

October 25, 2023

Undertaking #031

MPI to provide an updated RI-10, PF-1, PF-2, and PF-3, using an expected investment yield net of investment expenses of 5.16 percent, equal to the average of the two (2) test years, 2024/25 and 2025/26.

RESPONSE:

As requested, the pro forma's below have been updated to reflect the 5.16 percent investment yield (net of investment expenses). The resulting rate indication came in at -1.66%.

October 25, 2023

**2024 GENERAL RATE APPLICATION
Undertaking #031 Transcript Page 1686**

**Figure 1
PF-1
Statement of Operations: 2024 GRA Base with Basic rate change of -1.66%
IFRS 17 Forecast with IFRS 4 Presentation**

Multi-year - Statement of Operations

<i>2024 GRA Base - Basic rate change of -1.66%</i>									
Line No.		<i>For the Years Ended March 31,</i>							
		<i>IFRS 4</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>
		<i>2023A</i>	<i>2023A</i>	<i>2024F</i>	<i>2025F</i>	<i>2026F</i>	<i>2027F</i>	<i>2028F</i>	<i>2028F</i>
	<i>Reclass Adj. from / (to)</i>	<i>2023A</i>	<i>IFRS 17 Adj.*</i>	<i>2023A</i>	<i>2024F</i>	<i>2025F</i>	<i>2026F</i>	<i>2027F</i>	<i>2028F</i>
1									
2	BASIC								
3	Motor Vehicles	1,121,811	-	1,121,811	1,112,046	1,128,697	1,164,963	1,199,835	1,237,496
4	Capital Release Provision	(57,026)	-	(57,026)	-	-	-	-	-
5	Drivers	59,085	-	59,085	62,520	64,822	66,634	67,982	70,043
6	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
7	Total Net Premiums Written	1,107,478	-	1,107,478	1,158,180	1,176,641	1,214,213	1,249,911	1,289,096
8	Net Premiums Earned								
9	Motor Vehicles	1,103,695	-	1,103,695	1,119,108	1,120,478	1,147,063	1,182,623	1,218,908
10	Capital Release Provision	(65,568)	-	(65,568)	(28,558)	-	-	-	-
11	Drivers	59,896	-	59,896	61,180	63,693	65,745	67,321	69,032
12	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
13	Total Net Premiums Earned	1,081,631	-	1,081,631	1,135,344	1,167,293	1,195,424	1,232,038	1,269,497
14	Service Fees & Other Revenues	27,277	(588)	26,689	26,904	27,120	27,704	28,332	28,996
15	Total Earned Revenues	1,108,908	(588)	1,108,320	1,162,248	1,194,413	1,223,128	1,260,370	1,298,493
16	Claims Incurred	903,129	57,095	960,224	922,894	969,379	1,002,628	1,038,266	1,074,941
17	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-	-	-
18	(a) Claims Incurred - Interest Rate Impact	(101,437)	(21,018)	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
19	Total Claims Incurred	801,692	36,077	837,769	930,071	964,848	991,476	1,026,755	1,062,759
20	Claims Expense	146,265	-	146,265	155,922	146,435	147,569	140,760	140,542
21	Road Safety/Loss Prevention	10,530	-	10,530	14,461	12,127	12,109	12,184	12,333
22	Total Claims Costs	958,487	36,077	994,564	1,100,454	1,123,410	1,151,154	1,179,699	1,215,634
23	Expenses								
24	Operating	86,526	-	86,526	98,357	93,404	94,830	91,441	91,296
25	Commissions	47,548	935	48,483	50,817	55,477	55,266	55,493	55,770
26	Premium Taxes	32,941	775	33,716	35,239	35,807	36,950	38,036	39,228
27	Regulatory/Appeal	4,769	-	4,769	4,637	4,239	4,328	4,346	4,366
28	Total Expenses	171,784	1,710	173,494	189,050	188,927	191,374	189,316	190,660
29	Underwriting Income (Loss)	(21,363)	(38,375)	(59,738)	(127,256)	(117,924)	(119,400)	(108,645)	(107,801)
30	Investment Income	98,194	-	98,194	125,102	126,965	131,018	136,308	144,421
31	(b) Investment Income - Interest Rate Impact	(115,602)	-	(115,602)	496	-	-	-	-
32	Net Investment Income	(17,408)	-	(17,408)	125,598	126,965	131,018	136,308	144,421
33	Gain (Loss) on Sale of Property	112	-	112	-	-	-	-	-
34	Net Income (Loss) from Operations	(38,659)	(38,375)	(77,034)	(1,658)	9,041	11,618	27,663	36,620
36	Total net Impact due to interest rate change (b) - (a)	(14,165)	21,018	6,853	(6,681)	4,531	11,152	11,511	12,182
37	Net Income (Loss) from Operations				(1,658)	9,041	11,618	27,663	36,620
38	Adjust for Initiative Expenses (BO 12.1 d)				(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
39	Net Income (Loss) for for Rate Setting Purposes				27,537	35,183	38,227	38,398	40,254

* IFRS 17 Adjustments are for fiscal year 2022-23 only.

