



**Manitoba
Public Insurance**

MANITOBA PUBLIC INSURANCE

APPLICATION

June 17, 2016



**Manitoba
Public Insurance**

Application

Page 1

APP. APPLICATION

1 Manitoba Public Insurance (the Corporation) is applying to the Public
2 Utilities Board (the PUB) for approval of the Corporation’s premiums
3 charged with respect to compulsory driver and vehicle insurance
4 (rates for service), in accordance with the provisions of *The Crown*
5 *Corporations Public Review and Accountability Act* and *The Public*
6 *Utilities Board Act*.

7 In the 2017 GRA Basic Autopac the Corporation is requesting that the
8 Board approve:

- 9
- 10 • The premiums charged with respect to compulsory driver and
11 vehicle insurance (rates for service) effective March 1, 2017.
 - 12
 - 13 • A 2.0% overall Basic insurance rate change effective March 1,
14 2017.
 - 15
 - 16 • An Interest Rate Forecast Risk Factor (IRFRF), effective March 1,
17 2017, the form and magnitude of which will be developed
18 through a collaborative process with the PUB and interveners.
 - 19

- 1 • No Rate Stabilization Reserve (RSR) rebuilding fee on Basic
2 Autopac premiums effective March 1, 2017.
- 3
- 4 • A minimum (lower) RSR total equity target of \$181 million, based
5 on a 1-in-40 probability Dynamic Capital Adequacy Test (DCAT)
6 scenario from the 2016 DCAT report.
- 7
- 8 • A maximum (upper) range RSR total equity target of \$404 million,
9 based on a 100% Minimum Capital Test (MCT) value.
- 10

11 The Volume I Application Rate Table (ART) section contains the 2017
12 Basic insurance rates as follows:

13

14 **1. ART.1 Basic Rate Table**

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- 16 • Experience-based rate adjustments largely ranging from
17 -15% to +15%, as shown in Volume II Ratemaking
18 Appendix C, based on adjustment rules shown in
19 Volume II Ratemaking RM.5.
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- Combined classification offsets for all vehicles except off-road vehicles, to achieve revenue neutrality in implementing rate group, rate line and classification changes for 2016/17, as shown in Volume II Ratemaking Appendix B.

2. ART.2 Permits and Certificate

- There is no change to rates for permits and certificates.

3. ART.3 Driver Licence Premiums and Vehicle Premium Discounts

- There is no change to vehicle premium discounts and driver licence premiums.

4. ART.4 Service and Transaction Fees

- There is no change to service and transaction fees.

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5. ART.5 Fleet Rebates and Surcharges

- There is no change to fleet rebates or surcharges.

6. Miscellaneous

- There is no change in the \$40 discount provided to customers with approved after-market and manufacturer/dealer installed anti-theft devices.

RM.6 Summary and Distribution Reports

By major class, the indicated rate changes differ slightly from experience rate changes due to capping rules. A 15% increase/decrease cap is applied to experience-based indicators and all final rates are capped at a 20% increase/decrease.

Major Class	Vehicle Count	Current Avg. Rate	Proposed Avg. Rate	Indicated Rate Change	Experience Rate Change
Private Passenger	781,301	\$1,001	\$1,018	1.7%	1.7%
Commercial	45,401	\$684	\$721	5.9%	5.4%
Public	12,301	\$1,887	\$1,958	3.7%	3.7%
Motorcycles	15,591	\$757	\$744	-2.1%	-1.7%
Trailers	191,163	\$64	\$72	13.4%	11.1%
Off-Road Vehicles	67,613	\$12	\$12	-31.4%	0.0%
Overall	1,113,370	\$773	\$789	2.0%	2.0%

The impact of all change in rates, including adjustments for rate group, rate line, experience adjustments and special rate adjustments, are shown in RM.6 Summary and Distribution Tables.

The following tables show the distribution of vehicles by dollar and percent changes after all adjustments. The proposed rate changes result in a rate decrease for 15.57% of vehicles, no change in rates for 10.49% of vehicles, and a rate increase for 73.95% of vehicles. 51.86% of vehicles experience a rate change of +/- \$20 or less (including vehicles receiving a \$0 change in rates) and 76.24% of vehicles experience a rate change of +/- 5% or less (including vehicles receiving no change in rates). More detailed tables, by major class, can be found in RM.6 Summary and Distribution Tables.

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Dollar Distribution Table:

\$ Change	# of Vehicles	% of Vehicles
Decrease \$300 or more	1	0.00%
Decrease \$200 to \$299	20	0.00%
Decrease \$150 to \$199	53	0.00%
Decrease \$100 to \$149	1,567	0.14%
Decrease \$50 to \$99	14,256	1.28%
Decrease \$20 to \$49	53,872	4.84%
Decrease \$1 to \$19	103,596	9.30%
No Change	116,746	10.49%
Increase \$1 to \$19	357,015	32.07%
Increase \$20 to \$49	396,019	35.57%
Increase \$50 to \$99	56,534	5.08%
Increase \$100 to \$149	11,694	1.05%
Increase \$150 to \$199	1,303	0.12%
Increase \$200 to \$299	7	0.00%
Increase \$300 or more	687*	0.06%
GRAND TOTAL	1,113,370	100%

*all Taxis

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RM.6 Summary and Distribution Reports

By major class, the indicated rate changes differ slightly from experience rate changes due to capping rules. A 15% increase/decrease cap is applied to experience-based indicators and all final rates are capped at a 20% increase/decrease.

Major Class	Vehicle Count	Current Avg. Rate	Proposed Avg. Rate	Indicated Rate Change	Experience Rate Change
Private Passenger	781,301	\$1,001	\$1,041	4.0%	4.0%
Commercial	45,401	\$684	\$744	10.3%	8.8%
Public	12,301	\$1,887	\$2,008	6.5%	6.4%
Motorcycles	15,591	\$757	\$778	2.4%	2.8%
Trailers	191,163	\$64	\$71	11.4%	10.2%
Off-Road Vehicles	67,613	\$12	\$12	-31.3%	0.0%
Overall	1,113,370	\$773	\$807	4.3%	4.3%

The impact of all change in rates, including adjustments for rate group, rate line, experience adjustments and special rate adjustments, are shown in RM.6 Summary and Distribution Tables.

The following tables show the distribution of vehicles by dollar and percent changes after all adjustments. The proposed rate changes result in a rate decrease for 7.8% of vehicles, no change in rates for 10.2% of vehicles, and a rate increase for 82.0% of vehicles. 35.0% of vehicles experience a rate change of +/- \$20 or less (including vehicles receiving a \$0 change in rates) and 62.6% of vehicles experience a rate change of +/- 5% or less (including vehicles receiving no change in rates). More detailed tables, by major class, can be found in RM.6 Summary and Distribution Tables.

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Dollar Distribution Table:

\$ Change	# of Vehicles	% of Vehicles
Decrease \$300 or more	0	0.00%
Decrease \$200 to \$299	7	0.00%
Decrease \$150 to \$199	16	0.00%
Decrease \$100 to \$149	463	0.04%
Decrease \$50 to \$99	5,069	0.46%
Decrease \$20 to \$49	17,150	1.54%
Decrease \$1 to \$19	64,195	5.77%
No Change	113,540	10.20%
Increase \$1 to \$19	211,527	19.00%
Increase \$20 to \$49	357,321	32.09%
Increase \$50 to \$99	310,056	27.85%
Increase \$100 to \$149	24,451	2.20%
Increase \$150 to \$199	7,436	0.67%
Increase \$200 to \$299	1,450	0.13%
Increase \$300 or more	689*	0.06%
GRAND TOTAL	1,113,370	100%

*all Taxis except 2 vehicles

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APPENDICES

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Appendix 1 Summary of Basic Expenses by Category, Normal Operations (\$000s, except where noted)

Normal Operations Expense Category	Claims Expense					Operating Expense					Road Safety Expenses				
	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast
Compensation - Salaries	60,420	63,309	63,670	65,002	66,762	29,509	29,792	31,632	32,278	33,162	1,220	1,596	1,589	1,621	1,664
Compensation - Overtime	1,311	1,048	1,214	1,246	1,283	319	241	335	344	354	13	6	14	14	15
Compensation - Benefits	13,448	15,323	15,446	15,970	16,340	6,769	7,440	7,695	7,952	8,138	286	317	301	310	317
Compensation - H & E Tax	1,271	1,354	1,400	1,437	1,465	639	656	696	714	728	27	28	27	28	28
Subtotal	76,450	81,034	81,730	83,655	85,850	37,236	38,129	40,358	41,288	42,382	1,546	1,947	1,931	1,973	2,024
Data Processing	10,854	11,246	12,711	11,890	13,375	5,335	5,077	5,888	5,506	6,193	-	3	-	-	-
Special Services	1,777	1,845	2,346	2,381	2,419	3,258	4,148	2,954	2,990	3,037	146	414	108	109	111
Building Expenses	6,523	6,709	6,962	6,938	6,865	2,755	2,717	2,935	2,924	2,894	95	99	103	102	101
Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	3,045	3,139	4,811	4,536	4,336
Telephone/Telecommunications	1,378	1,319	1,278	1,293	1,313	675	622	613	620	630	-	-	-	-	-
Public Information/Advertising	17	3	11	11	12	470	225	216	224	236	1,947	2,348	2,499	2,586	2,724
Printing, Stationery, Supplies	766	786	776	785	797	667	687	625	634	645	41	65	58	58	59
Postage	-	-	-	-	-	2,945	3,072	3,090	2,593	2,632	-	-	-	-	-
Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and Vehicle Expense	749	728	807	817	829	294	230	292	296	300	14	6	8	8	8
Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,256	3,378	3,549	3,590	3,645
Grants in Lieu of Taxes	966	1,026	1,054	1,067	1,083	416	420	444	450	457	13	14	16	16	16
Furniture & Equipment	471	176	538	735	1,781	330	339	564	669	1,211	1	-	-	-	-
Merchant Fees	-	-	-	-	-	7,339	7,570	8,389	8,964	9,563	-	-	-	-	-
Other	422	811	806	815	828	4,003	3,888	3,940	3,993	4,054	367	443	108	109	111
Subtotal	23,923	24,649	27,289	26,732	29,302	28,487	28,995	29,950	29,863	31,852	8,925	9,909	11,260	11,114	11,111
Amortization-Capital Assets	2,911	2,994	2,654	2,847	2,961	1,285	1,311	1,322	1,617	1,926	104	73	41	34	33
Amortization-Deferred Development	9,188	7,225	9,395	8,915	8,874	4,857	2,429	3,278	3,030	3,016	-	-	-	-	-
Total	112,472	115,902	121,068	122,149	126,987	71,865	70,864	74,908	75,798	79,176	10,575	11,929	13,232	13,121	13,168

*Rounding may affect totals

Normal Operations Expense Category	Regulatory Appeal Expenses					Total				
	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast
Compensation - Salaries	-	-	261	268	276	91,149	94,697	97,152	99,169	101,864
Compensation - Overtime	-	-	1	1	1	1,643	1,295	1,564	1,605	1,653
Compensation - Benefits	-	-	-	-	-	20,503	23,080	23,442	24,232	24,795
Compensation - H & E Tax	-	-	-	-	-	1,937	2,038	2,123	2,179	2,221
Subtotal	-	-	262	269	277	115,232	121,110	124,281	127,185	130,533
Data Processing	-	-	-	-	-	16,189	16,326	18,599	17,396	19,568
Special Services	-	-	-	-	-	5,181	6,407	5,408	5,480	5,567
Building Expenses	-	-	-	-	-	9,373	9,525	10,000	9,964	9,860
Safety/Loss Prevention Programs	-	-	-	-	-	3,045	3,139	4,811	4,536	4,336
Telephone/Telecommunications	-	-	-	-	-	2,053	1,941	1,891	1,913	1,943
Public Information/Advertising	-	-	-	-	-	2,434	2,576	2,726	2,821	2,972
Printing, Stationery, Supplies	-	-	1	1	1	1,474	1,538	1,460	1,478	1,502
Postage	-	-	-	-	-	2,945	3,072	3,090	2,593	2,632
Regulatory/Appeal	3,935	3,675	3,155	3,219	3,284	3,935	3,675	3,155	3,219	3,284
Travel and Vehicle Expense	-	-	2	2	2	1,057	964	1,109	1,123	1,139
Driver Education Program	-	-	-	-	-	3,256	3,378	3,549	3,590	3,645
Grants in Lieu of Taxes	-	-	-	-	-	1,395	1,460	1,514	1,533	1,556
Furniture & Equipment	-	-	-	-	-	802	515	1,102	1,404	2,992
Merchant Fees	-	-	-	-	-	7,339	7,570	8,389	8,964	9,563
Other	-	-	2	2	2	4,792	5,142	4,856	4,919	4,995
Subtotal	3,935	3,675	3,160	3,224	3,289	65,270	67,228	71,659	70,933	75,554
Amortization-Capital Assets	-	-	-	-	-	4,300	4,378	4,017	4,498	4,920
Amortization-Deferred Development	-	-	-	-	-	14,045	9,654	12,673	11,945	11,890
Total	3,935	3,675	3,422	3,493	3,566	198,847	202,370	212,630	214,561	222,897

*Rounding may affect totals

Summary of Basic Expenses by Category, Initiatives (\$000s, except where noted)

Initiatives * Expense Category	Claims Expense					Operating Expense					Road Safety Expenses				
	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast
Compensation - Salaries	670	957	1,387	1,453	(422)	24	21	479	259	171	-	1	-	-	-
Compensation - Overtime	78	99	-	-	-	35	29	-	-	-	2	-	-	-	-
Compensation - Benefits	-	-	-	-	(461)	-	-	-	-	-	-	-	-	-	-
Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	748	1,056	1,387	1,453	(883)	59	50	479	259	171	2	1	-	-	-
Data Processing	2,420	1,222	1,828	2,037	3,240	2,105	722	1,239	1,381	1,999	102	306	88	88	88
Special Services	423	312	538	538	538	-	-	277	277	277	-	-	-	-	-
Building Expenses	-	-	156	-	-	-	-	-	-	-	-	-	-	-	-
Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	680	758	-	-	-
Telephone/Telecommunications	9	-	-	-	-	5	-	-	-	-	-	-	-	-	-
Public Information/Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Printing, Stationery, Supplies	3	3	-	-	-	-	-	-	-	-	-	35	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and Vehicle Expense	9	14	-	-	-	1	1	-	-	-	-	-	-	-	-
Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Equipment	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-
Merchant Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	21	89	214	215	215	-	1	-	-	-	-	-	-	-	-
Subtotal	2,885	1,653	2,736	2,790	3,993	2,111	724	1,516	1,658	2,276	782	1,099	88	88	88
Amortization-Capital Assets	473	4	2	299	299	248	-	-	-	-	-	-	-	-	-
Amortization-Deferred Development	-	-	-	1,621	2,342	-	-	-	313	683	-	-	-	-	818
Total	4,106	2,713	4,125	6,163	5,751	2,418	774	1,995	2,230	3,130	784	1,100	88	88	906

*Rounding may affect totals

Initiatives * Expense Category	Regulatory Appeal Expenses					Total				
	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast
Compensation - Salaries	-	-	-	-	-	695	979	1,866	1,712	(251)
Compensation - Overtime	-	-	-	-	-	114	128	-	-	-
Compensation - Benefits	-	-	-	-	-	-	-	-	-	(461)
Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	809	1,107	1,866	1,712	(712)
Data Processing	-	-	-	-	-	4,627	2,250	3,155	3,506	5,327
Special Services	-	-	-	-	-	423	312	815	815	815
Building Expenses	-	-	-	-	-	-	-	156	-	-
Safety/Loss Prevention Programs	-	-	-	-	-	680	758	-	-	-
Telephone/Telecommunications	-	-	-	-	-	14	-	-	-	-
Public Information/Advertising	-	-	-	-	-	-	-	-	-	-
Printing, Stationery, Supplies	-	-	-	-	-	3	38	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-
Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-
Travel and Vehicle Expense	-	-	-	-	-	10	15	-	-	-
Driver Education Program	-	-	-	-	-	-	-	-	-	-
Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-	-	13	-	-	-
Merchant Fees	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	21	90	214	215	215
Subtotal	-	-	-	-	-	5,778	3,476	4,340	4,536	6,357
Amortization-Capital Assets	-	-	-	-	-	721	4	2	299	299
Amortization-Deferred Development	-	-	-	-	-	-	-	-	1,934	3,843
Total	-	-	-	-	-	7,308	4,587	6,208	8,481	9,787

*Rounding may affect totals

Summary of Basic Expenses by Category, Total (\$000s, except where noted)

