campaigns with respect to the type of content produced. In April 2021, focus group testing was conducted on various road safety campaigns from jurisdictions across the world to understand what approaches would be most effective. There were three main findings: audiences are harder to reach, typical public service announcements are less effective and positive campaigns are more impactful. Listening to the feedback, MPI created a new type of campaign. We partnered with a reputable and beloved celebrity to help raise awareness on four major road safety issues – distracted, speed, alcohol impaired and occupant safety. Winnipeg Jets' Assistant Captain Mark Scheifele encouraged Manitobans to "be a team player for road safety." The campaign had incredibly strong recall and resonated with audiences. Overall, relevance was an underlying theme for all our campaigns in 2021, leveraging emerging trends on digital media to reach a younger demographic.

Each year, MPI provides High School Driver Education to over 10,000 new teen drivers in Manitoba through the Driver Z program. With the support of our dedicated Driver Z contractors, we were able to continue to provide service across Manitoba, including in-car lessons.

Over 1,500 students received Mandatory Entry-Level Training (MELT) in Manitoba in 2021. MPI worked with the trucking industry to develop new Class 1 training standards, which contribute to improved road safety by ensuring a high degree of quality and consistency for Class 1 training in Manitoba. MPI also continued to provide support and oversight to Class 1 driving schools to ensure quality of education and compliance with the policies and regulations which govern their permits, and continued its commitment to improve road safety and ensure MELT harmonization with other jurisdictions in Canada.

Outlook

MPI is committed to achieving its key priorities and corporate objectives. Actual results are monitored quarterly by the Board of Directors and may deviate from forecasts prepared in the previous year for rate-setting purposes.

Basic Autopac Rates

Under *The Crown Corporations Governance and Accountability Act*, MPI is required to submit Basic insurance rates to the Public Utilities Board for approval. The Corporation generally files its rate application in June of each year for rates effective at the beginning of the following fiscal year.

On December 15, 2021, the Public Utilities Board released its ruling (Order 134/21) on the Corporation's rate application for the 2022/23 fiscal year. Effective April 1, 2022, overall average Basic insurance rates decrease by 1.57 per cent from the previous year. In addition, policyholders will continue to receive a reduction in the form of a 5.0 per cent capital fund release.

There will be no change to permit and certificate rates, the Driver Safety Rating system, vehicle premium discounts, service and transaction fees, or fleet rebates and surcharges.

COVID–19

As we enter 2022/23, an overwhelming majority of Manitobans are fully vaccinated, and most pandemic restrictions have been lifted. However, we cannot foresee with any certainty how COVID-19 will affect our customers, business operations and investment portfolio in the future. However, we remain well-positioned to continue to respond nimbly to deal with business and financial impacts, address all public health requirements and fully support the Province of Manitoba in future efforts to keep Manitobans safe.

2021/22

Annual Financial Statements

For the fiscal year ending
March 31, 2022

Responsibility for Financial Statements

The financial statements are the responsibility of management and are prepared in accordance with International Financial Reporting Standards. The financial statements necessarily include amounts that are based on careful assessment of data available through Manitoba Public Insurance Corporation's (the Corporation) information systems and management. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements fairly reflect the financial position and results of operations of the Corporation.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis.

The financial statements were approved by the Board of Directors, which has overall responsibility for their contents. The Board of Directors is assisted with this responsibility by its Audit, Finance and Risk Committee (the "Committee"), which consists primarily of Directors not involved in the daily operations of the Corporation.

The general responsibilities of the Committee are categorized into the following: review of financial reporting, review of internal controls and processes, review of actuarial functions, monitoring of corporate integrity, compliance with authorities and review of performance reporting. The Committee's role is that of oversight in these areas in order to ensure management processes are in place and functioning so as to identify and minimize risks to the business operations.

In carrying out the above responsibilities, this Committee meets regularly with management, and with both the Corporation's external and internal auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Committee is readily accessible to the external and internal auditors.

The Committee is responsible for the review of the actuarial function. As well, the Committee recommends, for approval, the appointment of the external actuary and their fee arrangements to the Board of Directors. The Appointed Actuary is responsible for ensuring that the assumptions and methods used in the valuation of policy and claims liabilities are in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. In addition, the Appointed Actuary provides an opinion regarding the valuation of policy and claims liabilities at the balance sheet date to meet all policyholder obligations of the Corporation. Examination of supporting data for accuracy and completeness of assets and their ability to meet the policy and claims liabilities are important elements in forming the Appointed Actuary's opinion.

PricewaterhouseCoopers LLP, the Corporation's appointed external auditor, have audited the financial statements. Their Independent Auditor's Report is included herein. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position of the Corporation in accordance with International Financial Reporting Standards.

Eric Herbelin
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Mark Giesbrecht, CPA, CGA
VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

June 23, 2022

Actuary's Report

JSCP®
ACTUARIES *Who Care*®
J. S. CHENG & PARTNERS INC.

To the Board of Directors of Manitoba Public Insurance Corporation:

I have valued the policy liabilities and reinsurance recoverables of Manitoba Public Insurance Corporation for its statements of financial position at March 31, 2022 and their change in the statement of operations for the year then ended in accordance with accepted actuarial practice in Canada including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities net of reinsurance recoverables makes appropriate provision for all policy obligations and the financial statements fairly present the results of the valuation.

Joe S. Cheng
FELLOW, CANADIAN INSTITUTE OF ACTUARIES

Winnipeg, Manitoba
June 23, 2022

Independent Auditor's Report

Independent auditor's report

To the Board of Directors of Manitoba Public Insurance Corporation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoba Public Insurance Corporation (the Corporation) as at March 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Corporation's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations for the year then ended;
- the statement of comprehensive income (loss) for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Charted Professional Accountants
Winnipeg, Manitoba
June 23, 2022

Financial Statements

Statement of Financial Position

(in thousands of Canadian dollars)	Notes	March 31, 2022	March 31, 2021
Assets			
Cash and cash equivalents	*4*	**197,056**	182,123
Accounts receivable	*31*	**485,964**	506,597
Prepaid expenses		**4,488**	4,369
Investments	*4*	**3,367,927**	3,448,747
Investment property	*4 & 5*	**13,758**	14,115
Due from other insurance companies	*6*	**14**	126
Reinsurers' share of unearned premiums	*12 & 17*	**393**	644
Reinsurers' share of unpaid claims	*17 & 18*	**25,606**	6,759
Deferred policy acquisition costs	*7*	**64,711**	64,586
Property and equipment	*8*	**145,498**	142,601
Deferred development costs	*9*	**79,889**	45,883
		4,385,304	4,416,550
Liabilities			
Accounts payable and accrued liabilities	*10*	**107,239**	237,996
Due to other insurance companies	*11*	**419**	721
Unearned premiums and fees	*12*	**703,444**	727,179
Lease obligation	*13*	**6,979**	7,027
Provision for employee current benefits	*15*	**25,773**	25,374
Provision for employee future benefits	*16*	**474,849**	514,537
Provision for unpaid claims	*17 & 18*	**2,302,173**	2,181,678
		3,620,876	3,694,512
Equity			
Retained earnings	*20*	**661,096**	719,284
Accumulated other comprehensive income	*21*	**103,332**	2,754
		764,428	722,038
		4,385,304	4,416,550

Contingent Liabilities (Note 34)

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors:

Dr. Mike Sullivan
CHAIRPERSON OF THE BOARD

Domenic Grestoni, CPA, CGA, ICD.D
CHAIR, AUDIT, FINANCE AND RISK COMMITTEE

Statement of Operations

For the years ended March 31 (in thousands of Canadian dollars)	Notes	2022	2021
Earned Revenues			
Gross premiums written		**1,422,583**	1,440,783
Premiums ceded to reinsurers		**(21,946)**	(19,607)
Net premiums written		**1,400,637**	1,421,176
Decrease (increase) in gross unearned premiums		**20,392**	(32,232)
Increase (decrease) in reinsurers' share of unearned premiums		**(251)**	426
Net premiums earned		**1,420,778**	1,389,370
Service fees and other revenue	*22 & 23*	**37,139**	37,817
The Drivers and Vehicles Act operations recovery	*22 & 24*	**30,250**	30,250
Total Earned Revenues		**1,488,167**	1,457,437
Claims Costs			
Direct claims incurred—gross		**902,260**	783,073
Claims recovered ceded to reinsurers		**(19,034)**	(2,906)
Net claims incurred		**883,226**	780,167
Claims expense	*25*	**166,547**	160,857
Loss prevention/Road safety	*25*	**11,917**	8,834
Total Claims Costs		**1,061,690**	949,858
Expenses			
Operating	*25*	**144,312**	119,812
Commissions	*25*	**95,393**	90,491
Premiums taxes	*25*	**38,593**	32,208
Regulatory/Appeal	*25*	**4,563**	4,421
Total Expenses		**282,861**	246,932
Underwriting income		**143,616**	260,647
Investment income (loss)	*4*	**(45,406)**	101,578
Gain on disposal of property and equipment		**136**	95
Net income attributable to Owner of the Corporation before rebate to policyholders		**98,346**	362,320
Rebate to policyholders	*26*	**(156,534)**	(334,948)
Net income (loss) attributable to Owner of the Corporation after rebate to policyholders	*27*	**(58,188)**	27,372

Statement of Comprehensive Income (Loss)

For the years ended March 31 (in thousands of Canadian dollars)	Notes	2022	2021
Net income (loss) attributable to Owner of the Corporation after rebate to policyholders	*27*	**(58,188)**	27,372
Other Comprehensive Income (Loss)	*16 & 21*		
Items that will not be reclassified to income			
Remeasurement of employee future benefits		**54,328**	(45,859)
Items that will be reclassified to income			
Net unrealized gains on available for sale assets		**30,577**	121,071
Reclassification of net realized (gains) losses related to available for sale assets		**15,673**	(27,535)
Net unrealized gain on Available for Sale assets		**46,250**	93,536
Other comprehensive income for the year		**100,578**	47,677
Total comprehensive income attributable to Owner of the Corporation		**42,390**	75,049

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

(in thousands of Canadian dollars)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Equity
Balance as at April 1, 2020	691,912	(44,923)	646,989
Net income attributable to Owner of the Corporation after rebate to policyholders	27,372	-	27,372
Other comprehensive income for the period	-	47,677	47,677
Balance as at March 31, 2021	**719,284**	**2,754**	**722,038**
Net loss attributable to Owner of the Corporation after rebate to policyholders	**(58,188)**	**-**	**(58,188)**
Other comprehensive income for the year	**-**	**100,578**	**100,578**
Balance as at March 31, 2022	**661,096**	**103,332**	**764,428**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the years ended March 31 (in thousands of Canadian dollars)	*Notes*	**2022**	2021
Cash Flows from (to) Operating Activities:			
Net income (loss) attributable to Owner of the Corporation after rebate to policyholders		**(58,188)**	27,372
Non-cash items:			
Depreciation of property and equipment, and investment property		**6,327**	6,595
Amortization of deferred development costs		**13,226**	18,066
Amortization of bond discount and premium		**7,181**	9,249
Gain on sale of investments		**(9,793)**	(27,722)
Unrealized loss on fair value through profit or loss bonds		**129,416**	10,111
Unrealized (gain) loss on pooled real estate fund		**(23,129)**	1,441
Unrealized (gain) loss on infrastructure investments		**(171)**	774
Unrealized loss on private debt		**2,921**	303
Gain on disposal of property and equipment		**(136)**	(95)
Impairment (recovery) of available for sale investments		**29,172**	(13,388)
Impairment of deferred development costs		**264**	930
		97,090	33,636
Net change in non-cash balances:			
Accounts receivable and prepaid expenses		**20,514**	(21,025)
Due from other insurance companies		**112**	263
Reinsurers' share of unearned premiums and unpaid claims		**(18,596)**	(1,817)
Deferred policy acquisition costs		**(125)**	(13,346)
Accounts payable and accrued liabilities		**(130,757)**	152,405
Due to other insurance companies		**(302)**	19
Unearned premiums and fees		**(23,735)**	30,213
Provision for employee current benefits		**399**	1,076
Provision for employee future benefits		**14,640**	20,018
Provision for unpaid claims		**120,495**	31,698
		(17,355)	199,504
		79,735	233,140
Cash Flows from (to) Investment Activities:			
Purchase of investments		**(931,738)**	(963,450)
Proceeds from sale of investments		**923,483**	698,406
Acquisition of property and equipment net of proceeds from disposals		**(9,003)**	(1,900)
Lease obligation		**(48)**	(43)
Deferred development costs		**(47,496)**	(20,845)
		(64,802)	(287,832)
Increase in cash and cash equivalents		**14,933**	(54,692)
Cash and cash equivalents beginning of year		**182,123**	236,815
Cash and cash equivalents end of year	4	**197,056**	182,123

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

March 31, 2022

1. Status of Corporation

The Manitoba Public Insurance Corporation (the Corporation) was incorporated as a Crown corporation under *The Automobile Insurance Act* in 1970. The Corporation is owned by the Province of Manitoba and the financial results of the Corporation are included in the consolidated financial statements of the Province of Manitoba. In 1974, *The Automobile Insurance Act* was revised and became *The Manitoba Public Insurance Corporation Act* (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba. The address of the Corporation's registered office is 234 Donald Street, Winnipeg, Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for Basic Universal Compulsory Automobile Insurance, Extension and Special Risk Extension coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies. For financial reporting purposes, due to the immateriality of the financial results of the discontinued general insurance operations, the operations are reported as part of the Special Risk Extension line of business. The Basic Universal Compulsory Automobile Insurance line of business rates are approved by the Public Utilities Board of Manitoba.

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

2. Basis of Reporting

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue by the Board of Directors on June 23, 2022.

Basis of Presentation

The Corporation presents its Statement of Financial Position broadly in order of liquidity.

The following balances are generally classified as current: cash and cash equivalents, investments, due to/from other insurance companies, accounts receivable, prepaid expenses, deferred policy acquisition costs, reinsurers' share of unearned premiums and unpaid claims, accounts payable and accrued liabilities, unearned premiums and fees and provision for employee current benefits.

The following balances are generally classified as non-current: investment property, property and equipment (including right-of-use assets), deferred development costs, lease obligations, provision for employee future benefits and provision for unpaid claims.

These statements are presented in thousands of Canadian dollars which is the Corporation's functional and presentational currency.

Seasonality

The automobile insurance business, which reflects the primary business of the Corporation, is seasonal in nature. While net premiums earned are generally stable from quarter to quarter, underwriting income is typically highest in the first and second quarter of each year and lowest in the fourth quarter of each year. This is driven mainly by weather conditions which may vary significantly between quarters.

Basis of Measurement

The Corporation prepares its financial statements as a going concern, using the historical cost basis, except for financial instruments and insurance contract liabilities and reinsurers' share of unpaid claims. Measurement of the financial instruments is detailed in Note 3. Insurance contract liabilities and reinsurers' share of unpaid claims are measured on a discounted basis in accordance with accepted actuarial practice.

Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

Emergency measures enacted by the federal and provincial governments in response to the COVID–19 pandemic, including physical distancing, travel restrictions, and the temporary closure of non-essential businesses, have created significant additional estimation uncertainty in the determination of reported amounts as at March 31, 2022. The Corporation has made assumptions with respect to the duration and severity of these emergency measures as well as the duration of the subsequent economic recovery in estimating the amount and timing of reported amounts as at March 31, 2022. As a result of this significant estimation uncertainty there is a risk that the assumptions used as at March 31, 2022, may change as more information becomes available, resulting in a material adjustment to reported amounts in future reporting periods.

3. Summary of Significant Accounting Policies

This summary outlines those accounting policies followed by the Corporation that have a significant effect on the financial statements.

Adoption of New and Amended Accounting Standards

Effective April 1, 2021, the Corporation adopted the following new and amended accounting standards:

IFRS 16—Leases

In May 2021, the IASB published an amendment to IFRS 16 which extends the date of the May 2020 amendment. The new amendment is effective for annual reporting periods beginning on or after April 1, 2021, and the amendment expires on June 30, 2022. The May 2020 amendment provided lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This amendment was made to provide timely relief to lessees and to enable them to continue providing information about their leases that may be useful to investors. The Corporation has determined that these amendments had no impact on its financial statements.

Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16

Amendments to IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments*, IFRS 7, *Financial Instruments*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases* were issued in August 2020. The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by Interbank offered rate reform. The adoption of these amendments did not have a material impact on the Corporation's financial statements.

Investments

Funds available for investments are managed by the Manitoba Department of Finance or administered by external managers that are under contract with the Manitoba Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*.

The Corporation's directly held real estate investments are recorded at cost and are depreciated over their estimated useful life.

