

PUB (MPI) Pre-Ask 2**Question:**

- a) Please file a DCAT equity decline adverse scenario reflecting a Year 1 Q1 total return (reduction) of (45.41%), followed by a Year 1 Q2-Q4 total return recovery of 46.93%, Year 2 total return of 15.02%, Year 3 total return (reduction) of (6.70%), Year 4 total return of 5.79% and Year 5 total return of 14.95%.
- b) Please file a DCAT equity decline adverse scenario reflecting a four year total return (reduction, modelled in the manner used in the DCAT) of (8.94%), followed by a Year 5 total return of 14.95%.

RESPONSE:

Please see the attached exhibits. All DCAT adverse scenarios begin in 2016/17, this is considered year 1. A year 5 total return is not possible in the current DCAT model as the Corporation does not forecast the 2020/21 year. The table below shows the assumed annual total returns.

Annual Total Return on Canadian and US Equities					
	2015/16	2016/17	2017/18	2018/19	2019/20
Base	7.40%	7.40%	7.40%	7.40%	7.40%
Pre-Ask 2a	7.40%	-19.79%	15.02%	-6.70%	5.79%
Pre-Ask 2b	7.40%	-2.31%	-2.31%	-2.31%	-2.31%

Exhibit 1a
Pre-Ask 2a Revised Scenario
Statement of Operations

(C\$ 000s, except where noted)

For the Years Ended February,

	<u>2013A</u>	<u>2014A</u>	<u>2015A</u>	<u>2016P</u>	<u>2017P</u>	<u>2018P</u>	<u>2019P</u>	<u>2020P</u>
BASIC								
Motor Vehicles	722,774	756,642	794,052	854,303	893,543	935,826	978,889	1,024,366
Drivers	32,692	41,520	44,642	48,269	51,128	54,021	56,626	59,164
Reinsurance Ceded	(9,422)	(13,422)	(13,829)	(12,396)	(12,644)	(12,897)	(13,155)	(13,418)
Total Net Premiums Written	746,044	784,741	824,865	890,176	932,027	976,950	1,022,361	1,070,112
Net Premiums Earned								
Motor Vehicles	739,654	741,077	774,785	828,135	875,453	916,334	959,037	1,003,401
Drivers	29,299	37,015	42,926	46,782	49,704	52,580	55,329	57,900
Reinsurance Ceded	(12,202)	(13,422)	(13,829)	(12,396)	(12,644)	(12,897)	(13,155)	(13,418)
Total Net Premiums Earned	756,751	764,671	803,883	862,520	912,514	956,017	1,001,211	1,047,884
Service Fees & Other Revenues	18,452	20,383	19,475	20,922	22,350	24,052	25,965	28,125
Total Earned Revenues	775,203	785,053	823,357	883,443	934,864	980,069	1,027,176	1,076,008
Net Claims Incurred	661,288	747,435	745,837	559,784	677,840	685,568	827,543	860,568
Claims Expense	108,537	114,552	116,578	121,045	127,985	131,211	136,568	136,416
Road Safety/Loss Prevention	13,107	12,816	11,359	11,496	11,433	10,540	11,382	11,403
Total Claims Costs	782,931	874,803	873,773	692,324	817,258	827,320	975,493	1,008,388
Expenses								
Operating	63,733	67,982	74,283	71,401	74,574	77,146	79,896	80,405
Commissions	37,545	32,058	32,845	35,405	36,774	37,290	38,981	40,727
Premium Taxes	23,069	23,343	24,531	26,247	27,755	29,067	30,431	31,839
Regulatory/Appeal	3,392	3,766	3,935	3,154	3,210	3,273	3,337	3,404
Total Expenses	127,739	127,148	135,595	136,208	142,312	146,777	152,646	156,375
Underwriting Income (Loss)	(135,467)	(216,898)	(186,011)	54,911	(24,706)	5,973	(100,962)	(88,754)
Investment Income	72,363	147,735	188,451	(11,429)	(16,580)	(5,269)	83,372	81,344
Net Income (Loss) from Operations	(63,104)	(69,163)	(5,144)	14,248	(41,009)	(3,887)	(14,376)	(9,780)
DPAC / Premium Deficiency writedown Adj.	-	-	(7,584)	(29,233)	277	(4,591)	3,213	(2,370)
Net Income (Loss)	(63,104)	(69,163)	2,440	43,482	(41,286)	704	(17,590)	(7,410)

