



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re :

PUBLIC HEARING

RE: MANITOBA PUBLIC INSURANCE

GENERAL RATE APPLICATION

FOR THE 2013/14 INSURANCE YEAR

Before Board Panel:

Regis Gosselin - Board Chairman

Karen Botting - Board Member

Anita Neville - Board Member

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

Winnipeg, Manitoba

October 23, 2012

Pages 1542 to 1738

1 APPEARANCES

2 Candace Grammond) Board Counsel

3

4 Kathy Kalinowsky) MPI

5 Michael Triggs (np))

6

7 Byron Williams) CAC

8

9 Raymond Oakes) CMMG

10

11 Liz Peters) CAA

12

13

14

15

16

17

18

19

20

21

22

23

24

25

		1544
1	TABLE OF CONTENTS	
2		Page No.
3	List of Exhibits	1545
4		
5		
6	MPI PANEL:	
7	LUKE JOHNSTON, Resumed	
8		
9	Re-direct Examination by Ms. Kathy Kalinowsky	1547
10	Re-cross-examination by Ms. Candace Grammond	1564
11		
12	MARILYNN MCLAREN, Resumed	
13		
14	Re-cross-examination by Mr. Byron Williams	1587
15		
16	Closing Submissions by Board Counsel	1596
17	Closing Submissions by CAA	1621
18	Closing Submissions by CMMG	1635
19	Closing Submissions by CAC (Manitoba)	1643
20		
21	Certificate of Transcript	1738
22		
23		
24		
25		

1	LIST OF EXHIBITS		
2	NO.	DESCRIPTION	PAGE NO.
3	MPI-32	Rebuttal evidence of Simpson	
4		presentation	1546
5	CAC (MANITOBA)-12		
6		Six (6) page excerpt from the	
7		record	1644
8	CAC (MANITOBA)-13		
9		Document entitled, "Does Process	
10		Matter? A Regulatory Leap of	
11		Faith"	1645
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 --- Upon commencing at 9:29 a.m.

2

3 THE CHAIRPERSON: Good morning,
4 everyone. I believe it's time to resume the
5 proceedings. Unless there's some other administrative
6 issues to address, I believe I'll now turn the mic over
7 to Ms. Kalinowsky to address the rebuttal evidence
8 regarding the Simpson presentation.

9 MS. KATHY KALINOWSKY: Yes. Good
10 morning. I'm pleased to be here, and have this
11 opportunity. We have circulated a copy of this
12 rebuttal evidence of the Simpson presentation, and it
13 should be marked as Exhibit number 32. I've confirmed
14 that with the Board secretary in advance.

15

16 --- EXHIBIT NO. MPI-32: Rebuttal evidence of
17 Simpson presentation

18

19 MS. KATHY KALINOWSKY: I can also say
20 that Mr. Pelly is listening via -- electronically, so
21 we actually circulated a copy of this to him
22 electronically this morning just recently, and he does
23 have a copy of it. So he'll be able to follow along
24 too.

25 But at this point I would like to ask

1 some questions. We have actually written it all out
2 because we figured it's right at the end of the hearing
3 and not a lot of chance to go through this, in terms of
4 the Intervenors and the Board, prior to their closing
5 later on today.

6 So if -- rather than just cop -- taking
7 copious notes very quickly, they would just be able to
8 look at this, and it should assist them, and assist the
9 Board, too of course. So I just have it in the form of
10 question and answer with respect to the evidence of
11 Professor Simpson.

12

13 MPI PANEL RESUMED:

14 LUKE JOHNSTON, Resumed

15

16 RE-DIRECT EXAMINATION BY MS. KATHY KALINOWSKY:

17 MS. KATHY KALINOWSKY: But, Mr.

18 Johnston, I'll ask you about the evidence of Simpson,
19 but slide 7 of Professor Simpson's presentation shows
20 the mean and the standard deviation of four (4) year
21 cumulative returns on the TSX for pre-1956 and 1956 and
22 after.

23 Professor Simpson indicates that the
24 standard deviation, or variability, of equity returns
25 is completely different between these two (2) periods.

1 Therefore, using all historical period -- TSX periods
2 in the DCAT analysis is flawed.

3 Do you want to comment on this?

4 MR. LUKE JOHNSTON: Yes. If -- if I
5 could ask the Board to turn to that slide. It's
6 titled, "Outcomes Differ Pre- and Post-1956," and
7 that's from the Professor Simpson presentation.

