

CAC (MPI)

CAC (MPI) 2-1

Volume:	3, Actuarial Reports	Page No.:	22, Oct report 4, Feb report
Topic:	Actuarial Reports		
Sub Topic:			
Issue:	Ensuring the reasonableness of the Actuarial reports		

Preamble: Follow up to CAC (MPI) 1-1

Question:

- a) The response to CAC (MPI) 1-1 (a) states that "the 212-Ultimate factor was chosen to ensure that the 116-Ultimate factor is equal to 1.0070". Does this not mean that the 116-Ultimate factor completely relies on the tabular reserves that have been set? If not please explain why not.
- b) In regards to the response to CAC (MPI) 1-1 (b) why has the Corporation not investigated alternative sources of information to calculate the tail factor for the Weekly Indemnity coverage?
- c) Please identify the steps, if any, the Corporation has made to find an alternative source of information to calculate the tail factor for the Accident Benefits Other (Indexed) coverage. Data may be available from the Quebec government, for example.
- d) The response to CAC (MPI) 1-1 (c) states that "The Corporation currently uses the mortality table from a research paper by the Canadian Institute of Actuaries dates July 1992." How many years of experience will be required before MPI relies on their own mortality experience to set reserves?
- e) The response to CAC (MPI) 1-1 (c) states "The Corporation has tracked the actual termination rate of claims beyond 120 months (10 years) of development relative to the expected termination rate indicated by the current mortality table." Please provide these results.

- f) Please calculate the Calculated IBNR shown on Exhibit 4, Page 5 of the February 28, 2015 Actuarial Report changing the selection of the Tab Rsv 120-Ult factor on Appendix E, Page 6 and Appendix E, Page 14 to equal the Latest 6 Volume Weighted factor. Please show a comparison of the result to those shown on Exhibit 4, Page 5.

Rationale for Question:

Peer review of Actuarial Reports goes to reliability of reserves and the extent to which better data might be employed.

RESPONSE:

- a) Yes, the selected 116-Ultimate factor completely relies on the results of tabular reserves. However, the derivation of tabular reserves does not exclude the selected loss development factors beyond 116 months (as implied by CAC (MPI) 1-1(a)). Per the response to CAC (MPI) 1-1(a), the derivation *"includes an adjustment for the selected loss development factors from 116 months and thereafter"*.
- b) The Corporation does not see a need to do so given that the selected 116-Ultimate factor *"was based on actual observed factors derived based on the Corporation's experience"*.
- c) The Corporation has not taken any such steps.
- d) The Corporation already has a process in place that gradually recognizes its own mortality experience. Per page 22 of the Actuarial Report as at October 31, 2014 (Vol III, AI.7), *"Incremental loss development factors after 116 months were revised... if there were at least five observed factors."* Following up on this, in the response to CAC (MPI) 1-1(c), *"These adjustments have the effect of gradually adjusting the mortality-based reserve estimates towards experience-based reserve estimates."*

e) Refer to below tables.

MPI Mortality analysis 2015

Table 1: For Male age 28 and older after 10 years duration.

Calendar Year	# of Claimants Start of Year	Actual Terminations	Current Table Expected Terminations	Actual Termination Rate	Expected Termination Rate	Difference	Relapse
2004	31	5	1	16.13%	3.23%	12.90%	
2005	62	3	2	4.84%	3.23%	1.61%	
2006	78	8	3	10.26%	3.85%	6.41%	0
2007	101	9	4	8.91%	3.96%	4.95%	1
2008	143	7	6	4.90%	4.20%	0.70%	0
2009	169	18	8	10.65%	4.73%	5.92%	1
2010	193	10	8	5.18%	4.15%	1.04%	1
2011	222	15	10	6.76%	4.50%	2.25%	2
2012	260	15	12	5.77%	4.62%	1.15%	2
2013	316	27	15	8.54%	4.75%	3.80%	9
2014	347	24	17	6.92%	4.90%	2.02%	4
Total	1922	141	86	7.34%	4.47%	2.86%	20

Table 2: For Female age 28 and older after 10 years duration

Calendar Year	# of claimants start of year	Actual terminations	Current Table Expected Terminations	Actual Termination Rate	Expected Termination Rate	Difference	Relapse
2004	31	2	1	6.45%	3.23%	3.23%	
2005	58	12	2	20.69%	3.45%	17.24%	
2006	68	11	2	16.18%	2.94%	13.24%	0
2007	87	11	3	12.64%	3.45%	9.20%	1
2008	104	10	3	9.62%	2.88%	6.73%	2
2009	129	10	4	7.75%	3.10%	4.65%	4
2010	139	8	5	5.76%	3.60%	2.16%	2
2011	161	13	5	8.07%	3.11%	4.97%	4
2012	189	17	6	8.99%	3.17%	5.82%	8
2013	197	19	7	9.64%	3.55%	6.09%	5
2014	205	6	7	2.93%	3.41%	-0.49%	3
Total	1368	119	45	8.70%	3.29%	5.41%	29

Table 3: For Claimants aged 28 and older after 10 years duration

Calendar Year	# of claimants start of year	Actual terminations	Current Table Expected Terminations	Actual Termination Rate	Expected Termination Rate	Difference	Relapse
2004	62	7	2	11.29%	3.23%	8.06%	
2005	120	15	4	12.50%	3.33%	9.17%	
2006	146	19	5	13.01%	3.42%	9.59%	0
2007	188	20	7	10.64%	3.72%	6.91%	2
2008	247	17	9	6.88%	3.64%	3.24%	2
2009	298	28	12	9.40%	4.03%	5.37%	5
2010	332	18	13	5.42%	3.92%	1.51%	3
2011	383	28	15	7.31%	3.92%	3.39%	6
2012	449	32	18	7.13%	4.01%	3.12%	10
2013	513	46	22	8.97%	4.29%	4.68%	14
2014	552	30	24	5.43%	4.35%	1.09%	7
Total	3290	260	131	7.90%	3.98%	3.92%	49

- f) Refer to the table below. The 216-Ultimate factors for reported and paid were reduced from 1.0326 and 1.3717 to 1.0280 and 1.3578 respectively (so that the 120-Ult factors equal the respective Latest 6 Volume Weighted factors).

**Comparison of Selected IBNR
Accident Benefits - Weekly Indemnity**

Insurance Year	Selected IBNR		
	Actuarial Report as at Feb 28, 2015	Revised 216-Ultimate Factors	Variance
1996 & Prior	6,929	6,929	0
1997	626	626	0
1998	509	509	0
1999	1,170	1,170	0
2000	612	612	0
2001	1,398	1,398	0
2002	152	152	0
2003	336	336	0
2004	-569	-569	0
2005	508	256	-252
2006	681	391	-290
2007	986	701	-285
2008	1,378	1,076	-303
2009	2,351	2,050	-301
2010	3,839	3,538	-300
2011	5,704	5,408	-296
2012	21,430	21,028	-402
2013	30,362	29,995	-367
2014	39,228	38,943	-285
TOTAL	117,631	114,549	-3,082

CAC (MPI) 2-2

Volume:	3. AI.9	Page No.:	4
Topic:	Rate Indications Determined in Accordance with Actuarial Practice in Canada		
Sub Topic:			
Issue:	Investment Income Offset		

Preamble: Follow up to CAC (MPI) 1-4 and PUB (MPI) 1-61

Question:

Please provide a revised version of the table on page 4 of section AI.9, keeping the current columns, but adding two columns (rate and change) for the required rates including the average investment income from equity of \$12.7 million, stated in response to PUB (MPI) 1-61 b), in the calculation.

Rationale for Question:

Goes to compliance with accepted actuarial practice. MPI should be calculating their rate indication with accepted actuarial practice in Canada. This could be done very easily with the addition of an investment income offset for the investments in excess of those backing the claims liabilities. The investment income on the investments backing the claims liabilities is taken into account with the discounting of the claims for ratemaking.

RESPONSE:

Refer to the attached table. For the major classes' indicated rates and indicated rate changes, the average investment income from equity of \$12.7 million is assumed to be allocated on a per unit basis to the Private Passenger, Commercial, Public and Motorcycle major classes.

Major Class	Actuarially Indicated Rates with \$12.7 Million Investment Income from Equity		Actuarially Indicated Rates with -4.1% Profit Provision		Indicated Rates from Existing MPI/PUB Ratemaking Methodology		Difference	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Private Passenger	\$1,065	2.6%	\$1,035	-0.3%	\$1,037	-0.1%	(\$2)	-0.2%
Commercial	\$738	8.2%	\$721	5.7%	\$705	3.4%	\$16	2.3%
Public	\$1,967	10.2%	\$1,902	6.6%	\$1,898	6.3%	\$4	0.3%
Motorcycles	\$863	3.5%	\$841	0.8%	\$766	-8.2%	\$75	9.0%
Trailers	\$66	-3.7%	\$63	-7.6%	\$66	-3.2%	(\$3)	-4.4%
Off-Road Vehicles	\$9	-21.7%	\$9	-24.9%	\$10	-18.3%	(\$1)	-6.6%
Overall	\$813	2.9%	\$791	0.0%	\$791	0.0%	\$0	0.0%

CAC (MPI) 2-3

Volume:	3. AI.9	Page No.:	4
Topic:	Rate Indications Determined in Accordance with Actuarial Practice in Canada		
Sub Topic:			
Issue:	Forecasting Basis		

Preamble: Follow up to CAC (MPI) 1-5

Question:

- a) Would the Corporation agree that the current claims forecasting process is a cumbersome methodology that requires the transformation of fiscal year (or calendar year) results into accident year results required for ratemaking?

- b) If it is accepted that the Claims Forecasting process of determining trends is acceptable practice would it not save time and make the process more transparent to forecast on an Accident Year ultimate basis, with the Actuarial Reports Ultimates used as the starting point? If not please provide detailed reasons why the current method is superior.

Rationale for Question:

MPI should be calculating their rate indication with accepted actuarial practice in Canada. This could be done using the Actuarial Report's historical ultimate losses and projecting forward to the rating year in question.

RESPONSE:

- a) The claims forecasting process starts by determining accident year ultimates for future years and then transforming it into fiscal year results. The transformation process is not difficult since reporting/payment patterns are already available per the Actuarial Report (refer to Vol III, Review of Policy Liabilities). The determination of the rate requirement per actuarial standards, as presented in Volume III, Actuarial Standards, uses the accident year ultimates as determined in the claims forecasting process.

- b) Refer to the response to (a) above. Further, as indicated in the response to CAC (MPI) 2-3, the claims forecasting process takes *“into consideration various factors, including the historical ultimate losses per the Actuarial Report as at February 28, 2015 and future trend assumptions.”* In some situations, it is not appropriate to just use the ultimates per the Actuarial Report as the starting point. An example of this is the higher than normal ultimate losses for Collision for the 2013/14 year, whereby it would be incorrect to just trend forward using this figure.

CAC (MPI) 2-4

Volume:	2. Claims Incurred	Page No.:	11
Topic:	Weekly Indemnity Ultimate Losses		
Sub Topic:			
Issue:	Do not match to the Appointed Actuary's Report		

Preamble: Follow up to CAC (MPI) 1-6

Question:

- a) Please confirm the correct source of the Weekly Indemnity ultimates shown on page 11 of the Claims Incurred Section is Vol III AI.7 Exhibit 2, Sheet 5, which are the Ultimates on a direct basis.
- b) Why do the Ultimates shown on Exhibit 2, Sheet 5 not match the Ultimates shown on Exhibit 3, Sheet 5 in the February Actuarial Report?

Rationale for Question:

To ensure the accuracy of the claims forecast.

RESPONSE:

- a) The correct source of the Weekly Indemnity ultimates shown on page 11 of the Claims Incurred section is Vol III AI.7 Exhibit 2, Sheet 5.
- b) For the most recent valuation, the ultimate in Exhibit 2 is actual paid plus unpaid, whereas the ultimate in Exhibit 3 is restated paid (i.e. restated to current benefit levels) plus unpaid.

CAC (MPI) 2-5

Volume:	2, Claims Incurred	Page No.:	11
Topic:	Weekly Indemnity Frequency Forecast		
Sub Topic:			
Issue:	Forecast seems high		

Preamble: Follow up to CAC (MPI) 1-7. On page 11 of the Claims Incurred section the claim counts are forecast using the all year trend excluding the most recent year as clarified in the response to CAC (MPI) 1-7.

Question:

- a) Please explain why the most recent year was excluded from use in the forecasted claim counts.
- b) Please show the table on page 11 of the Claims Incurred section if the claim counts were forecast using the all year trend.

Rationale for Question:

To ensure the accuracy of the claims forecast.

