

Undertaking #2

MPI to provide an update of PF1 or PUB/MPI 2-30(c) attachment to include as its basis the September, 2015 interest rate information

RESPONSE:

Please refer to the attachment.

Manitoba Public Insurance

Multi-year - Statement of Operations

<i>2016 GRA - 0.0% Rate Change with September 2015 Interest Rates</i>						
<i>(C\$ 000s, except where noted)</i>						
<i>For the Years Ended February,</i>						
	2015A	2016P	2017P	2018P	2019P	2020P
BASIC						
Motor Vehicles	794,052	854,303	893,543	935,826	978,889	1,024,366
Drivers	44,642	48,269	51,128	54,021	56,626	59,164
Reinsurance Ceded	(13,829)	(12,396)	(12,644)	(12,897)	(13,155)	(13,418)
Total Net Premiums Written	824,865	890,176	932,027	976,950	1,022,361	1,070,112
Net Premiums Earned						
Motor Vehicles	774,785	828,135	875,453	916,334	959,037	1,003,401
Drivers	42,926	46,782	49,704	52,580	55,329	57,900
Reinsurance Ceded	(13,829)	(12,396)	(12,644)	(12,897)	(13,155)	(13,418)
Total Net Premiums Earned	803,883	862,520	912,514	956,017	1,001,211	1,047,884
Service Fees & Other Revenues	19,475	20,922	22,350	24,052	25,965	28,125
Total Earned Revenues	823,357	883,443	934,864	980,069	1,027,176	1,076,008
Net Claims Incurred	745,837	635,579	668,400	755,438	769,633	859,818
Claims Expense	116,578	121,045	128,346	131,469	137,328	136,912
Road Safety/Loss Prevention	11,359	11,496	11,466	10,563	11,450	11,450
Total Claims Costs	873,774	768,120	808,212	897,469	918,411	1,008,180
Expenses						
Operating	74,283	71,401	74,781	77,289	80,336	80,699
Commissions	32,845	35,405	36,774	37,290	38,981	40,727
Premium Taxes	24,531	26,247	27,755	29,067	30,431	31,839
Regulatory/Appeal	3,935	3,154	3,210	3,273	3,339	3,405
Total Expenses	135,595	136,208	142,520	146,920	153,087	156,669
Underwriting Income (Loss)	(186,011)	(20,884)	(15,868)	(64,320)	(44,321)	(88,841)
Investment Income	188,451	27,922	606	52,237	42,965	96,426
Net Income (Loss) from Operations	2,440	7,037	(15,262)	(12,083)	(1,356)	7,585
Allocated from Property	-	-	-	-	-	-
Net Income (Loss)	2,440	7,037	(15,262)	(12,083)	(1,356)	7,585



Manitoba Public Insurance

Multi-year - Statement of Changes in Equity

2016 GRA - 0.0% Rate Change with September 2015 Interest Rates

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>					
	<u>2015A</u>	<u>2016P</u>	<u>2017P</u>	<u>2018P</u>	<u>2019P</u>	<u>2020P</u>
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	99,877	165,600	178,300	169,592	157,509	156,153
Transfer from Basic Retained Earnings	65,723	12,700	(8,708)	(12,083)	(1,356)	7,585
Ending Balance	165,600	178,300	169,592	157,509	156,153	163,738
Retained Earnings						
Beginning Balance	-	12,217	6,554	-	-	-
Net Income (Loss) from annual operations	2,440	7,037	(15,262)	(12,083)	(1,356)	7,585
Transfer from Non Basic Retained Earnings *	75,500					
Retained Earnings Prior to Transfers	77,940	19,254	(8,708)	(12,083)	(1,356)	7,585
Transfer to Rate Stabilization Reserve	(65,723)	(12,700)	8,708	12,083	1,356	(7,585)
Balance of Fund	12,217	6,554	-	-	-	-
Total Basic Retained Earnings	177,817	184,854	169,592	157,509	156,153	163,738
Total Accumulated Other Comprehensive Income	35,262	38,419	44,365	50,803	57,138	66,300
Total Equity	213,079	223,274	213,957	208,312	213,291	230,038
Minimum RSR based on PUB rules	82,900	89,300	93,500	98,000	102,600	107,400
Maximum RSR based on PUB rules	165,600	178,300	186,700	195,700	204,800	214,300
MPI Total Equity Target	213,000	213,000	213,000	213,000	213,000	213,000
MPI Max Target (MCT)	325,000	325,000	325,000	325,000	325,000	325,000