Exhibit 1b
Pre-Ask 2a Revised Scenario
Statement of Retained Earnings

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>							
	<u>2013A</u>	<u>2014A</u>	<u>2015A</u>	<u>2016P</u>	<u>2017P</u>	<u>2018P</u>	<u>2019P</u>	<u>2020P</u>
RATE STABILIZATION RESERVE (RSR)								
Basic Insurance Rate Stabilization Reserve								
Beginning Balance	155,700	149,800	99,877	165,600	178,300	180,012	180,716	163,126
Transfer from Basic Retained Earnings	-	(49,923)	65,723	12,700	1,712	704	(17,590)	(7,410)
Transfer to Basic Retained Earnings	(5,900)	-	-	-	-	-	-	-
Ending Balance	149,800	99,877	165,600	178,300	180,012	180,716	163,126	155,716
Minimum RSR based on PUB rules	77,900	78,500	82,900	89,300	93,500	98,000	102,600	107,400
Maximum RSR based on PUB rules	149,800	156,900	165,600	178,300	186,700	195,700	204,800	214,300
MPI RSR Target	200,000	172,000	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings								
Beginning Balance	57,983	19,239	-	12,217	42,999	-	-	-
Restatement of Beginning Balance	18,460	-	-	-	-	-	-	-
Restated Beginning Balance	76,443	19,239	-	12,217	42,999	-	-	-
Net Income (Loss) from annual operations	(63,104)	(69,163)	2,440	43,482	(41,286)	704	(17,590)	(7,410)
Transfer from Extension Retained Earnings	-	-	75,500	-	-	-	-	-
Retained Earnings Prior to Transfers	13,339	(49,923)	77,940	55,699	1,712	704	(17,590)	(7,410)
Transfer to Rate Stabilization Reserve	-	49,923	(65,723)	(12,700)	(1,712)	(704)	17,590	7,410
Transfer from Rate Stabilization Reserve	5,900	-	-	-	-	-	-	-
Premium Rebate	-	-	-	-	-	-	-	-
Balance of Fund	19,239	-	12,217	42,999	-	-	-	-
Total Basic Retained Earnings	\$ 169,039	\$ 99,877	\$ 177,817	\$ 221,299	\$ 180,012	\$ 180,716	\$ 163,126	\$ 155,716

Exhibit 1c
Pre-Ask 2a Revised Scenario
Balance Sheet

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>							
	<u>2013A</u>	<u>2014A</u>	<u>2015A</u>	<u>2016P</u>	<u>2017P</u>	<u>2018P</u>	<u>2019P</u>	<u>2020P</u>
BASIC								
Assets								
Cash and investments	1,298,217	1,424,341	1,593,442	1,566,586	1,482,843	1,509,925	1,556,509	1,609,249
Equity investments	473,796	600,483	598,842	618,648	563,924	559,083	553,738	597,796
Investment property	175,142	32,226	35,073	35,115	34,901	33,756	32,312	30,964
Due from other insurance companies	945	1,755	108	-	-	-	-	-
Accounts receivable	232,595	236,347	273,197	270,333	282,190	294,535	306,878	319,832
Prepaid expenses	716	-	-	291	291	291	291	291
Deferred policy acquisition costs	3,884	1	-	15,281	16,132	21,939	19,964	23,642
Reinsurers' share of unearned premiums	-	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	26,130	17,625	2,565	-	-	-	-	-
Property and equipment	87,709	80,108	90,474	87,247	91,067	91,553	90,273	88,648
Deferred development costs	40,884	54,685	56,992	66,092	73,175	81,730	86,029	97,255
	<u>2,340,018</u>	<u>2,447,571</u>	<u>2,650,693</u>	<u>2,659,592</u>	<u>2,544,522</u>	<u>2,592,810</u>	<u>2,645,993</u>	<u>2,767,677</u>
Liabilities								
Due to other insurance companies	1,114	1,213	-	1	1	1	1	1
Accounts payable and accrued liabilities	31,827	35,769	34,157	37,993	39,659	41,394	43,129	44,950
Financing lease obligation	3,091	2,841	3,224	2,955	2,892	2,825	2,753	2,681
Unearned premiums and fees	382,507	402,982	426,137	461,757	484,685	509,301	534,423	560,937
Provision for employee current benefits	14,896	15,389	16,240	16,253	16,880	17,520	18,175	18,845
Provision for employee future benefits	230,117	235,172	286,581	289,816	303,510	318,434	334,015	350,309
Provision for unpaid claims	1,450,626	1,584,042	1,671,275	1,588,436	1,576,629	1,541,796	1,605,242	1,669,675
	<u>2,114,178</u>	<u>2,277,408</u>	<u>2,437,614</u>	<u>2,397,212</u>	<u>2,424,257</u>	<u>2,431,270</u>	<u>2,537,737</u>	<u>2,647,398</u>
Equity								
Retained earnings								
Basic Insurance Retained Earnings								
Rate Stabilization Reserve	149,800	99,877	165,600	178,300	180,012	180,716	163,126	155,716
Retained Earnings	19,239	-	12,217	42,999	-	-	-	-
	<u>169,039</u>	<u>99,877</u>	<u>177,817</u>	<u>221,299</u>	<u>180,012</u>	<u>180,716</u>	<u>163,126</u>	<u>155,716</u>
Accumulated Other Comprehensive Income	56,800	70,284	35,262	41,082	(59,747)	(19,176)	(54,871)	(35,437)
Total Equity	<u>225,839</u>	<u>170,161</u>	<u>213,079</u>	<u>262,380</u>	<u>120,265</u>	<u>161,540</u>	<u>108,256</u>	<u>120,279</u>
	<u>2,340,017</u>	<u>2,447,569</u>	<u>2,650,693</u>	<u>2,659,592</u>	<u>2,544,522</u>	<u>2,592,810</u>	<u>2,645,993</u>	<u>2,767,677</u>