Total Expense Category	Claims Expense					Operating Expense					Road Safety Expenses				
	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast
Compensation - Salaries	61,090	64,266	65,057	66,455	66,340	29,533	29,813	32,111	32,537	33,333	1,220	1,597	1,589	1,621	1,664
Compensation - Overtime	1,389	1,147	1,214	1,246	1,283	354	270	335	344	354	15	6	14	14	15
Compensation - Benefits	13,448	15,323	15,446	15,970	15,879	6,769	7,440	7,695	7,952	8,138	286	317	301	310	317
Compensation - H & E Tax	1,271	1,354	1,400	1,437	1,465	639	656	696	714	728	27	28	27	28	28
Subtotal	77,198	82,090	83,117	85,108	84,967	37,295	38,179	40,837	41,547	42,553	1,548	1,948	1,931	1,973	2,024
Data Processing	13,274	12,468	14,539	13,927	16,615	7,440	5,799	7,127	6,887	8,192	102	309	88	88	88
Special Services	2,200	2,157	2,884	2,919	2,957	3,258	4,148	3,231	3,267	3,314	146	414	108	109	111
Building Expenses	6,523	6,709	7,118	6,938	6,865	2,755	2,717	2,935	2,924	2,894	95	99	103	102	101
Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	3,725	3,897	4,811	4,536	4,336
Telephone/Telecommunications	1,387	1,319	1,278	1,293	1,313	680	622	613	620	630	-	-	-	-	-
Public Information/Advertising	17	3	11	11	12	470	225	216	224	236	1,947	2,348	2,499	2,586	2,724
Printing, Stationery, Supplies	769	789	776	785	797	667	687	625	634	645	41	100	58	58	59
Postage	-	-	-	-	-	2,945	3,072	3,090	2,593	2,632	-	-	-	-	-
Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and Vehicle Expense	758	742	807	817	829	295	231	292	296	300	14	6	8	8	8
Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,256	3,378	3,549	3,590	3,645
Grants in Lieu of Taxes	966	1,026	1,054	1,067	1,083	416	420	444	450	457	13	14	16	16	16
Furniture & Equipment	471	189	538	735	1,781	330	339	564	669	1,211	1	-	-	-	-
Merchant Fees	-	-	-	-	-	7,339	7,570	8,389	8,964	9,563	-	-	-	-	-
Other	443	900	1,020	1,030	1,043	4,003	3,889	3,940	3,993	4,054	367	443	108	109	111
Subtotal	26,808	26,302	30,025	29,522	33,295	30,598	29,719	31,466	31,521	34,128	9,707	11,008	11,348	11,202	11,199
Amortization-Capital Assets	3,384	2,998	2,656	3,146	3,260	1,533	1,311	1,322	1,617	1,926	104	73	41	34	33
Amortization-Deferred Development	9,188	7,225	9,395	10,536	11,216	4,857	2,429	3,278	3,343	3,699	-	-	-	-	818
Total	116,578	118,615	125,193	128,312	132,738	74,283	71,638	76,903	78,028	82,306	11,359	13,029	13,320	13,209	14,074

*Rounding may affect totals

Total Expense Category	Regulatory Appeal Expenses					Total				
	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast	2014/15 Actual	2015/16 Actual	2016/17 Budget	2017/18 Forecast	2018/19 Forecast
Compensation - Salaries	-	-	261	268	276	91,843	95,676	99,018	100,881	101,613
Compensation - Overtime	-	-	1	1	1	1,758	1,423	1,564	1,605	1,653
Compensation - Benefits	-	-	-	-	-	20,503	23,080	23,442	24,232	24,334
Compensation - H & E Tax	-	-	-	-	-	1,937	2,038	2,123	2,179	2,221
Subtotal	-	-	262	269	277	116,041	122,217	126,147	128,897	129,821
Data Processing	-	-	-	-	-	20,816	18,576	21,754	20,902	24,895
Special Services	-	-	-	-	-	5,604	6,719	6,223	6,295	6,382
Building Expenses	-	-	-	-	-	9,373	9,525	10,156	9,964	9,860
Safety/Loss Prevention Programs	-	-	-	-	-	3,725	3,897	4,811	4,536	4,336
Telephone/Telecommunications	-	-	-	-	-	2,067	1,941	1,891	1,913	1,943
Public Information/Advertising	-	-	-	-	-	2,434	2,576	2,726	2,821	2,972
Printing, Stationery, Supplies	-	-	1	1	1	1,477	1,576	1,460	1,478	1,502
Postage	-	-	-	-	-	2,945	3,072	3,090	2,593	2,632
Regulatory/Appeal	3,935	3,675	3,155	3,219	3,284	3,935	3,675	3,155	3,219	3,284
Travel and Vehicle Expense	-	-	2	2	2	1,067	979	1,109	1,123	1,139
Driver Education Program	-	-	-	-	-	3,256	3,378	3,549	3,590	3,645
Grants in Lieu of Taxes	-	-	-	-	-	1,395	1,460	1,514	1,533	1,556
Furniture & Equipment	-	-	-	-	-	802	528	1,102	1,404	2,992
Merchant Fees	-	-	-	-	-	7,339	7,570	8,389	8,964	9,563
Other	-	-	2	2	2	4,813	5,232	5,070	5,134	5,210
Subtotal	3,935	3,675	3,160	3,224	3,289	71,048	70,704	75,999	75,469	81,911
Amortization-Capital Assets	-	-	-	-	-	5,021	4,382	4,019	4,797	5,219
Amortization-Deferred Development	-	-	-	-	-	14,045	9,654	12,673	13,879	15,733
Total	3,935	3,675	3,422	3,493	3,566	206,155	206,957	218,838	223,042	232,684

*Rounding may affect totals

Appendix 2 10-Year Summary Basic Total Expenses by Category

	Claims Expense									
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Budget	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Compensation - Salaries		57,221	58,886	61,090	64,266	65,057	66,455	66,340	67,367	69,744
Compensation - Overtime		1,413	1,911	1,389	1,147	1,214	1,246	1,283	1,321	1,373
Compensation - Benefits		13,359	13,294	13,448	15,323	15,446	15,970	15,879	16,240	16,771
Compensation - H & E Tax		1,223	1,209	1,271	1,354	1,400	1,437	1,465	1,509	1,567
Sub Total - Compensation	76,806	73,216	75,300	77,198	82,090	83,117	85,108	84,967	86,437	89,455
Data Processing	7,134	12,083	14,650	13,274	12,468	14,539	13,927	16,615	18,660	18,974
Special Services	3,301	2,434	2,287	2,200	2,157	2,884	2,919	2,957	2,990	2,507
Building Expenses	6,108	5,166	6,315	6,523	6,709	7,118	6,938	6,865	6,948	7,104
Safety / Loss Prevention Program	-	-	-	-	-	-	-	-	-	-
Telephone/Telecommunications	1,449	1,610	1,742	1,387	1,319	1,278	1,293	1,313	1,329	1,358
Advertising & Public Info	123	13	55	17	3	11	11	12	12	12
Printing, Stationery & Supplies	901	811	996	769	789	776	785	797	807	825
Postage	1,140	1,522	1,581	-	-	-	-	-	-	-
Regulatory / Appeal	-	-	-	-	-	-	-	-	-	-
Travel & Vehicle Expense	757	721	820	758	742	807	817	829	839	858
Driver Education Program	-	-	-	-	-	-	-	-	-	-
Grant in Lieu of Taxes	951	903	939	966	1,026	1,054	1,067	1,083	1,097	1,121
Furniture & Equipment	1,553	722	604	471	189	538	735	1,781	323	330
Merchant Fees	-	-	-	-	-	-	-	-	-	-
Other	1,476	1,023	922	443	900	1,020	1,030	1,043	1,051	1,071
Sub Total - Other Normal Operating Expenses	24,893	27,008	30,911	26,808	26,302	30,025	29,522	33,295	34,056	34,160
Depreciation of Capital Investments	3,338	3,338	3,359	3,384	2,998	2,656	3,146	3,260	3,566	3,076
Amortization of Deferred Development	4,726	4,975	4,982	9,188	7,225	9,395	10,536	11,216	16,292	20,915
Sub Total - Depreciation / Amortization	8,064	8,313	8,341	12,572	10,223	12,051	13,682	14,476	19,858	23,991
Total Expenses	109,763	108,537	114,552	116,578	118,615	125,193	128,312	132,738	140,351	147,606

(\$000s, except where noted)

	Operating Expense									
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Budget	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Compensation - Salaries		26,749	28,308	29,533	29,813	32,111	32,537	33,333	34,232	35,554
Compensation - Overtime		391	520	354	270	335	344	354	365	379
Compensation - Benefits		6,102	6,569	6,769	7,440	7,695	7,952	8,138	8,319	8,580
Compensation - H & E Tax		573	597	639	656	696	714	728	750	778
Sub Total - Compensation	30,037	33,815	35,994	37,295	38,179	40,837	41,547	42,553	43,666	45,291
Data Processing	5,065	6,906	7,767	7,440	5,799	7,127	6,887	8,192	9,236	9,378
Special Services	2,200	2,331	2,677	3,258	4,148	3,231	3,267	3,314	3,352	3,143
Building Expenses	2,204	2,075	2,643	2,755	2,717	2,935	2,924	2,894	2,929	2,994
Safety / Loss Prevention Program	-	-	-	-	-	-	-	-	-	-
Telephone/Telecommunications	523	656	846	680	622	613	620	630	637	652
Advertising & Public Info	331	578	405	470	225	216	224	236	239	244
Printing, Stationery & Supplies	592	626	751	667	687	625	634	645	654	668
Postage	1,064	950	1,050	2,945	3,072	3,090	2,593	2,632	2,663	2,723
Regulatory / Appeal	-	-	-	-	-	-	-	-	-	-
Travel & Vehicle Expense	311	318	349	295	231	292	296	300	304	311
Driver Education Program	-	-	-	-	-	-	-	-	-	-
Grant in Lieu of Taxes	348	367	395	416	420	444	450	457	462	473
Furniture & Equipment	1,547	548	456	330	339	564	669	1,211	465	475
Merchant Fees	6,183	6,320	6,671	7,339	7,570	8,389	8,964	9,563	9,754	9,949
Other	3,030	3,977	3,632	4,004	3,889	3,940	3,993	4,054	4,100	4,192
Sub Total - Other Normal Operating Expenses	23,398	25,652	27,642	30,598	29,719	31,466	31,521	34,128	34,795	35,202
Depreciation of Capital Investments	1,346	1,446	1,510	1,533	1,311	1,322	1,617	1,926	2,366	2,397
Amortization of Deferred Development	2,677	2,821	2,836	4,857	2,429	3,278	3,343	3,699	2,334	5,074
Sub Total - Depreciation / Amortization	4,023	4,267	4,346	6,390	3,740	4,600	4,960	5,625	4,700	7,471
Total Expenses	57,458	63,734	67,982	74,283	71,638	76,903	78,028	82,306	83,161	87,964

(\$000s, except where noted)

Road Safety Expense										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
Compensation - Salaries		1,515	1,407	1,220	1,597	1,589	1,621	1,664	1,711	1,778
Compensation - Overtime		22	19	15	6	14	14	15	15	16
Compensation - Benefits		407	311	286	317	301	310	317	324	335
Compensation - H & E Tax		32	28	27	28	27	28	28	29	30
Sub Total - Compensation	1,783	1,976	1,765	1,548	1,948	1,931	1,973	2,024	2,079	2,159
Data Processing	-	303	59	102	309	88	88	88	88	88
Special Services	164	92	102	146	414	108	109	111	112	115
Building Expenses	84	75	91	95	99	103	102	101	102	105
Safety / Loss Prevention Program	5,684	5,175	4,963	3,725	3,897	4,811	4,536	4,336	4,175	4,090
Telephone/Telecommunications	15	20	-	-	-	-	-	-	-	-
Advertising & Public Info	1,491	1,711	2,023	1,947	2,348	2,499	2,586	2,724	2,756	2,818
Printing, Stationery & Supplies	79	57	51	41	100	58	58	59	60	61
Postage	44	44	29	-	-	-	-	-	-	-
Regulatory / Appeal	-	-	-	-	-	-	-	-	-	-
Travel & Vehicle Expense	12	14	12	14	6	8	8	8	8	8
Driver Education Program	3,115	3,103	3,200	3,256	3,378	3,549	3,590	3,645	3,688	3,771
Grant in Lieu of Taxes	12	12	12	13	14	16	16	16	16	16
Furniture & Equipment	4	3	8	1	-	-	-	-	-	-
Merchant Fees	-	-	-	-	-	-	-	-	-	-
Other	308	294	371	367	443	108	109	111	112	115
Sub Total - Other Normal Operating Expenses	11,012	10,903	10,921	9,707	11,008	11,348	11,202	11,199	11,117	11,187
Depreciation of Capital Investments	188	228	129	104	73	41	34	33	33	25
Amortization of Deferred Development	-	-	-	-	-	-	-	818	818	818
Sub Total - Depreciation / Amortization	188	228	129	104	73	41	34	851	851	843
Total Expenses	12,983	13,107	12,815	11,359	13,029	13,320	13,209	14,074	14,047	14,189

(\$000s, except where noted)

Regulatory/Appeal Expense										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
Compensation - Salaries		-	-	-	-	261	268	276	285	295
Compensation - Overtime		-	-	-	-	1	1	1	1	2
Compensation - Benefits		-	-	-	-	-	-	-	-	-
Compensation - H & E Tax		-	-	-	-	-	-	-	-	-
Sub Total - Compensation	-	-	-	-	-	262	269	277	286	297
Data Processing	-	-	-	-	-	-	-	-	-	-
Special Services	-	-	99	-	-	-	-	-	-	-
Building Expenses	-	-	-	-	-	-	-	-	-	-
Safety / Loss Prevention Program	-	-	-	-	-	-	-	-	-	-
Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-
Advertising & Public Info	-	-	-	-	-	-	-	-	-	-
Printing, Stationery & Supplies	-	-	-	-	-	1	1	1	1	1
Postage	-	-	-	-	-	-	-	-	-	-
Regulatory / Appeal	3,423	3,392	3,667	3,935	3,675	3,155	3,219	3,284	3,349	3,417
Travel & Vehicle Expense	-	-	-	-	-	2	2	2	2	2
Driver Education Program	-	-	-	-	-	-	-	-	-	-
Grant in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-	-	-	-	-	-
Merchant Fees	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	2	2	2	2	2
Sub Total - Other Normal Operating Expenses	3,423	3,392	3,766	3,935	3,675	3,160	3,224	3,289	3,354	3,422
Depreciation of Capital Investments	-	-	-	-	-	-	-	-	-	-
Amortization of Deferred Development	-	-	-	-	-	-	-	-	-	-
Sub Total - Depreciation / Amortization	-	-	-	-	-	-	-	-	-	-
Total Expenses	3,423	3,392	3,766	3,935	3,675	3,422	3,493	3,566	3,640	3,719

(\$000s, except where noted)

	Total Expense									
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Budget	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Compensation - Salaries		85,485	88,602	91,843	95,676	99,018	100,881	101,613	103,595	107,371
Compensation - Overtime		1,826	2,450	1,758	1,423	1,564	1,605	1,653	1,702	1,770
Compensation - Benefits		19,868	20,174	20,503	23,080	23,442	24,232	24,334	24,883	25,686
Compensation - H & E Tax		1,828	1,834	1,937	2,038	2,123	2,179	2,221	2,288	2,375
Sub Total - Compensation	108,626	109,007	113,060	116,041	122,217	126,147	128,897	129,821	132,468	137,202
Data Processing	12,199	19,292	22,476	20,816	18,576	21,754	20,902	24,895	27,984	28,440
Special Services	5,665	4,857	5,165	5,604	6,719	6,223	6,295	6,382	6,454	5,765
Building Expenses	8,396	7,316	9,049	9,373	9,525	10,156	9,964	9,860	9,979	10,203
Safety / Loss Prevention Program	5,684	5,175	4,963	3,725	3,897	4,811	4,536	4,336	4,175	4,090
Telephone/Telecommunications	1,987	2,286	2,588	2,067	1,941	1,891	1,913	1,943	1,966	2,010
Advertising & Public Info	1,945	2,302	2,483	2,434	2,576	2,726	2,821	2,972	3,007	3,074
Printing, Stationery & Supplies	1,572	1,494	1,798	1,477	1,576	1,460	1,478	1,502	1,522	1,555
Postage	2,248	2,516	2,659	2,945	3,072	3,090	2,593	2,632	2,663	2,723
Regulatory / Appeal	3,423	3,392	3,667	3,935	3,675	3,155	3,219	3,284	3,349	3,417
Travel & Vehicle Expense	1,080	1,053	1,180	1,067	979	1,109	1,123	1,139	1,153	1,179
Driver Education Program	3,115	3,103	3,200	3,256	3,378	3,549	3,590	3,645	3,688	3,771
Grant in Lieu of Taxes	1,311	1,282	1,346	1,395	1,460	1,514	1,533	1,556	1,575	1,610
Furniture & Equipment	3,104	1,273	1,068	802	528	1,102	1,404	2,992	788	805
Merchant Fees	6,183	6,320	6,671	7,339	7,570	8,389	8,964	9,563	9,754	9,949
Other	4,814	5,294	4,926	4,815	5,232	5,070	5,134	5,210	5,265	5,380
Sub Total - Other Normal Operating Expenses	62,726	66,955	73,239	71,050	70,704	75,999	75,469	81,911	83,322	83,971
Depreciation of Capital Investments	4,872	5,012	4,998	5,021	4,382	4,019	4,797	5,219	5,965	5,498
Amortization of Deferred Development	7,403	7,796	7,818	14,045	9,654	12,673	13,879	15,733	19,444	26,807
Sub Total - Depreciation / Amortization	12,275	12,808	12,816	19,066	14,036	16,692	18,676	20,952	25,409	32,305
Total Expenses	183,627	188,770	199,115	206,155	206,957	218,838	223,042	232,684	241,199	253,478

