

IR Number	Request	Response	Relevance/Necessity
<b>CLAIMS</b>			
<b>CAC(MPI) 1-3(b)</b>	b) Please provide the detailed Collaborative Estimating Initiative project costs, by fiscal year.	MPI's response is to refer the reader to PUB (MPI) 1- 75, where the PUB is requesting information on the whole PD Re-engineering project. Significant aspects of this question (parts a and b) are referred to MPI's standard paragraph.	The costs of these projects are significant for basic insurance rates not only for this GRA but for many GRA's to come and require public scrutiny and examination to ensure that the costs are required, just and reasonable.
<b>CAC(MPI) 1-5</b>	Please prepare and file similar schedules as filed in CAC (MPI) 1-91 (a) and PUB (MPI) 1-36 (a) to (f) in the 2014 GRA for Basic Insurance; namely, Six Year Claims Frequency Comparison, Six Year Claims Severity Comparison, and Six Year Claims Incurred Comparison and comparing Original Projected, Revised Projected and Actual Basic Insurance; namely, Schedule 1 Ten Year Claims Frequency Comparison, Schedule 2 Ten Year Claims Severity Comparison, Schedule 3 Ten Year Claims Incurred Comparison, Schedule 4 Ten Year Comprehensive – Theft Claims Frequency Comparison, Schedule 5 Ten Year Comprehensive – Theft Claims Severity Comparison and Schedule 6 Ten Year Comprehensive – theft Claims Incurred Comparison.	Standard Paragraph	The claims frequency, severity and incurred historical tables are fundamental to justifying and testing the claims forecasts going forward.
<b>CAC (MPI) 1- 6</b>	a) Please file a copy of the extended agreements with the Automotive Trades Association and the Manitoba Dealers Association. b) Please elaborate on the changes made to the extended agreements. c) Please elaborate on the “cooperative approach” which will allow	Standard Paragraph	The agreements with the Automotive Trades Association and the Manitoba Dealers Association represent major physical damage labour costs and are relevant to the GRA basic insurance rate setting process. In addition, if there are challenges of increasingly complex vehicle design and construction, the policyholders need to understand the impact on basic rates, if any.

	developing solutions to common issues.		*These agreements have been filed in the past.
<b>CAC (MPI) 1- 7</b>	a) Please file a copy of the updated Manitoba Collision Repair Industry Study. b) Please elaborate on the recent updates made to the study.	Standard Paragraph	The updated Manitoba Collision Repair Industry Study is germane to the GRA and basic rates. It is important to understand the financial impact on rates.  *This has been filed in the past.
<b>CAC (MPI) 1- 13</b>	a) Please provide an update of the Claims Forecasting Committee membership. If there have been any changes in the membership since the 2014 GRA, please explain the changes in membership. b) Please describe the expertise brought to the table by the current Claims Forecasting Committee members.	Standard Paragraph	The background of the Claims Forecasting Committee membership and expertise is fundamental for an external party to have confidence in MPI's forecast.  *This has been filed in the past.
<b>CAC (MPI) 1- 30</b>	Preamble: On page 8 of Charter PDR – AI.10 it states that “The Corporation recently completed an RFP process with the purpose of acquiring and implementing predictive analytics software. This software will primarily be leveraged to predict claims fraud cases with the anticipation of increasing claim recoveries associated with claims fraud.”  Please give further details on how this software will be used. Specifically, what variables will be used as input to the models, will it be used to scan claims for potential fraud and will it be used prior to claims being made or only after the claim is made.	Standard Paragraph	As part of the PDR project the corporation is planning on acquiring and implementing predictive software, with ratepayers’ money. The corporation must provide details as to how this software will be used and how it will impact basic rates.
<b>COST CONTROL</b>			
<b>CAC (MPI) 1- 38</b>	Preamble: “The Corporation has done many things in the past to ensure that the biggest expense it has – claims costs – is managed with the state-of-the-art systems”.  Please explain, in general terms, how the state-of-the-art systems aided the Corporation in controlling claims costs.	Standard Paragraph	The corporation uses “state-of-the art systems” to control claims costs. The corporation must explain how these expensive computer systems have assisted in controlling claims costs to-date and how basic rates have been impacted.
<b>CAC (MPI)</b>	Preamble: Direct claims incurred, per Volume III AI.6 Part 1A page	Standard Paragraph	The corporation uses “state-of-the art systems” to control claims costs.