The Corporation has classified or designated its financial assets and liabilities in the following categories:

- available for sale (AFS)
- held to maturity (HTM)
- financial assets and liabilities at fair value through profit or loss (FVTPL)
- loans and receivables
- other financial liabilities

The Corporation accounts for the purchase and sale of securities using settlement date accounting.

i. **AFS Financial Assets**
AFS financial assets are initially measured at fair value on the Statement of Financial Position starting on the settlement date. Subsequent to initial recognition, AFS assets are carried at fair value with changes in fair value recorded in Other Comprehensive Income (OCI) until the asset is disposed of or has become impaired. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through net income (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed the amount of the initial impairment recognized.

In respect of AFS equity securities, impairment losses previously recognized in net income (loss) are not reversed through net income (loss). Any increase in fair value subsequent to an impairment loss is recognized in OCI. As long as an AFS equity asset is held and not impaired, the gains and losses are not recognized in the Statement of Operations. When the asset is disposed of, or has become impaired, the gain or loss is recognized in the Statement of Operations and is deducted from OCI.

Transaction costs related to AFS financial assets are capitalized on initial recognition.

ii. **HTM Financial Assets**
HTM financial assets are carried at amortized cost on the Statement of Financial Position starting on the settlement date.

Transaction costs related to financial assets and liabilities classified as HTM are capitalized on initial recognition, when applicable.

iii. **FVTPL Financial Assets**
FVTPL financial assets are carried at fair value on the Statement of Financial Position starting on the settlement date and the changes in fair value are recorded in the Statement of Operations.

The fair values of FVTPL bonds including federal, provincial, certain municipal, certain hospitals, other provinces and corporations are estimated based on bid prices where there is a market price available or on inputs other than quoted market prices of these or similar investments.

Transaction costs related to FVTPL financial assets are recognized in the Statement of Operations on initial recognition.

Loans and Receivables
Accounts receivable and due from other insurance companies are designated as loans and receivables and are carried at amortized cost using the effective interest method. These receivables include financing plans for customers using interest rates set at the prime rate of the Corporation’s principal banker plus 2.0 per cent and updated at each fiscal quarter. The interest rate for a customer remains unchanged throughout the term of the policy.

Cash and Cash Equivalents
Cash and cash equivalents are comprised of cash, current operating accounts, provincial short-term deposits (less than 90 days at the time of purchase) and funds held in trust on behalf of other insurance companies.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an AFS asset is considered to be impaired, cumulative gains or losses previously recognized in OCI are reclassified to net income (loss) in the period. Subsequent declines in value continue to be recorded through net income (loss).

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through net income (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in net income (loss) are not reversed through net income (loss). Any increase in fair value subsequent to an impairment loss is recognized in OCI.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- It is becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Derecognition of Financial Assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial Liabilities

All financial liabilities are designated as other financial liabilities and are recorded in the Statement of Financial Position at amortized cost. Financial liabilities include due to other insurance companies and accounts payable and accrued liabilities, which are all current liabilities.

The carrying value of the Corporation's financial liabilities approximate their fair value.

Derivatives

The Corporation uses currency swaps to manage the currency risk on specific foreign exchange denominated assets. Any gains or losses are recorded in the Statement of Operations under the heading "Investment income," on a fair-value basis.

A currency swap is a contractual agreement for specified parties to exchange the cash flow of one currency for a fixed cash flow of another currency.

Fair Value Determination

The fair values of financial instruments are obtained from external pricing services and are based on available bid prices for Level 1 financial assets. Level 2 and Level 3 fair value determinations are based on availability of inputs other than bid prices as there is not a quoted market price. Cash equivalent investments comprise investments due to mature within 90 days from the date of purchase and are carried at fair value.

Deferred Policy Acquisition Costs

To the extent premium acquisition costs such as commissions and premium taxes are recoverable from unearned premiums, they are deferred and amortized to income over the term of the related policies.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Replacement costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All repairs and maintenance costs are recognized in net income (loss) during the period in which they occur.

Depreciation is provided on a straight-line basis which will depreciate the cost of each asset to its residual value over its estimated useful life:

Land & Buildings

- HVAC systems 20 years
- land improvements 25 years
- roofing systems 30 years
- elevators/escalators 30 years
- buildings 40 years

Furniture & Equipment

- computer equipment 3 years
- vehicles 5 years
- furniture and equipment 10 years
- demountable wall systems 10 years

Buildings held under a long-term lease arrangement are depreciated on a straight-line basis over 40 years. Leasehold improvements are carried at cost and are depreciated over the term of the lease plus the first renewal period.

Tenant improvements are carried at cost and are depreciated over the term of the lease plus the first renewal period.

Depreciation of construction in progress will begin, in accordance with the above policy, when construction has been completed and the property is deemed available for use.

Land is not subject to depreciation and is carried at cost.

Investment Property

In the determination of what constitutes investment property relative to property and equipment, effective March 31, 2021, the Corporation considers only property that is 100 per cent investment property. As a result, portions of the cityplace building previously considered investment property are now classified as Property and Equipment.

The Corporation's investment property, which is property held 100 per cent to earn rentals and/or capital appreciation, is measured initially at its cost, including transaction costs. The Corporation has elected to use the cost model to subsequently value its investment property. Therefore, the investment property's carrying amount is valued at cost less accumulated depreciation and impairment losses. Depreciation is based on the useful life of each component of the investment property along with the property's residual value.

The fair value of the investment property is disclosed based on an external valuation that occurs, at a minimum, every other year. The fair value disclosed is based on the most recent valuation which was conducted for March 31, 2022.

The Corporation assesses its investment property for impairment on an annual basis in accordance with the impairment test guidance set forth in IAS 36, *Impairment of Assets*. Based on this assessment it was determined the investment property was not impaired as at March 31, 2022.

Depreciation is provided on a straight-line basis which will depreciate the cost of each asset to its residual value over its estimated useful life:

- parkade 40 years
- surface parking lot held at cost

Deferred Development Costs (Intangible Assets)

The costs of developing major information systems that are expected to provide an economic benefit to the Corporation are deferred to future periods. These information system expenditures are stated at cost net of accumulated amortization and accumulated impairment losses and are amortized on a straight-line basis over five years unless the useful life is deemed to be shorter, starting the month after the asset becomes available for use.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred, including directly assigned employee costs, from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditures are recognized in net income (loss) in the period in which they are incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

Impairment of Tangible and Intangible Assets (Other Than Financial Assets)

When specific events or circumstances arise, the Corporation reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Leasing

Manitoba Public Insurance as a Lessee

The Corporation, as a lessee, recognizes a right-of-use asset and a lease liability at the lease's commencement date. The right-of-use asset is initially measured at cost which is comprised of the amount of the initial lease liability and any lease payments made at or before the commencement date less any lease incentives received, initial direct costs and restoration costs. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term plus renewal options expected to be exercised on a straight-line basis.

The lease liability arising from the lease is originally measured on a present-value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonable certain to exercise that option, and payment of penalties for terminating a lease if the lease term reflects the lessee exercising that option. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

Manitoba Public Insurance as a Lessor

Manitoba Public Insurance leases retail, office and parking space in buildings and parking facilities owned by Manitoba Public Insurance. The lease payments are recognized as on a straight-line basis over the lease term through net income (loss), except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Revenue

Premiums

Written premiums comprise the premiums on contracts commencing in the fiscal year. Earned premiums represent the portion of written premiums earned through the year on a prorata basis by way of insurance coverage. Written and earned premiums are stated gross of commissions and premium taxes payable and are reported on a gross basis and net of amounts ceded to reinsurance companies.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Interest Revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment Income

Investment income is recorded as it accrues. Dividend income from investments is recognized when the Corporation's rights to receive payments is established. Dividend income on common and preferred shares is recorded on the ex-dividend date. Distributions on pooled funds are recorded on the income distribution date. Gains and losses are determined and recorded as at the trade date and are calculated on the basis of average cost. The effective interest rate method is used to amortize premiums or discounts on the purchase of bonds.

Realized Gains and Losses

The realized gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortized cost as appropriate.

The realized gain or loss on disposal of property and equipment is the difference between the proceeds received, net of transaction costs, and its original cost or depreciated cost as appropriate.

Unrealized Gains and Losses

Unrealized gains or losses represent the difference between the carrying value at the period-end and the carrying value at the previous period-end or purchase value during the period, less the reversal of previously recognized unrealized gains or losses in respect of disposals during the period.

Other Revenue

Other revenue is comprised of the Corporation's administration of *The Drivers and Vehicles Act* operations for the Province of Manitoba, salvage sales, rental income and transaction fees related to the administration of policies, products and services.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for Employee Current Benefits

The provision for employee current benefits includes accruals for vacation pay and sick pay determined in accordance with the Collective Agreement and Corporate policy.

Provision for Employee Future Benefits

Included in the provision for employee future benefits are the pension benefit plan and other benefit plans.

i. **Pension Benefit Plan**

The employees of the Corporation are members of a defined benefit pension plan administered under *The Civil Service Superannuation Act*. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to market interest rates at the measurement date based on high quality debt instruments, salary changes, withdrawals and mortality rates. Changes in experience gains and losses are recognized in the current period. Current service costs and interest costs are recognized in net income (loss) in the current period. Actuarial gains and losses are recognized in OCI in the current period.

The Corporation has its pension benefit plan valued annually at the pension plan year-end date, the most recent of which is December 31, 2021. Additionally, the Corporation has its pension benefit plan revalued at the Corporation fiscal year end of March 31, 2022.

ii. **Other Benefit Plans**

Other benefit plans consist of two post-retirement extended health plans and severance pay benefits.

The provision for post-retirement extended health benefits is actuarially determined on an annual basis using the projected benefit method prorated on services, which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs. Changes in experience gains and losses are recognized in the current period. Current service costs and interest costs are recognized in net income (loss) in the current period. Actuarial gains and losses are recognized in OCI in the current period.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporate policy. The provision for severance pay is actuarially determined on an annual basis using the projected benefit method prorated on services, without salary projection, which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire.

Provision for Unpaid Claims

IFRS 4, *Insurance Contracts* permits the continued use of insurance liability valuation methods previously used under pre-IFRS Canadian GAAP. The Corporation establishes reserves for payment of claims and adjustment expenses that arise from the Corporation's insurance products. The reserve balance represents the expected ultimate cost to settle claims occurring prior to, but still outstanding as of, the reporting date. There are two categories of loss reserves: (1) reserves for reported losses and (2) reserves for incurred but not yet reported (IBNR) losses. In addition, reserves are set up for internal loss adjustment expenses, which include estimated internal costs and other expenses that are expected to be incurred to finalize the settlement of the losses. The Corporation discounts its liabilities for unpaid claims and includes a provision for adverse deviations. Liabilities for unpaid claims are estimated using the input of assessment for individual cases reported to the Corporation and statistical analyses for the claims incurred but not reported. Claims and adjustment expenses are charged to the Statement of Operations as incurred.

All of the Corporation's insurance policies meet the definition of an insurance contract and have been accounted for in accordance with IFRS 4.

Reinsurers' share of unpaid claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant reinsurance contracts.

Liability Adequacy Test

At each reporting period, insurance liability adequacy tests are performed to ensure the adequacy of the contract liabilities, net of related Deferred Policy Acquisition Costs (DPAC) and Reinsurers' Share of Unpaid Claims. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. A premium deficiency exists when estimated future claims and related expenses exceed unearned premiums. Any resulting deficiency is recognized first by writing down the DPAC with any remainder recognized as a premium deficiency in unpaid claims.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claims costs. Expected future subrogation recoveries are included in the provision for unpaid claims.

Structured Settlements

In the normal course of tort claims adjudication, the Corporation settles certain long-term claims losses through the purchase of annuities under structured settlement arrangements with life insurance companies. As the Corporation does not retain any interest in the related insurance contract and obtains a legal release from the claimant, any gain or loss on the purchase of the annuity is recognized in the Statement of Operations at the date of purchase and the related claims liabilities are derecognized. While the Corporation remains exposed to the credit risk that the life insurance companies may fail to fulfill their obligations, management believes this risk to be remote.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Service fees and other revenue are allocated to the automobile insurance division lines of business and *The Drivers and Vehicles Act* operations on the following basis:

i. Identifiable direct service fees and other revenue are allocated to each line of business.

ii. Where direct allocation is not possible, service fees and other revenue are prorated to each line of business based mainly on factors such as premiums written ratios, expense allocation ratios and payroll allocation ratios. The formulas developed for the allocation of service fees and other revenue are approved by the Board of Directors.

Investment income is allocated to the automobile insurance division lines of business, *The Drivers and Vehicles Act* operations and the discontinued general insurance division based on a direct attribution of each segments unique portfolio returns and a pro-rata share of the portfolio backing the corporate employee future benefits obligation.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business and *The Drivers and Vehicles Act* operations on the following basis:

i. Identifiable direct expenses are charged to each line of business.

ii. Where direct allocation is not possible, expenses are prorated to each line of business based mainly on factors such as space, number of employees, time usage, Contact Centre statistics, premiums written ratios and net claims incurred ratios. The basis for allocation of indirect shared expenses is approved by the Board of Directors.

iii. The allocation of improvement initiative costs is based on a review of each project to determine which line of business will benefit from the project. The allocation basis for each project is approved by the Board of Directors.

Reinsurance Ceded

Premiums, claims and expenses are reported gross and net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders.

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used in determining the unearned premium liability.

Foreign Currency

Monetary items denominated in foreign currencies are adjusted to reflect the exchange rate in effect at the year end. Revenue and expense items in foreign currencies are translated at the exchange rate in effect at the transaction date. Unrealized gains or losses arising on translation are charged to operations in the current year.

Changes in unrealized foreign exchange currency translation amounts for AFS equity investments are recorded in OCI and included in accumulated other comprehensive income (AOCI) until recognized in the Statement of Operations.

Comprehensive Income

Comprehensive income consists of net income (loss) attributable to Owner of the Corporation and other comprehensive income (loss). Changes in unrealized gains and losses on financial assets classified as AFS are recorded in OCI and included in AOCI until recognized in the Statement of Operations. Actuarial gains and losses on employee future benefits amounts are recorded in OCI and included in AOCI. AOCI is included on the Statement of Financial Position as a separate component.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the preparation of the Corporation's financial statements, management has made a number of critical accounting estimates and judgments as described below, and in certain notes to the financial statements, such as: determination of fair value for financial instruments in Note 4 and carrying value of deferred development costs in Note 9. Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods.

Allowance for Doubtful Accounts

The Corporation must make an assessment of whether accounts receivable are collectible from customers. Accordingly, management must make critical and significant estimates on the allowance for estimated losses arising from non-payment of accounts receivable.

Deferred Development Costs (Intangible Assets)

Deferred development costs represent a significant portion of ongoing expenditures related to information systems development. Determining the recoverability of deferred development costs requires an estimation of the recoverable amount of the asset. Key assumptions and sources of estimation uncertainty include the determination of future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value.

Provision for Unpaid Claims

With respect to preparation of these financial statements, the Appointed Actuary is required to carry out a valuation of the insurance contract liabilities and to provide an opinion to the Corporation's Board of Directors regarding their appropriateness at the reporting date. The factors and techniques used in the valuation are in accordance with accepted actuarial practice, applicable legislation and associated regulations.

Provisions for unpaid claims and adjustment expenses are valued based on Canadian accepted actuarial practice, which are designed to ensure the Corporation establishes an appropriate reserve on the Statement of Financial Position to cover insured losses with respect to the reported and unreported claims incurred as of the end of each accounting period. The insurance contract liabilities include a provision for unpaid claims and adjustment expenses on the expired portion of policies and of future obligations on the unexpired portion of policies. In performing the valuation of the liabilities for these contingent future events, the Appointed Actuary makes assumptions as to future loss ratios, trends, reinsurance recoveries, investment rates of return, expenses and other contingencies, taking into consideration the circumstances of the Corporation and the nature of the insurance policies.

The assumptions underlying the valuation of provisions for unpaid claims and adjustment expenses are reviewed and updated by the Corporation on an ongoing basis to reflect recent and emerging trends in experience. Sensitivity of these assumptions and the impact on net insurance contract liabilities and equity are fully disclosed in Note 18.

Provision for Employee Current Benefits

The Corporation has a sick leave plan included in the employee current benefits. The determination of expenses and liabilities associated with the sick leave plan requires the use of critical assumptions such as discount rates and expected sick leave. Due to the nature of the estimates used, there is inherent measurement uncertainty within the employee current benefit assumptions.

Provision for Employee Future Benefits

The Corporation has a defined benefit pension plan, severance benefit plan and post-retirement extended health benefit plans. The determination of expenses and liabilities associated with employee future benefits requires the use of critical assumptions such as discount rates, expected mortality rate, inflation rates, expected salary increases and expected health care cost increases. Due to the nature of the estimates used in the valuation process there is inherent measurement uncertainty within the employee future benefit assumptions. See Note 16 for further details of the significant estimates and changes impacting the current period financial statements.

Fair Value of Level 3 Investments

Level 3 assets and liabilities would include financial instruments whose values are determined using internal pricing models, discounted cash flow methodologies, or similar techniques that are not based on observable market data, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation. See Note 4 for further details of valuation methods and assumptions.

Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for annual reporting periods beginning on or after January 1, 2022. The standards that may have an impact to the Corporation are:

IFRS 7—Financial Instruments: Disclosures

In December 2011, IFRS 7 *Financial Instruments: Disclosures* was amended to require additional financial instrument disclosures upon transition from IAS 39 *Financial Instruments: Recognition and Measurement* to IFRS 9 *Financial Instruments*. The amendments are effective upon adoption of IFRS 9, which is effective for annual periods beginning on or after January 1, 2018. However, in September 2016, IFRS 4 *Insurance Contracts* was amended to provide an option of a temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing insurance contracts within the scope of IFRS 4. Therefore, qualifying entities will have the option to adopt IFRS 9 upon the adoption of IFRS 17 *Insurance Contracts*. The Corporation qualifies for a temporary exemption; thus, IFRS 7 amendment is effective for annual periods beginning on or after January 1, 2023. The Corporation is currently evaluating the impact that this standard will have on its financial statements.

IFRS 9—Financial Instruments

IFRS 9 *Financial Instruments* was issued in July 2014 and is intended to replace IAS 39 *Financial Instrument: Recognition and Measurement*. IFRS 9 is a three-part standard aimed at reducing complexity in reporting financial instruments. The project has been divided into three phases: Phase 1 – Classification and Measurement, Phase 2 – Impairment and Phase 3 – Hedge Accounting. Phase 1 was issued in November 2009 and amended in October 2010. It requires financial assets to be recorded at amortized cost or fair value depending on the entity's business model for managing the assets and their associated cash flow characteristics. All financial assets are to be measured at fair value on the balance sheet if they are not measured at amortized cost. Phase 2 was completed in July 2014 and introduced a new expected loss impairment methodology that will result in more timely recognition of impairment losses. Phase 3 was completed in November 2013. This phase replaces the rule-based hedge accounting requirements in IAS 39 to more closely align the accounting with risk management activities.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. However, in September 2016, IFRS 4 was amended to provide an option of a temporary exemption from applying IFRS for entities whose predominant activity is issuing insurance contracts within the scope of IFRS 4. Therefore, qualifying entities will have the option to adopt IFRS 9 upon the adoption of IFRS 17. The Corporation qualifies for temporary exemption; thus, IFRS 9 is effective for annual periods beginning on or after January 1, 2023. The Corporation is currently evaluating the impact that this standard will have on its financial statements.

IFRS 17—Insurance Contracts

IFRS 17 *Insurance Contracts* was issued in May 2017 and will replace IFRS 4 *Insurance Contracts*. The intent of the standard is to establish consistent recognition, measurement, presentation and disclosure principles to provide relevant and comparable reporting of insurance contracts across jurisdictions.

The standard requires entities to measure insurance contract liabilities as the risk-adjusted present value of the cash flows plus the contractual service margin, which represents the unearned profit the entity will recognize as future service is provided. This is referred to as the general model. Expedients are specified, provided the insurance contracts meet certain conditions. If, at initial recognition or subsequently, the contractual service margin becomes negative, the contract is considered onerous, and the excess is recognized immediately in the Statement of Operations.

The main features of the new accounting standard for insurance contracts are as follows: the future profit or contractual service margin is reflected in the initial recognition of the insurance contract and then recognized into profit or loss over time as the services are provided; the loss component of onerous contracts will be recognized into income at the initial recognition of the contract; significant changes to the presentation and disclosure of insurance contracts within entities' financial statements including changes in the balance sheet presentation to present contracts by portfolio as well as changes to the presentation on the income statement to reflect the services that have been provided during the period.

An entity shall apply the general model to all groups of insurance contracts. However, an entity is permitted to simplify the measurement of eligible groups of insurance contracts by applying an approach referred to as 'the premium allocation approach'. Use of the premium allocation approach is optional for each group of insurance contracts that meets the eligibility criteria. The premium allocation approach is permitted if, and only if, at the inception of the group of contracts one of the following conditions are met [IFRS 17.53]:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the measurement that would be produced applying the requirements for the general model.
- The coverage period of each contract in the group is one year or less.

Based on the above criteria, all contracts with a one-year coverage period or less qualify for the premium allocation approach, regardless of whether the first condition is met. For insurance contracts with a coverage period greater than one year, entities will need to assess whether the liability for remaining coverage does not materially differ between the general model and the premium allocation approach for measurement of pre-claims liabilities. The general measurement model will apply to the liability for incurred claims.

In December 2021, the IASB issued an amendment to IFRS 17 in regards to financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to the financial assets before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. There are no changes to the transition requirements in IFRS 9. An entity elects to apply the amendments applies it when it first applies IFRS 17.

The standard provides a temporary exemption of IFRS 9 for insurers and will be effective for annual reporting periods beginning on or after January 1, 2023. The Corporation continues to evaluate the impact this standard will have on its financial statements.

IAS 1 – Presentation of Financial Statements

Narrow-scope amendments to IAS 1, *Presentation of Financial Statements* were issued in January 2020 to provide clarification over the classification of debt and other liabilities as current or non-current. The amendments aim to promote consistency in the application of the classification requirements of the standard by entities. Further, the amendments affect only the presentation of liabilities in the balance sheet; not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. In July 2020, the IASB issued an amendment to defer the effective date to January 1, 2023. The Corporation is currently evaluating the impact that these amendments will have on its financial statements.

IAS 37—Provisions, Contingent Liabilities and Contingent Assets

In May 2020, the IASB issued an amendment to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* which clarifies which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The application date of the amendment is on or after the beginning of the first annual reporting beginning on or after January 1, 2022, but early application is permitted. The Corporation is currently evaluating the impact that these amendments will have on its financial statements.

2018-2020 Annual Improvement Cycle

Annual Improvements 2018-2020 Cycle was issued in May 2020 by the IASB and included minor amendments to IFRS 9 and IFRS 16. The annual improvements process is used to make necessary but non-urgent changes to IFRSs that are not included in other projects. The amendments issued are all effective for annual periods beginning on or after January 1, 2022. The Corporation is currently evaluating the impact that these amendments will have on its financial statements.

IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Making Materiality Judgements

In February 2021, the IASB issued amendments to IAS 1 to assist entities in determining which material accounting policies are required to be disclosed. To support the IAS 1 amendments, the IASB has provided guidance to demonstrate the application of materiality in a "four-step materiality process" described in IFRS Practice Statement 2 to accounting policy disclosures. The amendments issued are effective for annual periods beginning on or after January 1, 2023, but early application is permitted. The Corporation is currently evaluating the impact that these amendments will have on its financial statements.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors to help entities distinguish between changes in accounting policies and accounting estimates. The amendments issued are effective for annual periods beginning on or after January 1, 2023, and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted. The Corporation is currently evaluating the impact that these amendments will have on its financial statements.

4. Cash, Cash Equivalents and Investments

Cash and cash equivalents are comprised of cash, current operating accounts, provincial short-term deposits (less than 90 days at the time of purchase) and funds held in trust on behalf of other insurance companies.

Cash equivalent investments have a total principal amount of $121.4 million (March 31, 2021—$96.5 million) comprised of provincial short-term deposits with effective interest rates of 0.316 per cent to 0.32 per cent (March 31, 2021—0.037 per cent to 0.04 per cent), with interest receivable at varying dates.

The Corporation has an unsecured operating line of credit with its principal banker in the amount of $10.0 million (March 31, 2021—$5.0 million). The unsecured operating line of credit remained unutilized at March 31, 2022 (March 31, 2021—nil).

Cash, Cash Equivalents and Investments

As at March 31, 2022 (in thousands of Canadian dollars)	Financial Instruments Classified as AFS	Classified as HTM	Classified as FVTPL	Non-Financial Instruments	Total Carrying Value
Cash and cash equivalents	**197,056**	-	-	-	**197,056**
Bonds					
Federal	-	-	**44,186**	-	**44,186**
Manitoba:					
Provincial	**13,199**	-	**103,874**	-	**117,073**
Municipal	-	**55,103**	**31,934**	-	**87,037**
Schools	-	**412,868**	-	-	**412,868**
Other provinces:					
Provincial	**55,685**	-	**835,588**	-	**891,273**
Municipal	-	-	**55,044**	-	**55,044**
Corporations	**148,517**	-	**495,725**	-	**644,242**
	217,401	**467,971**	**1,566,351**	-	**2,251,723**
Private debt	**190,647**	-	**46,932**	-	**237,579**
Other investments	**287**	-	-	-	**287**
Infrastructure	-	-	**114,580**	-	**114,580**
Equity investments	**581,870**	-	-	-	**581,870**
Pooled real-estate fund	-	-	**181,888**	-	**181,888**
Investments	**990,205**	**467,971**	**1,909,751**	-	**3,367,927**
Investment property	-	-	-	**13,758**	**13,758**
Total	**1,187,261**	**467,971**	**1,909,751**	**13,758**	**3,578,741**

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

Gross unrealized gains and gross unrealized losses included in AOCI on AFS equity and debt investments are comprised as follows:

As at March 31, 2022 (in thousands of Canadian dollars)	**Book Value**	**Unrealized Gains/Losses**	**Fair Value**
Equity investments			
With unrealized gains	**426,980**	**154,890**	**581,870**
Subtotal—equity investments	**426,980**	**154,890**	**581,870**
Bonds			
With unrealized losses	**224,253**	**(6,852)**	**217,401**
Subtotal—bonds	**224,253**	**(6,852)**	**217,401**
Private debt			
With unrealized losses	**199,314**	**(8,667)**	**190,647**
Subtotal—private debt	**199,314**	**(8,667)**	**190,647**
Debt investments			
With unrealized losses	**314**	**(27)**	**287**
Subtotal—other investments	**314**	**(27)**	**287**
Total AFS equity and debt investments	**850,861**	**139,344**	**990,205**

As at March 31, 2021 (in thousands of Canadian dollars)	Book Value	Unrealized Gains/Losses	Fair Value
Equity investments			
With unrealized gains	439,312	104,271	543,583
Subtotal—equity investments	439,312	104,271	543,583
Bonds			
With unrealized gains	175,239	2,146	177,385
With unrealized losses	132,439	(6,032)	126,407
Subtotal—bonds	307,678	(3,886)	303,792
Private debt			
With unrealized losses	170,826	(7,648)	163,178
Subtotal—private debt	170,826	(7,648)	163,178
Debt investments			
With unrealized gains	314	357	671
Subtotal—other investments	314	357	671
Total AFS equity and debt investments	918,130	93,094	1,011,224

AFS financial assets where the investment's underlying cost is greater than the fair value, the loss has not been recognized in net income (loss) either because:

- there is not objective evidence of impairment, or
- the loss is not considered to be significant or prolonged.

Fair-Value Measurement

Financial assets that are measured at fair value are classified by their level within the fair-value hierarchy. The fair-value hierarchy consists of three levels that are defined on the basis of the type of inputs used to measure fair value. The classification cannot be higher than the lowest level of input that is significant to the measurement:

Level 1—Fair value is determined based on unadjusted quoted prices of identical assets in active markets. Inputs include prices from exchanges where equity and debt securities are actively traded.

Level 2—Level 2 valuations utilize inputs other than quoted market prices included in Level 1 that are observable, directly or indirectly, for the asset. These inputs include quoted prices for similar assets in active markets and observable inputs other than quoted prices, such as interest rates and yield curves. The fair values for some Level 2 securities were obtained from a pricing service. Pricing service inputs may include benchmark yields, reported trades, broker/dealer quotes and bid/ask spreads.

Level 3—Fair-value measurements using significant inputs that are not based on observable market data are Level 3. This mainly consists of derivatives and private equity investments. In these cases prices may be determined by internal pricing models utilizing all available financial information, including direct comparison and industry sector data. For some investments, valuations are obtained annually. For periods between valuations, management assesses the validity of the valuation for current reporting purposes.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified.

Valuation techniques used by the Corporation's independent pricing service providers and third-party broker-dealers include use of prices from similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants. The Corporation assess the reasonableness of pricing received from these third-party sources by comparing the fair values received to recent transaction prices for similar assets where available, to industry accepted discounted cash flow models (that incorporate estimates of the amount and timing of future cash flows and market observable inputs such as credit spreads and discount rates) and to option pricing model (that incorporate market observable inputs including the quoted price, volatility and dividend yield of the underlying security and risk-free rate).

Detailed valuations are prepared for those financial instruments that are priced internally, while external pricing received from independent pricing service providers and third-party broker-dealers are evaluated by the Corporation for reasonableness. The Corporation's Chief Actuary and Chief Financial Officer oversee the valuation function and regularly review the valuation processes and results, including at each quarterly reporting period. Significant valuation matters, particularly those requiring extensive judgment, are communicated to the Corporation's Investment Committee and Audit, Finance & Risk Committee.

In the year ended March 31, 2022, there was one investment transferred between levels. This is the pooled real-estate fund which transferred from level 2 to level 3 as this is a private equity investment in real estate with properties independently valued by third-party appraisal firms using valuation models. No investments were transferred between levels in the year ended March 31, 2021.

The following table presents financial instruments measured at fair value in the Statement of Financial Position, classified by level within the fair value hierarchy.

As at March 31, 2022 (in thousands of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**
FVTPL financial assets			
Bonds	**17,279**	**1,535,179**	**13,893**
Private debt	-	**46,932**	-
Infrastructure	-	-	**114,580**
Pooled real-estate fund	-	-	**181,888**
Total FVTPL financial assets	**17,279**	**1,582,111**	**310,361**
AFS financial assets			
Cash and cash equivalents	**197,056**	-	-
Bonds	-	**217,401**	-
Private debt	-	**108,615**	**82,032**
Other investments	-	-	**287**
Equity investments	**11,523**	**570,347**	-
Total AFS financial assets	**208,579**	**896,363**	**82,319**
Total assets measured at fair value	**225,858**	**2,478,474**	**392,680**

As at March 31, 2021 (in thousands of Canadian dollars)	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	13,556	1,643,702	14,538
Private debt	-	34,723	-
Infrastructure	-	-	113,334
Pooled real-estate fund	-	123,861	-
Total FVTPL financial assets	13,556	1,802,286	127,872
AFS financial assets			
Cash and cash equivalents	182,123	-	-
Bonds	73,418	230,374	-
Private debt	-	76,524	86,654
Other investments	-	-	671
Equity investments	29,108	514,475	-
Total AFS financial assets	284,649	821,373	87,325
Total assets measured at fair value	298,205	2,623,659	215,197

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

	FVTPL		AFS	
(in thousands of Canadian dollars)	**2022**	2021	**2022**	2021
Balance, beginning of the year	**127,872**	138,302	**87,325**	79,694
Realized gains/(losses)				
Included in net income	**-**	-	**-**	(7,422)
Included in OCI	**-**	-	**-**	-
Unrealized gains/(losses)				
Included in net income	**22,654**	1,502	**-**	-
Included in OCI	**-**	-	**5,898**	(5,960)
Recovery (impairment) of AFS investments included in net income	**-**	-	**(13,864)**	13,388
Transfer from Level 2	**123,861**		**-**	
Purchases	**35,974**	1,166	**2,960**	7,625
Sales	**-**	(13,098)	**-**	-
Return of capital	**-**	-	**-**	-
Balance, end of the year	**310,361**	127,872	**82,319**	87,325

The fair value of HTM bonds, which include schools and certain municipalities, is based on their carrying value, which approximates fair value. As of March 31, 2022, the fair value of municipal, utilities, schools and hospital bonds held to maturity is $468.0 million (March 31, 2021—$493.8 million).

Impairment

Impairment losses were based on management's best estimate of whether objective evidence of impairment exists, using available market data and other observable data. There were no investment impairments recorded in 2020/21. For 2021/22, impaired investments included in the Corporation's portfolio include the following:

As at March 31, 2022 (in thousands of Canadian dollars)	**Gross**	**Impaired**	**Net**
By investment type			
Bonds	**117,763**	**(15,308)**	**102,455**
Private debt	**95,896**	**(13,864)**	**82,032**
Total	**213,659**	**(29,172)**	**184,487**

As at March 31, 2021 (in thousands of Canadian dollars)	Gross	Impaired	Net
By investment type			
Bonds	-	-	-
Private debt	-	-	-
Total	-	-	-

Investment Income

For the years ended March 31 (in thousands of Canadian dollars)	**2022**	2021
Interest income	**71,895**	71,058
Gain (loss) on sale of FVTPL bonds	**(3,954)**	11,498
Unrealized loss on FVTPL bonds	**(129,416)**	(10,111)
Unrealized gain (loss) on pooled real-estate fund	**23,129**	(1,441)
Unrealized loss on private debt	**(2,921)**	(303)
Dividends on infrastructure investments	**3,032**	2,550
Realized gain on infrastructure investments	**-**	2,782
Unrealized gain (loss) on infrastructure investments	**171**	(774)
Foreign exchange loss on infrastructure investments	**-**	(405)
Dividend income	**14,336**	6,896
Gain on sale of equities and other investments	**13,747**	13,848
Loss on foreign exchange on other investments	**-**	(1)
Income (loss) from investment property	**345**	(1,779)
Recovery (impairment) of AFS investments	**(29,172)**	13,388
Investment management fees	**(6,598)**	(5,628)
Total	**(45,406)**	101,578

Investment income is net of investment management fees paid to the Department of Finance in the amount of $6.6 million (March 31, 2021—$5.2 million). This includes $5.3 million (March 31, 2021—$3.6 million) of fees the Province paid to outside managers on the Corporation's behalf.