RESPONSE:

- a) The most recent year is excluded because bodily injury claims typically take at least 12 months to become reported and for reserves to be made. This 12 month claim count would largely depend on the claim count development factor and not actual experience.

b)

Weekly Indemnity Ultimate Losses

Accident Year	Claim Count Incurred >\$0	Severity	Ultimate (\$000)	Annual % Change	Last Year's Forecast (\$000)	Variance to Forecast (\$000)
2005/06	1,942	\$27,964	54,307	26.90%	53,646	660
2006/07	2,101	\$33,004	69,341	27.69%	67,175	2,167
2007/08	2,054	\$32,134	66,002	-4.82%	63,790	2,213
2008/09	1,883	\$35,986	67,761	2.66%	64,369	3,392
2009/10	1,877	\$31,539	59,199	-12.64%	55,665	3,534
2010/11	1,927	\$35,738	68,868	16.33%	60,327	8,541
2011/12	1,832	\$32,638	59,793	-13.18%	65,453	-5,660
2012/13	2,028	\$34,107	69,169	15.68%	63,923	5,246
2013/14	1,885	\$34,395	64,835	-6.27%	60,698	4,137
2014/15	1,532	\$36,472	55,876	-13.82%	61,082	-5,206
5-year Trend	1,620	\$35,638	57,425	-3.52%	61,323	-3,898
10-year Trend	1,725	\$36,409	62,988	-0.15%	62,618	369
All year Trend	1,705	\$38,953	68,625	1.87%	66,622	2,003
Forecast/Projections						
2015/16	1,705	\$34,876	59,456	6.41%	61,553	-2,097
2016/17	1,668	\$35,495	59,215	-0.40%	62,023	-2,808
2017/18	1,632	\$36,125	58,947	-0.45%	62,493	-3,546
2018/19	1,595	\$36,766	58,651	-0.50%	62,962	-4,311
2019/20	1,559	\$37,419	58,326	-0.55%	-	-

CAC (MPI) 2-6

Volume:	2, Claims Incurred	Page No.:	15
Topic:	ABO Indexed Frequency Forecast		
Sub Topic:			
Issue:	Forecast seems high		

Preamble: Follow up to CAC (MPI) 1-9. On page 15 of the Claims Incurred section the claim counts are forecast using the all year trend excluding the most recent year as clarified in the response to CAC (MPI) 1-9.

Question:

- a) Please explain why the most recent year was excluded from use in the forecasted claim counts.
- b) Please show the table on page 15 of the Claims Incurred section if the claim counts were forecast using the all year trend.

Rationale for Question:

To ensure the accuracy of the claims forecast.

RESPONSE:

- a) The most recent year is excluded because bodily injury claims typically take at least 12 months to become reported and for reserves to be made. This 12 month claim count would largely depend on the claim count development factor and not actual experience.

b)

Accident Benefits Other – Indexed Ultimate Losses

Accident Year	Claim Count Incurred >\$0	Severity	Ultimate (\$000)	Annual % Change	Last Year's Forecast (\$000)	Variance to Forecast (\$000)
2005/06	10,757	\$4,784	51,460	-9.25%	50,935	526
2006/07	12,060	\$5,490	66,212	28.67%	65,699	512
2007/08	11,935	\$5,361	63,984	-3.36%	65,032	-1,048
2008/09	11,418	\$4,993	57,013	-10.89%	58,201	-1,188
2009/10	11,246	\$5,156	57,988	1.71%	58,252	-264
2010/11	11,836	\$4,889	57,861	-0.22%	57,193	669
2011/12	11,248	\$5,684	63,934	10.49%	64,666	-733
2012/13	12,132	\$5,556	67,400	5.42%	68,418	-1,018
2013/14	12,356	\$5,611	69,329	2.86%	66,497	2,833
2014/15	11,845	\$5,637	66,775	-3.68%	65,178	1,597
5-year Trend	12,221	\$5,903	72,027	3.33%	69,730	2,297
10-year Trend	12,114	\$5,693	68,775	1.77%	67,641	1,133
All year Trend	12,018	\$5,782	67,883	1.63%	67,597	286
Forecast/Projections						
2015/16	12,018	\$5,505	66,162	-0.92%	65,730	431
2016/17	12,073	\$5,569	67,241	1.63%	66,287	954
2017/18	12,129	\$5,634	68,337	1.63%	66,849	1,487
2018/19	12,184	\$5,700	69,449	1.63%	67,416	2,032
2019/20	12,239	\$5,766	70,577	1.63%	-	-

CAC (MPI) 2-7

Volume:	2, Claims Incurred	Page No.:	19
Topic:	ABO Non Indexed Frequency Forecast		
Sub Topic:			
Issue:	Forecast seems high		

Preamble: Follow up to CAC (MPI) 1-11. On page 19 of the Claims Incurred section the claim counts are forecast using the all year trend excluding the most recent year as clarified in the response to CAC (MPI) 1-11.

Question:

- a) Please explain why the most recent year was excluded from use in the forecasted claim counts.
- b) Please show the table on page 19 of the Claims Incurred section if the claim counts were forecast using the all year trend.

Rationale for Question:

To ensure the accuracy of the claims forecast

RESPONSE:

- a) The most recent year is excluded because bodily injury claims typically take at least 12 months to become reported and for reserves to be made. This 12 month claim count would largely depend on the claim count development factor and not actual experience.

b)

Accident Benefits Other – Non-Indexed Ultimate Losses

Accident Year	Claim Count Incurred >\$0	Severity	Ultimate (\$000)	Annual % Change	Last Year's Forecast (\$000)	Variance to Forecast (\$000)
2005/06	1,466	\$19,667	28,832	16.82%	28,980	-148
2006/07	1,637	\$20,768	33,997	17.91%	34,024	-27
2007/08	1,499	\$20,088	30,112	-11.43%	30,287	-175
2008/09	1,430	\$19,853	28,390	-5.72%	28,518	-129
2009/10	1,426	\$21,090	30,075	5.94%	29,843	232
2010/11	1,326	\$21,386	28,358	-5.71%	28,228	130
2011/12	1,574	\$20,130	31,685	11.73%	31,404	281
2012/13	1,512	\$20,114	30,413	-4.02%	29,857	556
2013/14	1,531	\$19,171	29,351	-3.49%	26,911	2,440
2014/15	1,244	\$20,678	25,723	-12.36%	29,929	-4,206
5-year Trend	1,375	\$19,583	26,825	-2.76%	28,939	-2,114
10-year Trend	1,386	\$20,267	27,999	-1.09%	28,586	-587
All year Trend	1,428	\$21,364	32,960	2.14%	33,234	-275
Forecast/Projections						
2015/16	1,428	20,849	29,782	15.78%	30,461	-680
2016/17	1,428	21,088	30,124	1.15%	31,003	-880
2017/18	1,428	21,330	30,469	1.15%	31,554	-1,085
2018/19	1,428	21,575	30,819	1.15%	32,115	-1,297
2019/20	1,428	21,823	31,173	1.15%	-	-

CAC (MPI) 2-8

Volume:	2, Ratemaking	Page No.:	20
Topic:	Reconciliation of Ratemaking Incurred Claims to those shown in the Claims Incurred Forecast		
Sub Topic:			
Issue:	Reconciliation of Ratemaking Incurred Claims to those shown in the Claims Incurred Forecast		

Preamble: Follow up to CAC (MPI) 1-13

Question:

In future can the Corporation commit to providing tables such as that given in response to CAC (MPI) 1-13 to easily follow numbers through the rate requirement calculation? This will avoid the same questions being asked year after year.

Rationale for Question:

To ensure the accuracy of the claims forecast and to provide better future reporting.

RESPONSE:

The Corporation will include this table in future GRA's.

CAC (MPI) 2-9

Volume:	2, Claims Incurred	Page No.:	37, 38
Topic:	Collision Forecast		
Sub Topic:			
Issue:	Reconciling the Calculations on the table on page 38		

Preamble: Follow up to CAC (MPI) 1-14

Question:

In future can the Corporation commit to providing explanations like that given in response to CAC (MPI) 1-14 to avoid similar questions year over year?

Rationale for Question:

To ensure the accuracy of the claims forecast and to assist better future reporting.

RESPONSE:

Going forward, the Corporation will include an explanation as a footnote in Vol II Claims Incurred document as is shown on page 33.

CAC (MPI) 2-10

Volume:	2, Claims Incurred	Page No.:	38
Topic:	Collision Forecast		
Sub Topic:			
Issue:	Understanding the Calculations on the table on page 38		

Preamble: Follow up to CAC (MPI) 1-15. The table below shows the claims frequency and severity as per the table on page 38 of the Claims Incurred section. The HTAs are as per page 7 of the Revenues section.

Question:

Please explain why the ultimates calculated as per the table below do not match the ultimate shown on page 38 of the Claims Incurred section.

Accident Year	Claim Frequency per HTA Unit (1)	Severity Adjusted for PST (2)	HTA (3)	Calculated Ultimate (1) x (2) x (3)
2005/06	0.121	2,358	713,135	203,470
2006/07	0.132	2,366	721,360	225,289
2007/08	0.132	2,400	735,225	232,919
2008/09	0.132	2,434	751,937	241,588
2009/10	0.127	2,511	763,251	243,398
2010/11	0.137	2,553	774,765	270,983
2011/12	0.128	2,702	791,384	273,705
2012/13	0.135	2,825	811,247	309,389
2013/14	0.138	3,002	822,677	340,815
2014/15	0.119	3,155	834,238	313,210

Rationale for Question:

To ensure the accuracy of the claims forecast.

RESPONSE:

In 2013/14 and 2014/15, severity has been adjusted for PST which is shown in column (2). However, the 2013/14 and 2014/15 ultimates do not remove the increase in PST. The Corporation adjusted the severity to properly evaluate any underlying trend occurring. All other differences are a result of rounding in the tables.

CAC (MPI) 2-11

Volume:	III	Page No.:	6
Topic:	1st Quarterly Financial Report, Three Months Ended May 31, 2015		
Sub Topic:	Claims Incurred Forecasts		
Issue:	Claims incurred to May 31, 2015 decreased significantly compared to last year.		

Preamble: Per the 1st Quarterly Report “Claims costs for the three months ended May 31, 2015 decreased by \$49.6 million compared to last year due primarily to a decrease of \$42.5 million or 66.7% in bodily injury claims incurred and a decrease of \$7.7 million or 6.0% in physical damage claims incurred”.

Question:

- a) Please advise if the favourable claims experience in the 1st quarter of 2015/16 fiscal year would change the 2015/16 forecast as presented in Volume II Pro Formas page 3. If yes, please file an updated Statement of Operations forecast for 2015/16, and if there is an impact on future years’ forecasts, please file updates for those as well.
- b) If the favourable claims experience to-date does not change the forecasts, please explain and provide the supporting analyses.

Rationale for Question:

To assess the financial impact of the to-date current year’s favourable operating experience on the 2016 GRA financial forecasts.

RESPONSE:

- a) The favourable claims experience referenced in the preamble is on a corporate basis. Also, the variations in the preamble are being compared to the previous year’s experience, not the 2015/16 budget. The relevant comparison for forecasting purposes is actual versus budget. Finally, for PIPP coverages the claims incurred amounts can swing significantly from year to year because of interest rate changes (actual or forecasted). These amounts need to be separated

out of the impact analysis to allow for a fair comparison of the variations in claims results.

Reported PIPP incurred, which *excludes* the impact of interest rates, was \$5.2 million or 9.6% under budget in 2015/16 Q1 (actual: \$49.0 million; budget: \$54.2 million). The lower reported incurred is partly explained by the lower than expected collision frequency in the first quarter of 2015/16. However, deviations in reported incurred of this magnitude (i.e. \$5.2 million) on a quarterly basis are not uncommon for PIPP, where a single serious loss claim can swing the results by several million dollars. The reported PIPP results at May 31, 2015 do not indicate any need to change the forecast, which is based on longer term averages.

Basic PIPP *net claims incurred including* financial adjustments (i.e. including interest rate impacts) was \$13.6 million under budget as of May 31, 2015. Therefore, PIPP financial adjustments, most of which are related to interest rates, were \$8.3 million under budget in 2015/16 Q1. Variations in net claims incurred caused by interest rate changes are offset by an approximately equal adjustment to the market value of fixed income assets as a result of the Corporation's ALM program.

Basic physical damage net claims incurred was \$3.8 million or 3.6% below budget as at May 31, 2015. The results are due to the lower than expected collision frequency in the months of March and April 2015. This level of variability is normal in the winter/spring months and would not be expected to change the Corporation's forecasted frequency assumptions, which are based on longer term averages.

b) See part (a).

CAC (MPI) 2-12

Volume:	III	Page No.:	11
Topic:	1st Quarterly Financial Report, Three Months Ended May 31, 2015		
Sub Topic:	Proceeds from Sale of Investments		
Issue:	MPI received \$502,506,000 in proceeds from sale of investments in the 1st quarter of 2015 compared to \$191,918,000 last year.		

Preamble: See issue.

Question:

- a) Please explain the reason(s) for the significant sale of investments in the 1st quarter of 2015.
- b) Please provide an analysis of the gains (losses) realized, by issuer, relating to the sale of investments of \$502,506,000.

Rationale for Question:

To assess the reason for the significant sale of investments and the financial impact on operations.

RESPONSE:

- a) The sale of \$502,506,000 of investments was due to three factors:
 - Turnover within the marketable bond portfolio (which accounted for \$471.9 million of sales) in order to increase the duration of the fixed income portfolio. The fixed income duration increased from 9.73 years at February 28, 2015 to 10.20 years at May 31, 2015.
 - Normal turnover within the actively managed Canadian equity portfolio (which accounted for \$20.7 million of sales).

- Principal payments from non-marketable (MUSH) bonds during Q1 of fiscal 2015/2016 (which accounted for \$9.9 million of sales).

b) The table below shows the breakdown of investment sales by asset class and the realized gains/losses for each asset class.

