

Undertaking # 4

MPI to provide a comparison with supporting documents of the selected ultimate loss amounts by accident year and in total for "accident benefits other indexed" from the valuation as at February 2012, versus those which would result from using a zero percent trend assumption.

RESPONSE:

The impact of a change in the selected trend for Accident Benefits – Other (Indexed) from 1.00% to 0.00% is a decrease in total claim liabilities of \$2 million.

Refer to the attachments for supporting documents. These attachments provide figures from the Actuarial Report as of February 29, 2012 which were impacted as a result of the change.

September 28, 2012**Undertaking #4 Attachment**

Manitoba Public Insurance
 Automobile Insurance Division
 Summary of Policy Claim Liabilities
 As of February 28, 2012
 Basic
 (\$000)

Exhibit 1
 Sheet 1

A. Claim Liabilities

	Direct & Agency	Ceded	Net	MPI Carried Before Review
1. Incurred But Not Reported Claims & External Adjustment Expenses [a]				
Bodily Injury	6,754	-	6,754	
Property Damage	4,294	-	4,294	
Collision	5,991	-	5,991	
Comprehensive	6,513	-	6,513	
Accident Benefits - Weekly Indemnity	75,105	-	75,105	
Accident Benefits - Other	31,660	-	31,660	
	PIPP - Indexed	-		
	PIPP - Non-Indexed	-	9,694	
Total	140,012	-	140,012	
Ultimate Gross Internal Adjustment Expense Provision [b]	118,772	-	118,772	
Total Including Internal Adjustment Expenses	258,784	-	258,784	
2. CIA Rules Adjustments [c]				
i. Discount Amount - Excl. Internal Adjustment Expense	(164,250)	(174)	(164,076)	
ii. Discount Amount - Internal Adjustment Expense	(18,665)	-	(18,665)	
iii. Provision for Adverse Deviation - Excl. Internal Adjustment Expense	247,288	2,422	244,867	
iv. Provision for Adverse Deviation - Internal Adjustment Expense	28,102	-	28,102	
	<u>92,475</u>	<u>2,248</u>	<u>90,227</u>	
3. Adjusted IBNR & External Adjustment Expense (1+2i+2iii)	223,050	2,248	220,802	224,463
4. Adjusted Gross Internal Adjustment Expense (1+2ii+2iv)	128,208	-	128,208	127,289
5. Adjusted IBNR - PIPP Enhancement [d]	38,867	-	38,867	39,052
6. Adjusted IBNR - Section 138 Enhancement [e]	27,032	-	27,032	27,463
7. Total Actuarial Liabilities (3+4+5+6)	417,158	2,248	414,910	418,267
8. Case Reserve Outstanding				
Hail Catastrophe	3,136	3,136	-	
PIPP Enhancement [f]	41,620	-	41,620	
Section 138 Enhancement [e]	1,392	-	1,392	
Other than Cat & Enh	903,168	22,148	881,020	
Intercompany Recovery [h]	-	(3,752)	3,752	
Total [g]	949,316	21,532	927,784	927,783
9. Total - Claim Liabilities (5+6)	1,366,474	23,780	1,342,694	1,346,050

Notes:

[a] From Exhibit 2, Column 6

[b] From Exhibit 5, Row 12

[c] From Exhibit 7, Sheet 1 for "Direct and Agency" and Sheet 11 for "Net"

[d] PE Exhibit 2, Sheet 6, Column 12

[e] Appendix J, Sheet 1

[f] PE Exhibit 1, Sheet 6, Column 4

[g] From MPI - Difference from Actuarial Database (Exh 2, Sheet 10 + PE Exh 1, Sheet 6 + App J, Sheet 1):

1,153

[h] From MPI

September 28, 2012

Undertaking #4 Attachment

Manitoba Public Insurance
 Automobile Insurance Division - Undiscounted Values
 Direct & Agency Ultimate Claim Experience by Insurance Year (Including External Adjustment Expenses)
 As of February 28, 2012
 (\$000)