Temporary Deferral of IFRS 9

The Corporation has temporarily deferred the adoption of IFRS 9. The Corporation qualified for temporary deferral from IFRS 9 based on the following reasons: (1) the Corporation has not previously applied any version of IFRS 9, and (2) the Corporation's activities were predominantly connected with insurance as at December 31, 2015, and there have been no significant changes in its activities since that date. The conclusion that the Corporation's activities were predominantly connected with insurance was made on the basis that the carrying value of the Corporation's liabilities arising from insurance contracts, within the scope of IFRS 4, comprised of greater than 80 per cent of the Corporation's total liabilities and the Corporation does not engage in significant activity unconnected with insurance.

In accordance with the requirements of temporary deferral, the Corporation has disclosed the following information to allow for comparability with entities that have adopted IFRS 9.

Solely Payments of Principal and Interest

The below table categorizes the Corporation's financial assets between two groups: a) financial assets with contractual terms that give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) and b) all other financial assets.

As at March 31, 2022 (in thousands of Canadian dollars)	**Fair Value**	**Change in Fair Value During the Year**
SPPI	**2,196,272**	**(90,205)**
Other	**1,368,711**	**270,968**
Total	**3,564,983**	**180,763**

As at March 31, 2021 (in thousands of Canadian dollars)	Fair Value	Change in Fair Value During the Year
SPPI	2,381,707	40,808
Other	1,249,163	201,457
Total	3,630,870	242,265

Credit Risk Exposure Related to Financial Assets Categorized as SPPI

The below table describes the credit risk exposure and credit risk concentrations for financial assets categorized as SPPI.

As at March 31, 2022 (in thousands of Canadian dollars)	**Fair Value**	**Carrying Value**
Aaa	**66,580**	**66,580**
Aa	**776,631**	**776,631**
A	**961,451**	**961,451**
Baa	**270,206**	**270,206**
Not rated	**121,404**	**121,404**
Total	**2,196,272**	**2,196,272**

As at March 31, 2021 (in thousands of Canadian dollars)	Fair Value	Carrying Value
Aaa	234,013	234,013
Aa	1,407,343	1,407,343
A	346,404	346,404
Baa	285,718	285,718
Ba	11,778	11,778
Not rated	96,451	96,451
Total	2,381,707	2,381,707

5. Investment Property—Non-Financial Instruments

(in thousands of Canadian dollars)	**cityplace Building***	**Surface Parking Lot**	**Parkade**	**Total**
Cost				
Balance at April 1, 2020	43,375	1,040	16,186	60,601
Transfer to property & equipment	(41,021)	-	-	(41,021)
Disposal	(2,354)	-	-	(2,354)
Balance at March 31, 2021	-	1,040	16,186	17,226
Balance at March 31, 2022	**-**	**1,040**	**16,186**	**17,226**
Accumulated Depreciation				
Balance at April 1, 2020	9,048	-	2,755	11,803
Depreciation	856	-	356	
Transfer to property & equipment	(9,087)	-	-	
Disposal	(817)	-	-	(817)
Balance at March 31, 2021	-	-	3,111	3,111
Depreciation	-	-	**357**	**357**
Balance at March 31, 2022	**-**	**-**	**3,468**	**3,468**
Carrying Amounts				
At March 31, 2021	-	1,040	13,075	14,115
At March 31, 2022	**-**	**1,040**	**12,718**	**13,758**
Fair Value at March 31, 2022**	**N/A**	**5,000**	**21,590**	**26,590**

*In the determination of what constitutes investment property relative to property and equipment, effective March 31, 2021, the Corporation considers only property that is 100 per cent investment property. As a result, portions of the cityplace building previously considered investment property are now classified as property and equipment.

**The fair value of the parkade and surface parking lots is determined using an appraisal performed by an external valuator on, at a minimum, a bi-annual basis. The last appraisal conducted was March 2022. The investment property would be classified as a Level 3 investment.

6. Due from Other Insurance Companies

(in thousands of Canadian dollars)	2022	2021
Balance, beginning of the year	**126**	389
Claims paid ceded to reinsurers	**186**	1,516
Less: recovery from reinsurers	**(298)**	(1,779)
Balance, end of the year	**14**	126

7. Deferred Policy Acquisition Costs

(in thousands of Canadian dollars)	Premium Taxes	Commissions	Writedown	Total
Balance at April 1, 2020	20,009	41,742	(10,511)	51,240
Deferred during the year	33,175	90,791	10,511	134,477
Expensed during the year	(32,208)	(88,923)	-	(121,131)
Balance at March 31, 2021	20,976	43,610	-	64,586
Deferred during the year	**33,318**	**94,209**	**-**	**127,527**
Expensed during the year	**(33,930)**	**(93,472)**	**-**	**(127,402)**
Balance at March 31, 2022	**20,364**	**44,347**	**-**	**64,711**

Premium deficiencies are recognized first by writing down deferred policy acquisition costs with any remainder recognized as a liability. The premium taxes are included in the premium taxes expense. Commissions are included in the commissions expense. There were no premium deficiencies booked in 2021/22 or 2020/21. Refer to Note 3 for more information.

8. Property and Equipment

(in thousands of Canadian dollars)	Land & Buildings (1)	Furniture & Equipment(2)	Right-of-Use Assets (3)	Property Under Construction(4)	Total
Cost					
Balance at April 1, 2020	136,730	31,986	16,562	1,430	186,708
Additions	-	326	-	1,674	2,000
Transfer from investment property	41,021	-	-	-	41,021
Disposals	-	(1,005)	-	-	(1,005)
Transfer from property under construction	1,098	739	-	(1,837)	-
Balance at March 31, 2021	178,849	32,046	16,562	1,267	228,724
Additions	**4,585**	**621**	**-**	**3,661**	**8,867**
Disposals	**-**	**(832)**	**-**	**-**	**(832)**
Transfer from property under construction	**227**	**111**	**-**	**(338)**	**-**
Balance at March 31, 2022	**183,661**	**31,946**	**16,562**	**4,590**	**236,759**
Accumulated Depreciation					
Balance at April 1, 2020	42,224	26,845	3,584	-	72,653
Transfer from investment property	9,087	-	-	-	
Disposals	-	(1,000)	-	-	(1,000)
Depreciation	3,033	1,810	540	-	5,383
Balance at March 31, 2021	54,344	27,655	4,124	-	86,123
Disposals	**-**	**(832)**	**-**	**-**	**(832)**
Depreciation	**3,908**	**1,522**	**540**	**-**	**5,970**
Balance at March 31, 2022	**58,252**	**28,345**	**4,664**	**-**	**91,261**
Carrying Amounts					
At March 31, 2021	124,505	4,391	12,438	1,267	142,601
At March 31, 2022	**125,409**	**3,601**	**11,898**	**4,590**	**145,498**

1. Includes land, land improvements, leasehold improvements, buildings and building components: elevators, escalators, HVAC systems, roofing systems. In the determination of what constitutes investment property relative to property and equipment,

effective March 31, 2021, the Corporation considers only property that is 100 per cent investment property. As a result, portions of the cityplace building previously considered investment property are now classified as property and equipment.

2. Includes furniture, equipment, computer equipment, vehicles and demountable wall systems.

3. Includes right-of-use assets land and buildings accounted for under IFRS 16 Leases. Refer to Note 13 for the corresponding lease obligations. The below right-of-use assets are included in the property and equipment table above, totaling the "Right-of-Use Assets" column (1284 Main Street—Building portion; 1284 Main Street—Land portion; Brandon—Royal Canadian Legion Branch #3 Building):

Right-Of-Use Assets (in thousands of Canadian dollars)	**1284 Main Street Building**	**1284 Main Street Land**	**Brandon-Royal Canadian Legion #3**	**Total**
Balance at March 1, 2020	14,975	1,562	25	16,562
Balance at March 31, 2021	14,975	1,562	25	16,562
Balance at March 31, 2022	**14,975**	**1,562**	**25**	**16,562**

4. Includes renovations to cityplace, land improvements, HVACs and roofing.

9. Deferred Development Costs

(in thousands of Canadian dollars)	**Internally Developed Intangible Assets**
Cost	
Balance at April 1, 2020	217,512
Additions	20,845
Impairments	(930)
Balance at March 31, 2021	237,427
Additions	**47,496**
Impairments	**(264)**
Balance at March 31, 2022	**284,659**
Accumulated Depreciation	
Balance at April 1, 2020	173,478
Amortization	18,066
Balance at March 31, 2021	191,544
Amortization	**13,226**
Balance at March 31, 2022	**204,770**
Carrying Amounts	
At March 31, 2021	45,883
At March 31, 2022	**79,889**

Deferred development costs of $47.2 million (March 31, 2021—$19.0 million) are not yet available for use and are currently not being amortized. Impairments of $0.3 million (March 31, 2021—$0.9 million) were recognized during the year and have been recorded in claims expense, loss prevention/road safety expense and operating expense on the Statement of Operations.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

(in thousands of Canadian dollars)	2022	2021
Due to the Province of Manitoba	**19,847**	20,406
Payroll	**10,181**	7,656
Broker commissions	**7,141**	7,810
Provision for fleet rebates	**21,849**	19,377
International Registration Program payable to other jurisdictions	**4,234**	4,286
Premium taxes	**11,479**	1,740
Rebate to policyholders	**-**	155,425
Other payables and accrued liabilities	**32,508**	21,296
Balance at March 31	**107,239**	237,996

11. Due to Other Insurance Companies

(in thousands of Canadian dollars)	2022	2021
Balance at beginning of period	**721**	702
Change in reinsurance ceded premiums written less instalment payments	**(271)**	245
Change in amounts received as collateral for reinsurers' share of unpaid claims	**(31)**	(226)
Balance at March 31	**419**	721

12. Unearned Premiums and Fees

Unearned premiums and fees are net of prepaid premiums and unearned fees.

		March 31, 2022	
(in thousands of Canadian dollars)	**Gross**	**Reinsurers' Share**	**Net**
Unearned premiums			
Balance at April 1, 2021	**699,181**	**644**	**698,537**
Premiums written	**1,422,583**	**21,946**	**1,400,637**
Premiums earned	**(1,442,975)**	**(22,197)**	**(1,420,778)**
Balance at March 31, 2022	**678,789**	**393**	**678,396**
Prepaid premiums	**16,092**	**-**	**16,092**
Unearned fees	**8,563**	**-**	**8,563**
Balance at March 31, 2022	**703,444**	**393**	**703,051**

		March 31, 2021	
(in thousands of Canadian dollars)	Gross	Reinsurers' Share	Net
Unearned premiums			
Balance at April 1, 2020	666,949	218	666,731
Premiums written	1,440,783	19,607	1,421,176
Premiums earned	(1,408,551)	(19,181)	(1,389,370)
Balance at March 31, 2021	699,181	644	698,537
Prepaid premiums	18,862	-	18,862
Unearned fees	9,136	-	9,136
Balance at March 31, 2021	727,179	644	726,535

13. Lease Obligation

The Corporation has elected not to recognize lease liabilities for short-term and low-value leases. Lease payments associated with such leases are expensed on a straight-line basis over the lease term. During the year ended March 31, 2022, $26 thousand was recognized as an expense for short-term and low value leases (March 31, 2021—$20 thousand).

None of the Corporation's leases are subleased and no contingent rent is payable for any lease arrangements.

The Service Centre built on land in Winnipeg at 1284 Main Street and the land on which it is built are owned by a third-party and are leased to the Corporation. The provisions of the lease include an initial term of 25 years and, at the Corporation's option, three further terms of five years each. The Corporation also recognizes the right-of-use asset for a building in Brandon, for which the Corporation has a lease agreement.

The details of the lease obligations are as follows:

(in thousands of Canadian dollars)	
Balance at April 1, 2020	7,070
Lease payments	(504)
Interest	461
Balance at March 31, 2021	7,027
Lease payments	**(505)**
Interest	**457**
Balance at March 31, 2022	**6,979**

Main Street—Building Lease

(in thousands of Canadian dollars with the exception of interest rates)	**March 31, 2022**	March 31, 2021
Interest rate	**6.70%**	6.70%
Interest rate expense for the year	**366**	368
Lease obligations at year end	**5,451**	5,479

The minimum lease payments are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Not later than one year	**394**	394	**380**	380
Later than one year and not later than five years	**1,616**	1,597	**1,320**	1,305
Later than five years	**10,569**	10,983	**3,751**	3,794
Total	**12,579**	12,974	**5,451**	5,479

Main Street—Land Lease

(in thousands of Canadian dollars with the exception of interest rates)	**March 31, 2022**	March 31, 2021
Interest rate	**5.95%**	5.95%
Interest rate expense for the year	**91**	92
Lease obligations at year end	**1,528**	1,539

The minimum lease payments are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Not later than one year	**102**	102	**99**	99
Later than one year and not later than five years	**418**	413	**349**	345
Later than five years	**2,735**	2,843	**1,080**	1,095
Total	**3,255**	3,358	**1,528**	1,539

Brandon—Royal Canadian Legion Branch #3

(in thousands of Canadian dollars with the exception of interest rates)	**March 31, 2022**	March 31, 2021
Interest rate	-	5.95%
Interest rate expense for the year	-	1
Lease obligations at year end	-	9

The minimum lease payments are as follows:

	Minimum Lease Payments		**Present Value of Minimum Lease Payments**	
(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Not later than one year	-	9	-	9
Later than one year and not later than five years	-	-	-	-
Total	-	9	-	9

14. Operating Leases

As A Lessor:

The Corporation owns the cityplace property located in downtown Winnipeg including the cityplace building, one adjacent parking lot and one adjacent parkade. The cityplace building includes five floors of office space, three floors of parking and two floors of retail space. The Corporation leases out portions of the cityplace building.

None of the leases in which the Corporation acts as a lessor are sub-leased.

Future minimum lease payments under non-cancellable leases to be received are:

(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021
Not later than one year	**2,799**	2,805
Later than one year and not later than five years	**7,722**	7,753
Later than five years	**5,760**	5,713
Total	**16,281**	16,271

During the year ended March 31, 2022, other revenue includes gross rental income from operating leases of $11.0 million (March 31, 2021—$10.3 million) and gross rental expenses pertaining to operating leases of $9.8 million (March 31, 2021—$12.1 million). Included in rental income is income contingent on retail sales of $9 thousand (March 31, 2021—$1 thousand).

15. Provision for Employee Current Benefits

The provision for employee current benefits includes accrued vacation and sick leave liabilities. The determination of expenses and liabilities associated with the sick leave plan requires the use of critical assumptions such as discount rates and expected sick leave.

(in thousands of Canadian dollars)	**2022**	2021
Balance at beginning of year	**25,374**	24,298
Provisions incurred	**16,603**	16,599
Payments	**(16,204)**	(15,523)
Balance at March 31	**25,773**	25,374

16. Provision for Employee Future Benefits

The Corporation has a defined benefit pension plan, severance benefit plan and post-retirement extended health benefit plan available to eligible employees. The defined benefit pension plan is based on years of service and final average salary whereas the severance benefit plan is based on years of service and final salary.

The Corporation uses an actuarial valuation, on an annual basis, to measure the accrued provision for its benefit plans. The most recent full actuarial valuation was conducted by an external actuary as at December 31, 2021, with the next scheduled actuarial valuation being December 31, 2022. Additionally, the Corporation had the external actuary revalue the benefit plans at the Corporation fiscal year end of March 31, 2022.