Asset Class	Sales Proceeds (in Million CAD\$)	Realized Gains/Losses (in Million CAD\$)
Marketable Bonds	\$471.9	\$9.9
Canadian Equity	\$20.7	\$2.3
Non-Marketable Bonds	\$9.9	\$0.0
Total	\$502.5	\$12.2

CAC (MPI) 2-13

Volume:	CAC (MPI) 1-16 (c)	Page No.:	
Topic:	Physical Damage Repairs		
Sub Topic:	Repair industry investment in re-tooling to be able to repair vehicles built with complex materials		
Issue:	To confirm that the investment in re-tooling is solely funded by the repair industry currently and in future years.		

Preamble: The response to CAC (MPI) 1-16 (c) indicates that the claims incurred forecasts do not include a contribution or subsidy by MPI to the repair industry for re-tooling to be able to repair vehicles built with complex materials.

Question:

Please confirm that the repair industry is expected to fund the re-tooling investments and is not expecting a contribution or subsidy from MPI going forward.

Rationale for Question:

To confirm that there are no unintended financial impacts on the 2016 GRA presented claims incurred forecasts.

RESPONSE:

Manitoba Public Insurance (MPI) will not be providing any individual contribution or subsidy to any specific repair shop or the overall industry to fund re-tooling of the industry to address complex repairs unless warranted circumstances are identified.

CAC (MPI) 2-14

Volume:	CAC (MPI) 1-20 b), response c) and PUB Order 135/14 page 6	Page No.:	2
Topic:	Collision Claims Incurred Forecasting		
Sub Topic:	Collision costs/savings due to changes in manufacturing vehicle design		
Issue:	In PUB Order 135/14 it implied that \$30 million per year had been included in the collision claims incurred forecasts for rate setting purposes.		

Preamble: In PUB Order 135/14 on page 6 it states: "Basic insurance revenues need to increase because of cost increases due to inflation and higher collision costs due to changes in manufacturer vehicle design in the order of \$30 million per year in the outlook period." In response to CAC (MPI) 1-20 the Corporation indicates that "The Corporation uses the historical trends to determine growth rates and as these new technologies and manufacturing processes are introduced to the fleet they will be captured in the historical trends and forecasted as such." In the response it further states "As such, the Corporation has not forecasted a claims cost savings for collision avoidance technology."

Question:

- a) Please confirm that the Corporation has not included a \$30 million increase in collision claims incurred forecasts, for basic insurance rate setting purposes, as a result of changes in manufacturer vehicle design.
- b) Please confirm that potential increases in collision claims incurred and potential claims incurred savings as a result of changes in manufacturing vehicle design and introduction of collision avoidance technology will be taken into account in preparing the claims incurred forecasts as they become evident in the claims incurred data used for forecasting and for basic insurance rate setting purposes. If this cannot be confirmed, please explain why not.

Rationale for Question:

To assess and understand the financial impact of changes in vehicle design and collision avoidance technology included in claims incurred forecasts.

RESPONSE:

a) Confirmed.

b) Confirmed.

CAC (MPI) 2-15

Volume:	CAC (MPI) 1-26	Page No.:	
Topic:	Actuarial Report as of October 31, 2014		
Sub Topic:	Appendix H: Reconciliation of Paid and Outstanding Claim Amounts.		
Issue:	Nature of recovered excess payments		

Preamble: See issue.

Question:

Please provide an example of the nature and type of recovered excess payments. In future years, is MPI expecting the recovery of excess payments to increase or decrease compared to the \$4.2 million recovered in 2014? Please explain.

Rationale for Question:

To understand the nature of excess claims payments and the potential financial impact on claims incurred forecasts.

RESPONSE:

Excess payments result from the administration of Income Replacement Indemnity (IRI) and Retirement Income Benefits (RIB). The nature of these types of income replacement programs create various scenarios whereby the claimant is overpaid due to additional income received by the claimant that is unknown to MPI, or potentially even the claimant, at the time of the initial payment (benefits are calculated in advance not in arrears).

Examples of these regular, recurring situations are as follows:

- Return to work earnings are more than anticipated/reported in any entitlement period.
- Retroactive CPP Disability benefits issued to claimant.

- Annual Tax Reviews.

Claimants are required to inform the Corporation of any changes in their income. However, in all of these situations, confirmation of income is a post-payment exercise, sometimes much later, as in the case of the annual tax review. As a result, the claimants' IRI benefits were not appropriately adjusted down, resulting in an overpayment situation.

Before the implementation of BI³, the prior claims system did not appropriately facilitate the tracking and recovery of these excess payments. Per the response to CAC (MPI) 1-26, BI³ introduced new functionality that allows us to do such. Legislation has been amended changing the RIB anniversary date to July 1 instead of the anniversary of the date of loss. This resulted in a significant decrease in the amount of payment reconciliations required for each case yearly which in turn has reduced the amount of overpayment situations.

The \$4.2 million reflects excess payments being tracked in BI³ for all PIPP years as of February 28, 2015, and is cumulative from when BI³ was introduced in September 2010. For fiscal year 2014/15, the amount increased by \$0.6 million. This gross figure is expected to increase.

CAC (MPI) 2-16

Volume:	CAC (MPI) 1-43	Page No.:	
Topic:	Legacy Computer Systems		
Sub Topic:	Claims Administration and Reporting System (CARS)		
Issue:	To understand the number and type of claim systems and how these systems interface and interact. Also to assess the available of claims data for analysis purposes.		

Preamble: In response to CAC (MPI) 1-43 (a) it states: "CARS (Claims Administration and Reporting System) is not being replaced by BI³ or as part of PDR. We are currently planning to replace the Physical Damage claims application with the Fineos product. However, the time line has not yet been established."

Question:

For greater clarity please explain, in detail, the purpose of each claim system, explain the operational efficiencies achieved by operating multiple claim systems, the claims data that will or is planned to be stored in CARS, BI³, PDR and Physical Damage claims application (Fineos product). Also please explain how the various claim systems will be interfaced or interact with each other.

Rationale for Question:

To better understand the various claim systems, how they interact with each other and also assess whether potential operational efficiencies are achieved or achievable by operating multiple claim systems.

RESPONSE:

There are currently two claims administration systems used for the BASIC product. CARS is an Manitoba Public Insurance (MPI) developed application used to process physical damage claims. BI³ is a vendor developed application (Fineos) used to process bodily injury claims. The long term objective is to consolidate (one claim system for BASIC) onto the Fineos platform. As noted, the timeline for this activity has not been established. At present, data is synchronized between applications at

regular intervals (daily, weekly, monthly) using automated tools. Support for CARS and BI³ is provided by the same team.

CAC (MPI) 2-17

Volume:	CAC (MPI) 1-48	Page No.:	
Topic:	PDR Update		
Sub Topic:	Claims Estimates prepared by the repair industry		
Issue:	Repair industry preparing claims estimates at no cost.		

Preamble: In response to CAC (MPI) 1-48 (b) it states “The repair trade is not compensated for preparing claims estimates.”

Question:

Please explain and provide the rationale for the repair trade preparing claims estimates for free.

Rationale for Question:

To assess and understand the motivation of the repair trade to prepare claims estimates for free.

RESPONSE:

Manitoba Public Insurance (MPI) is entering into the process of negotiating a new collision repair labour rate agreement for January, 2017, and prefers to not disclose its negotiating strategy on the record.

CAC (MPI) 2-18

Volume:	CAC (MPI) 1-56b	Page No.:	
Topic:	Road Safety		
Sub Topic:	Injuries (per billion motor vehicle-kilometers)		
Issue:	Manitoba has one of the highest injuries per billion motor vehicle-kilometers in Canada.		

Preamble: For 2013, for example, Manitoba has 840.0 injuries per billion motor vehicle-kilometers, BC has 567.2 and Ontario has 465.6.

Question:

Please comment and provide insight as to why Manitoba has one of the highest injuries per billion motor vehicle-kilometers in Canada?

Rationale for Question:

To understand the reason(s) why Manitoba has one of the highest injuries per billion motor vehicle-kilometers in Canada.

RESPONSE:

The primary reason for the elevated injury rate in Manitoba compared to other jurisdictions in 2012 and 2013 relates to the nature of reporting rather than a significant difference in frequency. More specifically, in mid-2011 the Corporation changed to the use of two data sources for reporting traffic collisions to Transport Canada; police-reported collisions and claims reported to the Corporation. Doing so resulted in a significant increase in property damage and minor/minimal injury collisions reported from that date forward. These types of collisions were historically under-reported to police, a situation that was corrected when the Corporation began supplementing police-reported data with data extracted from collision claims reported.

CAC (MPI) 2-19

Volume:	CAC (MPI) 1-61	Page No.:	
Topic:	Accounts Receivable—Basic Insurance Annual Report		
Sub Topic:	Inter-divisional receivable/payable as at February 28, 2015		
Issue:	The transfer of non Basic retained earnings to Basic Insurance is recorded as an accounts receivable on the Basic Insurance Annual Report.		

Preamble: The response to CAC (MPI) 1-61 states “The increase of \$75 million in subrogation and other receivables is due to the \$75.5 million transfer of non Basic retained earnings to Basic. The offset of this transfer to retained earnings is an increase in other receivables of \$75 million.”

Question:

- a) Please confirm that by booking the non Basic retained earnings transfer of \$75.5 million to Basic Insurance as a receivable on the Basic Insurance Statement of Financial Position (assuming the non Basic Statement of Financial Position has an offsetting accounts payable), Basic Insurance did not earn investment income relating to the \$75.5 million transfer from the date of transfer. If this cannot be confirmed please elaborate.
- b) Please note that per the Audited Corporate Annual Financial Statements for the fiscal year ended February 28, 2015, page 37, an increase in Basic Insurance Rate Stabilization Reserve of \$75.5 million and a reduction of \$75.5 million in Non-Basic Retained Earnings is reported. Please explain the response to CAC (MPI) 1-61 in the context of the reporting in the audited corporate annual financial statements.

Rationale for Question:

To understand the reporting and booking of the \$75.5 million non-basic retained earnings transfer to basic RSR and the impact on investment income for basic insurance.

RESPONSE:

- a) The booking of the non Basic retained earnings transfer of \$75.5 million to Basic Insurance as a receivable on the Basic Insurance Statement of Financial Position did not result in Basic Insurance earning investment income relating to the \$75.5 million transfer.

- b) The transfer to Basic Insurance retained earnings from Non-Basic retained earnings is an equity adjustment in the Statement of Financial Position for the Corporate financial statements. In the presentation of the Universal Compulsory Automobile Insurance annual financial statement a receivable from non-basic operations is recorded that is eliminated against the non-basic payable in the corporate consolidation

CAC (MPI) 2-20

Volume:	CAC (MPI) 1-44 and PUB (MPI) 1-28 (c)	Page No.:	
Topic:	PDR Program costs		
Sub Topic:	PDR program costs: Corporate vs. Basic Insurance		
Issue:	Per the response to CAC (MPI) 1-44 a portion of the PDR program cost relate to non-basic.		

Preamble: See issue.

Question:

Please update and file the chart filed with PUB (MPI) 1-28 (c) apportioning the PDR program costs between Basic Insurance and non-Basic. Please explain the methodology used to allocate PDR program costs between basic insurance and non-basic.

Rationale for Question:

To detail and clarify the PDR program costs relating to basic insurance.

RESPONSE:

Please see the following pages for the PDR program costs shown in PUB (MPI) 1-28 (c) separated out between Basic and non-Basic.

Please see PUB (MPI) 2-27 which shows the cost allocation percentage differences between 2015 GRA and 2016 GRA under the consistent allocation methodology which allocates PDR program costs between basic insurance and non-basic. Additionally, please refer to Vol II Expenses EXP.4 Cost Allocation Methodology for additional information on the allocation of expenses.