8

9 (BRIEF PAUSE)

10

11 MR. LUKE JOHNSTON: It's about the --
12 it's about the seventh slide in.

13

14 (BRIEF PAUSE)

15

16 THE CHAIRPERSON: Pardon me, Exhibit
17 11, see Exhibit 11?

18 MR. LUKE JOHNSTON: That's correct.

19 THE CHAIRPERSON: Okay. And the slide
20 is, "Outcomes Differ Pre- and Post-1956"?

21 MR. LUKE JOHNSTON: That's right.

22

23 (BRIEF PAUSE)

24

25 THE CHAIRPERSON: Okay.

1 MR. LUKE JOHNSTON: As I've stated at
2 the hearings, I believe that it is appropriate to
3 examine all historical periods when determining the
4 expected variability of equity returns.

5 Professor Simpson continues to reference
6 the pre-1956 and post-1956 periods as the key turning
7 point where equity risks changed. Professor Simpson
8 believes that the pre-1956 equity data carries no
9 weight in the analysis of equity risk because of
10 changes to modern economic stabilization policies
11 which, according to his evidence, significantly changed
12 the level of equity risk.

13 I fully understand Professor Simpson's
14 evidence, and I see how the Board could look at the two
15 (2) extremes in Professor Simpson's slides and have
16 concerns about these differences.

17 I also agree that it is reasonable to
18 think that recent events could carry more weight in the
19 equity analysis than older events. To further assist
20 the Board, I've prepared a table, shown on the
21 following page, very similar to Professor Simpson's on
22 slide 7 of his presentation, which shows the mean and
23 standard deviation of four (4) year cumulative equity
24 returns using a full range of look-back periods, not
25 just pre- and post-1956.

1 In other words, I've shown the Board the
2 means and standard deviations that would have been
3 calculated using periods of various length range --
4 ranging from the -- the full period of ninety (90) --
5 about ninety-two (92) years to the last twelve (12)
6 years, for example, if you use more recent data.

7 I've also included Professor Simpson's
8 calculation using data from 1956 to present. I'll
9 note, not on this handout, but Professor Simpson does
10 have the entire history of the TSX data, so this
11 information was definitely available to him.

12 Turning to the table, the second page of
13 the exhibit, what we've done here is the -- the
14 historical periods shown are not specific decades.
15 They're periods of time based on how long we -- we may
16 look back in time. We might decide we want to look
17 back all the way to 1919, but we might decide we want
18 to look all the way back to 1956.

19 Rather than just show 1956 and the whole
20 history, I've tried to give you, basically, ten (10)
21 years at a time, what -- what the mean and the standard
22 deviation would look like at various points, not just
23 ones that I pick.

24 So as -- as shown in the table above,
25 the mean and standard deviations of four (4) year

1 equity returns are very consistent over time,
2 regardless of the look-back period. In fact, the
3 standard deviation has actually increased if only the
4 last several decades were considered in the analysis.

5 You'll also note that the mean and
6 standard deviation from using 1919 to present shows
7 minimal difference between the more recent historical
8 periods. It is clear from the CAC evidence that the
9 data I've provided to the Board -- or, pardon me, and
10 the data I've provided to the Board, that a 40 percent
11 decline in equities over a four (4) year period has not
12 occurred in the recent past.

13 But as far as the validity of the mean
14 standard deviation argument from Professor Simpson's
15 slides, I see very little difference in the variability
16 of equity returns regardless of which look-back period
17 is used to perform this calculation.

18

19 CONTINUED BY MS. KATHY KALINOWSKY:

20 MS. KATHY KALINOWSKY: The evidence of
21 Professor Simpson -- Professor Simpson provides slide
22 number 8 that suggests that the estimated impact from a
23 four (4) year equity decline of 20 percent is \$100
24 million.

25 Can you validate these calculations?

1 MR. LUKE JOHNSTON: Professor Simpson
2 spoke of some, quote, "rougher, back of the envelope,"
3 end quote, calculations on the DCAT. Perhaps I can
4 assist the Board using a more sophisticated
5 calculation. I would ask the Board to please turn to
6 AI-9. And, in particular, AI-9, the second page in.

7 THE CHAIRPERSON: Am I reading the
8 right document? It's called "Investment Allocation"?

9 MR. LUKE JOHNSTON: That's correct,
10 yeah. On the -- the second page titled "Investment
11 Allocation," in 2013/'14, you'll note that the Basic
12 line of business expects to earn 23.9 million in
13 investment income from equities. So you can find that
14 by going to the '13/'14 table, finding equities. If
15 you scroll across, you'll see --

16 THE CHAIRPERSON: Just hang on, please.

17 MR. LUKE JOHNSTON: Yeah.

18

19 (BRIEF PAUSE)

20

21 MR. LUKE JOHNSTON: So if you go into
22 the '13/'14 table at the bottom of that page, you'll
23 see equities. Moving along that row you'll see
24 expected investment income of 28 million,
25 approximately, for total corporate. And then next to

1 that line you'll see twenty-three, nine sixty-three
2 (23,963). So approximately 23.9 million in equity
3 investment income is expected for Basic line of
4 business.

