

**CMMG (MPI) Pre-Ask 7**

**Question:**

- a) How many times has the Corporation experienced combination of all three factors, including the interest rate, negative cumulative equity returns, and external increased claims (significantly over budget) for 4 years consecutively?
  
- b) Please answer the above questions using a time period of (a) three years, and (b) two years.

**RESPONSE:**

The Corporation experienced a two year event ending on February 28, 2003 in which interest rates declined 40 basis points, equities experienced a cumulative 4.2% decline, and claims incurred were over budget by \$30.5 million over the two year period.

The expected variability to RSR and Total Equity on a go forward basis is as described in the 2015 DCAT report. The DCAT represents a current assessment of the Corporation's risk level relative to the base forecasts utilized in the 2016 GRA. The Corporation has made significant changes to its forecasting methodology in recent years which makes the RSR variability from prior years of little relevance to the current DCAT-based risk assessment.