1- 39	<p>2 Universal Compulsory Automobile Insurance Annual Financial Statement, increased from \$669,398,000 in 2013 to \$749,889,000 in 2014; an increase of \$80,491,000.</p> <p>Please explain and, if possible, quantify the financial impact the state-of-the-art systems had in controlling the increased claims incurred of about \$80.5 million for this period</p>		The corporation must explain how these expensive computer systems have assisted in controlling claims costs to-date and how basic rates have been impacted.
CAC (MPI) 1- 40	<p>a) In general terms, please explain the difference between cost savings and cost avoidance.</p> <p>b) Please provide a table as follows: (Name of initiative/cost category/cost avoidance/cost savings/total)</p> <p>c) Please provide the analysis undertaken, by initiative, in estimating the annual savings of approximately \$60 million.</p>	Standard Paragraph	The corporation is claiming that initiatives undertaken to-date have saved or avoided costs of approximately \$60 million per year. The corporation must provide details by initiative of these significant annual savings or cost avoidance amounts.
CAC (MPI) 1- 44	<p>a) In general terms, please elaborate on the anticipated types of service delivery options at a lower operational cost to be offered to customers.</p> <p>b) Please elaborate on the actions required in preparing the organization for the digital economy and in preparing the organization to adapt to meet new operational realities.</p>	Standard Paragraph	Both the introduction of new service delivery options as well as preparing the organization for the digital economy will impact operating expenses and basic insurance rates.
CAC (MPI) 1- 45	<p>a) Please confirm claims expense per reported claim for fiscal years 2012/13 and 2013/14 were maintained within 50 per cent of the industry average.</p> <p>b) Please file a copy of the detailed calculations, assumptions, data sources and analyses which support that claims expense per reported claim for Basic Insurance were maintained at 50 per cent of industry average. If the calculation is only performed at a corporate level, please file a copy of the corporate calculation and analyses.</p>	Standard Paragraph	<p>Corporate strategic plan goal 5 indicates that claims expenses will be maintained at 50% of the industry average. The corporation needs to confirm that this is happening and file the evidence.</p> <p>*This has been filed in the past.</p>
CAC (MPI) 1- 46	<p>a) Please provide the approved corporate budget for ongoing operations and for new projects and initiatives for the 2013/14 fiscal year for Basic Insurance and the Corporation.</p> <p>b) Please indicate when the 2013/14 budget was approved and file a copy of the Budget and Operations Committee of the Board of</p>	Standard Paragraph	This IR requires details relating to the corporate (basic) budget guidelines and the results for 2013/14 and 2014/15. The public needs to know that this basic cost accounting management and cost governance tool is being deployed seriously at MPI.

	<p>Directors Minute approving the Budget.</p> <p>c) Please show variances between the approved budget and actual results and explain any significant variances.</p> <p>d) Please provide the budgetary guideline for ongoing operations in 2013/14 and indicate whether this guideline was met.</p> <p>e) Please provide the approved budget for ongoing operations and for new projects and initiatives for the 2014/15 fiscal year for Basic Insurance and the Corporation.</p> <p>f) Please indicate when the 2014/15 budget was approved and file a copy of the Budget and Operations Committee of the Board of Directors Minute approving the Budget.</p> <p>g) Please provide the budgetary guideline for ongoing operations in 2014/15 and indicate whether this guideline was met.</p>		
<b>CAC (MPI) 1- 47</b>	<p>a) Please describe the professional and other training required for an individual to be an expert service centre employee.</p> <p>b) Please file a sample job description a qualified service centre employee would follow.</p>	Standard Paragraph	This IR requires details relating to the “Service Centre Model” asking for a generic job description of a qualified service centre employee along with the required training an individual would need to be an expert service centre employee. How does the Service Centre Model impact operating expenses (generally) and building expenses (specifically)?
<b>CAC (MPI) 1- 48</b>	In general terms, please elaborate and describe the required adjustment to the MPI value to be comparable to the Canadian Personal Auto Group.	Standard Paragraph	This IR requires information relating to benchmarking currently undertaken by MPI. Specifically it relates to FTE per \$100 million of GPW (gross premiums written). The Canadian Personal Auto Group is 103.07 vs. MPI 153.54. MPI is expected to have a higher ratio and the question is “what adjustment is required to MPI data to make it comparable to the Canadian Personal Auto Group”? What is the purpose of having a benchmark that is not comparable?
<b>CAC (MPI) 1- 50</b>	Please provide a detailed explanation and the benefits achieved by the new Downtown Allowance and Health and Wellbeing Flexible Spending Plan.	Standard Paragraph	This IR requires operating expense details and an explanation relating to the Downtown Allowance and Health and Wellbeing Flexible Spending Plan. The operating expenses directly affect basic rates and require details and an explanation.
<b>CAC (MPI) 1- 51</b>	Please prepare and file Operational and Claims Cost History statistics similar to the attachment to CAC (MPI) 1-5 of the 2014	Standard Paragraph	This IR requires operational and claims cost history statistics similar to previous years to highlight trends, comparisons to SGI and ICBC, etc.