Exhibit 2
 Sheet 6

Insurance Year Ending 28-Feb	Gross Earned Premium [a]	Actual Claims @ 28/02/2012			Selected Ultimate IBNR [c]	Estimated Ultimate Claims (5)+(6) (7)	Estimated Ultimate Loss Ratio (7)/(2) (8)	Estimated Unpaid Claims (4)+(6) (9)
		Paid [b]	Case Reserves (5)-(3) (4)	Reported [b]				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Benefits - Other (Indexed)								
94 & Prior								-
1995	339,421	38,658	14,957	53,614	2,215	55,829	16.45%	17,172
1996	345,650	42,543	22,810	65,354	2,760	68,114	19.71%	25,570
1997	367,121	36,069	10,712	46,781	2,041	48,822	13.30%	12,753
1998	403,556	36,643	13,224	49,866	2,217	52,084	12.91%	15,441
1999	435,459	35,864	11,307	47,170	2,118	49,288	11.32%	13,425
2000	459,896	31,587	11,796	43,383	1,886	45,269	9.84%	13,682
2001	475,277	31,148	12,937	44,084	1,450	45,535	9.58%	14,387
2002	497,121	30,766	14,322	45,088	1,399	46,488	9.35%	15,721
2003	532,307	29,758	19,459	49,217	1,513	50,730	9.53%	20,972
2004	560,857	31,610	15,577	47,187	1,411	48,598	8.66%	16,988
2005	596,045	28,167	22,470	50,637	1,377	52,014	8.73%	23,847
2006	630,367	27,683	20,493	48,176	1,620	49,796	7.90%	22,113
2007	654,863	30,373	28,982	59,355	2,115	61,470	9.39%	31,097
2008	677,464	29,304	27,559	56,863	2,152	59,015	8.71%	29,711
2009	707,051	27,848	22,539	50,388	2,645	53,033	7.50%	25,184
2010	739,881	25,939	25,383	51,322	6,100	57,422	7.76%	31,483
2011	759,948	23,220	30,704	53,924	2,932	56,856	7.48%	33,636
2012	772,986	11,557	52,629	64,186	(6,292)	57,894	7.49%	46,337
Total	9,955,270	548,737	377,860	926,596	31,660	958,256	9.63%	409,520

Notes: [a] From MPI
 [b] From MPI Fiscal Year Summaries
 [c] From Exhibit 4, Column 6

September 28, 2012

Undertaking #4 Attachment

Manitoba Public Insurance
 Automobile Insurance Division - Undiscounted Values
 Net Ultimate Claim Experience by Insurance Year (Including External Adjustment Expenses)
 As of February 28, 2012
 (\$000)

Exhibit 2
 Sheet 14

Insurance Year Ending 28-Feb	Net Earned Premium [a]	Actual Claims @ 28/02/2012			Selected Ultimate IBNR [c]	Estimated Ultimate Claims (5)+(6) (7)	Estimated Ultimate Loss Ratio (7)/(2) (8)	Estimated Unpaid Claims (4)+(6) (9)
		Paid [b]	Case Reserves (5)-(3) (4)	Reported [b]				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Benefits - Other (Indexed - Net)								
94 & Prior								-
1995	331,403	32,254	14,957	47,211	2,215	49,426	14.91%	17,172
1996	334,439	35,606	22,425	58,031	2,760	60,790	18.18%	25,184
1997	357,229	34,408	10,338	44,746	2,041	46,787	13.10%	12,379
1998	397,014	36,427	13,440	49,867	2,217	52,084	13.12%	15,657
1999	426,165	35,820	11,081	46,901	2,118	49,019	11.50%	13,199
2000	451,469	30,678	8,877	39,555	1,886	41,441	9.18%	10,763
2001	465,488	30,559	10,751	41,310	1,450	42,760	9.19%	12,201
2002	485,406	28,252	11,771	40,023	1,399	41,422	8.53%	13,170
2003	523,812	29,345	19,872	49,217	1,513	50,730	9.68%	21,384
2004	549,473	30,731	15,237	45,968	1,411	47,379	8.62%	16,648
2005	583,916	27,568	21,603	49,171	1,377	50,548	8.66%	22,980
2006	619,077	27,534	20,642	48,176	1,620	49,796	8.04%	22,262
2007	646,124	30,373	28,982	59,355	2,115	61,471	9.51%	31,097
2008	665,011	29,304	27,559	56,863	2,152	59,015	8.87%	29,711
2009	697,151	27,848	22,539	50,387	2,645	53,033	7.61%	25,184
2010	727,088	25,939	25,383	51,322	6,100	57,422	7.90%	31,483
2011	749,534	23,220	30,704	53,924	2,932	56,856	7.59%	33,636
2012	761,677	11,557	52,629	64,186	(6,292)	57,894	7.60%	46,337
Total	9,771,476	527,424	368,789	896,213	31,660	927,872	9.50%	400,449

Notes: [a] From MPI
 [b] From MPI Fiscal Year Summaries
 [c] From Exhibit 4, Column 6