The actuarial valuation is based on the Corporation's best estimate of various economic assumptions. On a yearly basis the Civil Service Superannuation Board provides an approval of the cost-of-living adjustment which is factored into the pension valuation. With respect to the demographic assumptions, the Corporation relies on and uses the assumptions adopted by the Civil Service Superannuation Board. The weighted average duration of the defined benefit obligation is 15.8 years (March 31, 2021—17.0 years). Results from the most recent actuarial valuations, projected to March 31, 2022, and the corresponding economic assumptions are as follows:

Assumptions:

	Pension Benefit Plan		Other Benefit Plans	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
Discount rate - December Actuarial Valuation	**3.03%**	2.59%	**3.03%**	2.59%
Discount rate - March Actuarial Valuation	**4.01%**	3.34%	**4.01%**	3.34%
Inflation rate	**3.00%**	1.20%	**N/A**	N/A
Expected salary increase	**0.75%**	0.00%	**N/A**	N/A
Expected health care cost increase (out of scope)	**N/A**	N/A	**4.10%**	4.80%
Expected health care cost increase (in scope)	**N/A**	N/A	**3.00%**	1.20%

Change in benefit obligations:

	Pension Benefit Plan		Other Benefit Plans	
(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Balance at beginning of period	**457,311**	394,986	**57,226**	**53,674**
Current service cost	**14,502**	17,334	**3,547**	**5,670**
Interest cost	**15,290**	15,001	**1,015**	**1,552**
Benefits paid	**(16,316)**	(17,022)	**(3,398)**	**(2,517)**
Remeasurement (gains)/losses recognized in other comprehensive income	**(47,669)**	47,012	**(6,659)**	**(1,153)**
Balance at March 31	**423,118**	457,311	**51,731**	57,226
Employee contribution for the period	**10,962**	10,591	**-**	-

Funding

The Employee Future Benefits (EFB) investment portfolio is a separate investment portfolio established to support the liabilities for Pension, Employee Post Retirement Benefits and Severance. The EFB portfolio has a unique asset allocation strategy in order to meet its objective of ensuring pension and other future employee benefit obligations are paid as they become due. When the portfolio requires funding to match an increase in the employee future benefit liabilities, it is funded by all lines of business.

The carrying value of the assets in the EFB investment portfolio as at March 31, 2022, and March 31, 2021, are as follows:

Employee Future Benefits Investment Portfolio

	March 31, 2022		March 31, 2021	
	Carrying Value (in thousands of Canadian dollars)	**Percentage of Portfolio**	Carrying Value (in thousands of Canadian dollars)	Percentage of Portfolio
Cash & cash equivalents	**883**	**0.2%**	2,835	0.6%
Bonds	**89,913**	**16.7%**	94,663	18.6%
Private debt	**82,032**	**15.2%**	86,654	17.0%
Equity investment	**214,187**	**39.7%**	190,977	37.5%
Pooled real-estate fund	**92,010**	**17.1%**	75,095	14.7%
Infrastructure	**59,852**	**11.1%**	59,201	11.6%
Total	**538,877**	**100.0%**	509,425	100.0%

The Corporation contributes the employer share of the cost of employee future benefits to the Civil Service Superannuation Fund (CSSF) on a pay-as-you-go method of funding. The interest cost associated with the various benefit plans is based on market interest rates at the most recent valuation date.

Benefit Plan Expenses

	Pension Benefit Plan		Other Benefit Plans	
(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Current service cost	**14,502**	17,334	**3,547**	5,670
Interest cost	**15,290**	15,001	**1,015**	1,552
Total	**29,792**	32,335	**4,562**	7,222

Sensitivity Analysis

Based on the March 31, 2022, actuarial valuation, changes to the actuarial assumptions would change the benefit obligation as follows:

Pension Benefit Plan

Gain due to discount rate increasing from 4.01% to 4.51% (plus .50%)	**(33,477)**
Loss due to discount rate decreasing from 4.01% to 3.51% (minus .50%)	**38,177**
Loss due to mortality life expectancy at age 65 up one year	**11,944**
Loss due to inflation indexing (2/3rd COLA) increasing 0.25%	**12,780**
Gain due to inflation indexing (2/3rd COLA) decreasing from 0.25%	**(11,814)**

Other Benefit Plans

Gain due to discount rate increasing from 4.01% to 4.51% (plus .50%)	**(457)**
Loss due to discount rate decreasing from 4.01% to 3.51% (minus .50%)	**523**
Loss due to mortality life expectancy at age 65 up one year	**86**
Loss due to health care cost inflation indexing increasing 0.25%	**256**
Gain due to health care cost inflation indexing decreasing 0.25%	**(241)**

Out-of-Scope Retirement Benefits

Gain due to discount rate increasing from 4.01% to 4.51% (plus .50%)	**(1,692)**
Loss due to discount rate decreasing from 4.01% to 3.51% (minus .50%)	**1,941**
Loss due to mortality life expectancy at age 65 up one year	**477**
Loss due to health care cost inflation indexing increasing 0.25%	**932**
Gain due to health care cost inflation indexing decreasing 0.25%	**(875)**

Expected maturity analysis of undiscounted pension benefit and other benefit plans:

(in thousands of Canadian dollars)	**Less than a year**	**Between 1 & 2 years**	**Between 2 & 5 years**	**Over 5 years**	**Total**
Pension benefit plan	**13,667**	**14,328**	**46,343**	**841,716**	**916,054**
Other benefit plans	**649**	**710**	**2,502**	**46,498**	**50,359**
At March 31, 2022	**14,316**	**15,038**	**48,845**	**888,214**	**966,413**

(in thousands of Canadian dollars)	Less than a year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
Pension benefit plan	13,361	14,756	52,636	719,144	799,897
Other benefit plans	610	671	2,381	52,032	55,694
At March 31, 2021	13,971	15,427	55,017	771,176	855,591

17. Insurance Contracts

The following is a summary of the insurance contract provisions and related reinsurance assets as at March 31, 2022, and March 31, 2021.

		March 31, 2022	
(in thousands of Canadian dollars)	**Gross**	**Reinsurance Ceded**	**Net**
Insurance Contract Provisions			
Outstanding case reserves	**1,567,643**	**20,283**	**1,547,360**
Provision for incurred but not reported claims	**455,428**	**5,441**	**449,987**
Provision for internal loss adjusting expenses	**220,503**	**-**	**220,503**
Effect of discounting	**(215,574)**	**(2,120)**	**(213,454)**
Provision for adverse deviation	**274,173**	**2,002**	**272,171**
Provision for unpaid claims	**2,302,173**	**25,606**	**2,276,567**
Provision for unearned premiums (Note 12)	**678,789**	**393**	**678,396**
Total insurance contract provisions	**2,980,962**	**25,999**	**2,954,963**

		March 31, 2021	
(in thousands of Canadian dollars)	Gross	Reinsurance Ceded	Net
Insurance Contract Provisions			
Outstanding case reserves	1,418,678	7,362	1,411,316
Provision for incurred but not reported claims	443,067	(802)	443,869
Provision for internal loss adjusting expenses	208,854	-	208,854
Effect of discounting	(160,249)	(289)	(159,960)
Provision for adverse deviation	271,328	488	270,840
Premium deficiency	-	-	-
Provision for unpaid claims	2,181,678	6,759	2,174,919
Provision for unearned premiums (Note 12)	699,181	644	698,537
Total insurance contract provisions	2,880,859	7,403	2,873,456

The following is a summary of the insurance contract provisions and related reinsurance assets by line of business as at March 31, 2022, and March 31, 2021.

		March 31, 2022	
(in thousands of Canadian dollars)	**Gross**	**Reinsurance Ceded**	**Net**
Insurance Contract Provisions			
Basic	**2,583,942**	**2,343**	**2,581,599**
Extension	**125,696**	**20**	**125,676**
Special Risk Extension	**212,725**	**23,754**	**188,971**
Total undiscounted	**2,922,363**	**26,117**	**2,896,246**
Discounting with provision for adverse deviation and premium deficiency	**58,599**	**(118)**	**58,717**
Total Insurance contract provisions	**2,980,962**	**25,999**	**2,954,963**

		March 31, 2021	
(in thousands of Canadian dollars)	Gross	Reinsurance Ceded	Net
Insurance Contract Provisions			
Basic	2,514,729	2,077	2,512,652
Extension	105,055	49	105,006
Special Risk Extension	149,997	5,078	144,919
Total undiscounted	2,769,781	7,204	2,762,577
Discounting with provision for adverse deviation and premium deficiency	111,078	199	110,879
Total insurance contract provisions	2,880,859	7,403	2,873,456

18. Claims Liabilities

Methodology and Assumptions

The best estimates of claim liabilities are determined based on a review of the projected ultimate claim liabilities using various standard actuarial techniques. In particular, the techniques used to project ultimate claim liabilities include the incurred loss-development method, the paid loss-development method, the incurred Bornheutter-Ferguson method, and the paid Bornheutter-Ferguson method. The projected ultimate claim liabilities are then determined by selection of the most appropriate technique by line of business, coverage, and maturity of the accident year. All historical accident years are restated as period from April 1 to March 31 of the subsequent year to reflect the new fiscal year which began in the 2019/20 fiscal year.

Loss Development Method

The loss development method projects ultimate claims for each accident year using the reported/paid losses as at the valuation date, and assuming that future development on these losses is similar to prior accident years' development. The underlying assumption of the method is that the reported/paid-to-date losses will continue to develop in a similar manner in the future.

Bornheutter-Ferguson Method

The Bornheutter-Ferguson Method projects ultimate claims for each accident year by adding the expected unreported/unpaid losses to the reported/paid losses as at the valuation date. The expected unreported/unpaid losses are determined as the product of the expected loss ratio and the per cent unreported/unpaid, the latter based on the maturity of the accident year. An implicit assumption of this method is that the reported/paid-to-date losses contain no informational value as to the amount of losses yet to be reported/paid.

Claim liabilities are initially determined on an undiscounted gross basis. Ceded claim liabilities are then deducted to determine the claim liabilities on an undiscounted net basis.

By line of business and coverage, losses paid and incurred for the last 19 accident years, on a gross basis, are organized in a triangular form by accident year and development period. Adjustments are made to the triangles for comprehensive coverage and indexed coverages:

- For comprehensive coverage, catastrophic losses are removed from the triangles. For the purpose of the valuation, catastrophic losses are defined as losses from a single catastrophic event whereby the incurred losses from the event exceed the Corporation's catastrophe retention level for the applicable accident year. The claim liabilities for these catastrophic losses are evaluated separately.
- For indexed coverages, prior years' losses are brought to current benefit levels so that the loss development factors are unaffected by indexation.

Ratios of loss amounts at successive development years are calculated to build loss development factor triangles. Loss development factors are selected based on observed historical development pattern. Judgment is used whenever there is significant variability in the observed historical development pattern, which happens with coverages with a small number of claims. Judgment is also used, in the absence of available supporting data, to determine tail factors for long-tailed coverages.

The loss data does not include internal loss adjustment expenses (ILAE). As such, a provision for ILAE is determined based on the observed historical ratios of paid ILAE to paid losses. The method assumes that half of the ILAE is paid when the claim is first set up, with the remaining half being paid to maintain the claim. An ILAE ratio is selected based on the observed historical ratios. Half of the selected ratio is applied to case reserves. The full ratio is applied to IBNR losses.

The loss data includes salvage and subrogation. As such, a separate analysis is not performed.

Ceded claim liabilities and net claim liabilities are determined as follows:

- For catastrophe reinsurance, estimates of gross claim liabilities are determined for each catastrophic loss. The net claim liabilities are then determined as the gross claim liabilities less the applicable recovery. The ceded claim liabilities are the applicable recovery.
- For casualty reinsurance, aggregate ceded claim liabilities by insurance year are determined taking into consideration discounting, retention levels, and other contract provisions. These liabilities are deducted from gross claim liabilities to determine net claim liabilities.

The undiscounted claim liabilities are adjusted to determine the discounted claim liabilities on an actuarial present value basis. Two adjustments are made to conform to the Actuarial Standards of Practice of the Canadian Institute of Actuaries:

- The undiscounted claim liabilities are discounted based on a selected discount rate, which is determined based on the market value weighted yield for the Corporation's bond portfolio as at the end of the fiscal year; and
- Provisions for adverse deviation are added to the discounted claim liabilities to obtain the discounted claim liabilities on an actuarial present value basis.

The estimates for unearned premium liabilities are also tested to ensure that they are sufficient to pay for future claims and expenses in servicing the unexpired policies as of the valuation date.

Changes in Assumptions

Change in Discount Rate

The Corporation uses separate investment portfolios to support the claim liabilities by lines of business. For Basic, between the March 31, 2021, valuation and the March 31, 2022, valuation, the discount rate, determined based on the market value weighted yield for the investment portfolio, increased by 66 basis points from 2.88 per cent to 3.54 per cent. For Extension, the discount rate increased by 146 basis points from 2.25 per cent to 3.71 per cent. For SRE, the discount rate increased by 125 basis points from 2.14 per cent to 3.39 per cent. Overall, the increase in the discount rate decreased the discounted net claim liability by $122.2 million and ILAE provision by $12.8 million.

Change in Loss Development Factors

The loss development factors for all coverages are reviewed and revised to reflect an additional year of actual losses. The aggregate effect of all revisions to the selected loss development factors is a decrease in the discounted net claim liabilities of $13.7 million and a decrease in the ILAE provision of $2.5 million from March 31, 2021, to March 31, 2022.

Change in ILAE Ratio

The ILAE ratio was changed from 9.4 per cent to 9.5 per cent for Basic and from 8.0 per cent to 8.5 per cent for Extension to reflect higher internal loss adjustment expense ratio experienced for the recent two years. This change increased the ILAE provision by $2.3 million from March 31, 2021, to March 31, 2022.

Change in Indexation Rate

The fixed two per cent indexation rate has been changed to reflect rising inflation costs. For 2022/23 to 2025/26, the Manitoba Consumer Price Index (MB CPI) rate is forecasted to be 3.3 per cent, 4.2 per cent, 2.4 per cent and 2.3 per cent. For 2026/27 and going forward, the MB CPI is two per cent. This change increased the discounted net claim liabilities by $57.3 million and increased the ILAE provision by $6.2 million from March 31, 2021, to March 31, 2022.

Change in the Initial Loss Ratio Selected for Bornheutter-Ferguson Method

For SRE bodily injury, property damage and accident benefit coverage, the initial loss ratio selection method for current year was changed by assigning 75 per cent weight to the current year experience to recognize two large claims that happened this year. This change increased the discounted net claim liability by $3.0 million and increased the ILAE provision by $0.4 million from March 31, 2021, to March 31, 2022.

The provision for unpaid claims, including adjustment expenses, by major claims category includes:

Balance at March 31, 2022 (in thousands of Canadian dollars)	**Gross**	**Reinsurance Ceded**	**Net**
Automobile Insurance Division			
Liability	**2,058,823**	**25,374**	**2,033,449**
Physical damage	**241,553**	**232**	**241,321**
	2,300,376	**25,606**	**2,274,770**
Discontinued operations—personal/commercial lines	**1,797**	**-**	**1,797**
Total	**2,302,173**	**25,606**	**2,276,567**

Balance at March 31, 2021 (in thousands of Canadian dollars)	Gross	Reinsurance Ceded	Net
Automobile Insurance Division			
Liability	2,040,895	6,032	2,034,863
Physical damage	138,937	727	138,210
	2,179,832	6,759	2,173,073
Discontinued operations—personal/commercial lines	1,846	-	1,846
Total	2,181,678	6,759	2,174,919

Changes in Unpaid Claims and ILAE Provision

Gross

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Discounted unpaid claims at beginning of period	**1,972,824**	1,942,197
Effect of discounting and provision for adverse deviation	**(111,079)**	(70,807)
Undiscounted unpaid claims at beginning of period	**1,861,745**	1,871,390
Ultimate claims for current accident year	**922,297**	729,074
Payment on current accident year claims	**(508,869)**	(456,492)
Change in ultimate claims from prior accident years	**(11,598)**	(4,788)
Payments on prior accident year claims	**(240,504)**	(277,439)
Undiscounted unpaid claims at the period end date	**2,023,071**	1,861,745
Effect of discounting and provision for adverse deviation	**58,599**	111,079
Discounted unpaid claims at the period end date	**2,081,670**	1,972,824
ILAE provision	**220,503**	208,854
Total unpaid claims provision	**2,302,173**	2,181,678

Reinsurance Ceded

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Discounted unpaid claims at beginning of period	**6,759**	5,368
Effect of discounting and provision for adverse deviation	**(199)**	(186)
Undiscounted unpaid claims at beginning of period	**6,560**	5,182
Ultimate claims for current accident year	**17,920**	4,293
Change in ultimate claims from prior accident years	**1,431**	1,892
Payments on prior accident year claims	**(187)**	(4,807)
Undiscounted unpaid claims at the period end date	**25,724**	6,560
Effect of discounting and provision for adverse deviation	**(118)**	199
Discounted unpaid claims at the period end date	**25,606**	6,759
Total unpaid claims provision	**25,606**	6,759

Net of Reinsurance Ceded

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Discounted unpaid claims at beginning of period	**1,966,065**	1,936,829
Effect of discounting and provision for adverse deviation	**(110,880)**	(70,621)
Undiscounted unpaid claims at beginning of period	**1,855,185**	1,866,208
Ultimate claims for current accident year	**904,377**	724,781
Payment on current accident year claims	**(508,869)**	(456,492)
Change in ultimate claims from prior accident years	**(13,029)**	(6,680)
Payments on prior accident year claims	**(240,317)**	(272,632)
Undiscounted unpaid claims at the period end date	**1,997,347**	1,855,185
Effect of discounting and provision for adverse deviation	**58,717**	110,880
Discounted unpaid claims at the period end date	**2,056,064**	1,966,065
ILAE provision	**220,503**	208,854
Total unpaid claims provision	**2,276,567**	2,174,919

According to accepted actuarial practice, the discounted net claim liabilities include a provision for adverse deviation (PfAD) of $272.2 million (March 31, 2021—$270.8 million). This provision is comprised of a claims development PfAD of $192.8 million (March 31, 2021—$186.6 million), an interest rate PfAD of $78.2 million (March 31, 2021—$83.9 million), and a reinsurance PfAD of $1.2 million (March 31, 2021—$0.3 million).