	GRA		This information is fundamental in testing the current GRA projections.  *Similar evidence was filed in the past.
<b>CAC (MPI) 1- 55</b>	a) Please complete the following table, by fiscal year, for consultants engaged at MPI: b) Please provide a detailed analysis, by project, and area of engagement of the listed consultants. c) Please advise which firms currently provide IT consulting services to MPI.	Standard Paragraph	This IR requires operational information relating to the engagement of consultants which directly impacts basic rates and gives a sense of the external labour required to shore up the 1,894.7 FTEs as of 2012/13.
<b>CAC (MPI) 1- 56</b>	a) Please complete the following table by fiscal year: b) For both the external auditor and the appointed actuary please explain the purpose and reports produced or opinions rendered for their engagement and fees paid for consulting and other services, if any. c) Please file a copy of the engagement letter (service contract) for both the external auditor and actuary as it relates to their services for 2013/14. d) Please file a copy of the most recent external auditor search RFP.	Standard Paragraph	This IR requires operational information relating to the engagement of auditors and actuaries and the related engagement letters which directly impact basic rates.
<b>CAC (MPI) 1- 57</b>	Please reproduce the attachment to CAC (MPI) 1-17 from the 2014 GRA, updating it to include 2014 with Loss/Prevention/Road Safety costs removed from Claims Expenses and included with Operating expenses.	Standard Paragraph	This IR requires MPI to file internal indicators similar to last year's CAC (MPI) 1-17 which are needed to test operational efficiency.  *Similar evidence was filed in the past.
<b>CAC (MPI) 1- 58</b>	Please reproduce Schedules 1, 2 and 3 in response to PUB (MPI) 1-32(c) and PUB (MPI) 1-52 (a) and (b) from the 2014 GRA, updating it to include 2018/19.	Standard Paragraph	This IR requires MPI to file Trend Analyses similar to last year's CAC (MPI) 1-18, PUB (MPI) 1-32 (c) and 1-52 (a) and (b) which are needed to test operational efficiency.  *Similar evidence was filed in the past.
<b>CAC (MPI) 1- 60</b>	Please provide a detailed schedule of donations and sponsorships made by MPI during 2013/14 compared to 2012/13	Standard Paragraph	This IR requires MPI to file details relating to Donations and Sponsorships for 2013/14 compared to 2012/13 which directly impacts basic rates.

<b>CAC (MPI) 1- 61</b>	<p>a) Please update the tables with the 2013/14 actual indicators and reference the source data in the 2015 GRA and provide detailed calculations.</p> <p>b) Please update the tables with 2014/15 through to 2018/19 with updated forecasted indicators and reference the source data in the 2015 GRA and provide detailed calculations.</p> <p>c) Please elaborate on any significant differences in the indicators from last year.</p>	Standard Paragraph	This IR requires MPI to file various P & C (Property and Casualty Insurance companies) type indicators to determine if there are any changing trends, year over year, for further detailed examination similar to last year's CAC (MPI) 1-20.
<b>CAC (MPI) 1- 62</b>	<p>a) Please update and file Tables 1 to 4 as per CAC (MPI) 1-21 (a) from the 2014 GRA with 2015 GRA "actual" and "forecasted" information.</p> <p>b) Please elaborate on any significant differences from last year values.</p>	Standard Paragraph	This IR requires MPI to file operational and claims expenses statistics on a basic earned vehicle unit basis as well as comparing actual operating and claims expenses to increases in Manitoba CPI. This information tests the differences between actual expense increases compared to what the expense increases would have been had the expense increases been indexed to the Manitoba CPI.
<b>CAC (MPI) 1- 64</b>	Please provide a detailed analysis of these increased external labour costs which were over and above the forecast provided in the 2014 GRA.	Standard Paragraph	This IR requires MPI to file detailed analysis of external labor costs as per Pro Formas Volume II page 7 which are relevant to rate setting.
<b>CAC (MPI) 1- 66 (a)</b>	a) Please provide a detailed analysis of the items purchased for 2013/14 for Land & Buildings, Automobiles and Furniture and Equipment.	Standard Paragraph	This IR requires a detailed analysis of various capital asset purchases which impact basic rates as the costs are amortized over the life of the asset.
<b>CAC (MPI) 1- 67</b>	Please elaborate if the Corporation anticipates a reduction in the use of physical space as it moves to a digital economy. If yes, is the Corporation anticipating leasing some of its Service Centre plant space to commercial tenants? Please elaborate. If not, please explain.	Standard Paragraph	This IR requires an elaboration of the "digital economy" and potential impacts on the use of building space, etc which will impact basic rates.
<b>CAC (MPI) 1- 68</b>	Please provide a breakdown of the variance related to external labour costs by initiative.	Standard Paragraph	This IR requires a breakdown of a \$4 million dollar variance relating to external labor by initiative as per Volume II Expenses Appendix 1 page 4 which impacts basic rates.
<b>CAC (MPI) 1- 69</b>	Please provide a detailed account analysis of the special services amount of \$5,164,000 for basic insurance or corporate for 2013/14.	Standard Paragraph	This IR requires a detailed account analysis of special services of \$5,164,000 for basic insurance for 2013/14 per Volume II Expenses Appendix I page 3 which impacts basic rates.