(\$000s, except where noted)

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 2.0% Rate Change**

(C\$ 000s, except where noted)

	For the Years Ended February,					
	2016A	2017B	2018F	2019F	2020F	2021F
BASIC						
Motor Vehicles	854,170	893,420	954,331	997,909	1,044,039	1,092,429
Drivers	46,618	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(12,423)	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	888,365	932,181	995,363	1,040,975	1,089,107	1,139,452
Net Premiums Earned						
Motor Vehicles	827,701	875,348	926,228	977,803	1,022,756	1,070,103
Drivers	45,787	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(12,423)	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	861,065	912,194	965,997	1,019,728	1,066,698	1,116,021
Service Fees & Other Revenues	20,351	21,557	23,227	24,999	26,965	28,881
Total Earned Revenues	881,416	933,751	989,224	1,044,727	1,093,663	1,144,902
Net Claims Incurred	742,664	762,626	794,701	836,725	873,963	915,386
(a) Claims Incurred - Interest rate impact	(75,300)	(80,856)	(84,564)	(97,980)	(12,222)	(3,248)
Total Claims Incurred	666,404	681,770	710,137	738,745	861,741	912,138
Claims Expense	118,614	125,191	128,312	132,737	140,351	147,606
Road Safety/Loss Prevention	13,027	13,318	13,210	14,075	14,048	14,187
Total Claims Costs	798,045	820,279	851,659	885,557	1,016,140	1,073,931
Expenses						
Operating	71,641	76,908	78,026	82,306	83,160	87,964
Commissions	33,862	35,616	37,376	39,402	41,152	42,988
Premium Taxes	26,205	27,715	29,336	30,955	32,372	33,859
Regulatory/Appeal	3,675	3,421	3,494	3,566	3,640	3,718
Total Expenses	135,383	143,660	148,232	156,229	160,324	168,529
Underwriting Income (Loss)	(52,012)	(30,188)	(10,667)	2,941	(82,801)	(97,558)
Investment Income	48,477	81,531	79,769	85,667	96,599	103,881
(b) Investment Income - Interest rate impact	(52,515)	(64,737)	(69,908)	(80,597)	(7,627)	-
Total Investment Income	(4,038)	16,794	9,861	5,070	88,972	103,881
Net Income (Loss) from Operations for Rate Setting	(71,009)	(18,186)	(8,417)	7,318	4,660	3,763
Add: DPAC / Premium Deficiency adjustment	(14,959)	(4,792)	(7,611)	(693)	(1,511)	(2,560)
Net Income (Loss) including DPAC/PD adjustment	(56,050)	(13,394)	(806)	8,011	6,171	6,323
*Total net positive impact due to interest rates (b) –(a)	22,785	16,119	14,656	17,383	4,595	3,248

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 2.0% Rate Change**

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>					
	<u>2016A</u>	<u>2017B</u>	<u>2018F</u>	<u>2019F</u>	<u>2020F</u>	<u>2021F</u>
BASIC						
Assets						
Cash & Cash Equivalents	29,114	11,082	10,903	12,187	15,341	21,312
Investments	2,083,349	2,141,550	2,138,928	2,139,764	2,221,647	2,325,932
Investment property	35,789	40,424	40,922	41,125	41,590	42,645
Due from other insurance companies	25	-	-	-	-	-
Accounts receivable	375,262	302,393	320,560	333,844	347,885	362,545
Deferred policy acquisition costs	4,782	6,933	16,297	18,243	21,082	25,033
Reinsurers' share of unpaid claims	998	-	-	-	-	-
Property and equipment	88,740	86,248	88,863	90,183	90,345	91,720
Deferred development costs	65,414	70,462	77,341	79,991	81,701	64,385
	2,683,473	2,659,092	2,693,814	2,715,337	2,819,591	2,933,572
Liabilities						
Due to other insurance companies	152	113	113	113	113	113
Accounts payable and accrued liabilities	38,861	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	3,278	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	453,389	475,671	508,213	532,903	559,044	586,519
Provision for employee current benefits	16,871	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	281,209	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,658,713	1,630,402	1,611,814	1,575,054	1,620,117	1,672,004
	2,452,473	2,441,964	2,473,326	2,478,951	2,568,799	2,668,182
Equity						
Retained earnings	194,496	181,103	180,297	182,922	174,687	166,411
Basic Insurance Retained Earnings	-	-	-	5,386	19,792	34,390
Accumulated Other Comprehensive Income	36,504	36,025	40,191	48,078	56,313	64,589
Total Equity	231,000	217,128	220,488	236,386	250,792	265,390
Total Liabilities & Equity	2,683,473	2,659,092	2,693,814	2,715,337	2,819,591	2,933,572

PF.3 STATEMENT OF CHANGES IN EQUITY**2017 GRA - 2.0% Rate Change**

(C\$ 000s, except where noted)

	<i>For the Years Ended February,</i>					
	<u>2016A</u>	<u>2017B</u>	<u>2018F</u>	<u>2019F</u>	<u>2020F</u>	<u>2021F</u>
BASIC						
Retained Earnings						
Beginning Balance	177,817	194,497	181,103	180,297	188,308	194,479
Net Income (Loss) from annual operations	(56,050)	(13,394)	(806)	8,011	6,171	6,323
Premium Rebate	-	-	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	72,729	-	-	-	-	-
Total Retained Earnings	194,496	181,103	180,297	188,308	194,479	200,801
Retained Earnings						
Equity Reserve	194,496	181,103	180,297	188,308	194,479	200,801
Excesss Retained Earnings	-	-	-	-	-	-
Total Retained Earnings	194,496	181,103	180,297	188,308	194,479	200,801
Total Accumulated Other Comprehensive Income						
Beginning Balance	35,262	36,504	36,025	40,191	48,078	56,313
Other Comprehensive Income for the Year	1,242	(479)	4,166	7,887	8,235	8,276
Total Accumulated Other Comprehensive Income	36,504	36,025	40,191	48,078	56,313	64,589
Total Equity Balance	231,000	217,128	220,488	236,386	250,792	265,390
RESERVE TARGETS						
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000	404,000

PF.4 STATEMENT OF OPERATIONS 2015/16 COMPARATIVE

(C\$ 000s, except where noted)

	2016 GRA 2016B	2017 GRA 2016A	Inc (dec)	Ref.	Increase / (Decrease) %
	\$	\$	\$		
Net Premiums Written					
Motor Vehicles	854,303	854,170	(133)		(0.02)
Drivers	48,269	46,618	(1,650)		(3.42)
Reinsurance Ceded	(12,396)	(12,423)	(27)		0.22
Total Net Premiums Written	890,176	888,365	(1,810)	(1)	(0.20)
Net Premiums Earned					
Motor Vehicles	828,135	827,701	(434)		(0.05)
Drivers	46,782	45,787	(995)		(2.13)
Reinsurance Ceded	(12,396)	(12,423)	(27)		0.22
Total Net Premiums Earned	862,521	861,065	(1,456)		(0.17)
Service Fees & Other Revenues	20,922	20,351	(571)		(2.73)
Total Earned Revenues	883,443	881,416	(2,027)		(0.23)
Net Claims Incurred	690,835	742,664	51,829		7.50
(a) Claims Incurred – Interest rate impact	(101,935)	(75,300)	26,635		26.13
Total Claims Incurred	588,900	666,404	77,504	(2)	13.16
Claims Expense	121,045	118,614	(2,431)	(4)	(2.01)
Road Safety/Loss Prevention	11,496	13,027	1,531	(4)	13.32
Total Claims Costs	721,441	798,045	76,604		10.62
Expenses					
Operating	71,401	71,641	240	(4)	0.34
Commissions	35,405	33,862	(1,543)		(4.36)
Premium Taxes	26,247	26,205	(42)		(0.16)
Regulatory/Appeal	3,154	3,675	521	(4)	16.52
Total Expenses	136,207	135,383	(824)		(0.60)
Underwriting Income (Loss)	25,795	(52,012)	(77,807)		(301.64)
Investment Income	74,971	48,477	(26,494)		(35.34)
(b) Investment Income – Interest rate impact	(85,801)	(52,515)	33,286		38.79
Total Investment Income	(10,830)	(4,038)	6,792	(3)	(62.71)
Net Income (Loss) from Operations	14,965	(56,050)	(71,015)		(474.54)
Allocated Corporate Expenses					
Claims Expense	121,045	118,614	(2,431)		(2.01)
Road Safety/Loss Prevention	11,496	13,027	1,531		13.32
Operating	71,401	71,641	240		0.34
Regulatory/Appeal	3,154	3,675	521		16.52
Total Allocated Corporate Expenses	207,096	206,957	(139)		(0.07)
Allocated Corporate Expenses					
Normal Operations	197,059	202,370	5,312	(4)	2.70
Initiatives Implementation	6,801	3,117	(3,685)	(4)	(54.18)
Initiatives Ongoing	3,236	1,470	(1,766)	(4)	(54.56)
Total Allocated Corporate Expenses	207,095	206,957	(139)		(0.07)
*Total net positive impact due to interest rates (b) – (a)	16,134	22,785	6,651		41.22

Explanation of Significant Variances - 2015/16 Comparative

Ref.	Category	(C\$ 000s)	Explanation
(1)	Net Premiums Written	890,176	2016 GRA
		(1,543)	Lower than budgeted premium related to volume
		(200)	Lower motor vehicle premium upgrade due to DSR impact
		965	Lower fleet rebate
		956	Lower Immobilizer discounts
		(1,650)	Lower driver premiums primarily due to DSR impact
		(339)	Lower reinsurance and other
		<u>888,365</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Revenues</u>
(2)	Net Claims Incurred	588,900	2016 GRA
		33,321	Higher than budgeted Physical damage claims mainly due to hail
		34,616	Higher non interest PIPP claims
		10,859	Higher internal loss adjustment expenses
		(14,959)	Change in Write Down DPAC
			Higher PIPP claims due to lower forecasted growth in interest rates
		16,832	
		(3,165)	Other (Reinsurance, Allowance for doubtful Accounts)
		<u>666,404</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Claims Incurred</u>
(3)	Investment Income	(10,830)	2016 GRA
		33,246	Higher than expected ALM impact due to interest rate forecast
		3,326	Higher than expected interest income
		(42,525)	Lower equity investment income due to equity market decline
		9,851	Higher than expected alternative investment income
		2,895	Other
		(4,038)	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Investments</u>
(4)	Allocated Corporate Expenses	197,059	2016 GRA
	(Normal Operations)	1,604	Higher than budgeted salary – (severance, maternity benefits, other)
		1,603	Higher benefits related to pension costs
		888	Higher Merchant fees
			Higher Regulatory appeal expense related to Claimant Advisory Committee
		521	
		341	Higher loss prevention/safety
		354	Other
		<u>202,370</u>	2017 GRA
(4)	Allocated Corporate Expenses (Initiatives Implementation)	6,801	2016 GRA
		(1,757)	Lower than budgeted special services (external labor)
		(2,474)	Lower data processing
		416	Higher salaries and overtime
		131	Other
		<u>3,117</u>	2017 GRA
(4)	Allocated Corporate Expenses (Initiatives Ongoing)	3,236	2016 GRA
		(1,500)	Lower than budgeted data processing in normal operations
		(231)	Lower special services
		(35)	Other
		<u>1,470</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Expenses</u>

PF.5 STATEMENT OF OPERATIONS 2016/17 COMPARATIVE

(C\$ 000s, except where noted)

	2016 GRA 2017F	2017 GRA 2017B	Inc (dec)	Ref.	Increase / (Decrease) %
	\$	\$	\$		
Net Premiums Written					
Motor Vehicles	893,543	893,420	(123)		(0.01)
Drivers	51,128	50,393	(735)		(1.44)
Reinsurance Ceded	(12,644)	(11,632)	1,012		(8.00)
Total Net Premiums Written	932,027	932,181	154	(1)	0.02
Net Premiums Earned					
Motor Vehicles	875,453	875,348	(105)		(0.01)
Drivers	49,704	48,478	(1,226)		(2.47)
Reinsurance Ceded	(12,644)	(11,632)	1,012		(8.00)
Total Net Premiums Earned	912,513	912,194	(319)		(0.03)
Service Fees & Other Revenues	22,350	21,557	(793)		(3.55)
Total Earned Revenues	934,863	933,751	(1,112)		(0.12)
Net Claims Incurred	762,611	762,626	15		0.00
(a) Claims Incurred – Interest rate impact	(85,470)	(80,856)	4,614		5.40
Total Claims Incurred	677,141	681,770	4,629	(2)	0.68
Claims Expense	128,107	125,191	(2,916)	(4)	(2.28)
Road Safety/Loss Prevention	11,444	13,318	1,874	(4)	16.37
Total Claims Costs	816,692	820,279	3,587		0.44
Expenses					
Operating	74,643	76,908	2,265	(4)	3.03
Commissions	36,774	35,616	(1,158)		(3.15)
Premium Taxes	27,755	27,715	(40)		(0.14)
Regulatory/Appeal	3,210	3,421	211	(4)	6.57
Total Expenses	142,382	143,660	1,278		0.90
Underwriting Income (Loss)	(24,211)	(30,188)	(5,977)		24.69
Investment Income	82,589	81,531	(1,058)		(1.28)
(b) Investment Income – Interest rate impact	(69,780)	(64,737)	5,043		7.23
Total Investment Income	12,809	16,794	3,985	(3)	31.11
Net Income (Loss) from Operations for Rate Setting	(11,402)	(18,186)	(6,784)		59.50
Allocated Corporate Expenses					
Claims Expense	128,107	125,191	(2,916)		(2.28)
Road Safety/Loss Prevention	11,444	13,318	1,874		16.37
Operating	74,643	76,908	2,265		3.03
Regulatory/Appeal	3,210	3,421	211		6.57
Total Allocated Corporate Expenses	217,404	218,838	1,434		0.66
Allocated Corporate Expenses					
Normal Operations	199,537	212,630	13,093	(4)	6.56
Initiatives Implementation	9,173	6,085	(3,088)	(4)	(33.67)
Initiatives Ongoing	8,694	123	(8,571)	(4)	(98.58)
Total Allocated Corporate Expenses	217,404	218,838	1,434		0.66
*Total net positive impact due to interest rates (b) – (a)	15,690	16,119	429		2.73

Explanation of Significant Variances - 2016/17 Comparative

Ref	Category	(C\$ 000s)	Explanation
(1)	Net Premiums Written	932,027	2016 GRA
		(2,054)	Lower then expected premiums written in 2015/16
		(268)	Lower motor vehicle premium upgrade due to DSR impact
		1,383	Lower fleet rebate
		852	Lower Immobilizer discounts
		(735)	Lower driver premiums primary due to DSR impact
		976	Lower reinsurance and other
		<u>932,181</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Revenues</u>
(2)	Net Claims Incurred	677,141	2016 GRA
		5,701	Higher forecasted Physical damage claims
		708	Higher non interest PIPP claims
		(691)	Lower internal loss adjustment expenses
		(4,792)	Change in Write Down DPAC
		3,682	Higher PIPP claims due to lower forecasted growth in interest rates
		21	Other
		<u>681,770</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Claims Incurred</u>
(3)	Investment Income	12,809	2016 GRA
		5,043	Higher forecasted ALM Impact due to interest rate forecast
			Higher forecasted interest income due to higher forecasted coupon rates
		3,139	
		495	Higher forecasted equity investment income
		(2,501)	Lower forecasted alternative investment income
		(2,190)	Other
		<u>16,794</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Investments</u>
(4)	Allocated Corporate Expenses (Normal Operations)	199,537	2016 GRA
		1,186	Higher forecasted salaries due to economic and steps in scale
		1,292	Higher pension contribution rate required
			Transfer Information Technology Optimization – High Availability from ongoing
		1,500	
		262	Transfer Legal Management data processing expenses from ongoing
		2,266	Higher Loss Prevention Program (impaired driving, roadwatch, auto theft)
		1,587	Higher merchant fees due to greater volume
		5,283	Actual transfer of amortization expense from ongoing
		(283)	All other
		<u>212,630</u>	2017 GRA
(5)	Allocated Corporate Expenses (Initiatives Implementation)	9,173	2016 GRA
		1,258	Higher forecasted salaries related to various projects
		(1,007)	Lower forecasted data processing (external labor)
		(2,921)	Lower special services (external labor)
		(789)	Lower loss prevention (transfer auto theft to normal operations)
		371	All other
		<u>6,085</u>	2017 GRA
(6)	Allocated Corporate Expenses (Initiatives Ongoing)	8,694	2016 GRA
			Transfer Information Technology Optimization – High Availability into normal operations)
		(1,500)	
		(262)	Transfer Legal Management data processing expense to normal operations
		(750)	Reforecast of data processing expense – PDR project
		(5,283)	Actual transfer of amortization expense to normal operations
			Less then expected amortization expense related to normal operations
		(501)	transfer
		(398)	All other
		<u>123</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Expenses</u>