Net claims incurred and adjustment expenses do not include any catastrophes in the current fiscal year (March 31, 2021—nil). Catastrophes are an inherent risk to the Corporation and may contribute materially to the year-to-year fluctuations in the Corporation's results of operations and financial condition when they occur.

Changes in the estimate of net unpaid claims for discontinued operations recognized during the fiscal year ended March 31, 2022, are a decrease of $0.05 million (March 31, 2021—decrease of $0.03 million). All of the net unpaid claims relate to loss dates prior to October 1, 1990.

Unpaid claim liabilities are carried at values that reflect their remaining estimated ultimate costs for all accident years.

Development of Ultimate Claims

The following tables show the development of the estimated gross and net provision for unpaid claims for the 10 most recent accident years as estimated at each reporting date.

Current Ultimate Loss Estimates

Gross	Accident Year										
(in thousands of Canadian dollars)	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022	Total
Estimate of ultimate claims costs for the most recent 10 years:											
At end of accident year	662,672	747,160	695,156	797,589	849,115	850,714	903,009	929,436	729,074	922,297	
One year later	688,939	749,198	702,512	809,487	868,568	862,666	912,378	855,664	741,785		
Two years later	693,249	757,375	710,390	824,666	883,231	871,953	903,754	842,449			
Three years later	686,140	765,209	692,855	820,578	884,145	864,352	881,504				
Four years later	693,530	750,567	693,202	819,162	882,820	865,522					
Five years later	713,438	747,494	691,440	824,277	883,890						
Six years later	712,570	738,583	687,740	819,015							
Seven years later	704,318	739,612	686,318								
Eight years later	705,414	742,880									
Nine years later	703,927										
Current estimate of cumulative claims cost	703,927	742,880	686,318	819,015	883,890	865,522	881,504	842,449	741,785	922,297	8,089,587
Cumulative payments to date	647,075	690,777	628,216	746,414	779,646	759,972	779,514	707,813	574,739	508,868	6,823,034
Effect of discounting and PfAD on above	1,311	967	886	1,130	1,687	1,842	1,662	2,561	6,642	20,694	39,382
Discounted gross unpaid claims in respect of years prior to 2012											773,938
Gross claims relating to discontinued general lines											1,797
ILAE provision											220,503
Total gross unpaid claims											2,302,173
Current estimate of surplus (deficiency)	(41,255)	4,280	8,838	(21,426)	(34,775)	(14,808)	21,505	86,987	(12,711)	-	
Percentage surplus (deficiency) of initial gross reserve	(6.2%)	0.6%	1.3%	(2.7%)	(4.1%)	(1.7%)	2.4%	9.4%	(1.7%)	0.0%	

* The Corporation changed its year end from February 28/29 to March 31, effective March 31, 2020. Current loss estimates (gross and net) are based on the 12-month (April to March) accident year and are shaded. Due to the year-end transition, the March 31, 2020, accident year estimates are for a 13-month period of March 1, 2019, to March 31, 2020. All other accident years are for the 12-month period of March 1 to February 28/29.

Net of Reinsurance Ceded	Accident Year										
(in thousands of Canadian dollars)	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022	Total
Estimate of ultimate claims costs for the most recent 10 years:											
At end of accident year	662,195	744,364	694,710	797,164	848,721	850,337	886,592	929,436	724,781	904,377	
One year later	688,605	746,019	702,227	809,187	868,299	862,475	895,678	855,663	736,356		
Two years later	693,029	754,034	710,206	824,488	883,108	871,937	888,400	842,449			
Three years later	685,992	761,918	692,739	820,486	884,135	864,329	866,488				
Four years later	693,439	747,372	693,153	819,151	882,805	865,522					
Five years later	713,384	744,293	691,434	824,265	883,890						
Six years later	712,548	735,377	687,734	819,014							
Seven years later	704,315	736,383	686,318								
Eight years later	705,409	739,623									
Nine years later	703,928										
Current estimate of cumulative claims cost	703,928	739,623	686,318	819,014	883,890	865,522	866,488	842,449	736,356	904,377	8,047,965
Cumulative payments to date	647,075	687,815	628,216	746,415	779,646	759,972	764,726	707,813	574,739	508,868	6,805,285
Effect of discounting and PfAD on above	1,311	949	886	1,130	1,687	1,842	1,658	2,561	6,734	20,835	39,593
Discounted net unpaid claims in respect of years prior to 2012											771,994
Net claims relating to discontinued general lines											1,797
ILAE provision											220,503
Total net unpaid claims											2,276,567
Current estimate of surplus (deficiency)	(41,733)	4,741	8,392	(21,850)	(35,169)	(15,185)	20,104	86,987	(11,575)	-	
Percentage surplus (deficiency) of initial net reserve	(6.3%)	0.6%	1.2%	(2.7%)	(4.1%)	(1.8%)	2.3%	9.4%	(1.6%)	0.0%	

There is uncertainty inherent in the estimation process. The actual amount of ultimate claims can only be ascertained once all claims are closed. The unpaid claim liabilities for Personal Injury Protection Plan (PIPP) benefits represent the majority of the Corporation's claim liabilities. PIPP claim liabilities are also the most uncertain because of the long-term nature of these benefits. A 5.00 per cent increase in net PIPP claim liabilities is equal to approximately $71.5 million (March 31, 2021—$72.1 million). Such a change could occur if the actual future development of lifetime PIPP claimants was higher than expected.

The discount rate for the Corporation's claim liabilities is calculated based on the yield of the Corporation's fixed income portfolio. Approximately 76 per cent of the Basic Claims, 57 per cent of the Extension and 68 per cent of the SRE fixed income portfolios are composed of marketable bonds. Across all lines of business (i.e., from a consolidated perspective), approximately 74 per cent of all fixed income is invested in marketable bonds. The changes in the marketable bond yield have a direct impact on the estimated value of the Corporation's unpaid claim liabilities.

A 1.00 per cent decrease in marketable bond interest rates would increase claim liabilities by approximately $160.6 million (March 31, 2021—$186.2 million), while a 1.00 per cent decrease in the claim liabilities discount rate would increase claim liabilities by approximately $214.7 million (March 31, 2021—$235.0 million). However, this impact would be largely offset by gains/losses on the Corporation's fixed income portfolio as described in the Interest Rate Risk section of Note 31.

19. Reinsurance

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at March 31, 2022, these reinsurance agreements limit the Corporation's exposure on a casualty basis to a maximum amount of $10.0 million for PIPP claims and $5.0 million for SRE claims (March 31, 2021—$10.0 million for PIPP claims and $5.0 million for SRE claims) on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a fiscal year aggregation of events exceeding $1.0 million, including catastrophic claims, to a retained maximum of $40.0 million (March 31, 2021—$35.0 million). These arrangements protect the Corporation against losses up to $400.0 million (March 31, 2021—$300.0 million).

Certain lines of insurance carry maximum limits lower than these amounts. Additionally, as the Corporation only has a limited number of reinstatements, it is possible that the Corporation would be responsible for costs exceeding the maximum noted above. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

20. Capital Management

The Corporation's objectives for managing capital are to ensure the Corporation is capitalized in a manner which provides a strong financial position, to protect its ability to meet policyholder obligations, and to maintain stable rates.

The capital structure of the Corporation is comprised of retained earnings and AOCI. Retained earnings are comprised of the accumulation of net income (loss) for the Basic and non-Basic lines of business. Non-Basic lines of business consist of Extension and Special Risk Extension (SRE) lines of business and *The Drivers and Vehicles Act* operations.

The capital backing Basic is comprised of the total equity position of the line of business, referred to as the Rate Stabilization Reserve (RSR). The purpose of the RSR is to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

The Corporation's Board of Directors has approved risk-based capital adequacy target levels by line of business. Targets are based upon the capital management framework of the Office of the Superintendent of Financial Institutions Canada (OSFI) and the Minimum Capital Test (MCT). The MCT is a ratio of capital available to capital required and utilizes a risk-based formula to assess the capital adequacy of an insurance company. The Corporation's capital targets are determined based on the underlying risks and the competitive nature of each line of business.

Reserves Regulation 76/2019 of *The Manitoba Public Insurance Corporation Act* sets out the Corporation's capital targets expressed as a MCT percentage by line of business as follows:

- Basic 100 per cent
- Extension 200 per cent
- SRE 300 per cent

In Order No. 176/19, the Public Utilities Board approved the Corporation's Capital Management Plan, including the 100 per cent MCT Basic target capital level for the 2020/21 and 2021/22 insurance years. The Capital Management Plan determines the mechanism for building and releasing capital within the Basic line of business as well as the capital transfer protocols between lines of business.

Use of the MCT framework aligns with industry best practice and allows for comparisons to the private insurance market. The 100 per cent MCT target for Basic reflects the lower risk level of the Basic monopoly insurance program while the 200 per cent MCT target for Extension reflects the higher risks of operating in a competitive environment. SRE's 300 per cent MCT target reflects the higher risk exposure of commercial trucking fleets operating out-of-province.

As at March 31, 2022, Basic's MCT was 95 per cent (March 31, 2021—100 per cent), Extension's MCT was 201 per cent (March 31, 2021—196 per cent), and SRE's MCT was 270 per cent (March 31, 2021—288 per cent)

The Corporation's actuarial team annually prepares a Financial Condition Test report for each insurance line of business to assess capital adequacy under adverse financial conditions. In the most recent report, which was reviewed and signed by the Corporation's external Appointed Actuary, all lines of business were determined to have satisfactory future financial conditions.

The below chart depicts the components of retained earnings.

	Basic Retained Earnings	Non-Basic Retained Earnings	Total Retained Earnings
Balance as at April 1, 2020	440,522	251,390	691,912
Net income attributable to Owner of the Corporation after rebate to policyholders for the year	8,156	19,216	27,372
Balance as at March 31, 2021	448,678	270,606	719,284
Net income (loss) attributable to Owner of the Corporation after rebate to policyholders for the year	**(89,343)**	**31,155**	**(58,188)**
Balance as at March 31, 2022	**359,335**	**301,761**	**661,096**

21. Accumulated Other Comprehensive Income (Loss)

AOCI reflects the net unrealized gain or loss on financial assets classified as AFS and net actuarial gain (loss) on employee future benefits. Changes in AOCI by type of asset are presented below.

(in thousands of Canadian dollars)	Equity Investments	Employee Future Benefits	Other Investments	Total AOCI
Balance as at April 1, 2020	(522)	(44,481)	80	(44,923)
Items that will not be reclassified to income				
Remeasurement of employee future benefits	-	(45,859)	-	(45,859)
Items that will be reclassified to income				
Unrealized losses on AFS assets	118,642	-	2,429	121,071
Reclassification of net realized losses related to AFS assets	(13,849)	-	(13,686)	(27,535)
Balance as at March 31, 2021	104,271	(90,340)	(11,177)	2,754
Items that will not be reclassified to income				
Remeasurement of employee future benefits	-	**54,328**	-	**54,328**
Items that will be reclassified to income				
Unrealized gains on AFS assets	**64,108**	-	**(33,531)**	**30,577**
Reclassification of net realized gains (losses) related to AFS assets	**(13,489)**	-	**29,162**	**15,673**
Balance as at March 31, 2022	**154,890**	**(36,012)**	**(15,546)**	**103,332**

22. Revenue from Service Contracts and Other Revenues

The Corporation has recognized the following amounts relating to revenue from service contracts and other sources in the Statement of Operations.

For the years ending March 31 (in thousands of Canadian dollars)	**2022**	2021
Revenue from service contracts		
DVA operations	**30,250**	30,250
Information	**271**	248
	30,521	30,498
Revenue from other sources		
Administration fees	**11,094**	11,000
Certificates, cards and passes	**1,708**	1,166
Interest	**18,593**	22,760
Rental income	**1,091**	-
Salvage	**500**	251
Training	**440**	319
Miscellaneous	**3,442**	2,073
	36,868	37,569
Total fees and other income	**67,389**	68,067

DVA operations revenue is earned from services provided by the Corporation on behalf of the Province of Manitoba. Revenue is recognized for these services over the period.

Information revenue is earned when the Corporation has provided the information agreed to in the contract.

23. Service Fees and Other Revenue

For the years ending March 31 (in thousands of Canadian dollars)	**2022**	2021
Transaction fees	**8,394**	8,029
Time payment fees	**3,063**	3,059
Time payment interest	**18,593**	22,760
Late payment fees	**-**	10
Dishonoured payment fees	**860**	538
Identity card/enhanced identity card fees	**489**	403
Rental income	**1,091**	-
Other miscellaneous revenue	**4,649**	3,018
Total	**37,139**	37,817

24. The Drivers and Vehicles Act Operations Recovery

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

The Province of Manitoba provides funding to the Corporation to defray the cost borne by the Corporation for DVA operations. The annual Province of Manitoba payment to the Corporation, beginning April 1, 2017, is $30.2 million per year.

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

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

For the years ending March 31 (in thousands of Canadian dollars)	**2022**	2021
Vehicle registration fees	**179,398**	186,692
Driver licensing fees	**26,837**	25,402
Total	**206,235**	212,094

25. Operating Expenses by Nature

Overall operating expenses are comprised of corporate operating expenses, which are allocated to the categories, Claims, Loss prevention/Road safety, Operating and Regulatory/Appeal on the Statement of Operations as well as Commissions and Premium Taxes. The nature of these expenses are as follows:

For the years ending March 31 (in thousands of Canadian dollars)	**2022**	2021
Commissions	95,393	90,491
Premium taxes	38,593	32,208
Compensation	180,489	174,768
Data processing	58,479	38,875
Special services	12,469	9,144
Buildings	8,785	8,776
Safety/loss prevention programs	2,807	2,233
Telephones	1,837	1,842
Public information/advertising	2,910	1,936
Printing, stationery, supplies	4,578	3,598
Postage	5,430	4,827
Regulatory/appeal	4,297	4,226
Travel and vehicle	702	510
Driver education program	3,563	1,595
Grants in lieu of taxes	1,858	1,891
Furniture & equipment	2,284	541
Merchant fees & bank charges	10,467	11,129
Other	7,188	4,584
Amortization of deferred development costs	13,226	18,066
Depreciation of operating property and equipment	5,970	5,383
Total	**461,325**	416,623

26. Rebate to Policyholders

On July 19, 2021, the Corporation applied to the Public Utilities Board to issue a directive that the Corporation issue to ratepayers a percentage of their annualized premiums in respect to universal compulsory automobile insurance policies, through a special payment in an amount equal to the approximate sum of $202.7 million, which included $155.4 million that had been accrued at the end of the 2020/21 fiscal year. The special rebate amount was updated by the Corporation on October 5, 2021, to $334.9 million. On December 15, 2021, the Public Utilities Board issued Order 134/21 approving a rebate of approximately $312 million. As at March 31, 2022, the Corporation expensed $156.5 million for rebates to policyholders (March 31, 2021 - $334.9 million) and paid approximately $311.9 million (March 31, 2021 - $179.5 million).

27. Line of Business Financials

Statement of Financial Positions by Line of Business

(in thousands of Canadian dollars)	Basic March 31, 2022	Basic March 31, 2021	Extension March 31, 2022	Extension March 31, 2021	SRE March 31, 2022	SRE March 31, 2021	DVA March 31, 2022	DVA March 31, 2021	Total* March 31, 2022	Total* March 31, 2021
Assets										
Cash, investments and investment property	**2,909,086**	3,092,042	**199,963**	204,042	**345,496**	264,592	**124,196**	84,309	**3,578,741**	3,644,985
Accounts receivable and prepaid expenses	**398,612**	405,876	**116,198**	111,774	**33,716**	54,804	**20,372**	61,600	**568,898**	634,054
Property and equipment	**111,880**	110,262	**9,175**	9,088	**9,149**	8,695	**15,294**	14,556	**145,498**	142,601
Other assets	**84,831**	71,582	**23,782**	24,323	**33,766**	12,916	**28,234**	9,177	**170,613**	117,998
	3,504,409	3,679,762	**349,118**	349,227	**422,127**	341,007	**188,096**	169,642	**4,463,750**	4,539,638
Liabilities										
Accounts payable and accrued liabilities	**60,876**	196,153	**87,802**	103,283	**3,477**	2,262	**33,530**	59,386	**185,685**	361,084
Unearned premiums and fees	**548,725**	592,939	**94,118**	84,762	**60,601**	49,477	**-**	1	**703,444**	727,179
Provision for employee future benefits	**355,244**	385,846	**30,020**	32,735	**29,089**	31,176	**60,496**	64,780	**474,849**	514,537
Provision for unpaid claims	**2,103,789**	2,045,997	**40,391**	29,387	**157,993**	106,294	**-**	-	**2,302,173**	2,181,678
Other liabilities	**25,011**	24,850	**2,123**	2,120	**2,020**	2,239	**4,017**	3,913	**33,171**	33,122
	3,093,645	3,245,785	**254,454**	252,287	**253,180**	191,448	**98,043**	128,080	**3,699,322**	3,817,600
Equity										
Retained earnings	**359,335**	448,678	**78,832**	86,234	**138,592**	134,886	**84,337**	49,486	**661,096**	719,284
Accumulated other comprehensive income (loss)	**51,429**	(14,701)	**15,832**	10,706	**30,355**	14,673	**5,716**	(7,924)	**103,332**	2,754
	410,764	433,977	**94,664**	96,940	**168,947**	149,559	**90,053**	41,562	**764,428**	722,038
	3,504,409	3,679,762	**349,118**	349,227	**422,127**	341,007	**188,096**	169,642	**4,463,750**	4,539,638

*The total reflected above includes inter-line of business transfers and therefore does not match the corporate financial statements for accounts receivable and accounts payable. The differences are $78.4 million for 2021/22 and $123.1 million for 2020/21.