PDR Program

In 000's

2015 GRA Corporate Total	Year 1 2011/12	Year 2 2012/13	Year 3 2013/14	Year 4 2014/15	Year 5 2015/16	Year 6 2016/17	Year 7 2017/18	Year 8 2018/19	Year 9 2019/20	Program Total
Deferred Development	-	3,679	11,350	17,650	14,481	5,521	5,603	-	-	58,284
Basic	-	3,108	10,272	16,114	13,221	5,041	5,115	-	-	52,871
Non Basic	-	571	1,078	1,536	1,260	480	488	-	-	5,413
Capital	-	-	-	233	243	59	15	-	-	550
Basic	-	-	-	213	222	54	14	-	-	503
Non Basic	-	-	-	20	21	5	1	-	-	47
Expense	1,386	109	481	987	1,667	2,022	-	-	-	6,652
Basic	1,171	92	435	901	1,522	1,846	-	-	-	5,967
Non Basic	215	17	46	86	145	176	-	-	-	685
Subtotal - Basic	1,171	3,200	10,707	17,228	14,965	6,941	5,129	-	-	59,341
Subtotal - Non Basic	215	588	1,124	1,642	1,426	661	489	-	-	6,145
Total	\$ 1,386	\$ 3,788	\$ 11,831	\$ 18,870	\$ 16,391	7,602	5,618	\$ -	\$ -	65,486

2016 GRA Corporate Total	Year 1 2011/12	Year 2 2012/13	Year 3 2013/14	Year 4 2014/15	Year 5 2015/16	Year 6 2016/17	Year 7 2017/18	Year 8 2018/19	Year 9 2019/20	Program Total
Deferred Development	-	3,679	11,350	8,144	9,856	6,629	5,411	6,596	6,271	57,936
Basic	-	3,108	10,272	7,435	9,117	6,132	5,005	6,101	5,801	52,971
Non Basic	-	571	1,078	709	739	497	406	495	470	4,965
Capital	-	-	-	-	219	36	11	-	-	266
Basic	-	-	-	-	203	34	10	-	-	247
Non Basic	-	-	-	-	16	2	1	-	-	19
Expense	1,386	109	481	407	1,925	2,365	275	-	-	6,948
Basic	1,171	92	435	371	1,780	2,188	254	-	-	6,291
Non Basic	215	17	46	36	145	177	21	-	-	657
Subtotal - Basic	1,171	3,200	10,707	7,806	11,100	8,354	5,269	6,101	5,801	59,509
Subtotal - Non Basic	215	588	1,124	745	900	676	428	495	470	5,641
Total	\$ 1,386	\$ 3,788	\$ 11,831	\$ 8,551	\$ 12,000	\$ 9,030	\$ 5,697	\$ 6,596	\$ 6,271	\$ 65,150

2016 GRA Corporate Total	Year 1 2011/12	Year 2 2012/13	Year 3 2013/14	Year 4 2014/15	Year 5 2015/16	Year 6 2016/17	Year 7 2017/18	Year 8 2018/19	Year 9 2019/20	Program Total
Deferred Development	-	-	-	(9,506)	(4,625)	1,108	(192)	6,596	6,271	(348)
Basic	-	-	-	(8,679)	(4,104)	1,091	(110)	6,101	5,801	100
Non Basic	-	-	-	(827)	(521)	17	(82)	495	470	(448)
Capital	-	-	-	(233)	(24)	(23)	(4)	-	-	(284)
Basic	-	-	-	(213)	(19)	(20)	(4)	-	-	(256)
Non Basic	-	-	-	(20)	(5)	(3)	-	-	-	(28)
Expense	-	-	-	(580)	258	343	275	-	-	296
Basic	-	-	-	(530)	258	342	254	-	-	324
Non Basic	-	-	-	(50)	-	1	21	-	-	(28)
Subtotal - Basic	-	-	-	(9,422)	(3,865)	1,413	140	6,101	5,801	168
Subtotal - Non Basic	-	-	-	(897)	(526)	15	(61)	495	470	(504)
Total	\$ -	\$ -	\$ -	\$ (10,319)	\$ (4,391)	\$ 1,428	\$ 79	\$ 6,596	\$ 6,271	\$ (336)

CAC (MPI) 2-21

Volume:	III, Appendix 1, CAC (MPI) 1-53 (a) (this GRA) PUB 1-18 (last year's GRA) PUB Order 98/14, p. 112 and 122.	Page No.:	
Topic:	Loss Prevention and Road Safety		
Sub Topic:	Loss Prevention Strategy & Framework for Manitoba Public Insurance prepared by IBM		
Issue:	Additional information and clarification		

Preamble: In information request CAC 1-53 (a), CAC Manitoba noted that MPI engaged the professional services of IBM to develop the Loss Prevention Governance Framework. It requested that MPI file a copy of the engagement letter, including costs.

MPI declined claiming that “the Corporation is not required to produce operational information relating to the engagement of consultants and the related engagement letters”. It cited *Board Order 98/143*, p. 112 and the ruling of the Board with regard to CAC(MPI) 1-55 (c).

While MPI appears to claim that there is a blanket rule against the filing of engagement letters, this is not the case.

CAC Manitoba agrees that the PUB did rule in CAC (MPI) 1-55 (c) that the MPI was not required to file an engagement letter at that “point in time” for the specific information requested. However, *Board Order 98/143* does not state that “the Corporation is not required to produce operational information relating to the engagement of consultants and the related engagement letters”.

Indeed in the same Board Order at page 122, MPI was ordered to file a copy of the Request for Proposal for the ALM Study together with the Service Agreement (unsigned) with AON Hewitt. In making its Order, the PUB cited the importance of investment income to the Corporation's revenues and importance of the investment

mix to investment income. The Board's decision with regard to the service agreement for AON makes it clear that engagement letters can be relevant.

Question:

Please file the engagement letter for the IBM assignment in this proceeding originally requested in CAC (MPI) 1- 53 (a).

Rational for Question:

Road Safety and loss prevention investments are an important factor in assisting in the mitigation of the economic and societal costs of accidents.

The question posed will provide insight into the analysis of IBM by assisting in understanding what IBM was asked to do and what it was precluded from doing in the letter of retainer. It will provide insight into the effort to be expended on the research by giving an indication of the hours spent on the project. In addition, it will provide insight into the prudence and reasonableness of the costs incurred by the Corporation by disclosing the magnitude of the expenditure.

RESPONSE:

Refer to the attachment.



**Manitoba
Public Insurance**

Statement of Work (SoW)

Loss prevention undertaking

This report has been prepared as advice, opinions, proposals, recommendations, analyses or policy options developed by or for the public body or a minister, as per Section 23(1) of the Freedom of Information and Protection of Privacy Act.

Version: 1.0

Date: February 9, 2015

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1.0 PROJECT DESCRIPTION

This Statement of Work is subject to the terms and conditions of the Master Services Agreement between The Manitoba Public Insurance Corporation ("MPI" or "**Manitoba Public Insurance**") and IBM Canada Limited ("**IBM**") dated February 3, 2012 (the "**MSA**").

Manitoba Public Insurance is committed to involving stakeholders in formalizing and implementing the Basic Loss Prevention Strategy and Framework to enhance existing efforts and find new ways to reduce costs to the Corporation and Manitoba ratepayers.

Manitoba Public Insurance (MPI) has renewed its commitment to reducing claims costs by:

- Exploring new loss prevention concepts through research
- Creating business cases for high potential concepts
- Developing and financing these into programs and activities
- Monitoring program and activity outcomes

Specifically, and in accordance with its legislated parameters the programs are intended to:

- *Carry out, introduce, establish, supervise, finance and promote research or educational programs relating to health, rehabilitation, safety and the reduction of risk in respect of any branch or class of insurance in which the corporation is engaged and*
- *Promote or carry out programs of research into the causes of accidents and research into the more equitable distribution of losses resulting from highway traffic accidents*

2.0 PROJECT OBJECTIVES

The overall objective of this project is to develop and propose a Loss Prevention Governance Framework that MPI can leverage to:

- Assist MPI in the identification of all applicable components
- Develop a Governance structure for go forward implementation
- Develop monitoring and evaluation framework through which key performance indicators can be developed, tracked and reported upon
- Develop a reporting framework (or scorecard) through which performance indicators from each component can be rolled up to produce an overall ROI measure for the entire loss prevention program

3.0 PROJECT SCOPE DEFINITION

3.1 Scope of Work to be provided

- Develop the overarching loss prevention governance framework which includes the stage gate model, governance structure and program evaluation score card
- Propose High level integration (conceptual level) with existing MPI processes e.g. annual planning and budgeting process and governance structures
- Governance framework will be defined at a committee level

3.2 Scope of Work to be excluded

- Evaluation of current and planned initiatives under the loss prevention strategy and framework. Should MPI require IBM's assistance, a PCR will be submitted to increase the scope and budget of the engagement
- Development of KPIs for individual initiatives. The focus will be on developing overarching measurement scorecards for the program as a unit with individual programs' scores feeding into it.
- Anything not covered in Section 3.1 "Scope of work to be provided"

4.0 APPROACH

We propose a four step approach to help MPI develop the Loss Prevention Governance Framework

	1. Mobilize ~1 week	2. Confirm priorities and vision ~2 week	3. Develop Loss Prevention Framework ~3 weeks	4. Design Governance structure ~2 weeks
	<ul style="list-style-type: none"> • Confirm project scope, approach and develop project plan • Confirm MPI stakeholders for the project • Conduct project kick-off • Book interviews / workshops 	<ul style="list-style-type: none"> • Conduct interviews with MPI senior leadership to understand MPI mandate, governing policies and vision for the loss prevention program • Review current planning and portfolio management processes • Review existing and planned portfolio of initiatives • Research leading practices for new service selection criteria 	<ul style="list-style-type: none"> • Develop straw model of the future state loss prevention framework including process and gating selection criteria • Conduct workshops with MPI stakeholders to review and finalize the loss prevention framework • Integrate the new framework with existing planning and operational management processes (high level only) • Design the monitoring and evaluation framework to measure the performance of individual initiatives and the overall loss prevention program success rates 	<ul style="list-style-type: none"> • Identify the governance requirements at various levels (management and operational) including MPI, its partners and vendors • Develop the framework and mandate • Develop high level cadence including agenda and objectives • Conduct final presentation to MPI senior leadership
Deliverables	<ul style="list-style-type: none"> • Project Kick off deck • Project Plan (Work product) 	<ul style="list-style-type: none"> • Review of the current governance and process for identifying, approving and managing portfolio of initiatives (Work Product) 	<ul style="list-style-type: none"> • Loss prevention framework i.e. process flow, initiative selection criteria (Deliverable) • Program performance measurement framework (Deliverable) 	<ul style="list-style-type: none"> • Loss prevention governance framework (Deliverable) • Loss Prevention Governance Framework and Report to MPI regulator (Deliverable)

The IBM team will work with the MPI team in a collaborative manner establishing roles, responsibilities, and governance in support of the scope of work outlined in this SoW.

4.1 Mobilize

Objective

This step involves project initiation activities such as stakeholder identification, work plan development, project kick-off and book interviews/workshops with key MPI stakeholders

Activities

- Confirm project scope, approach and develop project plan
- Confirm MPI stakeholders for the project
- Conduct project kick-off
- Book interviews / workshops

Planned Duration

1 Business Week

Deliverables / Work Product

- Detailed Project Plan (MS Excel)
- Kick off deck (MS PowerPoint)

Note: The detailed project plan and the kick off deck will be reviewed with the MPI engagement lead. However, they will be working documents and not formal deliverables.

4.2 Confirm priorities and vision

Objective

The key objective of this step is for the IBM team to understand the MPI strategic goals, public mandate and the goals of ongoing and planned initiatives that will need to be evaluated by the framework. The team will also research leading practices at similar organizations to evaluate and use as foundation for the loss prevention governance framework design.

Activities

- Conduct interviews with MPI senior leadership to understand MPI mandate, governing policies and vision for the loss prevention program
- Review current planning and portfolio management processes
- Review existing and planned portfolio of initiatives
- Research leading practices for new service selection criteria

Planned Duration

2 Business weeks

Deliverables / Work Product

- Review of the current governance and process for identifying, approving and managing portfolio of initiatives (MS PowerPoint; up to 20 slides)

Note: The current state process and governance framework will be documented for reference for the final design of the loss prevention governance framework. As such it will only be a work product and not a formal deliverable

4.3 Develop Loss Prevention Framework**Objective**

The purpose of this step is to develop the future state MPI Loss Prevention Governance Framework based on leading practices. The framework design will include developing the stage gates required to evaluate the opportunities and the metrics and scorecards required to measure the success of the initiatives.

Activities

- Develop straw model of the future state loss prevention framework including process and gating selection criteria
- Conduct workshops with MPI stakeholders to review and finalize the loss prevention framework
- Integrate the new framework with existing planning and operational management processes (high level only)
- Design the monitoring and evaluation framework to measure the performance of individual initiatives and the overall loss prevention program success rates

Planned Duration

3 Business weeks

Deliverables / Work Product

- Loss prevention framework i.e. process flow, initiative selection criteria (MS PowerPoint up to 20 slides)
- Program performance measurement framework (MS PowerPoint up to 10 slides)

4.4 Design Governance structure

Objective

The purpose of this step is to design the governance structure required to support and manage the future state loss prevention strategy and framework.