			*Various account analyses have been provided in the past.
<b>CAC (MPI) 1- 72</b>	Please provide targets for MPI's Corporate Performance Measures for years 2013, 2014 and 2015 for each Metric for Operational Efficiency and Claims Performance. If targets have not been developed, please elaborate as to when they will be developed.	Standard Paragraph	This IR requires MPI to provide targets for MPI's Corporate Performance Measures for the years 2013, 2014 and 2015 for operational efficiency and claims performance per Volume III Benchmarking Appendices page 1 and 7. In order for a corporate performance measure to be effective one needs to set targets and if the target is not achieved, one must explain what happened.
<b>CAC (MPI) 1- 73</b>	Please specify which insurers are included in the Canadian Personal Auto Group, the Canadian Benchmark Group and the US Personal Auto Group.	Standard Paragraph	On page 19 of Section SM.2 a comparison is made between MPI and other auto groups. This IR requires details relating to the insurers included in the Canadian Personal Auto Group, the Canadian Benchmark Group and the US Personal Auto Group. This information is needed to determine if the comparisons are valid in the context of Basic Insurance.
<b>CAC (MPI) 1- 74</b>	Preamble: On page 21 of section SM.2 a comparison is made of insurance rates in Winnipeg, Calgary and Toronto.  What companies are being used in this comparison?	Standard Paragraph	On page 21 of section SM.2 a comparison is made of insurance rates in Winnipeg, Calgary and Toronto. This IR requires the companies included in this comparison to determine the validity of the comparison in the context of Basic Insurance.
<b>BUSINESS PROCESS REVIEW</b>			
<b>CAC (MPI) 1- 82</b>	Preamble: PD Re-engineering Program Charter budget of \$65,485,774  Please provide a copy of the detailed budget, by cost category/project, and broken down by fiscal year for the Physical Damage Re-engineering Program.	MPI's response is to refer the reader to PUB (MPI) 1- 75, where the PUB is requesting information on the whole PD Re-engineering project. Significant aspects of this question (parts a and b) are referred to MPI's standard paragraph.	This IR requires MPI to file the PD Re-engineering Program Charter budget details (cost category/project, by fiscal year) of \$65,485,774. This project will have significant impacts on basic rates as time goes on. (Note the initial costs of this project are a minor amount compared to the "systems lifecycle" costs of this initiative).
<b>RISK MANAGEMENT</b>			
<b>CAC (MPI) 1- 86</b>	Please elaborate whether the mentioned vision and strategy relates to the Five-Year IT Strategic Plan or the Corporate Strategic Plan. If	Standard Paragraph	This IR requires MPI to elaborate on the IT five-year strategic plan which will impact basic rates.

	the mentioned vision and strategy relates to the IT Strategic Plan, please elaborate on the expected content of the plan.		
<b>CAC (MPI) 1- 87</b>	<p>Preamble: “With respect to information and technology support for the overall business strategy, the Business Transformation Office has developed a structured methodology whereby a portfolio of technology enabled business transformation initiatives is developed which support the stated business strategy.”</p> <p>Please file a copy of the structured methodology referred to in the preamble.</p>	Standard Paragraph	This IR requires MPI to file a copy of the Business Transformation Office developed “structured methodology”. It is important for ratepayers to understand whether this is cost saving to basic insurance.
<b>CAC (MPI) 1- 88</b>	Please file a copy of the Audit Committee of the Board of Directors Minutes for the 2013/14 fiscal year.	Standard Paragraph	This IR requires MPI to file a copy of the Audit Committee Minutes for the fiscal year 2013/14. This assists in assessing the “operational control” discussions and approvals taken during the last year and lends confidence for the current GRA.
<b>CAC (MPI) 1- 92</b>	Please file a copy of the most recent Compliance to Legislation Authority Audit report	Standard Paragraph	This IR requires MPI to file the recent Compliance to Legislation Authority Audit report which reports whether MPI has complied with the required legislation. The policyholders have the right to know that MPI has complied with the required legislation.
<b>CAC (MPI) 1- 94</b>	<p>a) Please elaborate on the Risk Management Framework.</p> <p>b) Have there been any changes to the Risk Management Framework since last year.</p>	Standard Paragraph	This IR requires MPI to elaborate on the Risk Management Framework and risk mitigation strategies as referred to in 2013 Annual Report page 31. The Risk Management Framework is relevant to Basic Insurance.
<b>CAC (MPI) 1- 95</b>	Please list or elaborate on the key risk mitigation areas for Goals 2 to 7 described in the Corporate Strategic Plan 2014-2018 Volume III AI.6 Part2 pages 12 to 17.	Standard Paragraph	This IR requires MPI to elaborate on the Risk Management Framework and risk mitigation strategies as referred to in 2013 Annual Report page 31. The Risk Management Framework is relevant to Basic Insurance.
<b>REVENUES</b>			
<b>CAC (MPI) 1- 99</b>	<p>Preamble: The rate comparison chart in the Annual Report measures Winnipeg, Calgary and Toronto.</p> <p>Please prepare and file an updated chart including Halifax, Regina and Vancouver.</p>	Standard Paragraph	The rate comparisons in the 2013 Annual Report (page 23) are for Winnipeg, Calgary and Toronto. This IR requires MPI to include Halifax, Regina and Vancouver as well to test some other city comparisons.



