

Attachment A
Are the forecasts reasonably reliable?

Rate Making

have actuarial methods for ratemaking been adopted?

examine trends as well as treatment of discount rate/investment income

IBNR

review of October/15 and February/16 reports

mortality assumption review given record from last two GRAs

review \$31.5 million increase in incurreds due to WII loss development factor selections

what work has been done to develop alternative sources of data to determine tail factors?

Claims Forecasting

increase in comprehensive claims forecast incurred – investigate

trending methodology - is it based on accident year? - has the analysis been altered?

Investment Income/Interest Rate

reliability of GRA forecast

proposed Interest Rate Forecasting Risk Factor (IRFRF)

Prudence and necessity of actual and forecast costs

Claims and Operating Costs

are overall costs prudent and reasonable?

Physical Damage Re-engineering

what are the risks and opportunities for ratepayers in terms of both rates and service?

Value for Money in Investment Technology Expenditures

has MPI adopted a value-based, quantitative, accountability-oriented approach to measuring how business value for IT investments can be established and demonstrated on an ongoing basis?

can the prudence and reasonableness of IT expenditures be demonstrated on an ongoing basis?

how will MPI be able to identify when and how specific IT initiatives generate actual cost savings?

what are the metrics that will be used to capture and track cost containment successes, attributable to specific major IT initiatives?

can MPI demonstrate value for money in major IT investments including BI3 and PDR?

what will be the future financial and operational impact of “upgrades” to the operational systems assuming significant customization have been made to the “vanilla” systems?

What, if any, are the implications of the provincial government's freeze on IT spending <http://www.cbc.ca/news/canada/manitoba/manitoba-pcs-government-spending-memo-1.3579988>?

Investment Income/Interest Rate Risk, Prudence and Reasonableness

is there an awareness of portfolio risk consistent with modern good practice?
does the portfolio assessment adequately distinguish between long term economic/market risk and short term valuation/measurement and liquidity risk?
are appropriate tools in place to manage these different types of risk?

what are the implications in terms of economic/market risk of identifying “the short term volatility of the premium rate” as “a primary concern”?

how robust are the policies for addressing risks other than duration mismatch?

is the real challenge within the MPI portfolio a highly constrained portfolio design leading to “undue risk”?

what is the level of active risk (tracking risk) compared to other portfolios? in terms of active risk what are the implications of the rebalancing policy coupled with what appears to be a highly constrained portfolio design?

does the MPI portfolio pay sufficient attention to concentration risk within the equities?

does what appears to be a relatively infrequent rebalancing create an implicit form of active management?

was the analysis of “benchmark” portfolios meaningful?

what are the risks in the current portfolio and what are their implications for the overall health of the corporation including the reasonableness of the reserves?

in terms of an effective optimization of risks and opportunities does the portfolio achieve good practice standards? If not, what are the implications for the overall health of the corporation including the reasonableness of the reserves?

are the interests of ratepayers versus pension fund recipients properly safeguarded in the current mixing of assets? if not, what are the implications for the overall health of the

corporation including the reasonableness of the reserves?

examination of results leading to \$42.5 million lower than expected investment income from equities

Reinsurance

opportunities, if any, to better protect against comprehensive claims losses through reinsurance

Reasonable revenue needs in context of overall health (including reserves)

Consequences of any identified policy and optimization shortfalls

to the extent that MPI has not reasonably optimized its portfolio in terms of investment risks and opportunities or failed to reasonably mitigate risk through appropriate policies what are the implications for the RSR target?

Implication of Interest Rate Forecasting Factor on RSR

what are the implications of the proposed Interest Rate Forecasting Risk Factor (IRFRF) and its stated goal to “reduce the prospect of rate shock in future years” upon the RSR target?

RSR Target Range

can the use of the MCT as the upper target range be reconciled with modern stochastic risk practice?

new definition of RSR as ordered by the board - review