Activities

- Identify the governance requirements at various levels (management and operational) including MPI, its partners and vendors
- Develop the framework and mandate
- Develop high level cadence including agenda and objectives
- Present new Loss prevention framework, governance model and evaluation scorecard to MPI senior leadership

Planned Duration

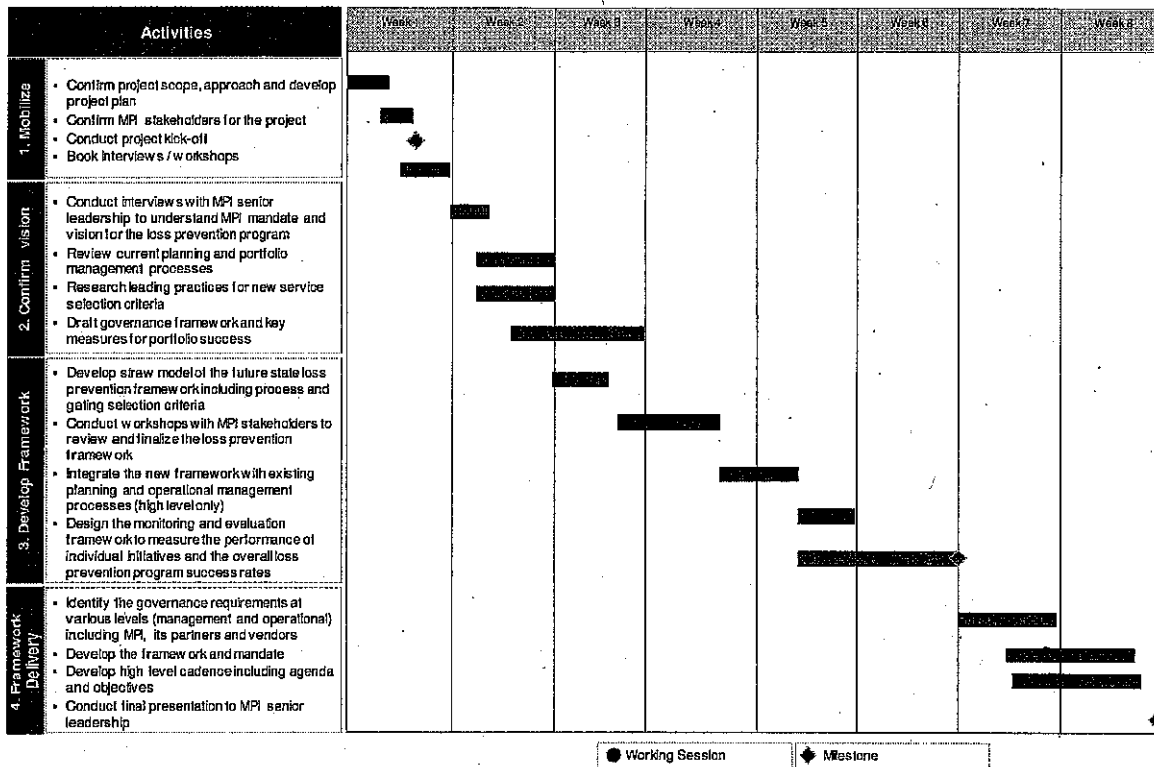
2 Business weeks

Deliverables / Work Product

- Loss prevention governance framework (MS PowerPoint up to 30 slides)
- Loss Prevention Framework – Submission document to the regulator (MS Word Document). This will be completed jointly with MPI

5.0 Project Phases

We estimate the engagement to be executed over 8 weeks. The IBM team will conduct a number of working sessions with MPI stakeholders through the course of the engagement and will produce the material over defined milestones. The high level project plan is depicted in the chart below



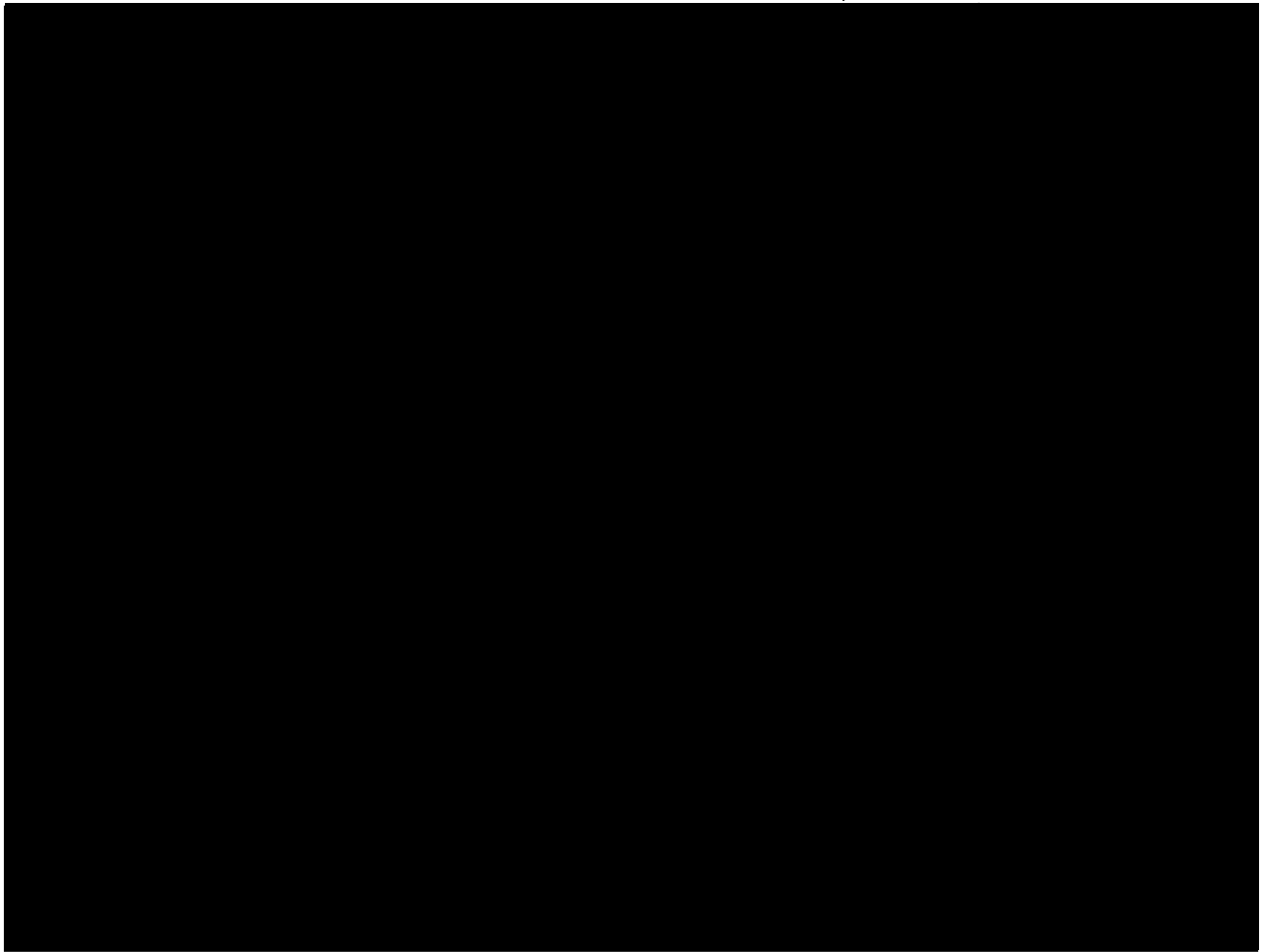
5.1 DELIVERABLE

IBM will work collaboratively with MPI to create the following deliverables:

#	Name	Description	Deliverable / Work Product	Format
1	Detailed Project Plan	Detailed project plan to track the progress of the project	Work Product	MS Excel
2.	Kick off Deck	<ul style="list-style-type: none"> Kick-off deck to engage the broad team by presenting the objectives, approach, schedule and interview / workshop schedule to the team Includes required commitment from MPI resources 	Work Product	MS PowerPoint
3	Loss Prevention Governance Framework	Loss Prevention framework from Ideation to Post Launch evaluation including <ul style="list-style-type: none"> Process map and linkage to organization Stage gates (Evaluation criteria) 	Deliverable	MS PowerPoint
4	Program performance measurement framework	Framework including data points, statistical regression and other analysis used to measure program success criteria (High level)	Deliverable	MS PowerPoint
5	Loss Prevention Governance	Governance structure required to manage the loss prevention framework including	Deliverable	MS PowerPoint

#	Name	Description	Deliverable / Work Product	Format
	Structure	defined responsibilities for MPI Enterprise stakeholders, partners and vendors, framework, mandate, agenda and objectives of various committees		
6	Loss Prevention Governance Framework and Report Draft 1	First draft of report to be submitted to the regulator. This will be completed jointly with MPI and will follow the submission guidelines	Deliverable	MS Word
7	Optional Loss Prevention Governance Framework and Report Draft 2	Optional second draft of report to be submitted to the regulator. This will be completed jointly with MPI and will follow the submission guidelines	Deliverable	MS Word

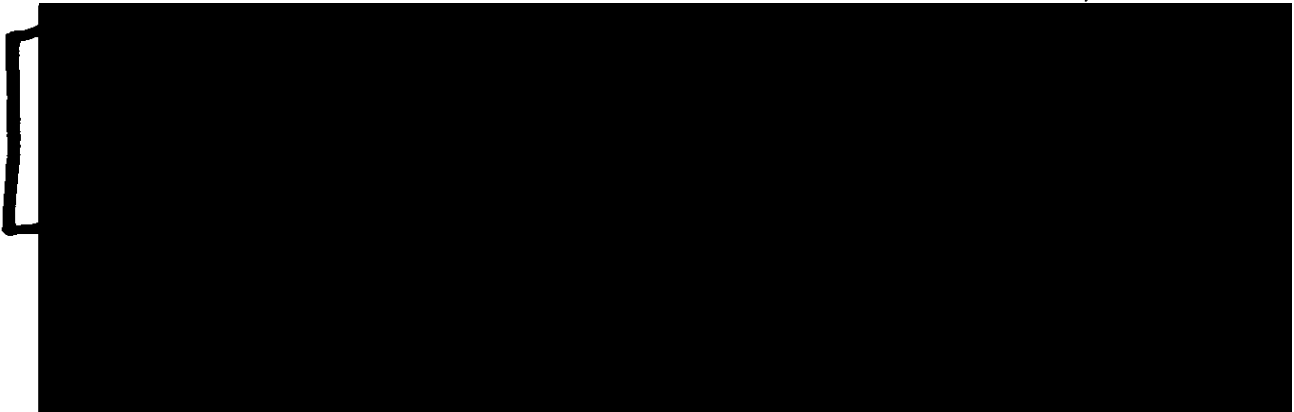
Note: Work products are not formal deliverables. They will be produced for reference purposes but do not require sign off









7.0 KEY RISKS

- None at this time



9.0 PROJECT AUTHORIZATION:

Name:	Dan Guimond	Signature:	
Role:	President & CEO	Date:	Feb 24/15
Name:	MaryAnn Kempe	Signature:	
Role:	Vice President, Business Development, Communications and CPO	Date:	Feb 24, 2015
Name:	Bruce Dow	Signature:	
Role:	Partner , IBM Canada	Date:	FEB 27, 2015 

AUTHORIZED
REPRESENTATIVE

CAC (MPI) 2-22

Volume:	III, AI.13, Appendix 10 CAC (MPI) 1-55 a (this GRA) PUB/MPI I-18 (2015 GRA) PUB Order 98/14, p. 112 and 122.	Page No.:	
Topic:	Loss Prevention and Road Safety		
Sub Topic:	Review of MPI's Road Safety Program Model Additional information and clarification		
Issue:	Additional information and clarification		

Preamble: MPI engaged the services of Sirius Strategic Solutions Ltd. to perform a Review of MPI's Road Safety Program Model. In question 1-55 (a), CAC Manitoba asked MPI to provide a copy of Sirius' engagement letter, including costs.

MPI declined claiming that "the Corporation is not required to produce operational information relating to the engagement of consultants and the related engagement letters". It cited Board Order 98/143, p. 112 and the ruling of the Board with regard to CAC(MPI) 1-55 (c).

While MPI appears to claim that there is a blanket rule against the filing of engagement letters, this is not the case.

CAC Manitoba agrees that the PUB did rule in CAC (MPI) 1-55 (c) that the MPI was not required to file an engagement letter at that "point in time" for the specific information requested. However, Board Order 98/143 does not state that "the Corporation is not required to produce operational information relating to the engagement of consultants and the related engagement letters".

Indeed in the same Board Order at page 122, MPI was ordered to file a copy of the Request for Proposal for the ALM Study together with the Service Agreement (unsigned) with AON Hewitt. In making its Order, the PUB cited the importance of investment income to the Corporation's revenues and importance of the investment mix to investment income. The Board's decision with regard to the service agreement for AON makes it clear that engagement letters can be relevant.

Question:

Please provide a copy of Sirius Strategic Solutions Ltd. engagement letter, including costs originally requested in CAC (MPI) 1-55 (a) of this proceeding.

Rational for Question:

Road Safety and loss prevention investments are an important factor in assisting in the mitigation of the economic and societal costs of accidents.

The question posed will provide insight into the analysis of Sirius Strategic Solutions Ltd. by assisting in understanding what it was asked to do and what it was precluded from doing in the letter of retainer. It will provide insight into the effort to be expended on the research by giving an indication of the hours spent on the project. In addition, it will provide insight into the prudence and reasonableness of the costs incurred by the Corporation by disclosing the magnitude of the expenditure.

RESPONSE:

Refer to the attachment.



**Manitoba
Public Insurance**

An Agreement for Consulting Services dated the 17th day of February, 2015.

BETWEEN:

THE MANITOBA PUBLIC INSURANCE CORPORATION
(called "Manitoba Public Insurance")

- and -

SIRIUS STRATEGIC SOLUTIONS
(called the "Consultant")

WHEREAS:

- A. Manitoba Public Insurance wishes to hire a Consultant to perform an independent review of the optimal size of a road safety budget, and a review of its current road safety portfolio with a view to optimizing it and minimizing the economic and social costs of collisions, as more particularly described in Article 2.00 (the "Services"); and,
- B. Manitoba Public Insurance wishes to engage the Consultant and the Consultant wishes to be engaged by Manitoba Public Insurance to provide the Services in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals, terms, conditions and covenants contained herein, it is hereby agreed as follows:

1.00 TERM OF AGREEMENT

- 1.01 This Agreement is for a period of nine (9) months and comes into effect as of February 17, 2015, and shall continue until November 16, 2015 (the "Term"), unless otherwise terminated, suspended or extended in accordance with the terms and conditions of this Agreement.

2.00 SERVICES TO BE PROVIDED

- 2.01 Manitoba Public Insurance agrees to retain the Consultant to perform the Services, which are further detailed in this Article 2.00 and in the Consultant's Proposal attached Schedule D. The Consultant agrees to

perform such Services during the Term, on the terms and conditions set out in this Agreement and as directed by Manitoba Public Insurance, to its reasonable satisfaction.