INVESTMENTS			
CAC (MPI) 1- 111	a) Please advise when the asset liability matching study will be completed and, when completed will the study be filed with PUB? b) Please file a copy of the asset liability study Request for Proposal, Terms of Reference and the service agreement with the consulting firm engaged to perform the study .	Standard Paragraph	This request enquires into the expected completion of the ALM study. It is that very study which is used as the reason for declining to discuss the benefits of the "buckets" used by SGI, and providing data on assets and liabilities segmented by time periods, among other things in CAC (MPI) 1-146. Considering the apparent importance of the ALM study, the date and other information requested in question 1-111 are important to the understanding of the current investment income stewardship and forecasts.  *This has been filed in the past.
INVESTMENT INCOME			
CAC (MPI) 1- 127	Preamble: Paragraph 8.4 of PDF Page 20 Attachment A appears to grant certain discretionary authority to remove fixed income assets from the duration calculation.  a) Has the Working Group exercised that authority at any time, and if so, please discuss the reason for the decision? b) Are any of the duration calculations actual or forecast in this application based on the exercise of that authority, and if so, please provide the unaffected calculation?	Standard Paragraph	This is a data integrity question seeking information about how MPI's numbers have been presented and prepared. Throughout its application MPI has spoken about the duration of assets, the duration of liabilities, the duration of weighted interest and the $\pm 2$ duration mismatch range being changed to $\pm 1$ , because of, among other things, the interest forecasting risk. As such, this is a relevant and simple question that is clearly relevant to basic rates and should be answered.
CAC (MPI) 1- 131	Please compare or contrast the characteristics of the MUSH portfolio to the characteristics of the DEX Provincial Total Return Bond Index?	Standard Paragraph	This IR asks MPI to contrast the characteristics of the MUSH portfolio to the index they are using as a Benchmark, the DEX Provincial Total Return Bond Index. In CAC (MPI) 1-130, MPI states that MUSH bonds are purchased at a higher spread than Manitoba bonds and they appear to have a 6.7 year duration. It appears that certain financial measures are calculated by the sponsor of the DEX indices. See: <a href="http://www.canadianbondindices.com/PDF/RE_Universe.pdf">http://www.canadianbondindices.com/PDF/RE_Universe.pdf</a> which indicates that "Several risk measures are calculated for the DEX Fixed Income Indices each day. Modified duration, Macaulay duration, and

			<p>convexity are calculated as market-value weighted averages of the respective measures for constituent bonds."</p> <p>For the quarter and year ended February 2014 the change in overall bond portfolio performance by using MUSH at Book Value or Implied Market Value can be seen in page 7 of attachment to PUB (MPI) 1-19. The comparison of the MUSH returns to the index is problematic, firstly in that MPI records MUSH at book value. If the benchmark index is radically different in character, the comparison may be even more problematic. Interveners must be provided the opportunity to review the characteristics of the MUSH portfolio to the characteristics of the DEX Provincial Total Return Bond Index in order to understand MPI's calculations.</p>
<b>CAC (MPI) 1- 132</b>	<p>a) Has the Fund ever entered into an interest rate swap forward or future transaction, and if so please provide the details of the transaction and the purpose for which it was entered into?</p> <p>b) Has the management or the Working Group considered a derivative or swap transaction as a method to reduce the interest rate risk or duration variance identified in this application, and if so, please provide details of the transaction considered?</p> <p>c) Has the management or the Working Group considered a derivative or swap transaction as a method to reduce the interest rate risk or duration variance identified in this application, and if not, in what if any circumstances would considering such a transaction, clearly considered reasonable in section 6.12 of Attachment A, be appropriate?</p>	Standard Paragraph	<p>The policies allow MPI to do swaps, derivatives and forward transactions.</p> <p>It is not clear whether the interest forecasting risk has been moderated by MPI using the swap or derivative powers which it has.</p> <p>If interveners do not know what, if any, transactions have been undertaken, then they cannot know whether they are being properly modelled in the investment return forecast.</p>
<b>CAC (MPI) 1- 133</b>	<p>Preamble: PDF Page 19 Attachment A, in section 7.2 removes a sentence which indicates the date of the last allocation review without providing a new date.</p> <p>a) What was the date of the last allocation review?</p> <p>b) When is the next allocation review contemplated?</p> <p>c) If there is no specific date for review of asset allocation, has a threshold been identified to trigger such a review?</p>	Standard Paragraph	<p>Changes in asset allocation will have an important impact on the forecast income from the portfolio. As changes in various classes of equity values and bond values are treated differently for income statement purposes, consumers should know whether MPI is modelling the right portfolio. If MPI is planning on moving assets from classes that effect the income statement to those that don't this is important to the integrity of the forecast.</p>