PF.6 STATEMENT OF OPERATIONS 2017/18 COMPARATIVE

(C\$ 000s, except where noted)

	2016 GRA 2018F	2017 GRA 2018F	Inc (dec)	Ref.	Increase / (Decrease) %
	\$	\$	\$		
Net Premiums Written					
Motor Vehicles	935,826	954,331	18,505		1.98
Drivers	54,021	52,908	(1,113)		(2.06)
Reinsurance Ceded	(12,897)	(11,876)	1,021		(7.92)
Total Net Premiums Written	976,950	995,363	18,413	(1)	1.88
Net Premiums Earned					
Motor Vehicles	916,334	926,228	9,894		1.08
Drivers	52,580	51,645	(935)		(1.78)
Reinsurance Ceded	(12,897)	(11,876)	1,021		(7.92)
Total Net Premiums Earned	956,017	965,997	9,980		1.04
Service Fees & Other Revenues	24,052	23,227	(825)		(3.43)
Total Earned Revenues	980,069	989,224	9,155		0.93
Net Claims Incurred	794,243	794,701	458		0.06
(a) Claims Incurred – Interest rate impact	(102,506)	(84,564)	17,942		17.50
Total Claims Incurred	691,737	710,137	18,400	(2)	2.66
Claims Expense	131,338	128,312	(3,026)	(4)	(2.30)
Road Safety/Loss Prevention	10,551	13,210	2,659	(4)	25.20
Total Claims Costs	833,626	851,659	18,033		2.16
Expenses					
Operating	77,218	78,026	808	(4)	1.05
Commissions	37,290	37,376	86		0.23
Premium Taxes	29,067	29,336	269		0.92
Regulatory/Appeal	3,273	3,494	221	(4)	6.75
Total Expenses	146,848	148,232	1,384		0.94
Underwriting Income (Loss)	(405)	(10,667)	(10,262)		2,532.62
Investment Income	94,275	79,770	(14,505)		(15.39)
(b) Investment Income – Interest rate impact	(81,284)	(69,909)	11,375		13.99
Total Investment Income	12,991	9,861	(3,130)	(3)	(24.10)
Net Income (Loss) from Operations for Rate Setting	12,586	(8,417)	(21,003)		(166.87)
Allocated Corporate Expenses					
Claims Expense	131,338	128,312	(3,026)		(2.30)
Road Safety/Loss Prevention	10,551	13,210	2,659		25.20
Operating	77,218	78,026	808		1.05
Regulatory/Appeal	3,273	3,494	221		6.75
Total Allocated Corporate Expenses	222,380	223,042	662		0.30
Allocated Corporate Expenses					
Normal Operations	204,374	214,561	10,187	(4)	4.98
Initiatives Implementation	5,670	4,994	(676)	(4)	(11.93)
Initiatives Ongoing	12,336	3,487	(8,849)	(4)	(71.73)
Total Allocated Corporate Expenses	222,380	223,042	661		0.30
*Total net positive impact due to interest rates (b) – (a)	21,222	14,655	(6,567)		(30.94)

Explanation of Significant Variances - 2017/18 Comparative

Ref.	Category	(C\$ 000s)	Explanation
(1)	Net Premiums Written	976,950	2016 GRA
		(2,358)	Lower than expected Premiums Written in 2016/17
		19,066	Higher forecasted rate change (2.0%) vs. 0% in 2016 GRA
		(250)	Lower motor vehicle premium upgrade factor
		1,448	Lower fleet rebate
		639	Lower Immobilizer discounts
		(1,113)	Lower driver premiums primarily due to DSR impact
		981	Lower reinsurance and other
		<u>995,363</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Revenues</u>
(2)	Net Claims Incurred	691,737	2016 GRA
		7,884	Higher forecasted Physical damage claims
		2,165	Higher non interest PIPP claims
		955	Higher internal loss adjustment expenses
		(7,611)	Change in Write Down DPAC
		15,004	Higher PIPP claims due to lower forecasted growth in interest rates
		2	Other
		<u>710,137</u>	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Claims Incurred</u>
(3)	Investment Income	12,991	2016 GRA
		11,376	Higher forecasted ALM Impact due to different interest rate forecast
		(2,695)	Lower forecasted interest income due to lower coupon rates
		(6,831)	Lower forecasted equity investment income
		(1,397)	Lower forecasted alternative investment income
		<u>(3,582)</u>	Other - Difference in forecasted bond amortization
		9,861	2017 GRA
			*detailed explanations along with commentary found in <u>Volume II-Investments</u>
(4)	Allocated Corporate Expense (Normal Operations)	204,374	2016 GRA
		1,327	Higher forecasted pension contribution rate required
		1,570	Transfer ITO - HA from ongoing
		2,077	Higher Loss Prevention Program (impaired driving, roadwatch, auto theft)
		2,026	Higher merchant fees due to greater volume
		5,314	Transfer Amortization expense from ongoing
		<u>(16)</u>	All other
		214,561	2017 GRA
(4)	Allocated Corporate Expense (Initiatives Implementation)	5,670	2016 GRA
		908	Higher forecasted salaries related to various projects
		1,521	Higher data processing (external labor)
		<u>(3,105)</u>	Lower forecasted special services (external labor)
		4,994	2017 GRA
(4)	Allocated Corporate Expense (Initiatives Ongoing)	12,336	2015 GRA
		(1,570)	Transfer ITO - HA into normal operations
		(820)	Less than expected expenses related to PDR data processing Information Security Strategy and Roadmap (ISSR) changed from expense in
		(1,454)	2016 GRA to capital in 2017 GRA
		(5,314)	Transfer amortization expense to normal operations
		(400)	Less than expected amortization expense related to normal operations transfer
		214	Higher expenses related to sundry claims for Centre of Excellence
		495	All other
		<u>3,487</u>	2016 GRA
			*detailed explanations along with commentary found in <u>Volume II-Expenses</u>

Table 1: Summary of Investment Income

	Reference Section #	2011/12	2012/13	2013/14 Actual	2014/15	2015/16	2016/17	2017/18	2018/19 Forecasted	2019/20	2020/21
Interest Income During Period											
Cash/Short Term Investments	<u>Section 2</u>	1075	1,132	1,112	755	362	42	0	0	3	88
Marketable Bonds	<u>Section 3</u>	40,704	35,370	31,095	32,967	36,624	37,772	37,682	41,343	48,141	54,486
MUSH	<u>Section 4</u>	28,516	29,091	29,818	30,949	30,804	28,949	28,701	28,273	28,732	29,242
Total		70,295	65,594	62,025	64,671	67,790	66,763	66,383	69,617	76,875	83,816
Dividend and other Income											
Canadian Equities	<u>Section 5</u>	9,449	11,058	12,658	25,464	11,378	9,121	9,258	10,630	11,770	13,085
US Equities	<u>Section 6</u>	2,995	0	1363	3,004	4,110	4,386	4,965	5,550	6,119	6,577
Investment Properties (CityPlace)	<u>Section 7B</u>	1502	1,751	2,529	1,848	3,206	3,431	2,149	4,952	4,873	4,771
Infrastructure	<u>Section 8</u>	1,164	1,725	2,573	6,547	1,364	1,268	1,721	1,828	1,931	2,039
Total		15,110	14,534	19,123	36,863	20,058	18,206	18,092	22,960	24,692	26,472
Gains During Period - Profit & Loss											
Marketable Bonds Unrealized Gains/(Loss)	<u>Section 3</u>	26,122	-9,075	-15,792	75,691	-76,744	-66,955	-68,168	-80,203	-8,579	-908
Marketable Bonds Realized Gains/(Loss)	<u>Section 3</u>	39,704	17,054	-9,822	27,090	15,174	-8,785	-14,235	-15,853	-622	908
MUSH	<u>Section 4</u>	0	0	0	0	0	0	0	0	0	0
Canadian Equities Realized Gains	<u>Section 5</u>	2,127	5,337	57,372	28,808	-390	11,065	8,112	6,775	7,568	8,557
US Equities Realized Gains	<u>Section 6</u>	0	0	58101	82	14	7,075	2,704	0	257	712
Real Estate	<u>Section 7A</u>	15,631	18,915	19,917	11,927	17,125	12,618	14,271	14,667	15,547	16,480
Infrastructure	<u>Section 8</u>	0	0	0	0	6,375	4,971	6,740	7,164	7,566	7,989
Total		83,584	32,231	109,776	143,598	-38,446	-40,010	-50,577	-67,449	21,736	33,738
Other											
Investment Fees Paid	<u>Section 9</u>	-3,091	-4,280	-4,075	-4,122	-4,280	-4,449	-4,620	-4,733	-4,971	-5,256
Pension Expense	<u>Section 9</u>	-27,470	-17,118	-11,710	-12,349	-12,760	-14,401	-15,071	-15,763	-16,483	-17,235
Amortization of Bond Premium/Discount	<u>Section 9</u>	-4,911	-5,872	-2,607	-1,807	-3,754	-6,460	-2,584	1,411	5,489	5,421
Venture Capital Income	<u>Section 9</u>	0	2037	262	127	35					
Investment Write-Down		-14540	-3,957	0	-830	-33,375	0	0	0	0	0
Total		-50,012	-29,190	-18,654	-18,982	-54,134	-25,310	-22,275	-19,085	-15,966	-17,071
Total Investment Income		118,976	83,169	172,123	226,150	-4,732	19,649	11,623	6,043	107,338	126,955
Basic Allocation Investment Income		101,130	68,094	147,735	188,451	-4,038	16,794	9,861	5,070	88,972	103,881
Basic Allocation	<u>Section 9</u>	85.0%	86.2%	85.5%	83.3%	85.35%	85.5%	84.8%	83.9%	82.9%	81.8%

Table 2 Ending Values and Allocations

	2011/12	2012/13	2013/14 Actual	2014/15	2015/16	2016/17	2017/18	2018/19 Forecast	2019/20	2020/21
Ending Asset Values (C\$ 000,000's)										
Cash/Short Term Investments	107	158	93	69	37	0	0	0	2	8
Canadian Fixed Income	898	813	970	1,100	1,056	1,092	1,068	1,017	1,067	1,153
MUSH	521	565	581	607	623	644	639	651	660	667
Canadian Equities	369	401	381	347	302	273	280	310	344	378
US Equities	133	162	139	174	167	154	159	176	191	203
Real Estate	205	224	231	247	264	277	293	308	325	343
Infrastructure & Venture Capital	19	27	52	58	85	112	130	137	145	153
Total Assets	2,430	2,251	2,350	2,602	2,535	2,553	2,570	2,600	2,735	2,906
Ending Rebalanced Allocations (%)										
Cash/Short Term Investments	4.4%	7.0%	4.0%	2.7%	1.5%	0.0%	0.0%	0.0%	0.1%	0.3%
Canadian Fixed Income	35.4%	32.1%	38.3%	43.4%	41.6%	42.8%	41.6%	39.1%	39.0%	39.7%
MUSH	20.6%	22.3%	22.9%	23.9%	24.6%	25.2%	24.9%	25.1%	24.1%	23.0%
Canadian Equities	14.6%	15.8%	15.0%	13.7%	11.9%	10.7%	10.9%	11.9%	12.6%	13.0%
US Equities	5.2%	6.4%	5.5%	6.9%	6.6%	6.0%	6.2%	6.8%	7.0%	7.0%
Real Estate	8.1%	8.8%	9.1%	9.7%	10.4%	10.9%	11.4%	11.9%	11.9%	11.8%
Infrastructure & Venture Capital	0.7%	1.1%	2.1%	2.3%	3.4%	4.4%	5.1%	5.3%	5.3%	5.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100%	100%	100%	100%	100%

Actual vs. Benchmark Returns

Asset Class	MPI Annual	Annual	MPI Annual	Annual	MPI Annual	Annual	MPI Annual	Annual	MPI Annual	Annual	MPI Annual	Annual
	Return ending February 29, 2016	Expected Return Benchmark ending February 29, 2016	Return ending February 28, 2015	Expected Return Benchmark ending February 28, 2015	Return ending February 28, 2014	Expected Return Benchmark ending February 28, 2014	Return ending February 28, 2013	Expected Return Benchmark ending February 28, 2013	Return ending February 29, 2012	Expected Return Benchmark ending February 29, 2012	Return ending February 28, 2011	Expected Return Benchmark ending February 28, 2011
MPI Total Fund	-0.4%	-1.2%	10.4%	12.2%	8.0%	5.7%	6.9%	5.7%	6.4%	8.2%	8.4%	8.7%
Fixed Income												
Cash	0.6%	0.5%	0.9%	0.9%	0.9%	1.0%	0.9%	1.0%	0.9%	0.9%	1.1%	0.7%
Fixed Income Portfolio	0.2%	-1.0%	10.8%	13.4%	2.4%	1.2%	4.7%	3.8%	9.3%	12.2%	5.0%	5.2%
Marketable Bonds	n/a	n/a	14.5%	12.8%	0.4%	1.1%	4.5%	3.9%	11.9%	12.2%	5.1%	5.2%
-Universe Bonds	n/a	n/a	12.2%	10.4%	1.3%	1.5%	4.1%	3.7%	10.6%	10.0%	3.7%	4.4%
-Long-Term Bonds	n/a	n/a	21.8%	20.1%	-0.4%	0.0%	5.3%	4.5%	18.8%	18.9%	8.3%	8.3%
Non Marketable Bonds - BV	n/a	n/a	5.0%	14.5%	5.2%	1.3%	5.4%	3.7%	5.7%	13.4%	6.2%	5.5%
Canadian Equities												
Large Capitalization Equities	-14.9%	-11.4%	8.9%	11.8%	19.5%	15.6%	7.3%	6.0%	-8.6%	-6.6%	26.7%	26.3%
Small to Mid Cap Equities	-4.2%	-18.6%	1.8%	-7.4%	41.4%	14.6%	21.8%	-10.6%	4.7%	-8.6%	23.4%	40.7%
US Equities (US\$)												
Large Capitalization Equities	-9.6%	-9.4%	13.2%	13.5%	24.1%	23.4%	17.5%	17.6%	2.2%	2.2%	17.8%	23.7%
Small to Mid Cap Equities	-13.4%	-13.4%	3.9%	4.0%	25.9%	26.2%	16.7%	16.9%	-2.6%	-2.7%	29.7%	30.3%
Alternative Investments												
Canadian Real Estate	8.5%	7.6%	6.0%	7.6%	10.3%	11.1%	10.7%	14.2%	14.9%	15.1%	n/a	n/a
Private Equity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Infrastructure	14.2%	6.4%	4.8%	6.0%	17.3%	6.1%	8.9%	6.2%	n/a	n/a	n/a	n/a

Source: Ellement Consultants (since February 29, 2016, prior was API Asset Performance Management) except for infrastructure, which is based on the Internal Rate of Return method and is internally calculated.

Fixed Income Portfolio is composed of Marketable and Non-Marketable Bonds.

Actively managed large cap and small cap CAD equities include an alpha target of 150 bps.

Large cap U.S. equities included an alpha target of 150 bps while actively managed (prior to October 12, 2010).

Small and mid-cap U.S. equities were passively managed and therefore do not include an alpha target.

PF.1 INCOME STATEMENT

						2015 GRA - PF-1-IS
Manitoba Public Insurance						
Multi-year Statements - Income Statement						
<i>For the Years Ended February,</i>						
2015 GRA-2.4 % Rate Change plus 1.0% RSR Rebuild - 2015/16						
<i>(C\$ 000s, except where noted)</i>	<i>For the Years Ended February,</i>					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	795,233	859,397	897,828	937,861	979,588
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	784,740	828,564	896,747	939,042	982,782	1,027,783
Net Premiums Earned						
Motor Vehicles	741,077	769,872	829,240	879,765	919,045	959,977
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	764,670	800,480	864,444	918,908	961,971	1,006,390
Service Fees & Other Revenues	20,383	19,799	21,079	22,815	24,671	26,786
Total Earned Revenues	785,053	820,279	885,523	941,723	986,641	1,033,176
Net Claims Incurred	747,435	624,776	672,137	725,356	748,183	826,983
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	874,803	752,376	803,137	861,930	886,103	975,950
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	34,173	35,970	37,450	38,991
Premium Taxes	23,342	24,426	26,351	27,994	29,294	30,635
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	127,147	134,751	138,630	146,406	151,233	160,440
Underwriting Income (Loss)	(216,897)	(66,848)	(56,245)	(66,613)	(50,694)	(103,213)
Investment Income	147,735	28,807	49,907	84,606	77,345	128,259
Net Income (Loss) from Operations	(69,162)	(38,042)	(6,337)	17,993	26,651	25,046
Note: Comparison of the 2015 GRA forecast against the 2014 GRA forecast will begin in three pages.						