Exhibit 1d
Pre-Ask 2a Revised Scenario
Minimum Capital Test

(All figures in \$000s)		2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020
		Current Year (01)	Forecast Year (02)	Forecast Year (03)	Forecast Year (04)	Forecast Year (05)
Capital Available						
Total Equity less Accumulated Other Comprehensive Income	02	221,299	180,012	180,716	163,126	155,716
Add:						
Subordinated Indebtedness and Redeemable Preferred Shares	03					
Accumulated Other Comprehensive Income (Loss) on:						
Available for Sale Equity Securities	04	41,082	(59,747)	(19,176)	(54,871)	(35,437)
Available for Sale Debt Securities	06					
Foreign Currency (Net of Hedging Activities)	08					
Share of Other Comprehensive Income of non-qualifying Subsidiaries,						
Associates & Joint Ventures	36					
Remeasurements of Defined Benefit Plans	42					
Revaluation Losses in Excess of Gain on Own Use Properties	32					
(Specify)	30					
Less:						
Accumulated net after-tax fair value gains (losses) arising from						
changes in the company's own credit risk	12					
Unrealized Fair Value Gains (Losses) from Own Use						
Properties at Conversion	15					
Shadow Accounting Impact	16					
Assets with a Capital Requirement of 100%	17	66,092	73,175	81,730	86,029	97,255
(Specify)	13					
Accumulated Other Comprehensive Income (Loss) on Remeasurements of Defined Benefit	44					
Total Capital Available	19	196,288	47,090	79,810	22,227	23,024
Minimum Capital Required						
Balance Sheet Assets	20	132,848	130,350	129,992	129,394	136,260
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	186,451	186,490	184,391	192,090	199,938
Catastrophes	24	0	0	0	0	0
Reinsurance Ceded to Unregistered Insurers	26	0	0	0	0	0
Interest Rate Risk	38	3,991	4,411	707	2,105	2,764
Foreign Exchange Risk (for future use only)	40					
Structured Settlements, Letters of Credit, Derivatives and						
Other Exposures	28	0	0	0	0	0
(Specify)	34					
Minimum Capital Required	29	323,290	321,251	315,090	323,589	338,962
Excess Capital Available over Minimum Capital Required						
(line 19 minus line 29)	89	(127,002)	(274,161)	(235,280)	(301,362)	(315,938)
Line 19 as a % of line 29	90	60.72%	14.66%	25.33%	6.87%	6.79%
Minimum Gross Capital Level	96	46,737	46,749	46,227	48,154	50,119

Exhibit 1e
Pre-Ask 2a Revised Scenario
Net Claims Incurred Summary

(C\$ 000s, except where noted)

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Claims Incurred before Financial Provisions						
Collision	314,980	370,970	393,793	418,790	445,783	474,157
Comprehensive	71,922	73,626	75,995	78,465	81,149	83,830
Property Damage	39,445	43,976	45,320	46,679	48,211	49,716
Public Liability - BI	6,216	3,617	3,862	3,890	4,174	4,239
PIPP	273,627	68,312	122,787	107,704	193,459	196,694
Total	706,190	560,502	641,757	655,528	772,776	808,635
Unallocated Loss Adjustment Expenses	37,195	38,854	40,760	42,697	44,648	47,031
Change in Internal Loss Adjustment Expense Provision	8,015	(10,339)	(4,954)	(8,066)	6,905	7,272
Change in Reinsurance Ceded Provision	1,279	0	0	0	0	0
Other Financial Adjustments	739	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(7,584)	(29,233)	277	(4,591)	3,213	(2,370)
Total Net Claims Incurred	745,837	559,784	677,840	685,568	827,543	860,568

Exhibit 1f
Pre-Ask 2a Revised Scenario
Deferred Policy Acquisition Expenses and Premium Deficiency

A. Claims (Including External Adjustment Expense) Data

	Accident Year										Selected Undisc	Selected Disc
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Ultimate Loss Ratio - Total All Coverage	72.32%	71.18%	78.48%	82.68%	72.46%	76.33%	75.34%	75.13%	74.98%	74.28%		
2. Trend/Rate Adjustment for Fiscal Year												
2014	1.0456	1.0290	0.9900	0.9688	0.9850							
2015		0.9834	0.9477	0.9288	0.9458	0.9856						
2016			0.9316	0.9142	0.9320	0.9725	0.9992					
2017				0.9172	0.9310	0.9671	0.9892	1.0020				
2018					0.9523	0.9822	0.9974	1.0030	1.0083			
2019						0.9758	0.9913	0.9972	1.0029	1.0079		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2014	75.62%	73.25%	77.70%	80.10%	71.37%						75.52%	81.02%
2015		70.00%	74.37%	76.79%	68.53%	75.24%					73.20%	76.92%
2016			73.11%	75.58%	67.54%	74.24%	75.29%				74.21%	77.04%
2017				75.84%	67.46%	73.82%	74.53%	75.29%			74.55%	76.29%
2018					69.01%	74.97%	75.15%	75.36%	75.61%		75.16%	76.90%
2019						74.48%	74.69%	74.93%	75.20%	74.86%	74.83%	76.52%