<p><b>CAC (MPI) 1- 134</b></p>	<p>a) For the 3 most recent MUSH bonds purchased for MPI please provide term sheets setting out the maturity, coupon, repayment terms and average life, and the spread to the relevant or most comparable Canada bond at date of purchase.  b) Please extend the annual performance information in Attachment F back in time to allow the calculation of the compound annual return in MUSH and its benchmark for a period of 10 years.  c) Please discuss the factors which lead to the 7.7% underperformance in 2012 and the 2.5% underperformance in 2010.</p>	<p>Standard Paragraph</p>	<p>This question seeks a discussion of the "factors" which lead to the under performance of MUSH compared to the benchmark. This discussion is important to understanding of the validity of the comparison, in part due to the fact that MUSH bonds are valued at book value.  <a href="http://www.canadianbondindices.com/PDF/RE_Universe.pdf">http://www.canadianbondindices.com/PDF/RE_Universe.pdf</a> appears to indicate the DEX Fixed Income indices are based on changing market values, saying "One should instead think of the index as measuring the performance of a portfolio that holds each bond in proportion to its market value." For the quarter and year ended February 2014 the change in overall bond portfolio performance by using MUSH at Book Value or Implied Market Value can be seen in page 7 of attachment to PUB (MPI) 1-19.</p> <p>In CAC (MPI) 1-142, MPI states that the income return for the index in this case did not include "capital appreciation", while "The reference to the real estate pooled fund returns are total return, which include both capital appreciation and income. Therefore, the income return of the index and the last two years of total returns for the real estate pooled fund are not comparable". If that logic holds, the MUSH performance and its benchmark, may also fail to be particularly comparable.</p>
<p><b>CAC (MPI) 1-146 (i)</b></p>	<p>i) Please provide the duration for fixed income assets and claims liabilities for each of the following periods.</p>	<p>Standard Paragraph</p>	<p>This question asks about the SGI method of using buckets to more closely manage the duration variance risk. Clearly, MPI is aware of the SGI approach, and has not adopted it. In responding to this question, MPI refers to an upcoming ALM study, and declines to comment until it has that study. Clearly, MPI has internally held views on the merits of its current practise related to duration matching and appropriate variance between asset and liability duration. MPI also has views on the portfolio allocation and immunizing its liability portfolio as can be seen from the low allocations to fixed income assets in February and May 2012 when the liability portfolio was over</p>

			<p>10% greater than the fixed income portfolio. In its Duration Matching Discussion Paper, MPI acknowledges that in 2010 it increased the duration bandwidth from <math>\pm 1.5</math> years to <math>\pm 2.0</math> years "which increased the Corporation's exposure to interest rate risk." Having courted increased risks, and structured its affairs not only to fully exploit the larger bandwidth, but go beyond its enlarged scope, it is incumbent on MPI to fully address these questions as to risk and proper forecasting of fixed income, including providing data to compare the duration for the fixed income assets and claims liabilities for each of the SGI style of periods.</p>
<p><b>CAC (MPI) 1- 148</b></p>	<p>Preamble: Page 2 Attachment A, Governance appears to indicate that the next review date is "April 2013" and thereafter, the policy is to be reviewed on an annual basis.  a) Was the April 2013 review completed?  b) What is the status of the April 2014 review?  c) If the April 2014 review has been completed, please supply any policy revisions resulting there from.</p>	<p>Standard Paragraph</p>	<p>This question asks about Attachment A, Investment Policy, "Policy Statement - Governance", which refers prospectively to a review in "April 2013" and annually thereafter.</p> <p>This policy document contains the instruction that "[t]he Department should not be taking significant actions based on views regarding the future direction of interest rates".</p> <p>This policy also contains the imperative that "Fixed income management will be governed by the accepted duration ranges as defined in section 8.4 of this Investment Policy Statement". Information provided in Table CAC (MPI)1- 46 for August and November 2012, appears to show that while the liability duration remained constant at 8.9, the bond and fixed income portfolio was managed in such a way, so as to reduce the duration of the portfolio from 6.9 to 6.6, thereby causing the duration spread to increase from a -2.0 spread to -2.3, a level beyond the approved bandwidth of <math>\pm 2</math>.</p> <p>In addition, this document, in the "Investment Policy Strategy" section, informs us of the existence of a policy guideline, that "[i]n order to be able to manage the Fund effectively, the Corporation expects to book approximately \$5 million in gains or losses from fixed income assets</p>