PUB (MPI) 2-7

Volume:	PUB/MPI I-16	Page No.:	
Topic:	Interest Rate Forecasting		
Sub Topic:			
Issue:			

Preamble: The Corporation has indicated that its standard interest rate forecast is not a best estimate.

Question:

- a) Please provide two schedules of forecasted interest rates based on the following considerations taken together:
- i. Use current short and long term interest rate forecasts from the major banks (i.e., not including Global Insight & Conference Board of Canada), and adding Laurentian and National banks if available.
 - ii. For the banks that provide only annual forecasts, make adjustments (linearly) to generate quarterly values to smooth the transition from one period to the next.
 - iii. For the banks that do not cover the full forecast period, please extend the forecast on a naïve basis, indicating which periods are affected by this assumption.
 - iv. Please provide both the simple average and the simple average excluding high value in each quarter.
 - v. Please provide footnotes indicating the date of each bank forecast and the basis of preparation (i.e., end of period, average of period).
 - vi. Show X.XX% for those values that cannot be publicly disclosed.

- vii. Please provide the bank forecasts, in confidence to the Board only, if necessary.
 - viii. Please provide any critical commentary that the Corporation and/or Dr. Cleary deem appropriate.
 - ix. Please provide the estimated percentile level for each of these two interest rate forecast scenarios.
- b) Please provide a current update to the Standard Interest Rate Forecast.
 - c) Please provide updated Pro Formas (PF.1, PF.2, PF.3) based on the two interest rate forecasts provided in (a) above, both before and after the implied rate level change.
 - d) Please provide an updated Table 1 Summary of Investment Income that reflect each of the Pro Formas in (c) above.
 - e) Please provide updated Pro Formas (PF.1, PF.2, PF.3) and interest rate forecast summary based on an updated naïve forecast using the bank forecast information from (a) above.
 - f) Please provide updated Pro Formas (PF.1, PF.2, PF.3) and interest rate forecast summary based on an average of the interest rate forecasts underlying (a) and (e) above.
 - g) Please provide an updated Scenario Summary Comparison from the response to PUB/MPI 1-16(a) removing Scenarios 2 & 2A, and adding Scenarios 1B, 4 & 4A, 5 and 6 that reflect the results provided in (b), (c), (e) and (f) above respectively.

Rationale for Question:

To explore possible improvements in interest rate forecasting.

RESPONSE:

a) Scenario PUB (MPI) 2-7 (c)1 and (c)2 are the bank-only with long-term forecasts.

Please see table below. RBC and BMO's forecasts will be provided in confidence to the Board, and are labeled as X.XX%.

**PUB 2-7 (c)1 and (c)2: Bank Only with Long Term
Government of Canada 10 Year Bond Yield**

	<i>BMO NB</i>	<i>CIBC</i>	<i>RBC</i>	<i>Scotia</i>	<i>TD</i>	<i>Laurentian</i>	<i>National</i>	<u>Average (c)1</u>	<u>Average Exclude Highest (c)2</u>
2016 Q1									
Q2									
Q3	1.05%	1.10%	1.15%	0.80%	1.05%	1.35%	1.25%	1.11%	1.07%
Q4	1.12%	1.30%	1.25%	0.90%	1.15%	1.50%	1.32%	1.22%	1.17%
2017 Q1	1.18%	1.50%	1.40%	1.00%	1.30%	1.60%	1.39%	1.34%	1.30%
Q2	1.23%	1.55%	1.60%	1.05%	1.40%	1.70%	1.43%	1.42%	1.38%
Q3	1.30%	1.70%	1.75%	1.20%	1.50%	1.80%	1.51%	1.54%	1.49%
Q4	1.37%	1.85%	1.90%	1.40%	1.60%	1.85%	1.67%	1.66%	1.62%
2018 Q1	X.XX%	2.01%	X.XX%	1.84%	1.72%		1.74%	1.84%	1.77%
Q2	X.XX%	2.17%	X.XX%	2.28%	1.84%			2.09%	2.02%
Q3	X.XX%	2.33%	X.XX%	2.72%	1.96%			2.32%	2.22%
Q4	X.XX%	2.49%	X.XX%	3.16%	2.08%			2.55%	2.39%
2019 Q1	X.XX%	2.56%	X.XX%	3.22%	2.11%			2.65%	2.51%
Q2	X.XX%	2.62%	X.XX%	3.27%	2.14%			2.76%	2.63%
Q3	X.XX%	2.69%	X.XX%	3.33%	2.16%			2.87%	2.76%
Q4	X.XX%	2.75%	X.XX%	3.38%	2.19%			2.99%	2.87%
2020 Q1		2.85%	X.XX%	3.51%	2.27%			3.07%	2.88%
Q2		2.95%	X.XX%	3.64%	2.36%			3.17%	2.98%
Q3		3.05%	X.XX%	3.76%	2.44%			3.26%	3.08%
Q4		3.15%	X.XX%	3.89%	2.52%			3.35%	3.19%

Numbers in Bold Indicate Highest

Data sources dates:

BMO NB as of August 19, 2016 (Average of Period)
 CIBC as of August 11, 2016 (End of Period)
 RBC as of August 2016 (End of Period)
 Scotiabank as of August 3, 2016 (End of Period)
 TD as of July 28, 2016 (End of Period)
 Laurentian Bank as of June 10, 2016 (End of Period)
 National Bank as of June 24, 2016 (End of Period)

Scenario PUB (MPI) 2-7 (e)1 and (e)2 is short and long term bank-only forecasts with Naïve Extension. Please see table below.

PUB 2-7 (e)1 and (e)2: Bank Only with Long Term, Extended Naïve Government of Canada 10 Year Bond Yield

	<i>BMO NB</i>	<i>CIBC</i>	<i>RBC</i>	<i>Scotia</i>	<i>TD</i>	<i>Laurentian</i>	<i>National</i>	<u>Average (c)1</u>	<u>Average Exclude Highest (c)2</u>
2016 Q1									
Q2									
Q3	1.05%	1.10%	1.15%	0.80%	1.05%	1.35%	1.25%	1.11%	1.07%
Q4	1.12%	1.30%	1.25%	0.90%	1.15%	1.50%	1.32%	1.22%	1.17%
2017 Q1	1.18%	1.50%	1.40%	1.00%	1.30%	1.60%	1.39%	1.34%	1.30%
Q2	1.23%	1.55%	1.60%	1.05%	1.40%	1.70%	1.43%	1.42%	1.38%
Q3	1.30%	1.70%	1.75%	1.20%	1.50%	1.80%	1.51%	1.54%	1.49%
Q4	1.37%	1.85%	1.90%	1.40%	1.60%	1.85%	1.67%	1.66%	1.62%
2018 Q1	X.XX%	2.01%	X.XX%	1.84%	1.72%	1.85%	1.74%	1.84%	1.79%
Q2	X.XX%	2.17%	X.XX%	2.28%	1.84%	1.85%	1.74%	2.00%	1.95%
Q3	X.XX%	2.33%	X.XX%	2.72%	1.96%	1.85%	1.74%	2.17%	2.08%
Q4	X.XX%	2.49%	X.XX%	3.16%	2.08%	1.85%	1.74%	2.33%	2.19%
2019 Q1	X.XX%	2.56%	X.XX%	3.22%	2.11%	1.85%	1.74%	2.41%	2.27%
Q2	X.XX%	2.62%	X.XX%	3.27%	2.14%	1.85%	1.74%	2.48%	2.35%
Q3	X.XX%	2.69%	X.XX%	3.33%	2.16%	1.85%	1.74%	2.56%	2.44%
Q4	X.XX%	2.75%	X.XX%	3.38%	2.19%	1.85%	1.74%	2.65%	2.51%
2020 Q1	X.XX%	2.85%	X.XX%	3.51%	2.27%	1.85%	1.74%	2.72%	2.57%
Q2	X.XX%	2.95%	X.XX%	3.64%	2.36%	1.85%	1.74%	2.78%	2.62%
Q3	X.XX%	3.05%	X.XX%	3.76%	2.44%	1.85%	1.74%	2.83%	2.67%
Q4	X.XX%	3.15%	X.XX%	3.89%	2.52%	1.85%	1.74%	2.88%	2.72%

Numbers in Bold Indicate Naïve Forecast

Data sources dates:

BMO NB as of August 19, 2016 (Average of Period)
 CIBC as of August 11, 2016 (End of Period)
 RBC as of August 2016 (End of Period)
 Scotiabank as of August 3, 2016 (End of Period)
 TD as of July 28, 2016 (End of Period)
 Laurentian Bank as of June 10, 2016 (End of Period)
 National Bank as of June 24, 2016 (End of Period)

Commentary:

- Removing the highest interest rate forecast has a small impact on the increase in interest rates over 3 years. The Corporation is not aware of any other institutions that exclude the highest interest rate from their forecast.
- Laurentian Bank and National Bank have a forecast for 2 years. Taking their last published interest rate forecast and carrying it forward (naïve extension) is a potential distortion of Laurentian and National Bank's internal expectation for long-term interest rate forecasts. All the other banks have a rising interest rate forecast for the last three years of the forecast period.

- The Corporation notes that in the Technical Conference, Dr. Sean Cleary explained how forecasts tend to cluster together, being directionally the same, and often pretty similar. He expanded on the reason for the phenomenon as result of having less reward for being right, and apart from the crowd, than the penalty for being wrong and apart from the crowd. This tends to result in forecasts, be it interest rates, earnings, or foreign currency, that gravitate together. In light of this observation by Dr. Cleary, the Corporation questions the value in scenario analysis which impacts the margins of the Standard Interest Rate Forecast (SIRF). The Corporation and Dr. Cleary have presented evidence that the SIRF is materially flawed, and a not a best estimate. The Corporation respectfully suggests that solution to the risks presented by the SIRF, is a more significant adjustment of a 50/50 weighting between the SIRF and the naïve forecast, as proffered by Dr. Cleary in the Technical Conference, and elaborated on by the Corporation in PUB(MPI)2-25.
- Dr. Cleary concurs.

Percentile Level for 3 year increase:

- Bank Only scenario percentile: 87.1%
 - Bank Only, Average excluding highest scenario percentile: 84.8%
 - Bank Only, Extended Naïve scenario percentile: 84.5%
 - Bank Only, Extended Naïve scenario excluding highest scenario percentile: 83.5%
- b) The Standard Interest Rate Forecast as of August 2016 is provide in the table below.

**August 2016 Standard Interest Rate Forecast
Government of Canada 10 Year Bond Yield**

	<i>BMO NB</i>	<i>CIBC</i>	<i>Global</i>	<i>RBC</i>	<i>Scotia</i>	<i>TD</i>	<i>Median</i>	<i>Average</i>
2016 Q1								
Q2								
Q3	1.07%	1.10%	1.30%	1.15%	0.80%	1.05%	1.09%	1.08%
Q4	1.13%	1.30%	1.44%	1.25%	0.90%	1.15%	1.20%	1.20%
2017 Q1	1.18%	1.50%	1.70%	1.40%	1.00%	1.30%	1.35%	1.35%
Q2	1.23%	1.55%	1.85%	1.60%	1.05%	1.40%	1.48%	1.45%
Q3	1.30%	1.70%	2.05%	1.75%	1.20%	1.50%	1.60%	1.58%
Q4	1.37%	1.85%	2.19%	1.90%	1.40%	1.60%	1.73%	1.72%
2018 Q1			2.35%				2.35%	2.35%
Q2			2.45%				2.45%	2.45%
Q3			2.64%				2.64%	2.64%
Q4			2.77%				2.77%	2.77%
2019 Q1			2.91%				2.91%	2.91%
Q2			3.12%				3.12%	3.12%
Q3			3.38%				3.38%	3.38%
Q4			3.45%				3.45%	3.45%
2020 Q1			3.45%				3.45%	3.45%
Q2			3.45%				3.45%	3.45%
Q3			3.45%				3.45%	3.45%
Q4			3.45%				3.45%	3.45%

c) d) e) f) and g)

All of the Pro-Formas for this question are included in Attachment A.

The Summary of Investment Income for each scenario is in Attachment B.

Please see Attachment C for the Scenario Summary.

See the table below for a legend.

PUB (MPI) 2-7 Subquestion:

- | | |
|------|--|
| (c)1 | 0% RI - Bank Only with Long Term |
| (c)2 | 0% RI - Bank Only, Excluding Highest |
| (c)3 | 2% RI - Bank Only with Long Term |
| (c)4 | 2% RI - Bank Only, Excluding Highest |
| (e)1 | 0% RI - Bank Only, Extended Naïve |
| (e)2 | 0% RI - Bank Only, Extended Naïve, Exclude Highest |
| (e)3 | 2% RI - Bank Only, Extended Naïve |
| (e)4 | 2% RI - Bank Only, Extended Naïve, Exclude Highest |
| (f)1 | 0% RI - PUB 2-7 Average of C) and E) |
| (f)2 | 2% RI - PUB 2-7 Average of C) and E) |

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks only**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	935,264	977,983	1,023,201	1,070,634
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	976,296	1,021,049	1,068,269	1,117,657
Net Premiums Earned					
Motor Vehicles	875,348	915,958	958,273	1,002,338	1,048,749
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	955,727	1,000,198	1,046,280	1,094,667
Service Fees & Other Revenues	21,557	23,227	24,889	26,846	28,754
Total Earned Revenues	933,751	978,954	1,025,087	1,073,126	1,123,421
Net Claims Incurred	766,287	806,884	839,145	874,881	914,788
(a) Claims Incurred - Interest Rate Impact	(6,322)	(59,024)	(116,718)	(51,550)	(46,000)
Total Claims Incurred	759,965	747,860	722,427	823,331	868,788
Claims Expense	125,191	128,699	133,286	140,884	147,881
Road Safety/Loss Prevention	13,318	13,251	14,131	14,106	14,216
Total Claims Costs	898,474	889,810	869,844	978,321	1,030,885
Expenses					
Operating	76,908	78,242	82,607	83,459	88,117
Commissions	35,616	37,110	38,773	40,494	42,300
Premium Taxes	27,715	29,028	30,369	31,759	33,218
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,718
Total Expenses	143,660	147,874	155,316	159,353	167,353
Underwriting Income (Loss)	(108,383)	(58,730)	(73)	(64,548)	(74,817)
Investment Income	79,529	72,772	84,013	84,366	96,301
(b) Investment Income - Interest Rate Impact	(1,969)	(51,773)	(93,964)	(42,295)	(33,325)
Net Investment Income	77,560	20,999	(9,951)	42,071	62,976
Net Income (Loss) from Operations for Rate Setting	(31,954)	(35,486)	(11,205)	(25,331)	(16,154)
Add: DPAC / Premium Deficiency adjustment	(1,131)	2,245	(1,181)	(2,854)	(4,313)
Net Income (Loss)	(30,823)	(37,731)	(10,024)	(22,477)	(11,841)
Total net Impact due to interest rate change (b) - (a)	4,354	7,250	22,754	9,254	12,675

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks only***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,771	9,895	11,052	11,873	13,120
Investments	2,202,789	2,198,107	2,154,959	2,170,927	2,213,648
Investment property	40,424	40,852	40,990	41,372	42,326
Accounts receivable	302,393	315,639	328,700	342,506	356,919
Deferred policy acquisition costs	3,272	2,231	4,642	8,796	14,474
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,716,359	2,732,928	2,710,517	2,747,520	2,796,592
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	499,416	523,709	549,429	576,463
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,704,935	1,714,216	1,661,625	1,669,621	1,679,912
	2,516,497	2,566,931	2,556,328	2,608,688	2,666,034
Equity					
Retained earnings	163,674	125,943	115,921	93,444	81,602
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,188	40,052	38,267	45,389	48,956
Total Equity	199,861	165,995	154,188	138,833	130,558
Total Liabilities & Equity	2,716,358	2,732,926	2,710,516	2,747,521	2,796,592