Of note, in 2021/22, the Corporation transferred $57.0 million (2020/21 - $60.0 million) from the Extension line of business to the DVA line of business. These transfers were done to defray the impact of historical losses in the DVA line of business as well as the costs associated with the technology changes related to Project Nova, which is the largest business transformation in the Corporation's 50-year history. The Corporation is working with the Province of Manitoba to determine the ongoing funding model for the DVA operations.

Statement of Operations by Line of Business

	Basic		Extension		SRE		DVA		Total	
For the year ended (in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Gross premiums written	**1,080,879**	1,158,693	**180,476**	160,043	**161,228**	122,047	**-**	-	**1,422,583**	1,440,783
Revenue										
Net premiums earned	**1,106,408**	1,120,468	**168,854**	154,912	**145,516**	113,990	**-**	-	**1,420,778**	1,389,370
Other revenue	**24,652**	25,792	**10,725**	10,899	**(10)**	(215)	**32,022**	31,603	**67,389**	68,079
Total Earned Revenue	**1,131,060**	1,146,260	**179,579**	165,811	**145,506**	113,775	**32,022**	31,603	**1,488,167**	1,457,449
Expenses										
Claims costs	**862,423**	803,256	**87,497**	68,465	**111,770**	78,137	**-**	-	**1,061,690**	949,858
Commissions	**44,925**	43,384	**33,664**	34,143	**14,886**	11,400	**1,918**	1,564	**95,393**	90,491
Premiums taxes	**28,966**	23,978	**5,124**	4,701	**4,503**	3,529	**-**	-	**38,593**	32,208
Other expenses	**80,371**	74,388	**7,988**	7,855	**9,364**	8,046	**51,016**	33,861	**148,739**	124,150
Total Expenses	**1,016,685**	945,006	**134,273**	115,164	**140,523**	101,112	**52,934**	35,425	**1,344,415**	1,196,707
Investment income (loss)	**(47,184)**	89,528	**4,292**	5,042	**(1,277)**	5,913	**(1,237)**	1,095	**(45,406)**	101,578
Net income (loss) attributable to Owner of the Corporation before rebate to policyholders	**67,191**	290,782	**49,598**	55,689	**3,706**	18,576	**(22,149)**	(2,727)	**98,346**	362,320
Rebate to policyholders	**(156,534)**	(282,626)	**-**	(52,322)	**-**	-	**-**	-	**(156,534)**	(334,948)
Net income (loss) attributable to Owner of the Corporation after rebate to policyholders	**(89,343)**	8,156	**49,598**	3,367	**3,706**	18,576	**(22,149)**	(2,727)	**(58,188)**	27,372

28. Discontinued General Insurance Operations

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987, and personal and commercial insurance policies effective October 1, 1990.

As of February 28, 2001, the Corporation accepted a third-party offer to purchase the reinsurance assumed business from the Corporation. Under the terms of the agreement, the Corporation transferred and assigned to the third party the title, interest and all of the obligations resulting from the un-commuted reinsurance assumed treaties written by the Corporation for the period July 1, 1975, to November 18, 1987, including retrocessional treaties. The obligations include all known or unknown liabilities. The primary liability to the treaty holders remains with the Corporation in the event of the third party's insolvency.

Claims costs and expenses on personal and commercial policies will be incurred until all claims on existing policies are settled.

Discontinued operations resulted in a net income of $45.0 thousand (March 31, 2021—$42.0 thousand net income) which is reported as part of the Special Risk Extension line of business (Note 27). Included in the provision for unpaid claims is $1.8 million (March 31, 2021—$1.8 million) relating to discontinued operations.

29. Commitments

As of March 31, 2022, the Corporation has material commitments related to Administrative Service Contracts, Operations Service Agreements, and Information Technology Systems Contracts as follows:

(in thousands of Canadian dollars)	2022/23	2023/24	2024/25	2025/26	2026/27	Thereafter
Administrative service contracts	4,194	1,913	1,967	1,295	-	-
Operations service agreements	8,590	3,926	3,116	3,090	1,348	1,690
Information technology systems contracts	51,290	41,430	27,462	24,359	18,637	16,140
	64,074	**47,269**	**32,545**	**28,744**	**19,985**	**17,830**

30. Related-Party Transactions

Key Management Personnel

Key management personnel are comprised of all members of the Board of Directors and the named Executive management team. The summary of compensation of key management personnel for the year is as follows:

For the years ending March 31 (in thousands of Canadian dollars)	2022	2021
Short term benefits	**2,962**	2,321
Post-employment benefits	**630**	280
Other long-term benefits	**38**	33
Total	**3,630**	2,634

Key management personnel and their close relatives may have insurance policies and driver's licences with the Corporation as required by *The Manitoba Public Insurance Corporation Act* and *The Drivers and Vehicles Act*. The terms and conditions of such transactions are the same as those available to clients and employees of the Corporation.

Province of Manitoba

Investment management fees paid to the Department of Finance are disclosed in Note 4.

Accounts Payable and Accrued Liabilities include $31.3 million (March 31, 2021—$26.6 million) due to the Province of Manitoba.

The Province of Manitoba provides funding to the Corporation to defray the cost borne by the Corporation for DVA operations. The annual Province of Manitoba payments to the Corporation, beginning April 1, 2017, is $30.2 million per year.

31. Insurance and Financial Risk Management

As a provider of vehicle insurance products, effective risk management is fundamental in protecting earnings, cashflow and ultimately the financial stability of the Corporation. The Corporation is exposed to various types of insurance and financial risks.

The World Health Organization's declaration of the COVID-19 virus as a pandemic on March 11, 2020, disrupted the Corporation's business activities. Some of the major disruptions to the Corporation included a decline in claims cost as a result of fewer drivers on the road, unpredictability in investment income given the fluctuations in interest rates and significant market volatility.

Insurance Risk

The principal risk that the Corporation faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits are greater than estimated. Insurance events have an element of randomness and the actual number and amount of claims and benefits will vary each year from the level established using statistical techniques.

The COVID-19 pandemic has increased uncertainty around insurance risk as a result of changes in claim costs and driver behaviour as discussed above. The Corporation has incorporated the impact of the pandemic in the determination of the provision for unpaid claims based on the information available.

Frequency and Severity of Claims

Frequency is the average number of claims per policy, calculated by dividing the total number of claims by the total number of policies. Severity is the average cost of a claim calculated by dividing the total costs of claims by the total number of claims. There are a number of factors that influence the frequency and severity of claims.

Some factors are affected by the actions of the Corporation and a number of strategies are used to try to reduce cost pressures created by those factors, including claims operational changes, road safety programs, programs to influence driver behaviour such as impaired driving and distracted driving prevention, public awareness campaigns, auto crime reduction initiatives and fraud detection and investigation.

There are other factors that the Corporation has little or no control over, including weather, demographics, pandemic events and economic changes, including vehicle parts/repair inflation and medical expense inflation that influences the cost of claims.

Sources of Uncertainty in the Estimation of the Provision for Unpaid Claims

To manage the uncertainty associated with estimating the provision for unpaid claims, the Corporation's Chief Actuary employs standard actuarial methods. The estimation of the provision for unpaid claims is determined in accordance with accepted actuarial practice in Canada and is based on reasonable assumptions and appropriate methods that are consistently applied, giving appropriate consideration to relevant changes in circumstances such as the COVID-19 pandemic and product changes.

There is inherent uncertainty regarding the assumptions to estimate the amount and timing of future claims payments that make up the provision for unpaid claims. Actuarial assumptions in the provision for unpaid claims include: length of time of settlement with impacts to predictability, experience with similar cases, historical claim payment trends and development patterns, line of business characteristics, effects of inflation on future claim settlement costs and economic decisions. Additionally, the Corporation's provision for unpaid claims can be affected by the frequency and severity of claims and the discount rate.

The Corporation is liable for all insured events that occurred during the term of the insurance contract, even if the loss is reported after the end of the contract term. In addition, injury claims can be long-tailed.

Injury claims include bodily injury, accident benefits and death benefits, which account for approximately 25 per cent of total net claims incurred. The timing of payments of injury claims can be extended due to delayed reporting, and the timing and amount of injury payments can exhibit considerable uncertainty because of the complex bodily injury claims environment and internal claims operational changes.

The frequency and severity of claims is discussed above, while the discount rate and actuarial methods and assumptions are discussed in Note 18.

Concentration of Insurance Risk

The Corporation has a diverse customer base as the sole provider of Basic insurance to all drivers in Manitoba. The Corporation operates in one provincial jurisdiction and provides vehicle insurance only, so there is a concentration of insurance risk with respect to geography, jurisdiction and product type.

The impact of the concentration of insurance risk is quantified through catastrophe modeling that the Corporation's reinsurance broker updates annually. This testing allows the Corporation to assess, monitor and manage these risks effectively. The concentration of insurance risk is also managed through a catastrophe reinsurance treaty, road safety programs, the graduated licensing program and distracted driving campaigns. As the sole provider of Basic insurance, the Corporation invests in and benefits the most from these programs.

Premium Pricing Risk

The Corporation is the sole provider of Basic insurance and is not subject to competitive risk for its Basic insurance product. Basic insurance rates are set to breakeven after considering investment returns. Because the insurance rates area determined based on forward looking estimates of costs, the unfavourable variance in costs, in particular claims costs, may result in Basic insurance premiums not being sufficient to cover costs.

The Corporation is subject to legislative requirements and applies to the Public Utilities Board annually to establish rates for the Basic insurance line of business.

The Corporation's Extension and Special Risk Extension lines of business products compete with other insurers and are subject to underwriting risk and competitive risk.

On behalf of the Province of Manitoba, the Corporation administers the Drivers and Vehicles requirements for driver safety, vehicle registration and driver licensing. Rates for these products are set by the Province of Manitoba.

Financial Risk

Investments carry certain financial risks including market risk, credit risk and liquidity risk. In accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*, the Minister of Finance is responsible for the investments of the Corporation. The Minister has charged the Department of Finance with the operational management of the fund. The Corporation, through the Investment Committee of the Board, and the Department jointly determine appropriate policies and strategies to mitigate risk. The investment objectives and goals of the Corporation are embodied in an Investment Policy document, which sets target asset allocation and portfolio concentration limits as well as defining the credit quality of the counterparties and the percentage of highly liquid investments required to meet cash flow needs.

Market Risk

Market risk is the risk that changes in foreign exchange rates, market interest rates and other changes in market prices will result in fluctuation of the fair value or future cash flows of a financial instrument.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates will result in fluctuation of the fair value or future cash flows of a financial instrument. The Corporation has low exposure to currency risk because the Corporation has limited non-Canadian financial instruments. As of March 31, 2022, total foreign denominated financial instruments was approximately 5.37 per cent (March 31, 2021—4.95 per cent) of the Corporation's investment portfolio and had carrying values noted below.

A 10 per cent change in the USD exchange rate as at March 31, 2022, would change the fair value of the USD investments below and result in a change to OCI of approximately $14.1 million and to profit or loss of $2.6 million. This would also result in a change to the USD swap of $1.3 million to profit or loss. A 10 per cent change in the GBP exchange rate as at March 31, 2022, would change the fair value of the GBP investments and result in a change to profit or loss of $1.5 million.

March 31, 2022	**March 31, 2022**	March 31, 2021	March 31, 2021
$133.2 million USD	**$166.4 million CAD**	$122.0 million USD	$153.4 million CAD
£8.9 million GBP	**$14.6 million CAD**	£10.1 million GBP	$17.5 million CAD

The Corporation has entered into a currency swap relating to a Province of Quebec provincial bond denominated in U.S. dollars for $10.0 million. The currency swap provides a fixed 5.76 per cent return in Canadian dollars. The agreement also provides that at predetermined future dates, the Corporation pays a fixed 7.5 per cent rate based on the U.S. $10.0 million par value of the bond and receives 5.76 per cent return based on a Canadian dollar notional value of $13.4 million. As of March 31, 2022, the fair value of the swap was $0.6 million (March 31, 2021—$0.3 million). The maturity date of the currency swap and the bond is July 15, 2023.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will result in fluctuation of the fair value or future cash flows of a financial instrument.

The market valuation of the Corporation's fixed income portfolio is directly impacted by fluctuations in interest rates and will have a larger impact on instruments with a long duration.

	Average Effective Rate—%	
	2022	2021
Federal	**2.95**	1.66
Provincial	**3.07**	2.03
Municipal	**3.43**	2.61
Schools	**4.39**	4.44
Corporations	**3.08**	2.31

A new Asset Liability Management strategy was implemented in June 2021. The Corporation employs a hybrid methodology comprised of moment matching and cash flow matching to manage the interest rate risk associated with the Basic claims liabilities. Previous to that time, the Corporation employed a duration matching strategy.

A portion of the Basic claims liabilities are carved out to match the cash flows from the non-marketable bond portfolio; a duration-based comparison is used to monitor this portion of the strategy. The remaining liabilities are matched to the marketable bond portfolio through a moment matching approach.

Interest rate risk for Basic claims is managed by matching the first and second moments of the marketable bond portfolio to the first and second moments of the Corporation's Basic claims liabilities (excluding the liabilities matched to the non-marketable bond portfolio). The first moment and second moment are indicators of the sensitivity of the assets and liabilities to changes in the current interest rates.

Under the current policy, the first moment of the marketable bond portfolio must be within +/- 0.25 years of the first moment of the associated Basic claim liabilities with a maximum dollar difference of +/-$90 million. The duration of the non-marketable bond portfolio must be within +/-0.25 years of the associated Basic claims liabilities with a maximum dollar difference of +/- $10 million. Any gap between the first and second moments of the assets and the liabilities is minimized by purchasing and selling fixed interest securities to adjust those moments appropriately.

As of March 31, 2022, the Corporation's Basic claims marketable bonds first moment duration gap was negative 0.06 years. The non-marketable bonds had a modified duration gap of negative 0.10 years as of March 31, 2022. As at March 31, 2021, the Corporation's Basic claims duration gap was 0.2 years. The dollar difference in all fixed income assets and Basic claims liabilities was negative $118.2 million.

The Corporation does not specifically match employee future benefit obligations with fixed income but rather a balanced asset allocation approach.

The approximate impact of an increase of 100 basis points in interest rates as at March 31, 2022, would decrease the net income (loss) attributable to Owner of the Corporation by $44.2 million (March 31, 2021—$17.2 million decrease) and increase the OCI of the Corporation by $33.1 million (March 31, 2021—$43.6 million increase). The approximate impact of a decrease of 100 basis points in interest rates as at March 31, 2022, would increase the net income (loss) attributable to Owner of the Corporation by $17.4 million (March 31, 2021—$14.0 million decrease) and decrease OCI of the Corporation by $42.8 million (March 31, 2021—$53.7 million decrease).

Equity Price Risk

The fair value of equity securities held by the Corporation can be affected by changes in market prices, other than currency and interest rate risks, which may be caused by factors specific to the individual financial instrument or factors affecting all similar financial instruments. General economic conditions, political conditions and other factors affect the equity market. As at March 31, 2022, a 10.0 per cent change in the fair value of the Corporation's equity portfolio would result in a $58.2 million (March 31, 2021—$54.4 million) change in OCI.

As all equities are classified as AFS, all changes in prices are recorded as OCI and do not directly impact the Statement of Operations until such time as an investment is sold or has become impaired (Note 3). The Corporation has policies in place to limit and monitor its exposure to individual issuers and classes of issuers of equity securities.

The Corporation's investment portfolio is exposed to changes in equity prices in Canadian and global markets. At March 31, 2022, equities comprised 17.3 per cent (March 31, 2021 – 15.8 per cent) of the carrying value of the Corporation's investment portfolio.