2.02 The Consultant agrees to be bound solely by this Agreement. For greater certainty, "Agreement" means this agreement, any schedules attached hereto, and any statement of work and/or other document incorporating or made pursuant to this agreement. If the Consultant begins the Services before the start of this Agreement's Term, all Services provided by the Consultant before the start of this Agreement's Term will be considered to have been provided under all of the terms and conditions of this Agreement.

2.03 The Consultant shall:

- a) review relevant material provided by Manitoba Public Insurance including road safety planning documents, the PUB orders and submissions, road safety evaluations, crash data, etc.;
- b) conduct literature review on the road safety effectiveness and models;
- c) research and review jurisdictional road safety plans for comparison against the Manitoba Public Insurance model;
- d) develop assessment framework;
- e) assess Manitoba Public Insurance model and provide recommendations as appropriate;
- f) draft report for Manitoba Public Insurance's review;
- g) finalize report for submission; and
- h) perform any activities related to the tasks above, including commutation with Manitoba Public Insurance and jurisdictional representatives, collation of materials, coordination of research, and collection of data and documentation.

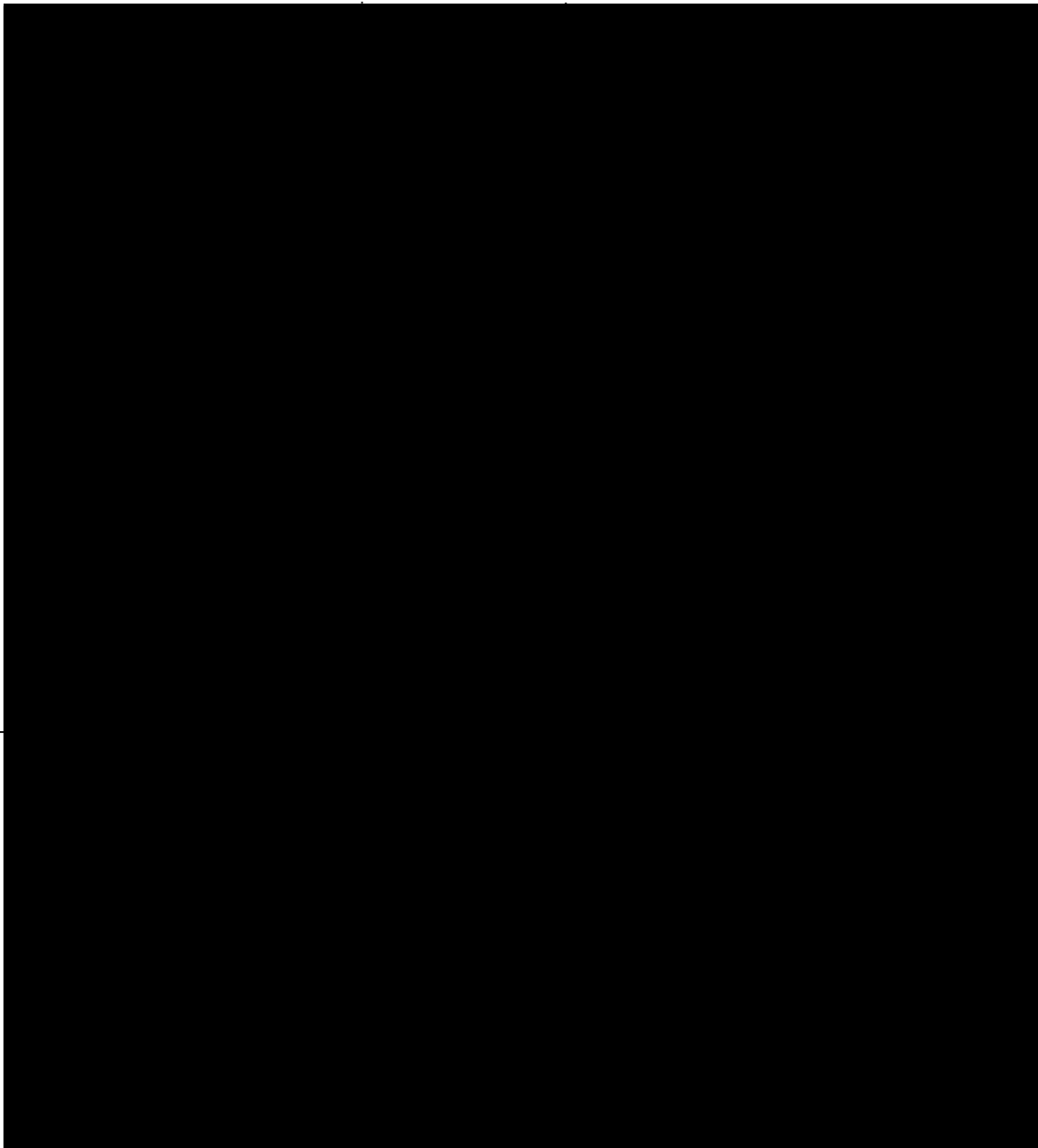
2.04 In producing the final report, the Consultant shall not provide the Services for more than two hundred (200) hours for the duration of the Term unless prior written authorization has been given by Manitoba Public Insurance, acting reasonably. Manitoba Public Insurance may require the Consultant to conduct follow up work or analysis stemming from the final report during the Term of the engagement. Should Manitoba Public Insurance require these additional services, the scope of services to be provided by the Consultant will be mutually agreed to and the Consultant will provide the additional services at the hourly rate stated in Section 4.01.

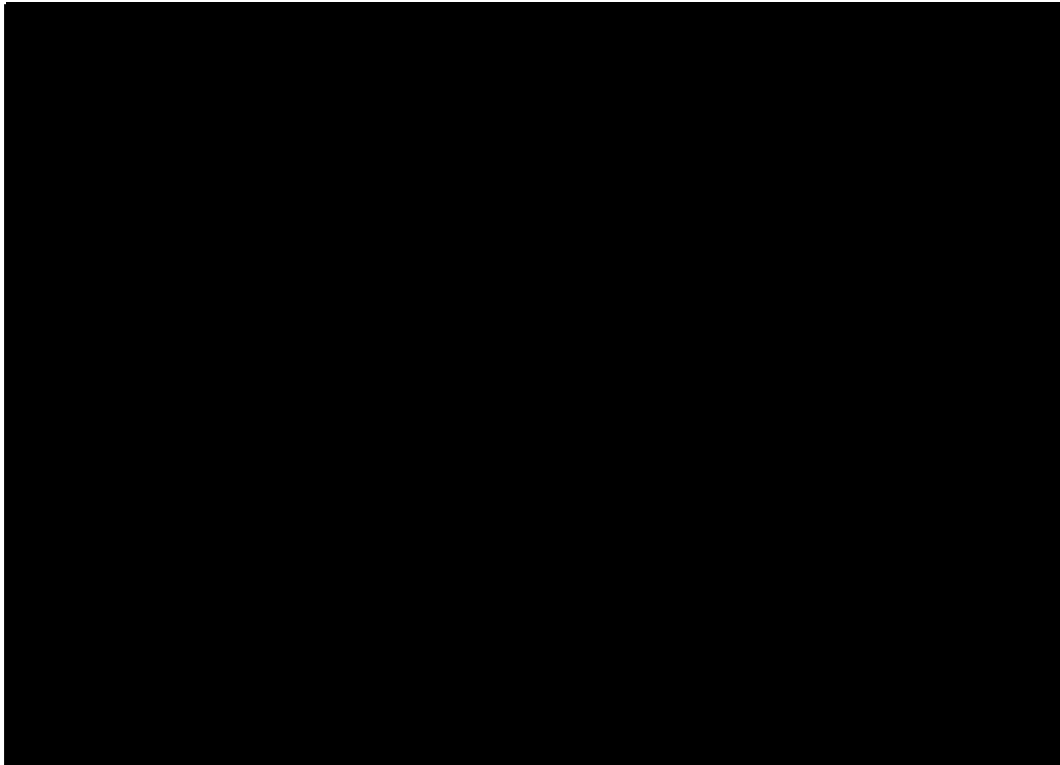
2.05 The person designated to perform the Services shall be Jennifer Kroeker-Hall, and she shall devote the time, attention, abilities and expertise necessary to properly perform the Consultant's obligations. The Services shall be provided remotely and there is no requirement for the Consultant to be on-site at Manitoba Public Insurance's offices.

**3.00 CORPORATE VALUES & SUSTAINABLE DEVELOPMENT
PROCUREMENT GUIDELINES**

3.01 The Consultant represents and warrants that the Services shall be delivered in a manner that is consistent with Manitoba Public Insurance's Corporate Values and Sustainable Development Procurement Guidelines, attached hereto as Schedule A.

4.00 VENDOR'S FEES





5.00 STANDARD TERMS & CONDITIONS

- 5.01 The parties agree to comply with the additional terms and conditions which are attached hereto as Schedule C, and acknowledge that such terms and conditions form an integral part of this Agreement.
- 5.02 To the extent there is a conflict or inconsistency, the following is the order of precedence of documents comprising this Agreement:
 - (a) the main body of this Agreement;
 - (b) Schedules A, B and C; and,
 - (c) Schedule D.

6.00 NOTICES

- 6.01 Any notice or other communication under this Agreement shall be delivered:

To the Consultant:

Attention: Jennifer Kroeker-Hall
Sirius Strategic Solutions
469 Tuscan Lane
Victoria, BC V9E 2A7

To Manitoba Public Insurance:

Attention: Ward Keith, Executive Director
Driver Safety, DVA Administration & Registrar of Motor Vehicles
Manitoba Public Insurance
P.O. Box 6300, 234 Donald Street
Winnipeg MB R3C 4A4
Email: wkeith@mpi.mb.ca
Facsimile: 204-949-1840

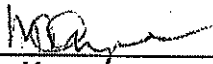
6.02 Any notice or communication:

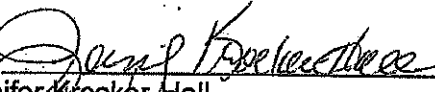
- (a) sent by registered mail shall be deemed to have been received on the third business day following the date of mailing;
- (b) sent by facsimile or other electronic transmission (including email) shall be deemed to have been received on the next business day following the date of transmission; and,
- (c) sent by courier or personal delivery shall be deemed to have been received on the day that it was delivered.

This Agreement has been executed on behalf of each party by their duly authorized representatives.

for **THE MANITOBA PUBLIC INSURANCE CORPORATION**

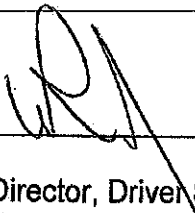
for **SIRIUS STRATEGIC SOLUTIONS**

Per: 
MaryAnn Kempe
Vice President, Business Development,
Communications & CPO

Per: 
Jennifer Kroeker Hall
President & CEO

Date: _____

Date: Feb. 24, 2015

Per: 
Ward Keith
Executive Director, Driver Safety, DVA
Administration & Registrar of Motor
Vehicles

Date: March 3, 2015

SCHEDULE A

MANITOBA PUBLIC INSURANCE'S CORPORATE VALUES AND SUSTAINABLE DEVELOPMENT PROCUREMENT GUIDELINES



CORPORATE VALUES

Our Customers

Our customers' interests are at the heart of everything we do. We balance the individual customer's needs with the needs of Manitobans as a whole. We base our relationships on respect, fairness, honesty and integrity. We safeguard the confidentiality of information and personal privacy. We are committed to the highest ethical standards and excellence in service.

Our People

Our people are given the training, tools and encouragement they need to succeed. We provide a respectful, inclusive and safe environment where our staff is skilled, confident and committed to the Corporate Mission. We provide our people with clear and consistent direction. Our people have the authority they need to do their jobs, providing a sense of achievement from their work, and the opportunity for career growth and advancement. We encourage and support our people to make a positive contribution, both inside and outside the workplace.

Working Together

We work co-operatively with each other and with our business associates, sharing expertise, ideas and resources. Each of us, in our daily work, creates a team environment, drawing on one another to do the best job possible. Our communication with one another is respectful, appropriate and helpful.

Financial Responsibility

Manitoba Public Insurance holds the funds of its policyholders in trust to meet their needs into the future. We operate in a fiscally responsible and cost-effective manner, using investment income to reduce rates and provide long-term benefits to Manitobans.

Excellence and Improvement

We constantly improve our products, services and procedures. As our customers' needs and the business environment continue to change, so must we. We value initiative, creativity and a strong desire for personal, team and corporate success in everything we do. We recognize and reward excellence and improvement in our work.

Our Corporate Citizenship

We lead by example, conducting our affairs responsibly and professionally. We contribute to the social and economic well-being of our communities as well as the sustainable development of Manitoba now and into the future.

