

PUB (MPI) Pre-Ask 5

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Topic:			
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Preamble to IR:

Question:

With respect to PF-3 there have been significant changes to 2023A:

- a) Reconcile items shown in 2023A to those in the 2024 GRA, for each of:
- b) Restatement of claims discounting/inflation
- c) restatement of claims pfad/risk adjustment
- d) Net loss from annual operations
- e) Provide narrative as well as quantitative information as to each change.
- f) Provide any change to IFRS 17 accounting policies causing these changes..

Rationale for Question:

RESPONSE:

- a) to e)

Please refer to PF.3 Statement of Changes in Equity – 2022/23 Comparative and Explanation of variances below.

PF- 3 Statement of Changes In Equity - 2022/23 Comparative

Line No.	2024 GRA - Rate Update vs. 2024 GRA Base <i>(C\$ 000s, rounding may affect totals)</i>	IFRS 17	IFRS 17	Inc (dec)	Ref.
		2024 GRA 2022-23BF	2024 GRA Rate Update 2022/23A		
		\$	\$	\$	
BASIC					
1	Total Equity				
2	Retained Earnings				
3	Beginning Balance	359,335	359,335	-	
4	Restatement of AOCI on AFS Assets (IFRS 9)			-	
5	Restatement of MUSH Assets to FVTPL (IFRS 9)			-	
6	Restatement of Claims Discounting / Inflation (IFRS 7)	86,273	(30,155)	(116,428)	i
7	Restatement of Claims PfAD / Risk Adjustment (IFRS 17)	13,345	116,438	103,093	ii
8	Restatement of DPAC (IFRS 17)	(37,673)	(37,673)	-	
9	Net Income (Loss) from annual operations	(77,034)	(6,161)	70,873	iii
10	Rebate to Policyholders		-	-	
11	Transfer (to) / from Non-Basic Retained Earnings	34,000	34,000	-	
12	Total Retained Earnings	378,246	435,784	57,537	
13	Total Accumulated Other Comprehensive Income				
14	Beginning Balance	51,428	51,428	-	
15	Other Comprehensive Income on Available for Sale Assets	(31,291)	(31,291)	-	
16	Restatement of AOCI on AFS Assets (IFRS 9)			-	
17	Change in Remeasurement of Employee Future Benefits	36,656	34,809	(1,847)	
18	Total Accumulated Other Comprehensive Income	56,793	54,946	(1,847)	
19	Total Accumulated Other Comprehensive Income Balance				
20	Employee Future Benefits Portfolio				
21	Available for Sale Assets	30,889	30,889	-	
22	Employee Future Benefits Liabilities	9,946	8,099	(1,847)	
23	Rate Stabilization Reserve Portfolio				
24	Available for Sale Assets	15,957	15,957	-	
25	Total Accumulated Other Comprehensive Income Balance	56,793	54,946	(1,847)	
26	Total Equity Balance	435,039	490,729	55,690	
27	MINIMUM CAPITAL TEST (C\$ 000s)				
28	Total Equity Balance	435,039	490,729	55,690	
29	Less: Assets Requiring 100% Capital	28,366	28,366	-	
30	Capital Available	406,673	519,095	112,422	
				-	
31	Minimum Capital Required (100% MCT)	351,373	341,329	(10,044)	
32	MCT Ratio % (Line 30) / (Line 31)	115.8%	135.5%	19.7%	

Statement of Changes in Equity - 2022/23 Comparative (cont'd)

Explanation of Significant Variances - 2022/23 Comparative

Line No.	Ref.	Category	(C\$ 000s)	Explanation
1	i	Restatement of claims discounting / inflation	86,273	2024 GRA
2			(104,156)	Interest Rate PfAD included in item ii. for 2024 Rate Update
3			(12,272)	Other Adjustments
4			(30,155)	2024 GRA - Rate Update
5	ii	Restatement of Claims Pfad / Risk Adjustment	13,345	2024 GRA
6			104,156	Interest Rate PfAD included in item i. for 2024 GRA
7			(1,063)	Other Adjustments
8			116,438	2024 GRA - Rate Update
9	iii	Net Loss from Annual Operations	(77,034)	2024 GRA
10			55,448	Lower Claims Incurred Due to IFRS 17 Model Change Affecting PIPP Enhancements
11			6,762	Allowance for Subro & Claims buyback (Claims Incurred)
12			3,330	Change to Non-Proportional ULAE (Claims Incurred)
13			2,963	Higher than expected recovery of claims from reinsurance
14			2,816	IFRS 17 allocation changes
15			638	Lower overall commission expenses
16			550	Higher than expected other income/gains on property
17			(917)	Removal of Ceded IBNR (Claims Incurred)
18			(397)	Lower than expected Insurance Revenue
19			(318)	Lower than expected net finance expense on insurance contracts
20			(2)	Other
21			(6,161)	2024 GRA - Rate Update
22				Please note: For a further explanation of significant variances in 2022/23, please refer to CAC (MPI) Pre-ask 3 (b) PF.4(a)

f) There is no impact arising from accounting policy changes under IFRS 17. The policies applied under IFRS 17 are the same as those reported in position papers filed; there was one update that involved selecting an election to not adjust the Liability for Incurred Claims for the time value of money and effects of financial risk for contracts measured under PAA when the cash flows are expected to settle within one year or less from the date the claim is incurred. There is no financial impact arising from taking this election because MPI does not have claims that fall within scope for this election.