Equity risk results from movements in and/or the volatility of equity markets, including equity prices and indices. Diversification techniques are employed to minimize risk including exposure to various investment styles. Our investment policies limit total investment in any entity or group of relates entities to a maximum of five per cent of our assets. Our stock portfolio is benchmarked to the indices noted in the table below. A 10 per cent movement in the indices, with all other variables held constant, would have the following estimated effect on the fair value of our stock holdings as at March 31, 2022, and March 31, 2021.

(in thousands of Canadian dollars)

Stock Portfolio	**Benchmark**	**March 31, 2022**	March 31, 2021
Canadian common	S&P/TSX Composite Index	**20,921**	22,516
Global equities	MSCI World Index	**25,999**	25,998
Total		**46,920**	48,514

Credit Risk

Credit risk is the potential for the Corporation to incur a financial loss due to the failure of the other party to discharge an obligation. Financial instruments that give rise to potential credit risk for the Corporation include fixed income securities, accounts receivable, reinsurance receivables and structured settlements.

The following table summarizes the Corporation's maximum exposure to credit risk on the Statement of Financial Position. The maximum credit exposure is the carrying value of the asset net of an allowance for loss.

(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021
Cash and cash equivalents	**197,056**	182,123
Bonds	**2,251,723**	2,469,397
Private debt	**237,579**	197,901
Due from other insurance companies	**14**	126
Accounts receivable	**485,964**	506,597
Reinsurance receivable	**25,580**	6,952
Maximum credit risk exposure on the Statement of Financial Position	**3,197,916**	3,363,096

The Corporation has entered into a currency swap relating to a Province of Quebec provincial bond denominated in U.S. dollars for $10.0 million. The currency swap provides a fixed 5.76 per cent return in Canadian dollars. The agreement also provides that at predetermined future dates, the Corporation pays a fixed 7.5 per cent rate based on the U.S. $10.0 million par value of the bond and receives 5.76 per cent return based on a Canadian dollar notional value of $13.4 million. As of March 31, 2022, the fair value of the swap was $0.6 million (March 31, 2021—$0.3 million). The maturity date of the currency swap and the bond is July 15, 2023.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will result in fluctuation of the fair value or future cash flows of a financial instrument.

The market valuation of the Corporation's fixed income portfolio is directly impacted by fluctuations in interest rates and will have a larger impact on instruments with a long duration.

	Average Effective Rate—%	
	2022	2021
Federal	**2.95**	1.66
Provincial	**3.07**	2.03
Municipal	**3.43**	2.61
Schools	**4.39**	4.44
Corporations	**3.08**	2.31

A new Asset Liability Management strategy was implemented in June 2021. The Corporation employs a hybrid methodology comprised of moment matching and cash flow matching to manage the interest rate risk associated with the Basic claims liabilities. Previous to that time, the Corporation employed a duration matching strategy.

A portion of the Basic claims liabilities are carved out to match the cash flows from the non-marketable bond portfolio; a duration-based comparison is used to monitor this portion of the strategy. The remaining liabilities are matched to the marketable bond portfolio through a moment matching approach.

Interest rate risk for Basic claims is managed by matching the first and second moments of the marketable bond portfolio to the first and second moments of the Corporation's Basic claims liabilities (excluding the liabilities matched to the non-marketable bond portfolio). The first moment and second moment are indicators of the sensitivity of the assets and liabilities to changes in the current interest rates.

Under the current policy, the first moment of the marketable bond portfolio must be within +/- 0.25 years of the first moment of the associated Basic claim liabilities with a maximum dollar difference of +/-$90 million. The duration of the non-marketable bond portfolio must be within +/-0.25 years of the associated Basic claims liabilities with a maximum dollar difference of +/- $10 million. Any gap between the first and second moments of the assets and the liabilities is minimized by purchasing and selling fixed interest securities to adjust those moments appropriately.

As of March 31, 2022, the Corporation's Basic claims marketable bonds first moment duration gap was negative 0.06 years. The non-marketable bonds had a modified duration gap of negative 0.10 years as of March 31, 2022. As at March 31, 2021, the Corporation's Basic claims duration gap was 0.2 years. The dollar difference in all fixed income assets and Basic claims liabilities was negative $118.2 million.

The Corporation does not specifically match employee future benefit obligations with fixed income but rather a balanced asset allocation approach.

The approximate impact of an increase of 100 basis points in interest rates as at March 31, 2022, would decrease the net income (loss) attributable to Owner of the Corporation by $44.2 million (March 31, 2021—$17.2 million decrease) and increase the OCI of the Corporation by $33.1 million (March 31, 2021—$43.6 million increase). The approximate impact of a decrease of 100 basis points in interest rates as at March 31, 2022, would increase the net income (loss) attributable to Owner of the Corporation by $17.4 million (March 31, 2021—$14.0 million decrease) and decrease OCI of the Corporation by $42.8 million (March 31, 2021—$53.7 million decrease).

Equity Price Risk

The fair value of equity securities held by the Corporation can be affected by changes in market prices, other than currency and interest rate risks, which may be caused by factors specific to the individual financial instrument or factors affecting all similar financial instruments. General economic conditions, political conditions and other factors affect the equity market. As at March 31, 2022, a 10.0 per cent change in the fair value of the Corporation's equity portfolio would result in a $58.2 million (March 31, 2021—$54.4 million) change in OCI.

As all equities are classified as AFS, all changes in prices are recorded as OCI and do not directly impact the Statement of Operations until such time as an investment is sold or has become impaired (Note 3). The Corporation has policies in place to limit and monitor its exposure to individual issuers and classes of issuers of equity securities.

The Corporation's investment portfolio is exposed to changes in equity prices in Canadian and global markets. At March 31, 2022, equities comprised 17.3 per cent (March 31, 2021 – 15.8 per cent) of the carrying value of the Corporation's investment portfolio.

Equity risk results from movements in and/or the volatility of equity markets, including equity prices and indices. Diversification techniques are employed to minimize risk including exposure to various investment styles. Our investment policies limit total investment in any entity or group of relates entities to a maximum of five per cent of our assets. Our stock portfolio is benchmarked to the indices noted in the table below. A 10 per cent movement in the indices, with all other variables held constant, would have the following estimated effect on the fair value of our stock holdings as at March 31, 2022, and March 31, 2021.

(in thousands of Canadian dollars)

Stock Portfolio	**Benchmark**	**March 31, 2022**	March 31, 2021
Canadian common	S&P/TSX Composite Index	**20,921**	22,516
Global equities	MSCI World Index	**25,999**	25,998
Total		**46,920**	48,514

Credit Risk

Credit risk is the potential for the Corporation to incur a financial loss due to the failure of the other party to discharge an obligation. Financial instruments that give rise to potential credit risk for the Corporation include fixed income securities, accounts receivable, reinsurance receivables and structured settlements.

The following table summarizes the Corporation's maximum exposure to credit risk on the Statement of Financial Position. The maximum credit exposure is the carrying value of the asset net of an allowance for loss.

(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021
Cash and cash equivalents	**197,056**	182,123
Bonds	**2,251,723**	2,469,397
Private debt	**237,579**	197,901
Due from other insurance companies	**14**	126
Accounts receivable	**485,964**	506,597
Reinsurance receivable	**25,580**	6,952
Maximum credit risk exposure on the Statement of Financial Position	**3,197,916**	3,363,096

Fixed Income Securities Credit Risk

The Corporation mitigates its exposure to credit risk by placing fixed income securities with high-quality institutions with investment grade ratings. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. The following table highlights the fixed income securities by credit quality according primarily to Moody's Investors Service, with additional inputs from Standard & Poor's and Dominion Bond Rating Service, at the period end date. All Manitoba municipal and school bonds are backed by the Province of Manitoba and, as such, have been assigned the credit rating of the Province of Manitoba Bonds.

	March 31, 2022		March 31, 2021	
	Carrying Value (in thousands of Canadian dollars)	Percentage of Portfolio	Carrying Value (in thousands of Canadian dollars)	Percentage of Portfolio
Aaa	66,580	2.7%	234,013	8.8%
Aa	776,631	31.2%	1,407,343	52.8%
A	961,451	38.6%	346,404	13.0%
Baa	270,206	10.9%	285,718	10.7%
Ba	-	0.0%	11,778	0.4%
Not Rated	414,434	16.6%	382,042	14.3%
Total	2,489,302	100.0%	2,667,298	100.0%

Accounts Receivable Credit Risk

The Corporation's accounts receivable are comprised of customers with varying financial conditions as the Corporation is required to provide Basic insurance to all vehicle owners and drivers in the Province of Manitoba. All significant past due receivables, including subrogation receivables, are fully provided for due to the uncertainty of collection. Substantially all remaining receivables are deemed to be collectible within 12 months. The credit risk pertaining to premiums receivable is mitigated as a customer's policy may be cancelled for default of payment.

The following table highlights the Corporation's accounts receivable by major category.

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Balance at beginning of year	47,883	37,852
Accounts written off	(971)	(3,289)
Current period provision	19,937	13,320
Balance at March 31	66,849	47,883

Details of the allowance for doubtful accounts are as follows:

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Policy and time payments	455,362	470,604
Accrued interest	24,791	26,230
Subrogation and other receivables	72,660	57,646
Allowance for doubtful accounts	(66,849)	(47,883)
At year ended	485,964	506,597

Accounts receivable are primarily from customers, along with amounts from brokers across the province of Manitoba.

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Current	506,661	523,847
31-60 days	1,975	3,132
61-90 days	1,029	1,354
Greater than 90 days	43,148	26,147
Subtotal	552,813	554,480
Allowance for doubtful accounts	(66,849)	(47,883)
At year ended	485,964	506,597

Reinsurance Receivable Credit Risk

The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant losses from reinsurer insolvency. The Corporation holds collateral in regards to unregistered reinsurance in the form of amounts on deposit and letters of credit of which there were $0.4 million outstanding as of March 31, 2022 (March 31, 2021—$0.5 million).

Furthermore, a corporate guideline requiring reinsurers to have a minimum credit rating of A– from A.M. Best and BBB+ credit rating from S&P Global Ratings is in place.

For the 2021/22 fiscal year, 10 reinsurers share the Corporation's casualty reinsurance coverage, ranging from 2.5 per cent to 30.0 per cent on any one layer. The reinsurer exposed to 30.0 per cent of the losses is licensed in Canada by OSFI and, therefore, subject to minimum capital requirements.

For the 2021/22 fiscal year, 17 reinsurers share the Corporation's catastrophe reinsurance coverage, none holding more than 25.0 per cent of the reinsurance exposure on any one layer.

No material amount due from reinsurers was considered uncollectible during 2021/22 and no allowance for doubtful accounts has been established as at March 31, 2022.

Structured Settlements Credit Risk

The Corporation has settled some insurance claims by purchasing structured settlements from life insurers. As of the Statement of Financial Position date, the present value of expected payments totals $119.0 million (March 31, 2021—$136.1 million) based on various dates of purchase. The Corporation guarantees the future annuity payments to claimants and is thus exposed to a credit risk to the extent any of the life insurers fail to fulfill their obligations. The net risk to the Corporation is the credit risk related to the life insurance companies that the annuities are purchased from. This risk is reduced to the extent of coverage provided by Assuris, the life insurance compensation insurance plan. Assuris is an independent not-for-profit, industry-funded compensation organization founded in 1990. Assuris is designated by the federal Minister of Finance under *The Insurance Companies Act of Canada* to protect policyholders.

Liquidity Risk

A significant risk of the insurance industry is the ability to match the cash inflows of the investment portfolio with the cash requirements of the policy liabilities and operating expenses. The Corporation has taken the overall historical liability settlement pattern as a basis to define diversification and duration characteristics of the investment portfolio. To meet the cash requirements for claims and operating expenses, the Corporation has policies to ensure that assets and liabilities are broadly matched in terms of their duration.

Cash and cash equivalents are essential components of the Corporation's financial liquidity management. Cash flows are monitored to ensure sufficient resources are available to meet our current operating requirements. Excess funds not needed to meet current operating requirements are invested in long-term instruments to generate additional revenue for future obligations.

Bonds—maturity profile

	March 31, 2022			
(in thousands of Canadian dollars)	Within One Year	One Year to Five Years	After Five Years	Total
Federal	-	-	44,186	44,186
Manitoba				
Provincial	-	-	117,073	117,073
Municipal	49	5,349	81,639	87,037
Schools	1,977	50,487	360,404	412,868
Other Provinces				
Provincial	37,049	110,218	744,006	891,273
Municipal	-	4,987	50,057	55,044
Corporations	176,855	17,301	450,086	644,242
Total	215,930	188,342	1,847,451	2,251,723

		March 31, 2021		
		One Year to		
(in thousands of Canadian dollars)	Within One Year	Five Years	After Five Years	Total
Federal	20,107	-	29,755	49,862
Manitoba				
Provincial	-	-	134,059	134,059
Municipal	247	5,975	69,161	75,383
Schools	2,514	66,389	384,401	453,304
Other Provinces				
Provincial	8,899	347,135	651,173	1,007,207
Municipal	19,038	5,264	49,076	73,378
Corporations	-	44,892	631,312	676,204
Total	50,805	469,655	1,948,937	2,469,397

Liability Liquidity

		March 31, 2022		
		One Year to		
(in thousands of Canadian dollars)	**Within One Year**	**Five Years**	**After Five Years**	**Total**
Provision for unpaid claims Cash Flows—undiscounted basis	**422,221**	**433,999**	**1,343,739**	**2,199,959**

		March 31, 2021		
		One Year to		
(in thousands of Canadian dollars)	Within One Year	Five Years	After Five Years	Total
Provision for unpaid claims Cash Flows—undiscounted basis	317,571	395,506	1,328,448	2,041,525

32. Non-Current Assets and Liabilities

The following table presents financial assets and liabilities valued on the Corporation's Statement of Financial Position that the Corporation expects to recover or settle in 12 months or greater.

(in thousands of Canadian dollars)	**March 31, 2022**	March 31, 2021
Financial Assets		
Bonds	**2,035,793**	2,418,592
Pooled real-estate fund	**181,888**	123,861
Infrastructure and other investments	**114,867**	114,005
Reinsurers' share of unpaid claims	**17,046**	4,544
	2,349,594	2,661,002
Financial Liabilities		
Lease obligations	**6,500**	6,539
Provision for unpaid claims—net	**1,872,576**	1,862,629
	1,879,076	1,869,168
Net assets due after one year	**470,518**	791,834

33. Rate Regulation

Under the provisions of *The Crown Corporations Governance and Accountability Act*, the Public Utilities Board has the authority to review and approve Basic Insurance rates, premiums and service fees charged with respect to compulsory driver and vehicle insurance provided by the Corporation. No new rates or fees for services can be introduced without the approval of the Public Utilities Board. This business comprises approximately 80 per cent (March 31, 2021—84 per cent) of the total business based on net claims incurred.

Annually the Corporation prepares its Basic Insurance general rate application and files it with the Public Utilities Board in the month of June for implementation the following fiscal year. The general rate application includes the prospective rate requirements based on historical and forecasted financial and other information as well as the application of actuarial, accounting and statistical principles and practices.

The Corporation is required to pay a portion of the Public Utilities Board's operating costs relating to the Corporation's share of the overall Public Utilities Board budget. In addition, the Public Utilities Board can also order the Corporation to reimburse other proceeding participants for specified costs such as their time, legal and expert witness fees.

34. Contingent Liabilities

The Corporation is subject to litigation arising in the normal course of conducting its insurance business. The Corporation is of the opinion that this litigation will not have a significant effect on the financial position, financial performance or cash flows of the Corporation.

Manitoba Public Insurance Locations

Customer Service

Winnipeg
T: 204–985–7000

Outside Winnipeg (Toll-Free)
T: 800–665–2410

Deaf Access TTY/TDD
T: 204–985–8832

Out-of-Province Claims
T: 800–661–6051

Administrative Offices

Winnipeg
234 Donald Street
Box 6300 R3C 4A4

Brandon
731 1st Street R7A 6C3

Service Locations

Winnipeg

Service Centres
15 Barnes Street
125 King Edward Street East
40 Lexington Park
1284 Main Street
930 St. Mary's Road

cityplace
234 Donald Street

Service Centre, Main Floor

ID Verification and Data Integrity

Rehabilitation Management Centre

Serious and Long-Term Case Management Centre

Bodily Injury Centre

Physical Damage Centre
1981 Plessis Road

Holding Compound/Receiving

Salvage

Commercial Claims

Outside Winnipeg

Arborg Service Centre
323 Sunset Boulevard

Beausejour Service Centre
848 Park Avenue

Brandon Service Centre
731 1st Street

Dauphin Service Centre
217 Industrial Road

Portage La Prairie Service Centre
2007 Saskatchewan Avenue West

Selkirk Service Centre
1008 Manitoba Avenue

Steinbach Service Centre
91 North Front Drive

Swan River Claim Centre
125 4th Avenue North

The Pas Claim Centre
424 Fischer Avenue

Thompson Service Centre
53 Commercial Place

Winkler Service Centre
355 Boundary Trail

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