Schedule A



**Manitoba
Public Insurance**

SUSTAINABLE DEVELOPMENT PROCUREMENT GUIDELINES

The following sustainable development procurement guidelines apply to Manitoba Public Insurance and shall be considered in retaining a Consultant:

<p>Protect Human Health and Well-Being</p> <ul style="list-style-type: none"> • Anticipate, prevent and mitigate significant adverse economic, environmental, human health and social effects of purchasing decisions. • Where practicable, require the purchase of substitute or alternative goods, materials or services in place of goods or materials that contain, or services that use, toxic substances or are otherwise harmful to the environment or human health. • Ensure that toxic substances are managed properly to protect the environment and human health. • Ensure those goods, materials and services that may otherwise pose an elevated risk to human health, safety and the environment are managed properly. <p>Promote Environmentally Sustainable Economic Development</p> <ul style="list-style-type: none"> • Recognize economic, ecological and social interdependence among communities, provinces and nations that require the integration of economic, environmental, human health and social factors in purchasing decisions. • Purchase decisions may assist in the development of local environmental industries and markets for environmentally preferable products and services. <p>Conserve Resources</p> <ul style="list-style-type: none"> • Evaluate and reduce the need to purchase goods, materials and services. • Purchase goods, materials and services that use recycled products. • Purchase goods and materials with structures that require less material to manufacture. 	<p>Promote pollution prevention, waste reduction and diversion</p> <ul style="list-style-type: none"> • Purchase goods and materials that are easy to recycle. • Purchase goods and materials with structures that facilitate disassembly for processing, recycling and waste management. • Purchase goods and materials packed with recycled products or materials that are recyclable. • Purchase goods and materials with a manufacturing process that avoids the creation of waste and pollutants at source. • Purchase goods and materials that are used or remanufactured. • Purchase goods, materials and services that are suitable alternatives or substitutes. • Purchase services that minimize adverse environmental impacts. • Purchase goods and materials that have greater durability and longer life-span. • Use goods and materials in a manner that minimizes adverse environmental impacts. <p>Evaluate value, performance and need</p> <ul style="list-style-type: none"> • Purchase environmentally preferable goods, materials and services that perform adequately and are available at a reasonable price with careful consideration of full-costing. • Purchase goods, materials and services that comply with recognized environmental standards. • Evaluate and reduce the need to purchase goods, materials and services. • Evaluate the appropriate scale and utilization of a good, material or service. • Evaluate market factors for goods, materials and services, such as specifications, quality, delivery date and price.
<ul style="list-style-type: none"> • Purchase goods and materials that require less packaging. • Reuse, recycle and recover goods and materials. <p>Conserve Energy</p> <ul style="list-style-type: none"> • Purchase goods, materials and services where the consumption of energy (electricity and fossil fuels) during production, transportation, usage and delivery is minimized. • Purchase goods, materials and services where renewable forms of energy are substituted during production, transportation, usage and delivery for non-renewable forms of energy. • Purchase goods, materials and services that have or use a structure that facilitates energy efficiency and resource conservation. 	

SCHEDULE B

MANITOBA PUBLIC INSURANCE GST/HST TAX-EXEMPT CERTIFICATE



TO: ALL MANITOBA PUBLIC INSURANCE SUPPLIERS

The following Tax-Exempt Certificate will appear on all our purchase orders, work orders, agreements and contracts:

PLEASE NOTE:
GOVERNMENT OF MANITOBA
GST/HST Registration Number:
R122001191

It is hereby certified that the goods and/or services described herein are being purchased with Crown funds on behalf of the Government of Manitoba and are exempt from the Goods and Services Tax and Harmonized Sales Tax.

Suppliers are not to include GST/HST in quoted prices or invoices

As indicated on the Certificate, suppliers are not to include GST/HST for goods and services provided to the Corporation. This will facilitate processing of your invoices and prompt payment.

Please note that the GST/HST Registration number on the certificate is Manitoba Public Insurance's registration number.

The use of the Tax-Exempt Certificate does not affect your right to claim input tax credits on your purchases relating directly to your sales to Manitoba Public Insurance.

SCHEDULE C

MANITOBA PUBLIC INSURANCE'S TERMS AND CONDITIONS

Schedule C



TERMS AND CONDITIONS

1.00 SCOPE

- 1.01 Manitoba Public Insurance and the Consultant agree that any work performed by the Consultant outside the scope of the Services without prior written approval of Manitoba Public Insurance shall be deemed to be gratuitous on the Consultant's part, and Manitoba Public Insurance has no liability with respect to such work.
- 1.02 Manitoba Public Insurance reserves the right to change, modify, delete or add to the Services, if necessary and acting reasonably. In addition to the foregoing, the Consultant shall provide to Manitoba Public Insurance any other further services, documentation or data related to the Services as may be reasonably required by Manitoba Public Insurance.
- 1.03 Unless specifically stated to the contrary, nothing in this Agreement grants the Consultant exclusivity in providing the Services to Manitoba Public Insurance.

2.00 PERFORMANCE OF VENDOR'S OBLIGATIONS

2.01 The Consultant represents and warrants that:

- it possess the necessary skills, expertise and experience to perform the Services in accordance with this Agreement;
- the Services shall be provided in a professional manner and as outlined in this Agreement unless Manitoba Public Insurance and the Consultant agree otherwise in writing;
- the Services shall be provided in compliance with every federal, provincial and municipal law which is or could be applicable to the Services;
- the person or persons designated to perform the Services shall devote the time, attention, abilities and expertise necessary to properly perform the Consultant's obligations;
- it shall comply with all reasonable directions and requests of Manitoba Public Insurance within the scope of the Services as set out in this Agreement;
- it shall deliver the Services in a manner that is consistent with Manitoba Public Insurance's Corporate Values and Sustainable Development Procurement Guidelines;
- all representations and warranties contained in this Agreement are true and correct and shall so remain throughout the term of this Agreement;
- Manitoba Public Insurance shall have the right of prior approval of any person or persons designated to provide the Services. Manitoba Public Insurance, acting reasonably, shall have the right to request the removal of any person or persons so designated. The Consultant shall immediately comply with all such requests for removal; and,
- it has full right and authority to enter into this Agreement.

2.02 The Consultant shall provide written progress reports at such intervals as Manitoba Public Insurance may reasonably request. Such progress reports shall be in form and content satisfactory to Manitoba Public Insurance acting reasonably.

2.03 If applicable, and unless otherwise stated in this Agreement to the contrary, delivery of goods and/or deliverables shall be to Manitoba Public Insurance's Mail & Warehousing Services, B100 - 234 Donald Street, Winnipeg, Manitoba. All goods/deliverables will remain at the risk of the Consultant until they are delivered to the reasonable satisfaction of Manitoba Public Insurance. All goods/deliverables supplied shall be subject to inspection and acceptance by Manitoba Public Insurance for a period of sixty (60) days after delivery. Defective or deficient goods/deliverables or goods/deliverables not conforming to specifications may be returned at the Consultant's expense. At Manitoba Public Insurance's option, such deficient or non-conforming goods/deliverables shall be returned for either exchange or full refund. In addition to the foregoing, Manitoba Public Insurance shall have the right to rely on any other warranties that are applicable to such goods/deliverables.

3.00 RESTRICTION ON OTHER WORK

3.01 For the purposes of this Agreement, "Representatives" shall mean the directors, officers, shareholders, employees, subcontractors, partners, volunteers, affiliates, agents, delegates and other representatives of a party. While this Agreement is in effect, the Consultant and its Representatives shall not provide services to any other person, corporation or entity in a manner that interferes or conflicts with the proper performance of the Consultant's obligations under this Agreement.

4.00 INDEPENDENT CONTRACTOR

4.01 The Consultant is an independent contractor, and this Agreement does not create the relationship of employer and employee, of principal and agent, of joint venture, or of partnership between Manitoba Public Insurance and the Consultant or between Manitoba Public Insurance and any Representatives of the Consultant.

4.02 The Representatives of one party shall not be deemed or construed to be the

Representatives of the other party for any purpose whatsoever.

4.03 The Consultant is responsible for any deductions or remittances, which may be required by law.

4.04 Except as authorized in this Agreement, the Consultant shall not incur any expenses or debts on behalf of, nor make any commitments for Manitoba Public Insurance without first obtaining written permission from Manitoba Public Insurance.

6.00 DISCLOSURE OF INFORMATION

5.01 The Consultant acknowledges that *The Freedom of Information and Protection of Privacy Act* ("FIPPA") and *The Personal Health Information Act* ("PHIA") each impose obligations on Manitoba Public Insurance to collect, use or disclose "personal information" and "personal health information", as those terms are defined in FIPPA and PHIA (collectively called "Personal Information"), in the strictest of confidence, and in accordance with those Acts.

5.02 While this Agreement is in effect, and at all times thereafter, the Consultant agrees to treat as confidential all information and materials acquired by it, or to which it has been given access, in the course of the performance of this Agreement (collectively called "Confidential Information"), excluding information that is in the public domain (for greater certainty, this does not include information in the public domain which was made public as a result of an unauthorized disclosure by a third party). For the purposes of this Agreement, Personal Information shall be considered to be Confidential Information.

5.03 The Consultant agrees that during the term of this Agreement and at all times thereafter:

- the Personal Information disclosed to the Consultant by Manitoba Public Insurance may only be used by the Consultant in a manner expressly permitted by FIPPA or PHIA (as the case may be);

- it shall not disclose or permit the disclosure of Confidential Information, or any copies of it, in any format, to any third party without the express prior written consent of Manitoba Public Insurance;

- it shall comply with all directives given to it by Manitoba Public Insurance with respect to safeguarding, or otherwise ensuring the confidentiality, of any Confidential Information disclosed to it by Manitoba Public Insurance;

- it shall ensure that access to the Confidential Information by the Representatives of the Consultant is on a "need-to-know" basis, and that access, when given, shall be to the minimum amount of Confidential Information necessary to accomplish the task;

- it shall use the Confidential Information only for those purposes that have been expressly permitted by Manitoba Public Insurance;

- it shall not reproduce Confidential Information, in any format, without the express prior written consent of Manitoba Public Insurance;

- it shall ensure that it, or its Representatives, do not transport or store any Confidential Information outside of Canada without the express prior written consent of Manitoba Public Insurance; and,

- after the Confidential Information has been used for its authorized purpose, or where destruction of the Confidential Information is requested by Manitoba Public Insurance or is required by this Agreement, the Consultant shall destroy the Confidential Information (and all copies of the Confidential Information in any form) in a manner which adequately protects the confidentiality of the Confidential Information.

5.04 On expiration or termination of this Agreement for any reason, the Consultant shall, unless otherwise directed by Manitoba Public Insurance, destroy the Confidential Information (including all copies in any form) in a manner which adequately protects the confidentiality of the Confidential Information.

5.05 During the term of this Agreement and at all times thereafter, the Consultant shall take reasonable precautions to prevent any unauthorized disclosure of the Confidential Information. The standard of such precautions taken by the Consultant shall be the greater of:

- the standards the Consultant has in place to protect its own confidential information; or,
- the standards imposed on the Consultant by Manitoba Public Insurance.

5.06 The Consultant shall immediately notify Manitoba Public Insurance in writing upon becoming aware of any unauthorized use of, access to, disclosure of, or destruction of Confidential Information (a "Confidentiality Breach"). The written notification must include full details of the Confidentiality Breach. The Consultant shall immediately take all reasonable steps to prevent the recurrence of any such Confidentiality Breach and shall notify Manitoba Public Insurance in writing of the steps taken.