B. Actual Data Other Than Losses

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
4. Net Earned Premium	749,534	761,677	756,751	764,671	802,743	862,520	912,514	956,017	1,001,211	1,047,884
5. Operating Expenses as % of Earned Premium	9.79%	9.70%	10.8%	11.1%	11.1%	10.0%	9.8%	9.5%	9.5%	9.1%
6. Maintenance Expense Rate [(5) x 1/3]	3.26%	3.23%	3.61%	3.69%	3.69%	3.33%	3.26%	3.17%	3.15%	3.03%
Selected						3.66%	3.57%	3.42%	3.25%	3.12%
7. ILAER Ratio to Losses - Selected					19.50%	19.50%	19.50%	19.50%	19.50%	19.50%

C. Equity in Unearned Premium

8. Net Unearned Premium					390,218	417,872	437,385	458,318	479,468	501,696
9. Additional Expected Cost of Non-Proportional Reinsurance					6,198	6,322	6,448	6,577	6,709	6,843
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]					316,799	316,550	332,011	344,633	363,537	378,680
11. Reinsurance PFAD					-	-	-	-	-	-
12. Maintenance Expense [a]					13,954	14,552	14,611	14,526	14,927	15,249
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]					61,776	61,727	64,742	67,203	70,890	73,843
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement					3,440	3,440	3,440	3,440	3,440	3,440
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]					(11,950)	15,281	16,132	21,939	19,964	23,642
16. Carried Deferred Policy Acquisition Expenses					26,574	24,571	25,700	26,916	28,155	29,462
17. Write Down Deferred Policy Acquisition Expenses [b]					26,574	9,291	9,568	4,977	8,191	5,820
Change					1,190	(17,283)	277	(4,591)	3,213	(2,370)
18. Premium Deficiency [c]					11,950	-	-	-	-	-
Change					(8,774)	(11,950)	-	-	-	-

Notes:

- [a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin
- [b] Min((16) - (15), (16)) if greater than 0, otherwise 0
- [c] Negative of (15) if greater than 0, otherwise 0

Exhibit 1g
Pre-Ask 2a Revised Scenario
Summary of Corporate Investment Income

	2015/16	2016/17	2017/18 Forecasted	2018/19	2019/20
Interest Income During Period					
Cash/Short Term Investments	121	12	0	(0)	0
Marketable Bonds	35,766	34,328	40,580	48,271	53,770
MUSH	29,550	29,401	28,947	29,845	30,589
Total	65,436	63,742	69,527	78,116	84,359
Dividend and other Income					
Canadian Equities	9,806	7,845	8,672	9,106	9,328
US Equities	3,953	3,342	3,673	3,860	3,942
Investment Properties (Cityplace)	2,722	4,190	3,748	3,742	3,742
Infrastructure	4,185	8,098	9,515	9,515	9,515
Total	20,666	23,475	25,607	26,223	26,526
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(108,519)	(75,060)	(79,161)	3,846	3,901
Marketable Bonds Realized Gains/(Loss)	(392)	(11,393)	(15,360)	746	757
MUSH	-	-	-	-	-
Canadian Equities Realized Gains	15,344	(14,238)	(3,271)	(1,717)	(10,549)
US Equities Realized Gains	2,607	-	3,473	-	-
Real Estate (Pooled Fund)	10,038	13,538	13,705	14,528	15,399
Infrastructure	-	-	-	-	-
Total	(80,923)	(87,153)	(80,613)	17,402	9,509
Other					
Investment Fees Paid	(4,546)	(4,855)	(4,975)	(5,152)	(5,372)
Pension Expense	(14,328)	(15,077)	(15,859)	(16,681)	(17,545)
Investment Write-Down	-	-	-	-	-
Total	(18,874)	(19,932)	(20,834)	(21,833)	(22,917)
Total Corporate Investment Income	(13,696)	(19,869)	(6,314)	99,908	97,478
Total Basic Investment Income	(11,429)	(16,580)	(5,269)	83,372	81,344
Equity Unrealized Gains/(Losses)					
Canadian Equities Unrealized Gains	15,127	(90,545)	31,068	(29,631)	7,567
US Equities Unrealized Gains	8,677	(44,519)	17,751	(14,861)	5,172
Total Corporate Unrealized Gains/(Losses)	23,805	46,745	51,599	57,379	64,566
Ending Values and Allocations					
	2015/16	2016/17	2017/18 Forecasted	2018/19	2019/20
Ending Asset Values for Corporate (\$Millions)					
Cash/Short Term Investments	7.7	-	-	-	-
Canadian Fixed Income	1,129.3	1,040.9	1,082.2	1,151.5	1,229.5
MUSH	630.2	611.7	628.1	640.1	649.2
Canadian Equities	344.5	298.3	290.9	283.3	314.9
US Equities	182.7	159.8	157.6	153.1	169.5
Real Estate	257.0	270.9	283.8	297.1	311.2
Infrastructure & Venture Capital	98.4	138.4	138.4	138.4	138.4
Total Corporate Assets	2,649.7	2,520.1	2,581.0	2,663.4	2,812.7
Total Basic Assets	2,211.1	2,103.0	2,153.8	2,222.6	2,347.2
Ending Rebalanced Allocations (%)					
Cash/Short Term Investments	0.3%	0.0%	0.0%	0.0%	0.0%
Canadian Fixed Income	42.6%	41.3%	41.9%	43.2%	43.7%
MUSH	23.8%	24.3%	24.3%	24.0%	23.1%
Canadian Equities	13.0%	11.8%	11.3%	10.6%	11.2%
US Equities	6.9%	6.3%	6.1%	5.7%	6.0%
Real Estate	9.7%	10.8%	11.0%	11.2%	11.1%
Infrastructure & Venture Capital	3.7%	5.5%	5.4%	5.2%	4.9%
Total Corporate	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 2a
Pre-Ask 2b Revised Scenario
Statement of Operations