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks only

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	163,674	125,943	115,921	93,444
Net Income (Loss) from annual operations	(30,823)	(37,731)	(10,022)	(22,477)	(11,842)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	125,943	115,921	93,444	81,602
Retained Earnings					
Equity Reserve	163,674	125,943	115,921	93,444	81,602
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	125,943	115,921	93,444	81,602
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,188	40,052	38,267	45,389
Other Comprehensive Income for the Year	(316)	3,865	(1,785)	7,122	3,567
Total Accumulated Other Comprehensive Income	36,188	40,052	38,267	45,389	48,956
Total Equity Balance	199,861	165,995	154,188	138,833	130,558
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	935,264	977,983	1,023,201	1,070,634
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	976,296	1,021,049	1,068,269	1,117,657
Net Premiums Earned					
Motor Vehicles	875,348	915,958	958,273	1,002,338	1,048,749
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	955,727	1,000,198	1,046,280	1,094,667
Service Fees & Other Revenues	21,557	23,227	24,889	26,846	28,754
Total Earned Revenues	933,751	978,954	1,025,087	1,073,126	1,123,421
Net Claims Incurred	766,656	807,006	840,060	875,036	915,506
(a) Claims Incurred - Interest Rate Impact	496	(60,551)	(102,621)	(58,999)	(38,407)
Total Claims Incurred	767,152	746,455	737,439	816,037	877,099
Claims Expense	125,191	128,703	133,289	141,014	147,889
Road Safety/Loss Prevention	13,318	13,251	14,131	14,120	14,216
Total Claims Costs	905,661	888,409	884,859	971,171	1,039,204
Expenses					
Operating	76,908	78,242	82,607	83,533	88,117
Commissions	35,616	37,110	38,773	40,494	42,300
Premium Taxes	27,715	29,028	30,369	31,759	33,218
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,718
Total Expenses	143,660	147,874	155,316	159,427	167,353
Underwriting Income (Loss)	(115,570)	(57,329)	(15,088)	(57,472)	(83,136)
Investment Income	79,438	72,423	82,804	85,862	90,293
(b) Investment Income - Interest Rate Impact	3,803	(53,056)	(83,195)	(47,418)	(29,402)
Net Investment Income	83,241	19,367	(391)	38,444	60,891
Net Income (Loss) from Operations for Rate Setting	(33,091)	(35,807)	(15,899)	(22,235)	(26,137)
Add: DPAC / Premium Deficiency adjustment	(762)	2,155	(420)	(3,207)	(3,892)
Net Income (Loss)	(32,329)	(37,962)	(15,479)	(19,028)	(22,245)
Total net Impact due to interest rate change (b) - (a)	3,307	7,495	19,426	11,581	9,004

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,755	9,838	10,916	11,819	12,693
Investments	2,208,486	2,202,053	2,168,978	2,177,539	2,222,169
Investment property	40,424	40,853	40,992	41,374	42,330
Accounts receivable	302,393	315,639	328,700	342,506	356,919
Deferred policy acquisition costs	2,903	1,953	3,601	8,110	13,367
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,721,671	2,736,540	2,723,361	2,753,394	2,803,583
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	499,416	523,709	549,429	576,463
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,711,754	1,719,719	1,681,379	1,682,434	1,700,615
	2,523,316	2,572,434	2,576,082	2,621,501	2,686,737
Equity					
Retained earnings	162,168	124,207	108,729	89,700	67,454
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,187	39,899	38,550	42,193	49,392
Total Equity	198,355	164,106	147,278	131,893	116,846
Total Liabilities & Equity	2,721,671	2,736,540	2,723,360	2,753,394	2,803,583

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest*(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	162,168	124,207	108,729	89,700
Net Income (Loss) from annual operations	(32,329)	(37,961)	(15,478)	(19,029)	(22,246)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	124,207	108,729	89,700	67,454
Retained Earnings					
Equity Reserve	162,168	124,207	108,729	89,700	67,454
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	124,207	108,729	89,700	67,454
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,187	39,899	38,550	42,193
Other Comprehensive Income for the Year	(316)	3,711	(1,349)	3,643	7,199
Total Accumulated Other Comprehensive Income	36,187	39,899	38,550	42,193	49,392
Total Equity Balance	198,355	164,106	147,278	131,893	116,846
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	954,331	997,909	1,044,039	1,092,429
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	995,363	1,040,975	1,089,107	1,139,452
Net Premiums Earned					
Motor Vehicles	875,348	926,228	977,803	1,022,756	1,070,103
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	965,997	1,019,728	1,066,698	1,116,021
Service Fees & Other Revenues	21,557	23,227	24,999	26,965	28,881
Total Earned Revenues	933,751	989,224	1,044,727	1,093,663	1,144,902
Net Claims Incurred	766,287	798,532	838,987	874,383	914,395
(a) Claims Incurred - Interest Rate Impact	(6,322)	(59,449)	(115,699)	(52,553)	(44,959)
Total Claims Incurred	759,965	739,083	723,288	821,830	869,436
Claims Expense	125,191	128,699	133,281	140,762	147,876
Road Safety/Loss Prevention	13,318	13,251	14,131	14,092	14,216
Total Claims Costs	898,474	881,033	870,700	976,684	1,031,528
Expenses					
Operating	76,908	78,242	82,607	83,384	88,117
Commissions	35,616	37,376	39,402	41,152	42,988
Premium Taxes	27,715	29,336	30,955	32,372	33,859
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,718
Total Expenses	143,660	148,448	156,531	160,549	168,682
Underwriting Income (Loss)	(108,383)	(40,257)	17,496	(43,570)	(55,308)
Investment Income	79,529	72,617	83,203	86,273	95,557
(b) Investment Income - Interest Rate Impact	(1,969)	(51,930)	(94,425)	(42,827)	(33,640)
Net Investment Income	77,560	20,687	(11,222)	43,446	61,917
Net Income (Loss) from Operations for Rate Setting	(31,954)	(25,678)	4,947	(3,490)	1,911
Add: DPAC / Premium Deficiency adjustment	(1,131)	(6,108)	(1,327)	(3,366)	(4,698)
Net Income (Loss)	(30,823)	(19,570)	6,274	(124)	6,609
Total net Impact due to interest rate change (b) - (a)	4,354	7,518	21,275	9,726	11,319

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,771	9,938	11,144	12,144	13,329
Investments	2,202,789	2,211,233	2,187,334	2,224,488	2,291,084
Investment property	40,424	40,918	41,119	41,583	42,630
Accounts receivable	302,393	320,560	333,844	347,885	362,545
Deferred policy acquisition costs	3,272	11,132	13,713	18,406	24,496
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,716,359	2,759,985	2,757,328	2,816,552	2,890,189
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	508,213	532,903	559,044	586,519
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,704,935	1,713,791	1,662,207	1,669,214	1,680,537
	2,516,497	2,575,303	2,566,104	2,617,896	2,676,715
Equity					
Retained earnings	163,674	144,103	150,379	150,255	156,864
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,188	40,578	40,844	48,401	56,609
Total Equity	199,861	184,682	191,223	198,656	213,473
Total Liabilities & Equity	2,716,358	2,759,985	2,757,327	2,816,552	2,890,188

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	163,674	144,103	150,379	150,255
Net Income (Loss) from annual operations	(30,823)	(19,570)	6,276	(124)	6,609
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	144,103	150,379	150,255	156,864
Retained Earnings					
Equity Reserve	163,674	144,103	150,379	150,255	156,864
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	144,103	150,379	150,255	156,864
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,188	40,578	40,844	48,401
Other Comprehensive Income for the Year	(316)	4,391	266	7,557	8,209
Total Accumulated Other Comprehensive Income	36,188	40,578	40,844	48,401	56,609
Total Equity Balance	199,861	184,682	191,223	198,656	213,473
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	954,331	997,909	1,044,039	1,092,429
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	995,363	1,040,975	1,089,107	1,139,452
Net Premiums Earned					
Motor Vehicles	875,348	926,228	977,803	1,022,756	1,070,103
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	965,997	1,019,728	1,066,698	1,116,021
Service Fees & Other Revenues	21,557	23,227	24,999	26,965	28,881
Total Earned Revenues	933,751	989,224	1,044,727	1,093,663	1,144,902
Net Claims Incurred	766,656	798,653	839,899	874,616	914,991
(a) Claims Incurred - Interest Rate Impact	496	(60,974)	(102,134)	(57,671)	(39,869)
Total Claims Incurred	767,152	737,679	737,765	816,945	875,122
Claims Expense	125,191	128,703	133,284	140,892	147,885
Road Safety/Loss Prevention	13,318	13,251	14,131	14,106	14,216
Total Claims Costs	905,661	879,633	885,180	971,943	1,037,223
Expenses					
Operating	76,908	78,242	82,607	83,459	88,117
Commissions	35,616	37,376	39,402	41,152	42,988
Premium Taxes	27,715	29,336	30,955	32,372	33,859
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,718
Total Expenses	143,660	148,448	156,531	160,624	168,682
Underwriting Income (Loss)	(115,570)	(38,857)	3,016	(38,904)	(61,003)
Investment Income	79,438	72,266	81,999	84,833	93,349
(b) Investment Income - Interest Rate Impact	3,803	(53,217)	(83,611)	(47,361)	(29,747)
Net Investment Income	83,241	19,049	(1,612)	37,472	63,602
Net Income (Loss) from Operations for Rate Setting	(33,091)	(26,006)	835	(5,059)	(1,840)
Add: DPAC / Premium Deficiency adjustment	(762)	(6,198)	(569)	(3,627)	(4,439)
Net Income (Loss)	(32,329)	(19,808)	1,404	(1,432)	2,599
Total net Impact due to interest rate change (b) - (a)	3,307	7,757	18,523	10,311	10,122

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,755	9,881	11,000	11,890	12,928
Investments	2,208,486	2,215,174	2,201,380	2,232,475	2,300,886
Investment property	40,424	40,919	41,120	41,583	42,632
Accounts receivable	302,393	320,560	333,844	347,885	362,545
Deferred policy acquisition costs	2,903	10,854	12,677	17,631	23,463
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,721,671	2,763,592	2,770,195	2,823,510	2,898,559
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	508,213	532,903	559,044	586,519
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,711,754	1,719,295	1,681,431	1,683,815	1,700,566
	2,523,316	2,580,807	2,585,328	2,632,497	2,696,744
Equity					
Retained earnings	162,168	142,360	143,765	142,332	144,931
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,187	40,424	41,130	48,681	56,883
Total Equity	198,355	182,784	184,894	191,013	201,813
Total Liabilities & Equity	2,721,671	2,763,591	2,770,222	2,823,510	2,898,557

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest*(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	162,168	142,360	143,765	142,332
Net Income (Loss) from annual operations	(32,329)	(19,808)	1,405	(1,433)	2,599
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	142,360	143,765	142,332	144,931
Retained Earnings					
Equity Reserve	162,168	142,360	143,765	142,332	144,931
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	142,360	143,765	142,332	144,931
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,187	40,424	41,130	48,681
Other Comprehensive Income for the Year	(316)	4,237	705	7,551	8,202
Total Accumulated Other Comprehensive Income	36,187	40,424	41,130	48,681	56,883
Total Equity Balance	198,355	182,784	184,894	191,013	201,813
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	935,264	977,983	1,023,201	1,070,634
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	976,296	1,021,049	1,068,269	1,117,657
Net Premiums Earned					
Motor Vehicles	875,348	915,958	958,273	1,002,338	1,048,749
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	955,727	1,000,198	1,046,280	1,094,667
Service Fees & Other Revenues	21,557	23,227	24,889	26,846	28,754
Total Earned Revenues	933,751	978,954	1,025,087	1,073,126	1,123,421
Net Claims Incurred	766,287	806,884	840,543	876,358	916,600
(a) Claims Incurred - Interest Rate Impact	(6,322)	(59,024)	(89,514)	(38,038)	(32,664)
Total Claims Incurred	759,965	747,860	751,029	838,320	883,936
Claims Expense	125,191	128,699	133,286	141,019	148,145
Road Safety/Loss Prevention	13,318	13,251	14,131	14,120	14,246
Total Claims Costs	898,474	889,810	898,446	993,459	1,046,327
Expenses					
Operating	76,908	78,242	82,607	83,533	88,270
Commissions	35,616	37,110	38,773	40,494	42,300
Premium Taxes	27,715	29,028	30,369	31,759	33,218
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,719
Total Expenses	143,660	147,874	155,316	159,427	167,507
Underwriting Income (Loss)	(108,383)	(58,730)	(28,675)	(79,760)	(90,413)
Investment Income	79,529	72,772	83,635	82,007	92,361
(b) Investment Income - Interest Rate Impact	(1,969)	(51,773)	(72,382)	(31,639)	(22,836)
Net Investment Income	77,560	20,999	11,253	50,368	69,525
Net Income (Loss) from Operations for Rate Setting	(31,954)	(35,486)	(17,205)	(31,468)	(24,344)
Add: DPAC / Premium Deficiency adjustment	(1,131)	2,245	217	(2,076)	(3,456)
Net Income (Loss)	(30,823)	(37,731)	(17,422)	(29,392)	(20,888)
Total net Impact due to interest rate change (b) - (a)	4,354	7,250	17,131	6,398	9,828

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,771	9,895	10,973	11,512	12,414
Investments	2,202,789	2,198,107	2,176,197	2,200,446	2,248,891
Investment property	40,424	40,852	40,990	41,374	42,328
Accounts receivable	302,393	315,639	328,700	342,506	356,919
Deferred policy acquisition costs	3,272	2,231	3,243	6,620	11,441
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,716,359	2,732,928	2,730,277	2,774,504	2,828,098
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	499,416	523,709	549,429	576,463
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,704,935	1,714,216	1,688,829	1,711,037	1,735,619
	2,516,497	2,566,931	2,583,532	2,650,104	2,721,741
Equity					
Retained earnings	163,674	125,943	108,522	79,128	58,240
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,188	40,052	38,222	45,272	48,117
Total Equity	199,861	165,995	146,744	124,400	106,357
Total Liabilities & Equity	2,716,358	2,732,926	2,730,276	2,774,504	2,828,098

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	163,674	125,943	108,522	79,128
Net Income (Loss) from annual operations	(30,823)	(37,731)	(17,421)	(29,394)	(20,888)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	125,943	108,522	79,128	58,240
Retained Earnings					
Equity Reserve	163,674	125,943	108,522	79,128	58,240
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	125,943	108,522	79,128	58,240
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,188	40,052	38,222	45,272
Other Comprehensive Income for the Year	(316)	3,865	(1,830)	7,050	2,845
Total Accumulated Other Comprehensive Income	36,188	40,052	38,222	45,272	48,117
Total Equity Balance	199,861	165,995	146,744	124,400	106,357
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naive. Excluding highest Bank Forecast**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	935,264	977,983	1,023,201	1,070,634
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	976,296	1,021,049	1,068,269	1,117,657
Net Premiums Earned					
Motor Vehicles	875,348	915,958	958,273	1,002,338	1,048,749
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	955,727	1,000,198	1,046,280	1,094,667
Service Fees & Other Revenues	21,557	23,227	24,889	26,846	28,754
Total Earned Revenues	933,751	978,954	1,025,087	1,073,126	1,123,421
Net Claims Incurred	766,656	807,006	841,398	876,828	917,117
(a) Claims Incurred - Interest Rate Impact	496	(60,551)	(76,984)	(38,932)	(29,818)
Total Claims Incurred	767,152	746,455	764,414	837,896	887,299
Claims Expense	125,191	128,703	133,289	141,148	148,156
Road Safety/Loss Prevention	13,318	13,251	14,131	14,135	14,246
Total Claims Costs	905,661	888,409	911,834	993,179	1,049,701
Expenses					
Operating	76,908	78,242	82,607	83,608	88,270
Commissions	35,616	37,110	38,773	40,494	42,300
Premium Taxes	27,715	29,028	30,369	31,759	33,218
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,719
Total Expenses	143,660	147,874	155,316	159,502	167,507
Underwriting Income (Loss)	(115,570)	(57,329)	(42,063)	(79,555)	(93,787)
Investment Income	79,438	72,423	82,673	80,405	90,760
(b) Investment Income - Interest Rate Impact	3,803	(53,056)	(62,627)	(32,712)	(20,678)
Net Investment Income	83,241	19,367	20,046	47,693	70,082
Net Income (Loss) from Operations for Rate Setting	(33,091)	(35,807)	(21,100)	(33,933)	(27,049)
Add: DPAC / Premium Deficiency adjustment	(762)	2,155	917	(2,071)	(3,344)
Net Income (Loss)	(32,329)	(37,962)	(22,017)	(31,862)	(23,705)
Total net Impact due to interest rate change (b) - (a)	3,307	7,495	14,356	6,220	9,140