5.07 The Consultant shall inform its Representatives of the obligations imposed

Schedule C

- upon it in this Agreement with respect to Confidential Information, and shall take whatever steps are necessary to ensure that all of its Representatives comply with those obligations.
- 5.08 The Consultant acknowledges that monetary damages may not be a sufficient remedy for a Confidentiality Breach, and that Manitoba Public Insurance may, without waiving any other rights or remedies, seek appropriate injunctive or equitable relief from a court of competent jurisdiction.
- 5.09 If the Consultant receives a subpoena or other validly issued administrative or judicial order seeking Confidential Information, the Consultant shall provide prompt notice to Manitoba Public Insurance and deliver to Manitoba Public Insurance a copy of its proposed response to the demand. Unless the demand has been time-limited, quashed or extended, the Consultant shall thereafter be entitled to comply with the demand to the extent permitted or required by law. If so requested by Manitoba Public Insurance, and at the expense of Manitoba Public Insurance, the Consultant shall cooperate with Manitoba Public Insurance in the defence of the demand.
- 5.10 The Consultant undertakes not to publish any public statement or advertisement with respect to this Agreement and further undertakes not to seek publicity of this Agreement without the express prior written consent of Manitoba Public Insurance, except as otherwise required by law or by this Agreement.
- 5.11 The Consultant shall cooperate with Manitoba Public Insurance so that Manitoba Public Insurance can verify that the Consultant has complied, and is complying, with the provisions of this Article 5.00.
- 6.00 OWNERSHIP OF INFORMATION**
- 6.01 Upon payment of all amounts due under this Agreement, all data and materials collected or originally produced by the Consultant or any of its Representatives, in the performance of this Agreement, and all copyright therein (collectively referred to as "Data") shall be the exclusive property of Manitoba Public Insurance and shall be forthwith delivered to Manitoba Public Insurance, at no cost to Manitoba Public Insurance. The Consultant agrees to execute all documents that may be necessary to transfer ownership of the Data to Manitoba Public Insurance.
- 6.02 While this Agreement is in effect, and at all times thereafter, the Consultant and its Representatives shall not use or disclose outside the scope of this Agreement, any Data without first obtaining written permission from Manitoba Public Insurance.
- 6.03 Any equipment, materials, and supplies provided by Manitoba Public Insurance to the Consultant for use in the performance of this Agreement shall remain the property of Manitoba Public Insurance and shall be returned, without cost, to Manitoba Public Insurance upon request.
- 6.04 The Consultant hereby waives all of its moral rights under the Copyright Act (Canada) in the Data in favour of Manitoba Public Insurance and agrees to execute any additional documents, in a form satisfactory to Manitoba Public Insurance, which may be required to evidence this waiver. The Consultant further agrees to obtain from each of its Representatives written waivers, in a form satisfactory to Manitoba Public Insurance, of all their moral rights in the Data in favour of Manitoba Public Insurance.
- 7.00 USE OF MANITOBA PUBLIC INSURANCE'S PREMISES**
- 7.01 In the event that the Consultant or its Representatives use any of Manitoba Public Insurance's premises, the Consultant and such Representatives shall comply with all of such premises' security regulations in effect from time to time.
- 8.00 INDEMNIFICATION OF MANITOBA PUBLIC INSURANCE**
- 8.01 The Consultant shall indemnify and save harmless Manitoba Public Insurance and its Representatives from all losses, damages, costs, causes of action, claims, liabilities or demands of any kind with respect to any injury to persons (including, without limitation, death), damage to or loss of property, economic loss or incidental or consequential damages or infringement of rights (including, without limitation, privacy rights) caused by, or arising directly or indirectly from:
- (a) the default of the Consultant or its Representatives of any term of this Agreement; or
- (b) any negligent or willful act or omission of the Consultant or its Representatives.
- The above includes all costs and expenses associated therewith, including reasonable solicitors' fees.
- 9.00 SUSPENSION OR EXTENSION**
- 9.01 Manitoba Public Insurance may, at its sole option, from time to time, delay or suspend the Services being provided under this Agreement, in whole or in part, for such period of time as may, in the opinion of Manitoba Public Insurance, be necessary. Manitoba Public Insurance shall provide five (5) days prior written notice to the Consultant of its intention to delay or suspend the Services. Manitoba Public Insurance shall not be obliged to make payments to the Consultant except with respect to those Services already satisfactorily performed.
- 9.02 Manitoba Public Insurance may, at its sole option, extend in writing the time in which the Services are to be provided if it deems necessary.
- 9.03 Where there is a delay or suspension under Section 9.01 or an extension of time under Section 9.02, all terms and conditions of this Agreement shall continue in full force and effect against the Consultant. The Consultant shall not be entitled to make any claim for damages by reason of the delay, suspension or extension.
- 10.00 TERMINATION**
- 10.01 Manitoba Public Insurance may terminate this Agreement at any time by giving fourteen (14) days prior written notice to the Consultant.
- 10.02 Neither party shall be responsible for any failure to comply with or for any delay in performance of the terms of this Agreement where such failure or delay is directly or indirectly caused by or results from events of force majeure beyond the control of either party. The time in which the Services are to be provided shall be extended by a period of time at least equal to the length of the force majeure event, provided that in the event the extended period of time exceeds, or is reasonably anticipated to exceed a period of fourteen (14) days, then Manitoba Public Insurance may terminate this Agreement and pay the Consultant for all work performed to that point in time.
- 10.03 In addition to its rights under Sections 9.01, 10.01 and 10.02 above, and without restricting any other remedies available, Manitoba Public Insurance may immediately terminate or immediately suspend this Agreement in writing if:
- (a) the Consultant makes an assignment for the benefit of creditors or takes any other action for the benefit of creditors, becomes bankrupt or insolvent, or takes the benefit of or becomes subject to any legislation in force relating to bankruptcy and insolvency;
- (b) in the opinion of Manitoba Public Insurance, the Services provided by the Consultant or its Representatives are unsatisfactory, inadequate, or are improperly performed; or
- (c) in the opinion of Manitoba Public Insurance, the Consultant or its Representatives have failed to comply with or breached any term or condition of this Agreement.
- 10.04 Upon termination of this Agreement, the Consultant shall cease to perform any further Services. Manitoba Public Insurance shall be under no obligation to the Consultant other than to pay, upon receipt of an invoice or statement and supporting documentation satisfactory to Manitoba Public Insurance acting reasonably, such compensation as the Consultant may be entitled to receive under this Agreement for work satisfactorily completed up to the date of termination.
- 11.00 GENERAL TERMS**
- 11.01 The terms and conditions contained in this Agreement that by their sense and context are intended to survive the performance of this Agreement by the parties shall so survive the completion and performance, suspension or termination of this Agreement.
- 11.02 The Consultant shall not assign or transfer this Agreement or any of its rights or obligations under this Agreement without first obtaining written permission from Manitoba Public Insurance. This Agreement shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the parties.
- 11.03 This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. There are no undertakings, representations, or promises, express or implied, other than those contained in this Agreement and none have been relied on.
- 11.04 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.
- 11.05 This Agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba and the laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Manitoba and all courts competent to hear appeals therefrom.
- 11.06 Any failure or delay by either party to exercise or partially exercise any right hereunder shall not be deemed a waiver of any of the rights under this Agreement. The waiver by either party of a breach of any provision of this Agreement shall not operate as, or be construed as, a waiver of any subsequent breach thereof.
- 11.07 The election of any one or more remedies by either party shall not constitute a waiver of that party's right to pursue other available remedies.
- 11.08 The Consultant agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

SCHEDULE D

MATERIAL PORTIONS OF PROPOSAL FROM SIRIUS STRATEGIC SOLUTIONS

Proposal

Road Safety Review and Assessment

MANITOBA PUBLIC INSURANCE (MPI)

CONFIDENTIAL

Submitted by: Sirius Strategic Solutions

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Date: February 17, 2015

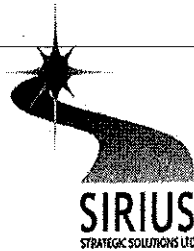


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INTRODUCTION

Manitoba Public Insurance (MPI) has a key role in making roadways and communities safe by working with Manitobans to reduce risk on its roads. While its efforts have been numerous over the years, they have not been consolidated into an over-arching plan until recently. Over the last number of years, these efforts have been a source of attention by the Public Utilities Board (the Board), which oversees rate decisions for MPI, including strategies to mitigate claims costs, such as road safety. The Board has expressed its desire for an independent review of the current road safety portfolio with a view to optimizing its financial contribution to the insurance corporation as well as its economic and social contribution in Manitoba.

To this end, MPI has undertaken a number of initiatives including the development of a Road Safety Programming Priority Setting and Program Development Framework to guide its road safety focus. The purpose of this report is to provide an independent assessment of MPI's road safety model based on information, material, data and documents produced to date; recent research literature on the effectiveness of road safety programs and practices; updated crash data; and jurisdictional programs and outcomes where available. A framework will be developed to identify an empirically-based approach to assess MPI's road safety work to date, its planned initiatives, and their future value in terms of financial, economic and social benefits versus costs.

PROJECT DESCRIPTION & DELIVERABLES

The overall objective of this project is to assess MPI's road safety model with a view to optimizing its elements and budget relative to the need to mitigate and minimize the economic and social costs of collisions. This project will include reviewing, analyzing and assessing road safety information and data to develop an assessment framework and apply it against the current model.

High level tasks to be undertaken include:

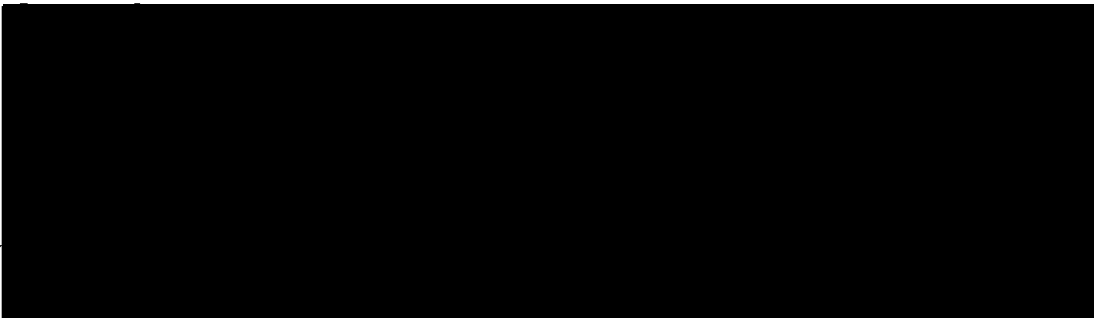
- Review relevant material provided by client including road safety planning documents; PUB orders and submissions; road safety evaluations; crash data, etc.
- Conduct literature review on the road safety effectiveness and models
- Research and review jurisdictional road safety plans for comparison against MPI model
- Develop assessment framework
- Assess MPI model and provide recommendations as appropriate
- Draft report for client review
- Finalize report for submission

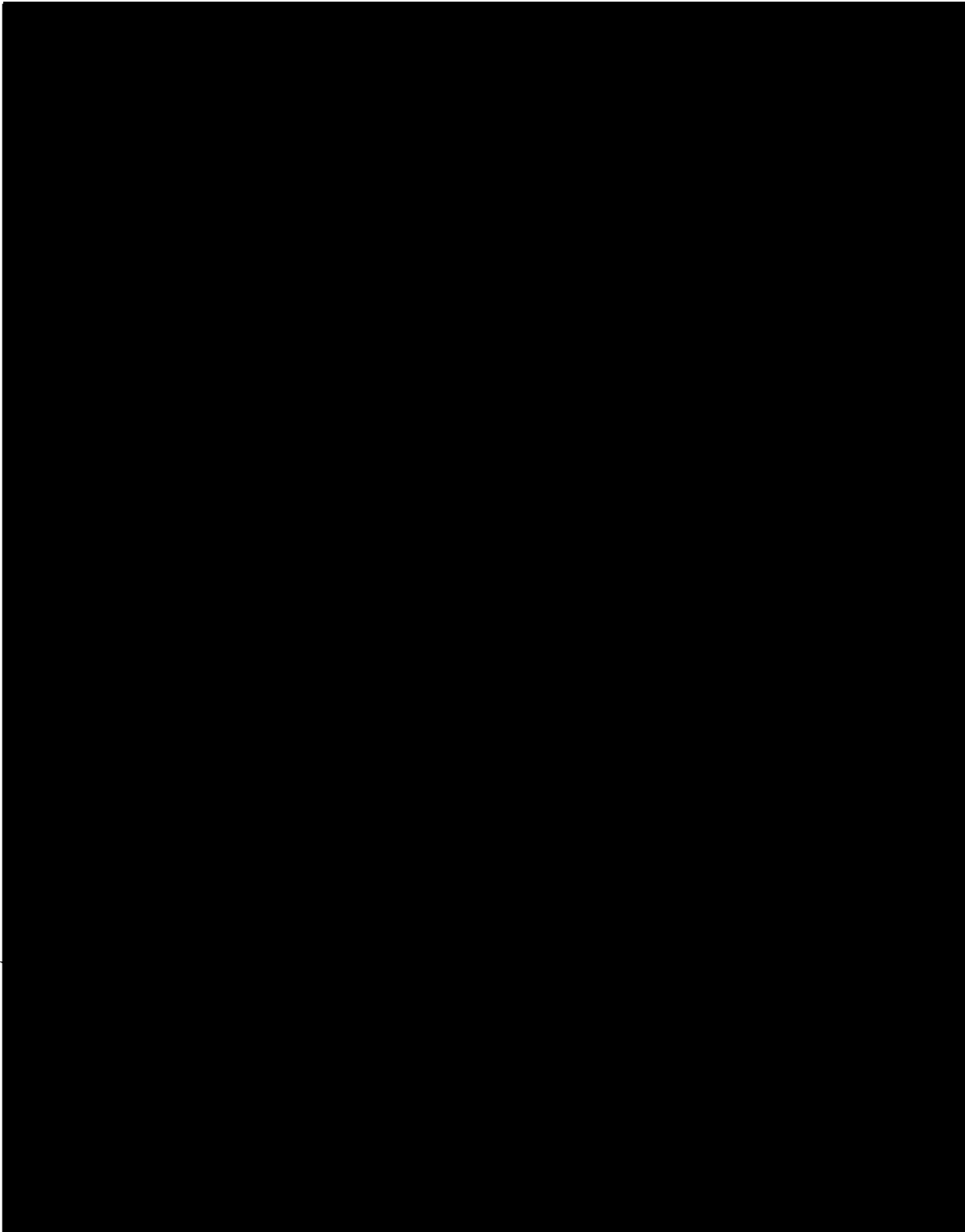
The primary deliverables will be a road safety assessment framework, draft report and final report.

It is expected that sufficient MPI staff resourcing be dedicated to supporting this work given its importance and timelines in preparation for submission to the Public Utilities Board.

Work Plan Draft

Deliverable	Tasks	Timeline
Draft assessment framework	Collate and review existing background material, data and information from client.	Feb 16-27
	Canadian jurisdictional review of road safety models, data and evaluative information	Feb 16-27
	Research and review of selected countries' road safety models and evaluation information, crash data, assessment models, etc.	Feb 23-Mar 9
	Develop assessment framework - Consult with other experts as necessary	Feb 23 – Mar 16
Draft report	Review and assess MPI's road safety model	Mar 17-24
	Draft report conducting further research and analysis as necessary	Mar 17-Apr 7
	Review of draft by client	Apr 7 -21
Final report	Finalize report incorporating client feedback and additional information and analysis as required	Apr 22-30





Sirius Strategic Solutions

CONCLUSION

Sirius is pleased to be able to submit a proposal to MPI ensuring the quality of its services and the deliverables it promises. Understanding the complexities of road safety, and the governance and regulatory environments in which MPI operates, is a unique strength we bring to this project and look forward to working with you on its successful completion.

Jennifer Kroeker-Hall
President & CEO
Sirius Strategic Solutions