(C\$ 000s, except where noted)

For the Years Ended February,

	<u>2013A</u>	<u>2014A</u>	<u>2015A</u>	<u>2016P</u>	<u>2017P</u>	<u>2018P</u>	<u>2019P</u>	<u>2020P</u>
BASIC								
Motor Vehicles	722,774	756,642	794,052	854,303	893,543	935,826	978,889	1,024,366
Drivers	32,692	41,520	44,642	48,269	51,128	54,021	56,626	59,164
Reinsurance Ceded	(9,422)	(13,422)	(13,829)	(12,396)	(12,644)	(12,897)	(13,155)	(13,418)
Total Net Premiums Written	746,044	784,741	824,865	890,176	932,027	976,950	1,022,361	1,070,112
Net Premiums Earned								
Motor Vehicles	739,654	741,077	774,785	828,135	875,453	916,334	959,037	1,003,401
Drivers	29,299	37,015	42,926	46,782	49,704	52,580	55,329	57,900
Reinsurance Ceded	(12,202)	(13,422)	(13,829)	(12,396)	(12,644)	(12,897)	(13,155)	(13,418)
Total Net Premiums Earned	756,751	764,671	803,883	862,520	912,514	956,017	1,001,211	1,047,884
Service Fees & Other Revenues	18,452	20,383	19,475	20,922	22,350	24,052	25,965	28,125
Total Earned Revenues	775,203	785,053	823,357	883,443	934,864	980,069	1,027,176	1,076,008
Net Claims Incurred	661,288	747,435	745,837	559,784	677,257	687,736	827,741	860,500
Claims Expense	108,537	114,552	116,578	121,045	127,985	131,211	136,683	136,417
Road Safety/Loss Prevention	13,107	12,816	11,359	11,496	11,433	10,540	11,393	11,403
Total Claims Costs	782,931	874,803	873,773	692,324	816,675	829,487	975,818	1,008,320
Expenses								
Operating	63,733	67,982	74,283	71,401	74,574	77,146	79,969	80,405
Commissions	37,545	32,058	32,845	35,405	36,774	37,290	38,981	40,727
Premium Taxes	23,069	23,343	24,531	26,247	27,755	29,067	30,431	31,839
Regulatory/Appeal	3,392	3,766	3,935	3,154	3,210	3,273	3,338	3,404
Total Expenses	127,739	127,148	135,595	136,208	142,312	146,777	152,719	156,375
Underwriting Income (Loss)	(135,467)	(216,898)	(186,011)	54,911	(24,123)	3,805	(101,360)	(88,687)
Investment Income	72,363	147,735	188,451	(11,429)	4,483	2,976	84,625	64,933
Net Income (Loss) from Operations	(63,104)	(69,163)	(5,144)	14,248	(19,369)	2,285	(13,511)	(26,122)
DPAC / Premium Deficiency writedown Adj.	-	-	(7,584)	(29,233)	271	(4,496)	3,224	(2,368)
Net Income (Loss)	(63,104)	(69,163)	2,440	43,482	(19,639)	6,782	(16,735)	(23,754)

Exhibit 2b
Pre-Ask 2b Revised Scenario
Statement of Retained Earnings

(C\$ 000s, except where noted)

	For the Years Ended February,							
	2013A	2014A	2015A	2016P	2017P	2018P	2019P	2020P
RATE STABILIZATION RESERVE (RSR)								
Basic Insurance Rate Stabilization Reserve								
Beginning Balance	155,700	149,800	99,877	165,600	178,300	186,700	195,700	191,705
Transfer from Basic Retained Earnings	-	(49,923)	65,723	12,700	8,400	9,000	(3,995)	(23,754)
Transfer to Basic Retained Earnings	(5,900)	-	-	-	-	-	-	-
Ending Balance	149,800	99,877	165,600	178,300	186,700	195,700	191,705	167,951
Minimum RSR based on PUB rules	77,900	78,500	82,900	89,300	93,500	98,000	102,600	107,400
Maximum RSR based on PUB rules	149,800	156,900	165,600	178,300	186,700	195,700	204,800	214,300
MPI RSR Target	200,000	172,000	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings								
Beginning Balance	57,983	19,239	-	12,217	42,999	14,959	12,741	-
Restatement of Beginning Balance	18,460	-	-	-	-	-	-	-
Restated Beginning Balance	76,443	19,239	-	12,217	42,999	14,959	12,741	-
Net Income (Loss) from annual operations	(63,104)	(69,163)	2,440	43,482	(19,639)	6,782	(16,735)	(23,754)
Transfer from Extension Retained Earnings	-	-	75,500	-	-	-	-	-
Retained Earnings Prior to Transfers	13,339	(49,923)	77,940	55,699	23,359	21,741	(3,995)	(23,754)
Transfer to Rate Stabilization Reserve	-	49,923	(65,723)	(12,700)	(8,400)	(9,000)	3,995	23,754
Transfer from Rate Stabilization Reserve	5,900	-	-	-	-	-	-	-
Premium Rebate	-	-	-	-	-	-	-	-
Balance of Fund	19,239	-	12,217	42,999	14,959	12,741	-	-
Total Basic Retained Earnings	\$ 169,039	\$ 99,877	\$ 177,817	\$ 221,299	\$ 201,659	\$ 208,441	\$ 191,705	\$ 167,951