October 25, 2023

**2024 GENERAL RATE APPLICATION
Undertaking #031 Transcript Page 1686**

Figure 2

PF-2

Statement of Financial Position: 2024 GRA Base - 2024/25 Basic rate change of -1.66%

Multi-year - Statement of Financial Position

<i>2024 GRA Base - Basic rate change of -1.66%</i>		<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>
Line No.	(C\$ 000s, rounding may affect totals)	<u>2023A</u>	<u>2024BF</u>	<u>2025F</u>	<u>2026F</u>	<u>2027F</u>	<u>2028F</u>
1							
2	BASIC						
3	Assets						
4	Cash and cash equivalents	102,396	2,090	4,906	7,698	10,818	14,449
5	Investments	2,786,044	2,918,650	2,963,961	3,043,759	3,178,030	3,332,064
6	Investment property	5,759	5,604	5,449	5,295	5,140	4,985
7	Accounts receivable	-	-	-	-	-	-
8	Reinsurance asset	4,322	-	-	-	-	-
9	Property and Equipment	124,238	133,543	144,396	167,842	168,994	170,146
10	Deferred development costs	28,271	33,972	36,422	34,057	27,862	21,971
11	Total Assets	3,051,030	3,093,859	3,155,134	3,258,651	3,390,844	3,543,615
12	Liabilities						
13	Due to other insurance companies						
14	Accounts payable and accrued liabilities	58,748	69,113	66,045	64,557	61,937	61,529
15	Reinsurance Liability	-	320	320	320	320	320
16	Lease obligation	5,308	5,276	5,153	5,031	4,908	4,785
17	Insurance contract liability	2,203,302	2,230,879	2,274,276	2,316,214	2,361,913	2,410,940
18	Provision for employee current benefits	19,784	20,670	21,347	22,024	22,701	23,378
19	Provision for employee future benefits	328,847	340,182	351,515	362,847	374,180	385,513
20	Total Liabilities	2,615,989	2,666,440	2,718,656	2,770,993	2,825,959	2,886,465
21	Equity						
22	Retained Earnings	378,246	417,467	426,530	477,707	554,935	647,201
23	Accumulated Other Comprehensive Inco	56,793	9,947	9,947	9,947	9,947	9,947
24	Total Equity	435,039	427,414	436,477	487,654	564,882	657,148
25	Total Liabilities & Equity	3,051,029	3,093,855	3,155,133	3,258,647	3,390,841	3,543,614

* Includes April 1, 2022 and fiscal 2022-23 adjustments

October 25, 2023

**2024 GENERAL RATE APPLICATION
Undertaking #031 Transcript Page 1686**

Figure 3

PF-3

Statement of Changes in Equity: 2024 GRA Base - Basic rate change of -1.66%

Multi-year - Statement of Changes in Equity

<i>2024 GRA Base - Basic rate change of -1.66%</i>									
Line		<i>IFRS 4</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	<i>IFRS 17</i>	
No.	<i>(C\$ 000s, except where noted)</i>	<i>For the Years Ended March 31,</i>							
		<u>2023A</u>	<u>IFRS 17 Adj.</u>	<u>2023A</u>	<u>2024F</u>	<u>2025F</u>	<u>2026F</u>	<u>2027F</u>	<u>2028F</u>
	BASIC								
1	Total Equity								
2	Retained Earnings								
3	Beginning Balance	359,335		378,246	378,246	417,467	426,530	477,707	554,935
4	Restatement of AOCI on AFS Assets (IFRS 9)				46,845	0	-	-	-
5	Restatement of MUSH Assets to FVTPL (IFRS 9)				(5,966)	-	-	-	-
6	Restatement of Claims Discount Rate (IFRS 17)*	-	86,273	-	-	-	-	-	-
7	Restatement of Risk Adjustment (IFRS 17)*	-	13,345	-	-	-	-	-	-
8	Restatement of DPAC (IFRS 17)*	-	(37,673)	-	-	-	-	-	-
9	Net Income (Loss) from Operations	(38,659)	(38,375)		(1,658)	9,041	11,618	27,663	36,620
10	Rebate to Policyholders	-	-	-	-	-	-	-	-
11	Transfer (to) / from Non-Basic Retained Earnings	34,000	-	-	-	22	39,559	49,565	55,646
12	Total Retained Earnings	354,676	23,570	378,246	417,467	426,530	477,707	554,935	647,201
13	Total Accumulated Other Comprehensive Income								
14	Beginning Balance	51,428		51,428	56,793	9,947	9,947	9,947	9,947
15	Other Comprehensive Income on Available for Sale Assets	(31,291)		(31,291)	(1)	0	-	-	-
16	Restatement of AOCI on AFS Assets (IFRS 9)				(46,845)	(0)	-	-	-
17	Change in Remeasurement of Employee Future Benefits	36,656		36,656	-	-	-	-	-
18	Total Accumulated Other Comprehensive Income	56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
19	Total Accumulated Other Comprehensive Income Balance								
20	Employee Future Benefits Portfolio								
21	Available for Sale Assets	30,889		30,889	0	0	0	0	0
22	Employee Future Benefits Liabilities	9,946		9,946	9,946	9,946	9,946	9,946	9,946
23	Rate Stabilization Reserve Portfolio								
24	Available for Sale Assets	15,957		15,957	0	0	0	0	0
25	Total Accumulated Other Comprehensive Income Balance	56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
26	Total Equity Balance	411,469	23,570	435,039	427,414	436,477	487,654	564,882	657,148
	<i>*Restatement calculated as at April 1, 2022</i>								
27	MINIMUM CAPITAL TEST (C\$ 000s)								
28	Total Equity Balance	411,467	23,570	435,037	427,414	436,477	487,654	564,882	657,148
29	Less: Assets Requiring 100% Capital	28,366		28,366	33,972	36,422	34,057	27,862	21,971
30	Capital Available (a)	383,101	23,570	406,671	393,442	400,055	453,597	537,020	635,177
31	Minimum Capital Required (100% MCT) (b)	345,847	5,526	351,373	430,425	448,092	465,965	489,296	515,129
32	MCT Ratio % (a) / (b)	110.8%	5.0%	115.8%	91.4%	89.3%	97.4%	109.8%	123.3%