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve. Excluding highest Bank Forecast***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,755	9,838	10,852	11,287	12,088
Investments	2,208,486	2,202,053	2,189,205	2,210,627	2,259,266
Investment property	40,424	40,853	40,992	41,376	42,332
Accounts receivable	302,393	315,639	328,700	342,506	356,919
Deferred policy acquisition costs	2,903	1,953	2,265	5,637	10,346
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,721,671	2,736,540	2,742,188	2,783,479	2,837,056
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	499,416	523,709	549,429	576,463
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,711,754	1,719,719	1,707,016	1,728,794	1,756,628
	2,523,316	2,572,434	2,601,719	2,667,861	2,742,750
Equity					
Retained earnings	162,168	124,207	102,191	70,329	46,624
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,187	39,899	38,277	45,287	47,682
Total Equity	198,355	164,106	140,468	115,617	94,306
Total Liabilities & Equity	2,721,671	2,736,540	2,742,187	2,783,478	2,837,056

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve. Excluding highest Bank Forecast*(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	162,168	124,207	102,191	70,329
Net Income (Loss) from annual operations	(32,329)	(37,961)	(22,016)	(31,862)	(23,705)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	124,207	102,191	70,329	46,624
Retained Earnings					
Equity Reserve	162,168	124,207	102,191	70,329	46,624
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	124,207	102,191	70,329	46,624
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,187	39,899	38,277	45,287
Other Comprehensive Income for the Year	(316)	3,711	(1,622)	7,011	2,394
Total Accumulated Other Comprehensive Income	36,187	39,899	38,277	45,287	47,682
Total Equity Balance	198,355	164,106	140,468	115,617	94,306
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	954,331	997,909	1,044,039	1,092,429
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	995,363	1,040,975	1,089,107	1,139,452
Net Premiums Earned					
Motor Vehicles	875,348	926,228	977,803	1,022,756	1,070,103
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	965,997	1,019,728	1,066,698	1,116,021
Service Fees & Other Revenues	21,557	23,227	24,999	26,965	28,881
Total Earned Revenues	933,751	989,224	1,044,727	1,093,663	1,144,902
Net Claims Incurred	766,287	798,532	840,378	875,765	916,191
(a) Claims Incurred - Interest Rate Impact	(6,322)	(59,449)	(89,399)	(38,850)	(31,355)
Total Claims Incurred	759,965	739,083	750,979	836,915	884,836
Claims Expense	125,191	128,699	133,281	140,897	148,020
Road Safety/Loss Prevention	13,318	13,251	14,131	14,106	14,231
Total Claims Costs	898,474	881,033	898,391	991,918	1,047,087
Expenses					
Operating	76,908	78,242	82,607	83,459	88,193
Commissions	35,616	37,376	39,402	41,152	42,988
Premium Taxes	27,715	29,336	30,955	32,372	33,859
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,719
Total Expenses	143,660	148,448	156,531	160,624	168,759
Underwriting Income (Loss)	(108,383)	(40,257)	(10,195)	(58,879)	(70,944)
Investment Income	79,529	72,617	82,802	83,789	91,073
(b) Investment Income - Interest Rate Impact	(1,969)	(51,930)	(72,790)	(32,093)	(23,067)
Net Investment Income	77,560	20,687	10,012	51,696	68,006
Net Income (Loss) from Operations for Rate Setting	(31,954)	(25,678)	(119)	(9,844)	(6,777)
Add: DPAC / Premium Deficiency adjustment	(1,131)	(6,108)	64	(2,661)	(3,839)
Net Income (Loss)	(30,823)	(19,570)	(183)	(7,183)	(2,938)
Total net Impact due to interest rate change (b) - (a)	4,354	7,518	16,609	6,756	8,288

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,771	9,938	11,055	11,752	12,565
Investments	2,202,789	2,211,233	2,208,616	2,254,067	2,326,846
Investment property	40,424	40,918	41,119	41,584	42,634
Accounts receivable	302,393	320,560	333,844	347,885	362,545
Deferred policy acquisition costs	3,272	11,132	12,322	16,310	21,541
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,716,359	2,759,985	2,777,130	2,843,644	2,922,236
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	508,213	532,903	559,044	586,519
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,704,935	1,713,791	1,688,507	1,709,895	1,735,759
	2,516,497	2,575,303	2,592,404	2,658,577	2,731,937
Equity					
Retained earnings	163,674	144,103	143,921	136,739	133,800
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,188	40,578	40,803	48,329	56,498
Total Equity	199,861	184,682	184,724	185,068	190,298
Total Liabilities & Equity	2,716,358	2,759,985	2,777,128	2,843,645	2,922,235

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	163,674	144,103	143,921	136,739
Net Income (Loss) from annual operations	(30,823)	(19,570)	(182)	(7,183)	(2,939)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	144,103	143,921	136,739	133,800
Retained Earnings					
Equity Reserve	163,674	144,103	143,921	136,739	133,800
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	144,103	143,921	136,739	133,800
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,188	40,578	40,803	48,329
Other Comprehensive Income for the Year	(316)	4,391	225	7,526	8,169
Total Accumulated Other Comprehensive Income	36,188	40,578	40,803	48,329	56,498
Total Equity Balance	199,861	184,682	184,724	185,068	190,298
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naive. Excluding highest Bank Forecast**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	954,331	997,909	1,044,039	1,092,429
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	995,363	1,040,975	1,089,107	1,139,452
Net Premiums Earned					
Motor Vehicles	875,348	926,228	977,803	1,022,756	1,070,103
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	965,997	1,019,728	1,066,698	1,116,021
Service Fees & Other Revenues	21,557	23,227	24,999	26,965	28,881
Total Earned Revenues	933,751	989,224	1,044,727	1,093,663	1,144,902
Net Claims Incurred	766,656	798,653	841,152	876,219	916,775
(a) Claims Incurred - Interest Rate Impact	496	(60,974)	(77,296)	(40,079)	(28,283)
Total Claims Incurred	767,152	737,679	763,856	836,140	888,492
Claims Expense	125,191	128,703	133,284	141,025	148,149
Road Safety/Loss Prevention	13,318	13,251	14,131	14,120	14,246
Total Claims Costs	905,661	879,633	911,271	991,285	1,050,887
Expenses					
Operating	76,908	78,242	82,607	83,533	88,270
Commissions	35,616	37,376	39,402	41,152	42,988
Premium Taxes	27,715	29,336	30,955	32,372	33,859
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,719
Total Expenses	143,660	148,448	156,531	160,698	168,836
Underwriting Income (Loss)	(115,570)	(38,857)	(23,075)	(58,320)	(74,821)
Investment Income	79,438	72,266	81,856	82,159	89,054
(b) Investment Income - Interest Rate Impact	3,803	(53,217)	(62,975)	(33,243)	(20,864)
Net Investment Income	83,241	19,049	18,881	48,916	68,190
Net Income (Loss) from Operations for Rate Setting	(33,091)	(26,006)	(3,509)	(12,064)	(10,274)
Add: DPAC / Premium Deficiency adjustment	(762)	(6,198)	685	(2,660)	(3,643)
Net Income (Loss)	(32,329)	(19,808)	(4,194)	(9,404)	(6,631)
Total net Impact due to interest rate change (b) - (a)	3,307	7,757	14,322	6,836	7,418

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve. Excluding highest Bank Forecast***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,755	9,881	10,931	11,502	12,197
Investments	2,208,486	2,215,174	2,221,699	2,264,277	2,337,132
Investment property	40,424	40,919	41,121	41,584	42,633
Accounts receivable	302,393	320,560	333,844	347,885	362,545
Deferred policy acquisition costs	2,903	10,854	11,423	15,410	20,446
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,721,671	2,763,592	2,789,192	2,852,704	2,931,058
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	508,213	532,903	559,044	586,519
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,711,754	1,719,295	1,706,268	1,726,880	1,756,205
	2,523,316	2,580,807	2,610,165	2,675,562	2,752,383
Equity					
Retained earnings	162,168	142,360	138,167	128,762	122,131
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,187	40,424	40,858	48,381	56,543
Total Equity	198,355	182,784	179,025	177,143	178,674
Total Liabilities & Equity	2,721,671	2,763,591	2,789,190	2,852,705	2,931,057

PF.3 STATEMENT OF CHANGES IN EQUITY

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve. Excluding highest Bank Forecast

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	162,168	142,360	138,167	128,762
Net Income (Loss) from annual operations	(32,329)	(19,808)	(4,193)	(9,405)	(6,631)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	142,360	138,167	128,762	122,131
Retained Earnings					
Equity Reserve	162,168	142,360	138,167	128,762	122,131
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	162,168	142,360	138,167	128,762	122,131
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,187	40,424	40,858	48,381
Other Comprehensive Income for the Year	(316)	4,237	434	7,523	8,162
Total Accumulated Other Comprehensive Income	36,187	40,424	40,858	48,381	56,543
Total Equity Balance	198,355	182,784	179,025	177,143	178,674
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 0.0% Rate Change - Interest Rate Forecast using average of Banks and naïve Forecasts**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	935,264	977,983	1,023,201	1,070,634
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	976,296	1,021,049	1,068,269	1,117,657
Net Premiums Earned					
Motor Vehicles	875,348	915,958	958,273	1,002,338	1,048,749
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	955,727	1,000,198	1,046,280	1,094,667
Service Fees & Other Revenues	21,557	23,227	24,889	26,846	28,754
Total Earned Revenues	933,751	978,954	1,025,087	1,073,126	1,123,421
Net Claims Incurred	766,287	806,881	839,832	875,569	915,746
(a) Claims Incurred - Interest Rate Impact	(6,322)	(59,449)	(102,614)	(45,693)	(38,416)
Total Claims Incurred	759,965	747,432	737,218	829,876	877,330
Claims Expense	125,191	128,699	133,286	140,893	148,013
Road Safety/Loss Prevention	13,318	13,251	14,131	14,106	14,231
Total Claims Costs	898,474	889,382	884,635	984,875	1,039,574
Expenses					
Operating	76,908	78,242	82,607	83,459	88,193
Commissions	35,616	37,110	38,773	40,494	42,300
Premium Taxes	27,715	29,028	30,369	31,759	33,218
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,719
Total Expenses	143,660	147,874	155,316	159,353	167,430
Underwriting Income (Loss)	(108,383)	(58,302)	(14,864)	(71,102)	(83,583)
Investment Income	79,529	72,772	83,710	83,287	94,291
(b) Investment Income - Interest Rate Impact	(1,969)	(51,773)	(83,250)	(37,093)	(28,253)
Net Investment Income	77,560	20,999	460	46,194	66,038
Net Income (Loss) from Operations for Rate Setting	(31,954)	(35,062)	(14,887)	(27,425)	(21,360)
Add: DPAC / Premium Deficiency adjustment	(1,131)	2,241	(483)	(2,517)	(3,815)
Net Income (Loss)	(30,823)	(37,303)	(14,404)	(24,908)	(17,545)
Total net Impact due to interest rate change (b) - (a)	4,354	7,675	19,364	8,600	10,162

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 0.0% Rate Change - Interest Rate Forecast using average of Banks and naïve Forecasts***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,771	9,893	11,004	11,697	12,754
Investments	2,202,789	2,197,802	2,164,279	2,186,976	2,229,867
Investment property	40,424	40,846	40,968	41,400	42,306
Accounts receivable	302,393	315,639	328,700	342,506	356,919
Deferred policy acquisition costs	3,272	2,234	3,946	7,764	12,944
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,716,359	2,732,618	2,719,071	2,762,389	2,810,895
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	499,416	523,709	549,429	576,463
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,704,935	1,713,791	1,675,293	1,689,497	1,707,832
	2,516,497	2,566,506	2,569,996	2,628,564	2,693,954
Equity					
Retained earnings	163,674	126,371	111,969	87,061	69,516
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,188	40,052	38,309	45,403	48,651
Total Equity	199,861	166,423	150,277	132,464	118,167
Total Liabilities & Equity	2,716,358	2,732,929	2,720,273	2,761,028	2,812,121

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 0.0% Rate Change - Interest Rate Forecast using average of Banks and naïve Forecasts

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	163,674	126,371	111,969	87,061
Net Income (Loss) from annual operations	(30,823)	(37,302)	(14,402)	(24,908)	(17,545)
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	126,371	111,969	87,061	69,516
Retained Earnings					
Equity Reserve	163,674	126,371	111,969	87,061	69,516
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	126,371	111,969	87,061	69,516
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,188	40,052	38,309	45,403
Other Comprehensive Income for the Year	(316)	3,865	(1,743)	7,094	3,248
Total Accumulated Other Comprehensive Income	36,188	40,052	38,309	45,403	48,651
Total Equity Balance	199,861	166,423	150,277	132,464	118,167
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

PF.1 STATEMENT OF OPERATIONS**2017 GRA - 2.0% Rate Change - Interest Rate Forecast using average of Banks and naïve Forecasts**

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Motor Vehicles	893,420	954,331	997,909	1,044,039	1,092,429
Drivers	50,393	52,908	55,180	57,424	59,626
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Written	932,181	995,363	1,040,975	1,089,107	1,139,452
Net Premiums Earned					
Motor Vehicles	875,348	926,228	977,803	1,022,756	1,070,103
Drivers	48,478	51,645	54,039	56,298	58,521
Reinsurance Ceded	(11,632)	(11,876)	(12,114)	(12,356)	(12,603)
Total Net Premiums Earned	912,194	965,997	1,019,728	1,066,698	1,116,021
Service Fees & Other Revenues	21,557	23,227	24,999	26,965	28,881
Total Earned Revenues	933,751	989,224	1,044,727	1,093,663	1,144,902
Net Claims Incurred	766,287	798,532	839,678	875,070	915,279
(a) Claims Incurred - Interest Rate Impact	(6,322)	(59,449)	(102,614)	(45,693)	(38,416)
Total Claims Incurred	759,965	739,083	737,064	829,377	876,863
Claims Expense	125,191	128,699	133,281	140,888	147,888
Road Safety/Loss Prevention	13,318	13,251	14,131	14,106	14,216
Total Claims Costs	898,474	881,033	884,476	984,371	1,038,967
Expenses					
Operating	76,908	78,242	82,607	83,459	88,117
Commissions	35,616	37,376	39,402	41,152	42,988
Premium Taxes	27,715	29,336	30,955	32,372	33,859
Regulatory/Appeal	3,421	3,494	3,567	3,641	3,718
Total Expenses	143,660	148,448	156,531	160,624	168,682
Underwriting Income (Loss)	(108,383)	(40,257)	3,720	(51,332)	(62,747)
Investment Income	79,529	72,617	82,988	85,124	93,344
(b) Investment Income - Interest Rate Impact	(1,969)	(51,930)	(83,731)	(37,568)	(28,531)
Net Investment Income	77,560	20,687	(743)	47,556	64,813
Net Income (Loss) from Operations for Rate Setting	(31,954)	(25,678)	2,341	(6,792)	(2,216)
Add: DPAC / Premium Deficiency adjustment	(1,131)	(6,108)	(636)	(3,016)	(4,282)
Net Income (Loss)	(30,823)	(19,570)	2,977	(3,776)	2,066
Total net Impact due to interest rate change (b) - (a)	4,354	7,518	18,883	8,125	9,885

PF.2 STATEMENT OF FINANCIAL POSITION**2017 GRA - 2.0% Rate Change - Interest Rate Forecast using average of Banks and naïve Forecasts***(C\$ 000s, rounding may affect totals)*

	2017B	2018F	2019F	2020F	2021F
BASIC					
Assets					
Cash and cash equivalents	10,771	9,938	11,099	11,953	12,951
Investments	2,202,789	2,211,233	2,197,837	2,239,005	2,308,637
Investment property	40,424	40,918	41,119	41,581	42,632
Accounts receivable	302,393	320,560	333,844	347,885	362,545
Deferred policy acquisition costs	3,272	11,132	13,022	17,365	23,040
Property and equipment	86,248	88,863	90,183	90,345	91,720
Deferred development costs	70,462	77,341	79,991	81,701	64,385
	2,716,359	2,759,985	2,767,095	2,829,835	2,905,910
Liabilities					
Due to other insurance companies	113	113	113	113	113
Accounts payable and accrued liabilities	29,447	30,993	31,499	32,418	33,959
Financing lease obligation	2,968	2,899	2,825	2,752	2,678
Unearned premiums and fees	475,671	508,213	532,903	559,044	586,519
Provision for employee current benefits	16,527	16,880	17,244	17,616	17,999
Provision for employee future benefits	286,836	302,414	319,313	336,739	354,910
Provision for unpaid claims	1,704,935	1,713,791	1,675,293	1,689,497	1,707,832
	2,516,497	2,575,303	2,579,190	2,638,179	2,704,010
Equity					
Retained earnings	163,674	144,103	147,082	143,305	145,370
Basic Insurance Retained Earnings	-	-	-	-	-
Accumulated Other Comprehensive Income	36,188	40,578	40,823	48,352	56,530
Total Equity	199,861	184,682	187,905	191,657	201,900
Total Liabilities & Equity	2,716,358	2,759,985	2,767,095	2,829,836	2,905,910

PF.3

STATEMENT OF CHANGES IN EQUITY

2017 GRA - 2.0% Rate Change - Interest Rate Forecast using average of Banks and naïve Forecasts

(C\$ 000s, rounding may affect totals)