Exhibit 2c
Pre-Ask 2b Revised Scenario
Balance Sheet

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>							
	<u>2013A</u>	<u>2014A</u>	<u>2015A</u>	<u>2016P</u>	<u>2017P</u>	<u>2018P</u>	<u>2019P</u>	<u>2020P</u>
BASIC								
Assets								
Cash and investments	1,298,217	1,424,341	1,593,442	1,566,586	1,521,723	1,508,596	1,555,458	1,606,804
Equity investments	473,796	600,483	598,842	618,648	617,849	592,696	602,911	616,034
Investment property	175,142	32,226	35,073	35,115	34,924	33,771	32,339	30,973
Due from other insurance companies	945	1,755	108	-	-	-	-	-
Accounts receivable	232,595	236,347	273,197	270,333	282,190	294,535	306,878	319,832
Prepaid expenses	716	-	-	291	291	291	291	291
Deferred policy acquisition costs	3,884	1	-	15,281	16,139	21,851	19,865	23,541
Reinsurers' share of unearned premiums	-	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	26,130	17,625	2,565	-	-	-	-	-
Property and equipment	87,709	80,108	90,474	87,247	91,067	91,553	90,273	88,648
Deferred development costs	40,884	54,685	56,992	66,092	73,175	81,730	86,029	97,255
	<u>2,340,018</u>	<u>2,447,571</u>	<u>2,650,693</u>	<u>2,659,592</u>	<u>2,637,357</u>	<u>2,625,022</u>	<u>2,694,044</u>	<u>2,783,378</u>
Liabilities								
Due to other insurance companies	1,114	1,213	-	1	1	1	1	1
Accounts payable and accrued liabilities	31,827	35,769	34,157	37,993	39,659	41,394	43,129	44,950
Financing lease obligation	3,091	2,841	3,224	2,955	2,892	2,825	2,753	2,681
Unearned premiums and fees	382,507	402,982	426,137	461,757	484,685	509,301	534,423	560,937
Provision for employee current benefits	14,896	15,389	16,240	16,253	16,880	17,520	18,175	18,845
Provision for employee future benefits	230,117	235,172	286,581	289,816	303,510	318,434	334,015	350,309
Provision for unpaid claims	1,450,626	1,584,042	1,671,275	1,588,436	1,576,053	1,543,293	1,606,926	1,671,289
	<u>2,114,178</u>	<u>2,277,408</u>	<u>2,437,614</u>	<u>2,397,212</u>	<u>2,423,680</u>	<u>2,432,767</u>	<u>2,539,421</u>	<u>2,649,011</u>
Equity								
Retained earnings								
Basic Insurance Retained Earnings								
Rate Stabilization Reserve	149,800	99,877	165,600	178,300	186,700	195,700	191,705	167,951
Retained Earnings	19,239	-	12,217	42,999	14,959	12,741	-	-
	<u>169,039</u>	<u>99,877</u>	<u>177,817</u>	<u>221,299</u>	<u>201,659</u>	<u>208,441</u>	<u>191,705</u>	<u>167,951</u>
Accumulated Other Comprehensive Income	56,800	70,284	35,262	41,082	12,017	(16,186)	(37,083)	(33,585)
Total Equity	<u>225,839</u>	<u>170,161</u>	<u>213,079</u>	<u>262,380</u>	<u>213,676</u>	<u>192,255</u>	<u>154,622</u>	<u>134,367</u>
	<u>2,340,017</u>	<u>2,447,569</u>	<u>2,650,693</u>	<u>2,659,592</u>	<u>2,637,357</u>	<u>2,625,022</u>	<u>2,694,044</u>	<u>2,783,378</u>