October 25, 2023

**2024 GENERAL RATE APPLICATION
Undertaking #031 Transcript Page 1686**

Figure 1

Rating Year 2024/25 Major Classification Applied for Rate Change

Line No.	Coverage	Overall	Private			Motor-cycles	Trailers	ORV's
			Pass.	Comm.	Public			
1	24/25 Units	1,280,333	863,331	49,070	13,089	19,322	244,888	90,633
2	Claims	702.23	943.07	728.53	1,867.02	638.33	48.97	4.40
3	Claims Expense	120.81	162.25	125.34	321.21	109.82	8.43	0.76
4	Road Safety	9.47	12.83	12.83	12.83	12.83	0.00	0.00
5	Operating Expense	53.81	72.92	72.92	72.92	72.92	0.00	0.00
6	Regulatory/Appeal	3.35	4.54	4.54	4.54	4.54	0.00	0.00
7	Commission: Vehicle	38.08	50.62	44.64	109.41	33.59	3.11	0.23
8	Prem Tax: Vehicle	27.59	36.68	32.35	79.28	24.34	2.26	0.17
9	Comm & Prem Tax: Driver	2.86	3.87	3.87	3.87	3.87	0.00	0.00
10	Commission Flat Fee	5.71	7.73	7.73	7.73	7.73	0.00	0.00
11	Reins: Casualty	2.01	2.72	2.72	2.72	2.72	0.00	0.00
12	Reins: Catastrophe	11.38	12.45	12.45	12.45	0.00	12.45	0.00
13	Fleet Rebates	15.24	11.47	129.68	248.15	0.00	0.00	0.00
14	Anti-Theft Discount	0.57	0.84	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	51.92	70.36	70.36	70.36	70.36	0.00	0.00
16	Service Fees	21.42	29.02	29.02	29.02	29.02	0.00	0.00
17	Req Rate	919.77	1,222.60	1,078.21	2,642.76	811.30	75.21	5.55
18	Adj. Req Rate	896.84	1,192.13	1,051.34	2,576.90	791.08	73.34	5.42
19	23/24 Average Rate	870.37	1,150.24	908.29	2,252.53	882.92	62.24	5.69
20	Major Class Drift	4.8%	6.0%	4.6%	1.2%	-0.1%	7.3%	0.0%
21	24/25 Average Rate							
22	Without Rate Change	912.02	1,218.86	949.64	2,279.87	882.12	66.81	5.69
23	Full Cred Req Change	-1.7%	-2.2%	10.7%	13.0%	-10.3%	9.8%	-4.9%
24	Applied for Change	0.0%	-0.5%	12.6%	14.9%	-8.8%	11.6%	-3.3%
25	Credibility		99.3%	89.1%	68.6%	76.3%	97.6%	93.8%
26	Cred Wtd Change		-0.5%	11.2%	10.2%	-6.7%	11.4%	-3.0%
27	Cred Wtd Req Rate	910.70	1,212.35	1,056.11	2,513.44	822.87	74.40	5.52
28	Cred Wtd Req Rate (Bal)	912.02	1,214.11	1,057.64	2,517.09	824.06	74.50	5.53
29	Cred Wtd Change (Bal)	0.0%	-0.4%	11.4%	10.4%	-6.6%	11.5%	-2.9%