September 28, 2012

Undertaking #4 Attachment

Manitoba Public Insurance
 Summary of Direct & Agency Ultimate IBNR Estimates
 (Including External Adjustment Expenses)
 As of February 28, 2012
 (\$000)

Exhibit 4
 Sheet 6

Insurance Year Ending 28-Feb	Incurred Dev Method [a]	Incurred Born/Ferg Method [a]	Paid Dev Method [a]	Paid Born/Ferg Method [a]	Selected Ultimate IBNR [b]
(1)	(2)	(3)	(4)	(5)	(6)
Accident Benefits - Other (Indexed)					
94 & Prior					
1995	2,215	2,215	1,074	1,366	2,215
1996	2,760	2,760	(3,607)	(1,899)	2,760
1997	2,041	2,041	4,312	3,675	2,041
1998	2,217	2,217	2,553	2,455	2,217
1999	2,118	2,118	5,682	4,593	2,118
2000	1,886	1,886	5,714	4,497	1,886
2001	1,446	1,450	5,110	3,942	1,450
2002	1,398	1,399	4,232	3,275	1,399
2003	1,547	1,513	(776)	(317)	1,513
2004	1,409	1,411	5,273	3,851	1,411
2005	1,409	1,377	(2,878)	(1,589)	1,377
2006	1,572	1,620	80	1,185	1,620
2007	2,476	2,115	(4,708)	(4,796)	2,115
2008	2,321	2,152	(1,958)	(1,331)	2,152
2009	2,330	2,645	4,724	5,837	2,645
2010	2,170	2,586	4,639	6,100	6,100
2011	471	631	4,795	2,932	2,932
2012	(5,021)	(6,292)	(2,427)	(8,890)	(6,292)
Total	26,768	25,845	31,834	24,884	31,660

Notes: [a] Appendix F; Columns 2 & 3 reduced by the reserves for
 Expenses per Appendix F, Page 7 & Excess per Appendix F, Page 8
 [b] 2010-2012: Maximum(Column 3, Column 5); Others: Column 3

Manitoba Public Insurance
Automobile Insurance Division
Estimate of Liabilities Including Provision for Adverse Deviation (Direct & Agency)
As of February 28, 2012
(\$000)

Insurance Year Ending 28-Feb	Estimated Unpaid Claims	Discount Factor		Discounted Unpaid Claims		Interest PFAD	Claims Devt. Margin	Claims Devt. PFAD	CIA Rules Unpaid Claims	Selected Ultimate IBNR	Required IBNR
		With Margin	Without Margin	With Margin	Without Margin						
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)-(6)	(8)	(9)=(6)*(8)	(10)	(11)	(12)
Accident Benefits - Other (Indexed)											
94 & Prior	-	100.00%	100.00%	-	-	-	15.00%	-	-	-	-
1995	17,172	97.63%	87.65%	16,766	15,052	1,714	15.00%	2,258	19,024	2,215	4,067
1996	25,570	97.49%	86.96%	24,928	22,235	2,693	15.00%	3,335	28,263	2,760	5,453
1997	12,753	97.35%	86.26%	12,414	11,001	1,413	15.00%	1,650	14,064	2,041	3,352
1998	15,441	97.20%	85.58%	15,009	13,214	1,795	15.00%	1,982	16,991	2,217	3,767
1999	13,425	97.06%	84.91%	13,030	11,399	1,631	15.00%	1,710	14,740	2,118	3,433
2000	13,682	96.92%	84.24%	13,260	11,526	1,735	15.00%	1,729	14,989	1,886	3,193
2001	14,387	96.78%	83.60%	13,924	12,028	1,896	15.00%	1,804	15,728	1,450	2,791
2002	15,721	96.65%	83.00%	15,194	13,048	2,146	15.00%	1,957	17,151	1,399	2,829
2003	20,972	96.52%	82.43%	20,242	17,287	2,955	15.00%	2,593	22,835	1,513	3,376
2004	16,988	96.41%	81.92%	16,377	13,917	2,460	15.00%	2,088	18,465	1,411	2,888
2005	23,847	96.31%	81.51%	22,967	19,438	3,529	15.00%	2,916	25,882	1,377	3,412
2006	22,113	96.23%	81.21%	21,280	17,957	3,323	15.00%	2,694	23,974	1,620	3,481
2007	31,097	96.18%	81.00%	29,909	25,189	4,720	15.00%	3,778	33,687	2,115	4,705
2008	29,711	96.14%	80.88%	28,564	24,031	4,533	15.00%	3,605	32,169	2,152	4,610
2009	25,184	96.14%	80.96%	24,213	20,388	3,825	15.00%	3,058	27,271	2,645	4,732
2010	31,483	96.21%	81.36%	30,291	25,614	4,677	15.00%	3,842	34,133	6,100	8,750
2011	33,636	96.41%	82.34%	32,426	27,695	4,732	15.00%	4,154	36,581	2,932	5,877
2012	46,337	97.10%	85.77%	44,995	39,745	5,250	15.00%	5,962	50,956	(6,292)	(1,673)
Total	409,520	96.65%	83.21%	395,790	340,763	55,027	15.00%	51,114	446,904	31,660	69,044

