

**MANITOBA**

Order No. 58/15

**THE PUBLIC UTILITIES BOARD ACT**

**THE MANITOBA PUBLIC INSURANCE ACT**

**THE CROWN CORPORATIONS PUBLIC  
REVIEW AND ACCOUNTABILITY ACT**

June 5, 2015

Before:

Régis Gosselin, B ès Arts, C.G.A., M.B.A., Chair  
Karen Botting, B.A., B.Ed., M.Ed., Vice Chair, Acting Chair  
Anita Neville, B.A. Hons., Member  
Susan Proven, P.H.Ec. Member  
Allan Morin, B.A., ICD.D., Member

**MANITOBA PUBLIC INSURANCE CORPORATION (MPI):**

**DIRECTIVES RE: PHASE I OF APPENDIX "E"  
TO BOARD ORDER 135/14 ISSUED DECEMBER 5, 2014**

In its Order 135/14, the Public Utilities Board (Board) ordered that Manitoba Public Insurance (MPI or Corporation) respond to the document attached at Appendix E to that Order (and reproduced as an attachment to this Order). MPI was also ordered to engage in an open and transparent dialogue among all parties and with notice to interveners with a view to finalizing Phase I of Appendix E. The Board stated in Order 135/14 that upon completion of this dialogue, it would decide any required issues relative to Phase I, after which Phase II could proceed, also pursuant to an ongoing dialogue among all parties, on an open and transparent basis.

In particular, pursuant to Phase I the Board sought recommendations from all parties with respect to the following four criteria to be used in the process of selecting worst case adverse scenarios for purposes of applying management/regulatory actions in the estimation of capital target levels:

- 1) Whether the capital target level is to be based on RSR level or Total Equity level;
- 2) An adverse scenario probability level appropriate for a capital target range lower limit;
- 3) An adverse scenario probability level appropriate for a capital target range upper limit;  
and
- 4) The time horizon over which it is reasonable to require adverse scenario capital levels at or above \$0 for capital target level setting purposes.

By this Order, the Board provides direction on these four criteria as follows, to be implemented in Phase II of the process set out in Appendix E:

- 1) The capital target level is to be based on Total Equity level;
- 2) MPI shall proceed with Phase II utilizing each of the 97.5<sup>th</sup> percentile and the 95<sup>th</sup> percentile as the probability level appropriate for a capital target range lower limit;

- 3) The Board shall decide the adverse scenario probability level appropriate for a capital target range upper limit at a future time, so MPI shall proceed with Phase II utilizing its recommended basis for setting the capital target range upper limit; and
- 4) MPI shall proceed with Phase II utilizing each of a time horizon of two years and a time horizon of four years.

The Board will provide its reasons for the foregoing decisions by way of separate Order.

THE PUBLIC UTILITIES BOARD

"Régis Gosselin, B ès Arts, MBA, CGA"  
Chair

"D. Christle"  
Secretary

Certified a true copy of Order  
No. 58/15 issued by the  
Public Utilities Board

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Secretary