			<p>in each fiscal year."</p> <p>While this guideline was necessary "[i]n order to be able to manage the Fund effectively ...", consumers have been told (in reply to CAC(MPI) 1-125 (b)) that this policy "guideline" which was once essential "to be able to manage the Fund effectively", is now a "practise" that is "not currently used".</p> <p>MPI must address fully the questions posed and resolve the apparent inconsistencies.</p>
<b>RATE STABILIZATION RESERVE AND PRO-FORMAS</b>			
<b>CAC (MPI) 1- 154</b>	Please prepare a summary Basic Insurance Income Statement and Retained Earnings Statement (historical and projected) for the fiscal years 2010/11A through 2018/19P (One spreadsheet for the Income Statement and one spreadsheet for the Retained Earnings Statement).	Standard Paragraph	<p>This IR requires MPI to file a historical set of income statements and retained earnings statements for basic insurance to maintain the historical information to test any trend changes.</p> <p>*This has been filed in the past as part of the pro forma income statements.</p>
<b>RATE STABILIZATION RESERVE / DYNAMIC CAPITAL ADEQUACY TESTING</b>			
<b>CAC (MPI) 1- 181</b>	<p>a) During the evaluation process for selecting a claims management system to handle physical damage claims, please elaborate on the various systems that were examined before deciding on the bodily injury claims system.</p> <p>b) Please file a copy of the evaluation analysis.</p>	Standard Paragraph	<p>This IR requires MPI to file the evaluation analysis informing the decision to use the bodily injury computer system for the proposed Physical Damage system. It is in the public interest to know the rigour through which this decision was made since the costs will be born, in large part, by basic insurance. If the bodily injury system fails to handle the physical damage claims or requires a major customization, the additional costs could be very significant. (Note that the current management team could be long retired by then).</p>
<b>CAC (MPI) 1- 182</b>	Please elaborate on MPI's IT strategy, going forward, as it relates to the use of contractors as opposed to using internal staff to implement and/or develop IT applications for MPI.	Standard Paragraph	<p>MPI uses a higher proportion of contractors than either its peers or the Insurance Industry as a whole (Volume III Benchmarking page 17). This IR requires MPI to elaborate on the use of contractors going forward. This adds an additional cost to Basic Insurance rates.</p>

<b>CAC (MPI) 1- 183</b>	Please elaborate on MPI's IT strategy to contain the Personnel, Outsourcing and contractors costs relative to MPI's peers in light of MPI basic insurance being a monopoly.	Standard Paragraph	MPI uses a higher proportion of contractors than either its peers or the Insurance Industry as a whole (Volume III Benchmarking page 17). This IR requires MPI to elaborate on the use of contractors going forward. This adds an additional cost to Basic Insurance rates.
<b>CAC (MPI) 1- 184</b>	Please elaborate on the lifecycle costs vs. development costs of an IT application (for example, the PD Re-engineering program – Volume III Charters page 8—is budgeted to cost \$65.5 million. Does this mean that the life cycle cost for this program are expected to be \$819 million {\$65.5 million / 0.08} with annual projected savings of \$13.3 million for a payback period of 62 years {\$819 million / \$13.3 million?})	Standard Paragraph	This IR requires MPI to comment on the lifecycle costs of the PD Re-engineering program which is relevant to basic insurance rates (Benchmarking Appendix 4 page 4 Volume III).
<b>ROAD SAFETY</b>			
<b>CAC (MPI) 1- 186</b>	In general terms, please elaborate on the content of a comprehensive loss prevention plan for the Basic line of business.	Standard Paragraph	This IR requires MPI to expand “from discussing road safety to discussing a comprehensive loss prevention strategy” which is relevant to basic insurance rates.
<b>CAC (MPI) 1- 187</b>	a) Please file a copy of the new Road Safety organizational chart. b) Please file copies of curriculum vitae for the Road Safety manager and senior Road Safety staff.		This IR requires MPI to provide a new Road Safety organization chart along with the CVs for the manager and senior road safety staff which is relevant to basic insurance rates.
<b>CAC (MPI) 1- 188</b>	a) Please file a copy of the Request for Proposal, Terms of Reference and service agreement relating to the external firm. b) Please indicate when the three-year Road Safety Strategic Plan will be completed and filed with the PUB.	Standard Paragraph	This IR requires MPI to provide a new Road Safety organization chart along with the CVs for the manager and senior road safety staff which is relevant to basic insurance rates.
<b>CAC (MPI) 1- 189</b>	Preamble: “With respect to the High School Redevelopment project, project scoping is underway and the Corporation expects to finalize terms of reference for the multi- year redevelopment project and release of RFP by the fall of 2014.”  a) In general terms, please describe the project scoping completed to-date. b) Please file a copy of the RFP when released in fall with the PUB.	Standard Paragraph	This IR requires MPI to provide information on road safety programming which directly impacts basic insurance rates.

<b>CAC (MPI) 1- 190</b>	<p>Preamble: “These maps demonstrate that motor vehicle collisions with vulnerable road users are broadly dispersed throughout Winnipeg and Brandon. Collision “hotspots” are generally associated to multi-lane intersections with high traffic volumes.....Other patterns are not readily apparent based on the broad dispersion of collision with vulnerable road users and the relative randomness of these occurrences. For this reason, the Corporation continues to focus its efforts primarily on broad public awareness campaigns aimed at educating both motorists and vulnerable road users on how to share the road safely.”</p> <p>a) Please describe the methodology applied to conclude that “other patterns are not readily apparent based on the broad dispersion of collision with vulnerable road users and the relative randomness of these occurrences”.</p> <p>b) Please reproduce the Map on page 1 and 2 of Attachment F enlarging and only highlighting occurrences on Portage Avenue. For reference please review the following open data video: <a href="http://youtu.be/War1pSs2LAM">http://youtu.be/War1pSs2LAM</a>.</p>	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
<b>CAC (MPI) 1- 191</b>	Please advise if there have been any amendments to the MPIC Act during 2014 relating to Road Safety or safety in general. If yes, please describe the amendments and the intent of the amendments.	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
<b>CAC (MPI) 1- 192</b>	Please review CAC (MPI) 1-55 from last year’s GRA and provide updated responses to a), b) and c) for 2013/14.	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
<b>CAC (MPI) 1- 193</b>	Please provide a five year comparative history of actual vs. budgeted expenditures by road safety and loss prevention program category. Please explain any significant differences between budget and actual expenditures.	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
<b>CAC (MPI) 1- 194</b>	Please update the Inter-Jurisdictional Comparison for Casualty Rates table, included in the 2014 GRA, to current.	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
<b>CAC (MPI)</b>	a) For fiscal years 2007/08 through 2013/14, please provide	Standard Paragraph	This IR requires MPI to provide information on road safety generally