	2017B	2018F	2019F	2020F	2021F
BASIC					
Retained Earnings					
Beginning Balance	194,497	163,674	144,103	147,082	143,305
Net Income (Loss) from annual operations	(30,823)	(19,570)	2,978	(3,776)	2,065
Premium Rebate	0	0	0	0	0
Transfer (to) / from Non-Basic Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	144,103	147,082	143,305	145,370
Retained Earnings					
Equity Reserve	163,674	144,103	147,082	143,305	145,370
Excess Retained Earnings	0	0	0	0	0
Total Retained Earnings	163,674	144,103	147,082	143,305	145,370
Total Accumulated Other Comprehensive Income					
Beginning Balance	36,504	36,188	40,578	40,823	48,352
Other Comprehensive Income for the Year	(316)	4,391	245	7,528	8,178
Total Accumulated Other Comprehensive Income	36,188	40,578	40,823	48,352	56,530
Total Equity Balance	199,861	184,682	187,905	191,657	201,900
RESERVE TARGETS					
DCAT Total Equity Target	231,000	181,000	181,000	181,000	181,000
MCT Total Equity Target	366,000	404,000	404,000	404,000	404,000

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks only

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,248	34,357	36,458	42,309	49,422
MUSH	28,903	28,561	28,283	27,690	27,928
Total	66,193	62,918	64,741	69,999	77,350
Dividend and other Income					
Canadian Equities	9,139	9,221	9,327	9,956	10,494
US Equities	4,394	4,947	4,951	5,288	5,589
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,038	21,057	22,047	22,893
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(5,545)	(49,650)	(93,054)	(43,078)	(35,003)
Marketable Bonds Realized Gains/(Loss)	3,242	(11,477)	(19,314)	(8,228)	(6,037)
MUSH	(8,094)	(7,391)	(2,938)	2,186	4,997
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,205	10,371	6,449	8,731
US Equities Realized Gains	6,976	2,829	5,902	0	2,649
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	25,173	(36,473)	(77,202)	(19,558)	(194)
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	90,748	24,793	(11,900)	51,034	77,557
Basic Allocation Investment Income	77,560	20,999	(9,951)	42,071	62,976
Basic Allocation	85.5%	84.7%	83.6%	82.4%	81.2%

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,231	34,177	35,996	41,807	47,819
MUSH	28,901	28,539	28,249	27,843	28,009
Total	66,175	62,716	64,246	69,650	75,827
Dividend and other Income					
Canadian Equities	9,139	9,204	9,349	9,521	10,376
US Equities	4,394	4,939	4,961	5,088	5,534
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,013	21,090	21,412	22,720
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	91	(50,853)	(82,240)	(48,124)	(30,791)
Marketable Bonds Realized Gains/(Loss)	4,359	(11,787)	(17,240)	(9,396)	(5,416)
MUSH	(8,180)	(7,731)	(3,448)	1,427	3,871
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,263	10,176	7,799	6,794
US Equities Realized Gains	6,976	2,924	5,615	2,208	0
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	31,839	(38,173)	(65,306)	(22,973)	(1,073)
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	97,396	22,865	(467)	46,634	74,983
Basic Allocation Investment Income	83,241	19,367	(391)	38,444	60,891
Basic Allocation	85.5%	84.7%	83.6%	82.4%	81.2%

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,248	34,405	36,560	42,538	49,459
MUSH	28,903	28,561	28,317	28,226	28,478
Total	66,193	62,966	64,876	70,764	77,937
Dividend and other Income					
Canadian Equities	9,139	9,281	9,673	10,433	11,626
US Equities	4,394	4,976	5,110	5,508	6,109
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,127	21,563	22,744	24,546
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(5,545)	(49,722)	(93,210)	(43,406)	(35,065)
Marketable Bonds Realized Gains/(Loss)	3,242	(11,493)	(19,356)	(8,285)	(6,071)
MUSH	(8,094)	(7,400)	(2,995)	2,229	4,889
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,035	9,696	6,734	7,504
US Equities Realized Gains	6,976	2,553	4,712	0	0
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	25,173	(37,016)	(79,321)	(19,615)	(4,275)
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	90,748	24,386	(13,378)	52,439	75,716
Basic Allocation Investment Income	77,560	20,687	(11,222)	43,446	61,917
Basic Allocation	85.5%	84.8%	83.9%	82.9%	81.8%

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Only, Excluding Highest

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,231	34,224	36,108	41,435	47,809
MUSH	28,901	28,539	28,265	28,260	28,466
Total	66,175	62,763	64,373	69,695	76,275
Dividend and other Income					
Canadian Equities	9,139	9,264	9,698	10,454	11,638
US Equities	4,394	4,968	5,121	5,518	6,115
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,102	21,599	22,775	24,562
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	91	(50,927)	(82,387)	(47,840)	(30,918)
Marketable Bonds Realized Gains/(Loss)	4,359	(11,804)	(17,279)	(9,324)	(5,456)
MUSH	(8,180)	(7,740)	(3,490)	1,501	3,801
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,094	9,502	6,763	7,530
US Equities Realized Gains	6,976	2,648	4,425	0	0
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	31,839	(38,719)	(67,398)	(25,787)	(574)
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	97,396	22,454	(1,922)	45,228	77,772
Basic Allocation Investment Income	83,241	19,049	(1,612)	37,472	63,602
Basic Allocation	85.5%	84.8%	83.9%	82.9%	81.8%

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	(0)	(0)
Marketable Bonds	37,248	34,357	36,311	40,810	46,491
MUSH	28,903	28,561	28,299	28,001	28,071
Total	66,193	62,918	64,610	68,811	74,563
Dividend and other Income					
Canadian Equities	9,139	9,221	9,318	9,889	10,343
US Equities	4,394	4,947	4,946	5,258	5,519
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,038	21,045	21,950	22,672
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(5,545)	(49,650)	(71,498)	(32,050)	(23,827)
Marketable Bonds Realized Gains/(Loss)	3,242	(11,477)	(15,050)	(6,326)	(4,295)
MUSH	(8,094)	(7,391)	(3,304)	611	2,481
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,205	10,388	6,437	8,963
US Equities Realized Gains	6,976	2,829	5,930	0	3,081
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	25,173	(36,473)	(51,702)	(8,215)	10,873
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	90,748	24,793	13,455	61,092	85,616
Basic Allocation Investment Income	77,560	20,999	11,253	50,368	69,525
Basic Allocation	85.5%	84.7%	83.6%	82.4%	81.2%

2017 GRA - 0.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve. Excluding highest Bank Forecast

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	(0)	0	0	(0)
Marketable Bonds	37,231	34,177	35,914	39,777	45,027
MUSH	28,901	28,539	28,256	28,116	28,131
Total	66,175	62,716	64,170	67,893	73,158
Dividend and other Income					
Canadian Equities	9,139	9,204	9,316	9,861	10,260
US Equities	4,394	4,939	4,945	5,245	5,481
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,013	21,041	21,910	22,551
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	91	(50,853)	(61,704)	(32,967)	(21,463)
Marketable Bonds Realized Gains/(Loss)	4,359	(11,787)	(13,174)	(6,709)	(3,998)
MUSH	(8,180)	(7,731)	(3,774)	(377)	1,590
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,263	10,283	6,439	9,121
US Equities Realized Gains	6,976	2,924	5,789	0	3,358
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	31,839	(38,173)	(40,748)	(10,501)	13,077
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	97,396	22,865	23,967	57,847	86,294
Basic Allocation Investment Income	83,241	19,367	20,046	47,693	70,082
Basic Allocation	85.5%	84.7%	83.6%	82.4%	81.2%

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	(0)	(0)	0	0
Marketable Bonds	37,248	34,405	36,429	41,196	46,571
MUSH	28,903	28,561	28,305	28,257	28,353
Total	66,193	62,966	64,734	69,453	74,924
Dividend and other Income					
Canadian Equities	9,139	9,281	9,668	10,404	11,582
US Equities	4,394	4,976	5,107	5,495	6,089
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,127	21,556	22,702	24,481
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(5,545)	(49,722)	(71,666)	(32,343)	(23,896)
Marketable Bonds Realized Gains/(Loss)	3,242	(11,493)	(15,099)	(6,390)	(4,308)
MUSH	(8,094)	(7,400)	(3,380)	585	2,483
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,035	9,714	6,727	7,491
US Equities Realized Gains	6,976	2,553	4,740	0	0
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	25,173	(37,016)	(53,860)	(8,309)	6,239
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	90,748	24,386	11,934	62,391	83,152
Basic Allocation Investment Income	77,560	20,687	10,012	51,696	68,006
Basic Allocation	85.5%	84.8%	83.9%	82.9%	81.8%

2017 GRA - 2.0% Rate Change - Interest Rate Forecast of Banks Forecast, naïve. Excluding highest Bank Forecast

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,231	34,224	36,035	40,298	45,190
MUSH	28,901	28,539	28,256	28,144	28,164
Total	66,175	62,763	64,290	68,442	73,354
Dividend and other Income					
Canadian Equities	9,139	9,264	9,667	10,408	11,581
US Equities	4,394	4,968	5,107	5,497	6,088
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,102	21,554	22,708	24,479
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	91	(50,927)	(61,847)	(33,337)	(21,504)
Marketable Bonds Realized Gains/(Loss)	4,359	(11,804)	(13,213)	(6,784)	(4,008)
MUSH	(8,180)	(7,740)	(3,823)	(383)	1,586
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,094	9,610	6,732	7,496
US Equities Realized Gains	6,976	2,648	4,599	0	0
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	31,839	(38,719)	(42,843)	(10,659)	8,039
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	97,396	22,454	22,505	59,037	83,381
Basic Allocation Investment Income	83,241	19,049	18,881	48,916	68,190
Basic Allocation	85.5%	84.8%	83.9%	82.9%	81.8%

2017 GRA - 0.0% Rate Change - Interest Rate Forecast using average of PUB 2-7 (c)3 and (e)3 scenarios

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,248	34,357	36,374	41,542	47,929
MUSH	28,903	28,561	28,291	27,849	28,003
Total	66,193	62,918	64,665	69,391	75,931
Dividend and other Income					
Canadian Equities	9,139	9,221	9,330	9,933	10,434
US Equities	4,394	4,947	4,952	5,278	5,561
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,038	21,062	22,014	22,804
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(5,545)	(49,650)	(82,340)	(37,707)	(29,587)
Marketable Bonds Realized Gains/(Loss)	3,242	(11,477)	(17,209)	(7,283)	(5,205)
MUSH	(8,094)	(7,391)	(3,192)	1,507	3,719
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,205	10,354	6,450	8,841
US Equities Realized Gains	6,976	2,829	5,875	0	2,841
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	25,173	(36,473)	(64,681)	(13,920)	5,077
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	90,748	24,793	550	56,030	81,322
Basic Allocation Investment Income	77,560	20,999	460	46,194	66,038
Basic Allocation	85.5%	84.7%	83.6%	82.4%	81.2%

2017 GRA - 2.0% Rate Change - Interest Rate Forecast using average of PUB 2-7 (c)3 and (e)3 scenarios

	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecasted				
Interest Income During Period					
Cash/Short Term Investments	42	0	0	0	0
Marketable Bonds	37,248	34,405	36,494	41,818	47,952
MUSH	28,903	28,561	28,311	28,313	28,503
Total	66,193	62,966	64,805	70,131	76,455
Dividend and other Income					
Canadian Equities	9,139	9,281	9,671	10,409	11,592
US Equities	4,394	4,976	5,109	5,497	6,094
Investment Properties (CityPlace)	3,431	2,149	4,952	4,873	4,771
Infrastructure	1,268	1,721	1,828	1,931	2,039
Total	18,232	18,127	21,559	22,709	24,495
Gains During Period - Profit & Loss					
Marketable Bonds Unrealized Gains/(Loss)	(5,545)	(49,722)	(82,557)	(38,003)	(29,667)
Marketable Bonds Realized Gains/(Loss)	3,242	(11,493)	(17,255)	(7,341)	(5,221)
MUSH	(8,094)	(7,400)	(3,205)	1,516	3,719
Amortization of Bond Premium/Discount	0	0	0	0	0
Canadian Equities Realized Gains	11,004	8,035	9,705	6,729	7,494
US Equities Realized Gains	6,976	2,553	4,726	0	0
Real Estate	12,618	14,271	14,667	15,547	16,480
Infrastructure	4,971	6,740	7,164	7,566	7,989
Total	25,173	(37,016)	(66,754)	(13,987)	794
Other					
Investment Fees Paid	(4,449)	(4,620)	(4,733)	(4,971)	(5,256)
Pension Expense	(14,401)	(15,071)	(15,763)	(16,483)	(17,235)
Venture Capital Income					
Investment Write-Down	(18,850)	(19,691)	(20,496)	(21,454)	(22,491)
Total Investment Income	90,748	24,386	(886)	57,399	79,253
Basic Allocation Investment Income	77,560	20,687	(743)	47,556	64,813
Basic Allocation	85.5%	84.8%	83.9%	82.9%	81.8%

Financial Forecasting Model Interest Rate Scenario Summary

(C\$millions, unless otherwise stated)

Reference	Scenario Name	Item	2016/17	2017/18	2018/19	2019/20	2020/21	Avg Net Inc. for Rating Years	Rate Change Estimate for break even
0% Rate Change									
GRA - Base	1. March 2016 Standard Forecast 2017 GRA, 0% Rate Change	Net Income	(18.7)	(17.9)	(7.9)	(17.9)	(22.7)	(12.9)	2.00%
		Total Equity	217.1	220.5	236.4	250.8	265.4		
PUB1-16 a	1A. July 2016 Standard Forecast 0% Rate Change	Net Income	(32.3)	(33.1)	10.6	(22.7)	(26.1)	(11.2)	1.70%
		Total Equity	199.4	168.2	171.1	159.6	143.6		
PUB2-7 b	1B. August 2016 Standard Forecast 0% Rate Change	Net Income	(33.1)	(32.6)	9.7	(22.5)	(26.6)	(11.5)	1.76%
		Total Equity	198.5	167.2	169.6	158.3	141.7		
PUB2-7 c1	4. August 2016 Bank Only 0% Rate Change	Net Income	(32.0)	(35.5)	(11.2)	(25.3)	(16.2)	(23.3)	3.50%
		Total Equity	199.9	166.0	154.2	138.8	130.6		
PUB2-7 c2	4A. August 2016 Bank Only Excl. Highest 0% Rate Change	Net Income	(33.1)	(35.8)	(15.9)	(22.2)	(26.1)	(25.9)	3.83%
		Total Equity	198.4	164.1	147.3	131.9	116.8		
PUB2-7 e1	5. August 2016 Bank Only Naïve 0% Rate Change	Net Income	(32.0)	(35.5)	(17.2)	(31.5)	(24.3)	(26.3)	3.86%
		Total Equity	199.9	166.0	146.7	124.4	106.4		
PUB2-7 e2	5A. August 2016 Bank Only Naïve Excl. Highest 0% Rate Change	Net Income	(33.1)	(35.8)	(21.1)	(33.9)	(27.0)	(28.5)	4.13%
		Total Equity	198.4	164.1	140.5	115.6	94.3		
PUB2-7 f1	6. Average Interest Rate Of 4 and 5 0% Rate Change	Net Income	(32.0)	(35.1)	(14.9)	(27.4)	(21.4)	(25.0)	3.68%
		Total Equity	199.9	166.4	150.3	132.5	118.2		
2.0% Rate Change									
PUB2-7 c3	7. August 2016 Bank Only 2% Rate Change	Net Income	(32.0)	(25.7)	4.9	(3.5)	1.9	(10.4)	2.0% + 1.51%
		Total Equity	199.9	184.7	191.2	198.7	213.5		
PUB2-7 c4	7A. August 2016 Bank Only Excl. Highest 2% Rate Change	Net Income	(33.1)	(26.0)	0.8	(5.1)	(1.8)	(12.6)	2.0% + 1.83%
		Total Equity	198.4	182.8	184.9	191.0	201.8		
PUB2-7 e3	8. August 2016 Bank Only Naïve 2% Rate Change	Net Income	(32.0)	(25.7)	(0.1)	(9.8)	(6.8)	(12.9)	2.0% + 1.86%
		Total Equity	199.9	184.7	184.7	185.1	190.3		
PUB2-7 e4	8A. August 2016 Bank Only Naïve Excl. Highest 2% Rate Change	Net Income	(33.1)	(26.0)	(3.5)	(12.1)	(10.3)	(14.8)	2.0% + 2.13%
		Total Equity	198.4	182.8	179.0	177.1	178.7		
PUB2-7 f2	9. Average Interest Rate Of 7 and 8 2% Rate Change	Net Income	(32.0)	(25.7)	2.3	(6.8)	(2.2)	(11.7)	2.0% + 1.69%
		Total Equity	199.9	184.7	187.9	191.7	201.9		