Notes: (2) Exhibit 2, Column 9
(8) Exhibit 7, Sheet 1, Column 9
(10) = (6)+(7)+(9)
(11) Exhibit 2, Column 6
(12) = (11)+[(10)-(2)]

Manitoba Public Insurance
Automobile Insurance Division
Estimate of Liabilities Including Provision for Adverse Deviation (Net)
As of February 28, 2012
(\$000)

Exhibit 8
Sheet 14

Insurance Year Ending 28-Feb	Estimated Unpaid Claims	Discount Factor		Discounted Unpaid Claims		Interest PFAD	Claims Devt. Margin	Claims Devt. PFAD	Reins. PFAD	CIA Rules Unpaid Claims	Selected Ultimate IBNR	Required IBNR
		With Margin	Without Margin	With Margin	Without Margin							
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)-(6)	(8)	(9)=(6)*(8)	(10)	(11)	(12)	(13)
Accident Benefits - Other (Indexed - Net)												
94 & Prior	-	100.00%	100.00%	-	-	-	15.00%	-	-	-	-	-
1995	17,172	97.63%	87.65%	16,766	15,052	1,714	15.00%	2,258	-	19,024	2,215	4,067
1996	25,184	97.45%	86.76%	24,542	21,849	2,693	15.00%	3,277	19	27,839	2,760	5,414
1997	12,379	97.26%	85.85%	12,040	10,627	1,413	15.00%	1,594	19	13,653	2,041	3,315
1998	15,657	97.24%	85.77%	15,225	13,430	1,795	15.00%	2,015	(11)	17,229	2,217	3,789
1999	13,199	97.01%	84.65%	12,804	11,173	1,631	15.00%	1,676	11	14,491	2,118	3,410
2000	10,763	96.08%	79.96%	10,341	8,607	1,735	15.00%	1,291	146	11,778	1,886	2,901
2001	12,201	96.20%	80.66%	11,738	9,842	1,896	15.00%	1,476	109	13,323	1,450	2,572
2002	13,170	96.00%	79.70%	12,642	10,497	2,146	15.00%	1,574	128	14,345	1,399	2,574
2003	21,384	96.59%	82.77%	20,655	17,699	2,955	15.00%	2,655	(21)	23,289	1,513	3,417
2004	16,648	96.33%	81.55%	16,037	13,577	2,460	15.00%	2,037	17	18,091	1,411	2,854
2005	22,980	96.17%	80.81%	22,099	18,570	3,529	15.00%	2,786	43	24,928	1,377	3,326
2006	22,262	96.26%	81.33%	21,429	18,106	3,323	15.00%	2,716	(7)	24,137	1,620	3,495
2007	31,097	96.18%	81.00%	29,909	25,189	4,720	15.00%	3,778	-	33,687	2,115	4,705
2008	29,711	96.14%	80.88%	28,564	24,031	4,533	15.00%	3,605	-	32,169	2,152	4,610
2009	25,184	96.14%	80.96%	24,213	20,388	3,825	15.00%	3,058	-	27,271	2,645	4,732
2010	31,483	96.21%	81.36%	30,291	25,614	4,677	15.00%	3,842	-	34,133	6,100	8,750
2011	33,636	96.41%	82.34%	32,426	27,695	4,732	15.00%	4,154	-	36,581	2,932	5,877
2012	46,337	97.10%	85.77%	44,995	39,745	5,250	15.00%	5,962	-	50,956	(6,292)	(1,673)
Total	400,449	96.57%	82.83%	386,718	331,692	55,027	15.00%	49,754	454	436,926	31,660	68,137

Notes:
 (2) Exhibit 2, Column 9
 (8) Exhibit 7, Sheet 11, Column 9
 (10) = [(6) from Sheet 6 less corresponding from above] * 5.00%
 (11) = (6)+(7)+(9)+(10)
 (12) Exhibit 2, Column 6
 (13) = (12)+[(11)-(2)]