1- 196	<p>electronic copies of the annual province wide collision statistics reports available to MPI.</p> <p>b) Please provide any province-wide program monitoring and evaluation studies or plans that consider the effectiveness with which MPI and other partners currently operate and integrate their loss prevention programming.</p> <p>c) Please provide any published papers, conference proceedings that provide province-wide program overviews of loss prevention programs.</p>		and road safety programming which directly impact basic insurance rates.
CAC (MPI) 1- 197	<p>Preamble: CAC MB is interested in the expected outcome from the High School Driver Education and Redevelopment Program. The Project Charter, on page 3, states the following:  "...The program provides a unique opportunity to shape the long-term driving behaviors of approximately 12,000 new teen drivers annually. This is critically important to improving road safety given that young drivers in Manitoba, as in other jurisdictions, are over-represented in fatal, serious injury, and property damage collisions"</p> <p>Please consider vulnerable road users (VRU) as a group (composed of pedestrians, cyclists, motor cyclists, other un-protected victims) rather than listing the particular victim types.</p> <p>a) Please provide the statistical basis for the above statement.  b) Please provide the statistical basis for young drivers being over-represented in fatal and serious injury collisions that involve vulnerable road users as victims.  c) Please provide the age distribution of all drivers involved in fatal and serious injury collisions that involve vulnerable road users as victims.</p>	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
CAC (MPI) 1- 198	Please provide the chart in Volume 2, Appendix D - Claims Incurred regarding PIPP Claims Statistics by Injury Type (ICD10) for number	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.



	of claims, \$ Incurred, and Severity (\$) with clear distinction of victim type as motor vehicle occupants or vulnerable road users, for each year from 2010 to 2014.		
<b>CAC (MPI) 1- 199</b>	<p>a) Please refer to Table 9-7 of the 2012 Traffic Collision Statistics Report, titled "Historical Summary of Contributing Factors Recorded for Victims of Collisions". Please list the contributing factor and total victims by year, but with clear distinction of the victims as either motor vehicle occupants, vulnerable road users or unknown.</p> <p>b) Please refer to Table 9-9 of the 2012 Traffic Collision Statistics Report, titled "Summary of Speed, Distracted, and Impaired as Contributing Factors". Please make a clear distinction of the victims as motor vehicle occupants, vulnerable road users or unknown for each category of collisions, victims and driver involvement.</p>	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.
<b>CAC (MPI) 1- 200</b>	<p>Please complete the tables provided in Attachment A, with regard to the victim type and classifications for fatalities and serious injuries.</p> <ol style="list-style-type: none"> <li>1) MPI Fatalities - Count of Claims</li> <li>2) MPI Serious Injuries - Count of Claims</li> <li>3) MPI Fatalities - Cost - Current value - (\$000)</li> <li>4) MPI Serious Injuries - Cost - Current value - (\$000)</li> <li>5) MPI data – Fatalities -Cost per Claim - (\$000)</li> <li>6) MPI data – Serious Injuries - Cost per Claim - (\$000)</li> <li>7) MPI data – Serious Injuries - Ultimate value - (\$000)</li> <li>8) MPI Ratios – Fatalities per Licensed Active Drivers</li> <li>9) MPI Ratios – Fatalities per Registered Vehicle (Commercial and Non- Commercial)</li> <li>10) MPI Ratios – Serious Injuries per Licensed Active Drivers</li> <li>11) MPI Ratios – Serious Injuries per Registered Vehicle (Commercial and Non-Commercial)</li> </ol> <p>Please provide the formal definition of "serious injury" as used in the above statistics and reconciled with the Traffic Collision Report. Has the definition of serious injury been amended since last year?</p>	Standard Paragraph	This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.

<p><b>CAC (MPI) 1- 201</b></p>	<p>a) Please complete the tables provided in Attachment B, with regard to the victim type and group of motor vehicle occupants and vulnerable road users, and indicate the actual annual total losses, including the count of claims and incurred costs, from 200 to 2014YTD.</p> <p>b) Has MPI developed a projected (forecast or estimate) of claims or total annual losses (costs) for motor vehicle occupants and vulnerable road users into the future? If so, please provide the projection.</p>	<p>Standard Paragraph</p>	<p>This IR requires MPI to provide information on road safety which directly impacts basic insurance rates.</p>
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