Exhibit 2d
Pre-Ask 2b Revised Scenario
Minimum Capital Test

(All figures in \$000s)		2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020
		Current Year (01)	Forecast Year (02)	Forecast Year (03)	Forecast Year (04)	Forecast Year (05)
Capital Available						
Total Equity less Accumulated Other Comprehensive Income	02	221,299	201,659	208,441	191,705	167,951
Add:						
Subordinated Indebtedness and Redeemable Preferred Shares	03					
Accumulated Other Comprehensive Income (Loss) on:						
Available for Sale Equity Securities	04	41,082	12,017	(16,186)	(37,083)	(33,585)
Available for Sale Debt Securities	06					
Foreign Currency (Net of Hedging Activities)	08					
Share of Other Comprehensive Income of non-qualifying Subsidiaries,						
Associates & Joint Ventures	36					
Remeasurements of Defined Benefit Plans	42					
Revaluation Losses in Excess of Gain on Own Use Properties	32					
(Specify)	30					
Less:						
Accumulated net after-tax fair value gains (losses) arising from						
changes in the company's own credit risk	12					
Unrealized Fair Value Gains (Losses) from Own Use						
Properties at Conversion	15					
Shadow Accounting Impact	16					
Assets with a Capital Requirement of 100%	17	66,092	73,175	81,730	86,029	97,255
(Specify)	13					
Accumulated Other Comprehensive Income (Loss) on Remeasurements of Defined Benefit	44					
Total Capital Available	19	196,288	140,501	110,525	68,593	37,112
Minimum Capital Required						
Balance Sheet Assets	20	132,848	138,461	135,044	136,787	139,001
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	186,451	186,432	184,541	192,256	200,100
Catastrophes	24	0	0	0	0	0
Reinsurance Ceded to Unregistered Insurers	26	0	0	0	0	0
Interest Rate Risk	38	3,991	2,257	677	2,229	2,990
Foreign Exchange Risk (for future use only)	40					
Structured Settlements, Letters of Credit, Derivatives and						
Other Exposures	28	0	0	0	0	0
(Specify)	34					
Minimum Capital Required	29	323,290	327,150	320,262	331,272	342,091
Excess Capital Available over Minimum Capital Required						
(line 19 minus line 29)	89	(127,002)	(186,649)	(209,737)	(262,679)	(304,979)
Line 19 as a % of line 29	90	60.72%	42.95%	34.51%	20.71%	10.85%
Minimum Gross Capital Level	96	46,737	46,735	46,264	48,196	50,159

Exhibit 2e
Pre-Ask 2b Revised Scenario
Net Claims Incurred Summary

(C\$ 000s, except where noted)

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Claims Incurred before Financial Provisions						
Collision	314,980	370,970	393,791	418,797	445,784	474,157
Comprehensive	71,922	73,626	75,994	78,467	81,150	83,830
Property Damage	39,445	43,976	45,319	46,681	48,211	49,716
Public Liability - BI	6,216	3,617	3,861	3,895	4,174	4,239
PIPP	273,627	68,312	122,301	109,451	193,617	196,634
Total	706,190	560,502	641,266	657,291	772,936	808,576
Unallocated Loss Adjustment Expenses	37,195	38,854	40,760	42,697	44,648	47,031
Change in Internal Loss Adjustment Expense Provision	8,015	(10,339)	(5,040)	(7,755)	6,933	7,262
Change in Reinsurance Ceded Provision	1,279	0	0	0	0	0
Other Financial Adjustments	739	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(7,584)	(29,233)	271	(4,496)	3,224	(2,368)
Total Net Claims Incurred	745,837	559,784	677,257	687,736	827,741	860,500

Exhibit 2f
Pre-Ask 2b Revised Scenario
Deferred Policy Acquisition Expenses and Premium Deficiency

A. Claims (Including External Adjustment Expense) Data

	Accident Year										Selected Undisc	Selected Disc
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Ultimate Loss Ratio - Total All Coverage	72.32%	71.18%	78.48%	82.68%	72.46%	76.33%	75.34%	75.13%	74.98%	74.28%		
2. Trend/Rate Adjustment for Fiscal Year												
2014	1.0456	1.0290	0.9900	0.9688	0.9850							
2015		0.9834	0.9477	0.9288	0.9458	0.9856						
2016			0.9316	0.9142	0.9320	0.9725	0.9992					
2017				0.9172	0.9310	0.9671	0.9892	1.0020				
2018					0.9523	0.9822	0.9974	1.0030	1.0083			
2019						0.9758	0.9913	0.9972	1.0029	1.0079		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2014	75.62%	73.25%	77.70%	80.10%	71.37%						75.52%	81.02%
2015		70.00%	74.37%	76.79%	68.53%	75.24%					73.20%	76.92%
2016			73.11%	75.58%	67.54%	74.24%	75.29%				74.21%	77.04%
2017				75.84%	67.46%	73.82%	74.53%	75.29%			74.55%	76.31%
2018					69.01%	74.97%	75.15%	75.36%	75.61%		75.16%	76.91%
2019						74.48%	74.69%	74.93%	75.20%	74.86%	74.83%	76.54%

B. Actual Data Other Than Losses

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
4. Net Earned Premium	749,534	761,677	756,751	764,671	802,743	862,520	912,514	956,017	1,001,211	1,047,884
5. Operating Expenses as % of Earned Premium	9.79%	9.70%	10.8%	11.1%	11.1%	10.0%	9.8%	9.5%	9.5%	9.1%
6. Maintenance Expense Rate [(5) x 1/3]	3.26%	3.23%	3.61%	3.69%	3.69%	3.33%	3.26%	3.17%	3.15%	3.03%
Selected					3.66%	3.57%	3.42%	3.25%	3.19%	3.12%
7. ILAER Ratio to Losses - Selected					19.50%	19.50%	19.50%	19.50%	19.50%	19.50%

C. Equity in Unearned Premium

8. Net Unearned Premium					390,218	417,872	437,385	458,318	479,468	501,696
9. Additional Expected Cost of Non-Proportional Reinsurance					6,198	6,322	6,448	6,577	6,709	6,843
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]					316,799	316,550	332,006	344,706	363,616	378,760
11. Reinsurance PFAD					-	-	-	-	-	-
12. Maintenance Expense [a]					13,954	14,552	14,611	14,526	14,932	15,254
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]					61,776	61,727	64,741	67,218	70,905	73,858
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement					3,440	3,440	3,440	3,440	3,440	3,440
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]					(11,950)	15,281	16,139	21,851	19,865	23,541
16. Carried Deferred Policy Acquisition Expenses					26,574	24,571	25,700	26,916	28,155	29,462
17. Write Down Deferred Policy Acquisition Expenses [b]					26,574	9,291	9,561	5,065	8,289	5,921
Change					1,190	(17,283)	271	(4,496)	3,224	(2,368)
18. Premium Deficiency [c]					11,950	-	-	-	-	-
Change					(8,774)	(11,950)	-	-	-	-

Notes:

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

Exhibit 2g
Pre-Ask 2b Revised Scenario
Summary of Corporate Investment Income

	2015/16	2016/17	2017/18 Forecasted	2018/19	2019/20
Interest Income During Period					
Cash/Short Term Investments	121	107	(0)	(0)	(0)
Marketable Bonds	35,766	34,596	39,654	47,246	52,754
MUSH	29,550	29,883	30,451	30,740	31,435
Total	65,436	64,586	70,105	77,986	84,189
Dividend and other Income					
Canadian Equities	9,806	10,179	10,160	10,113	10,298
US Equities	3,953	4,378	4,301	4,276	4,343
Investment Properties (Cityplace)	2,722	4,190	3,748	3,742	3,742
Infrastructure	4,185	8,098	9,515	9,515	9,515
Total	20,666	26,846	27,724	27,646	27,897
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(108,519)	(75,561)	(78,994)	3,783	3,662
Marketable Bonds Realized Gains/(Loss)	(392)	(11,491)	(15,327)	734	710
MUSH	-	-	-	-	-
Canadian Equities Realized Gains	15,344	7,387	3,890	(1,435)	(31,129)
US Equities Realized Gains	2,607	-	3,298	-	-
Real Estate (Pooled Fund)	10,038	13,538	13,705	14,528	15,399
Infrastructure	-	-	-	-	-
Total	(80,923)	(66,127)	(73,428)	17,610	(11,358)
Other					
Investment Fees Paid	(4,546)	(4,855)	(4,975)	(5,152)	(5,372)
Pension Expense	(14,328)	(15,077)	(15,859)	(16,681)	(17,545)
Investment Write-Down	-	-	-	-	-
Total	(18,874)	(19,932)	(20,834)	(21,833)	(22,917)
Total Corporate Investment Income	(13,696)	5,373	3,567	101,409	77,812
Total Basic Investment Income	(11,429)	4,483	2,976	84,625	64,933
Equity Unrealized Gains/(Losses)					
Canadian Equities Unrealized Gains	15,127	(18,608)	(18,095)	(18,011)	(18,340)
US Equities Unrealized Gains	8,677	(8,834)	(8,514)	(8,466)	(8,597)
Total Corporate Unrealized Gains/(Losses)	23,805	46,745	51,599	57,379	64,566
Ending Values and Allocations					
	2015/16	2016/17	2017/18 Forecasted	2018/19	2019/20
Ending Asset Values for Corporate (\$Millions)					
Cash/Short Term Investments	7.7	-	-	-	-
Canadian Fixed Income	1,129.3	1,048.7	1,056.0	1,126.2	1,204.8
MUSH	630.2	649.6	651.8	662.5	670.3
Canadian Equities	344.5	340.1	317.9	323.1	329.9
US Equities	182.7	183.1	171.8	174.2	177.3
Real Estate	257.0	270.9	283.8	297.1	311.2
Infrastructure & Venture Capital	98.4	138.4	138.4	138.4	138.4
Total Corporate Assets	2,649.7	2,630.9	2,619.7	2,721.4	2,832.0
Total Basic Assets	2,211.1	2,195.4	2,186.1	2,271.0	2,363.2
Ending Rebalanced Allocations (%)					
Cash/Short Term Investments	0.3%	0.0%	0.0%	0.0%	0.0%
Canadian Fixed Income	42.6%	39.9%	40.3%	41.4%	42.5%
MUSH	23.8%	24.7%	24.9%	24.3%	23.7%
Canadian Equities	13.0%	12.9%	12.1%	11.9%	11.6%
US Equities	6.9%	7.0%	6.6%	6.4%	6.3%
Real Estate	9.7%	10.3%	10.8%	10.9%	11.0%
Infrastructure & Venture Capital	3.7%	5.3%	5.3%	5.1%	4.9%
Total Corporate	100.0%	100.0%	100.0%	100.0%	100.0%