5 Following along to the next page you'll
6 see that the Basic line of business is expecting 25.9
7 million of equity investment income in '14/'15, 28
8 million in '15/'16, and 30.3 million in '16/'17. The
9 total of these figures is 108.4 million. So if the
10 Corporation had four (4) year equity returns of zero
11 percent, not negative 20 percent, but zero percent,
12 Basic would lose 108 million in equity investment
13 income relative to budget. The Board will note that
14 this figure is already greater than the 100 million
15 presented from Professor Simpson.

16 The beginning of the year balance for
17 the 2013/'14 Basic equity portfolio is estimated at
18 \$372.7 million. This information is on page 20 of the
19 amended DCAT. I don't believe we need -- we need to go
20 there, but that is the figure.

21 Let's assume that a 20 percent decline,
22 as suggested by Professor Simpson, occurs on the
23 beginning of '13/'14 equity assets of 372.7 million.
24 My calculations indicate that 20 percent of 372 million
25 is roughly 75 million. Let's say it is reasonable to

1 assume that this decline is recognized through the
2 income statement over the next two (2) to four (4)
3 years.

4 So a 20 percent decline over -- over
5 four (4) years means the Corporation has lost 108
6 million in expected investment income, plus another 75
7 million in recognized losses, for a total of 183
8 million over four (4) years, relative to budget. This
9 is a very significant amount, an amount much larger
10 than \$100 million.

11 In light of this information, I'm not
12 sure what to make of Professor Simpson's 100 million
13 calculations. Because we have budgeted investment
14 income, a 20 percent equity decline scenario is not
15 simply half of a 40 percent equity decline scenario.
16 So Professor Simpson's linear interpolation method is
17 not appropriate in this case.

18 Also, to my knowledge, Professor Simpson
19 has not considered the implications of his equity
20 assumptions on the DCAT combined scenario, which
21 includes both claim costs and equity variability.

22 As per page 25 of the amended DCAT, the
23 corporation modelled an \$87 million claims impact in
24 the high loss ratio scenario. I do not believe that
25 Professor Simpson has considered the possibility of

1 including an adverse claims incurred impact, say fifty
2 (50) to \$60 million, in addition to the impact of an
3 equity decline. Such a scenario would of course be
4 subject to the plausibility rules of the DCAT.

5 Finally, a full DCAT review of this
6 scenario would include the consideration of management
7 and regulatory action. I did not see any assumptions
8 presented by Professor Simpson in this regard. These
9 assumptions are obviously very important, in terms of
10 how the board responds to a \$183 million loss.

11 I would strongly recommend that the
12 Board does not consider, quote, "Rougher, back of the
13 envelope," end quote, calculations for determining the
14 appropriate RSR target.

15 MS. KATHY KALINOWSKY: Thank you. With
16 respect to the evidence of Professor Simpson, he
17 proposed a DCAT number of \$100 million that would be
18 appropriate, in light of the 81 million to \$162 million
19 target. He also to -- indicated that it might result
20 in a surcharge if a particular adverse scenario
21 occurred.

22 Can you explain how Professor Simpson's
23 20 percent decline in equities would impact upon policy
24 holders if the proposed RSR target adopted was based on
25 his \$100 million DCAT?

1 MR. LUKE JOHNSTON: In a table on the
2 following page, I put together a hypothetically
3 scenario, assuming Professor Simpson's equity decline
4 of 20 percent and a starting \$100 million RSR target.
5 The scenario was based on the following key
6 assumptions:

7 Firstly, that other than equity
8 variability, all forecasts will, on average, have no
9 deviation to the budget over the four (4) year period.

10 Next, the 2012/'13 ending RSR balance is
11 100 million. This is effectively the Simpson
12 recommendation.

13 Next, the four (4) year cumulative
14 return on equities is negative 20 percent from 2013/'14
15 to 2016/'17. Again, this is from the Simpson evidence.

16 I've assumed the 20 percent equity
17 decline occurs in thirt -- 2013/'14 and is fully
18 realized in first two (2) fiscal years: two-thirds
19 (2/3s) in the first year and one-third (1/3) in the
20 second.

21 The equity returns in 2014/'15 and
22 2016/'17 are assumed to be zero percent, and this is
23 such that the four (4) year cumulative return equals
24 negative 20 percent.

25 The equity investment income assumed in

1 the table is per AI-9, which we've just gone through in
2 the previous question.

3 I've assumed the Corporation would
4 continue to forecast approximately, 6.1 percent equity
5 returns throughout the forecast period, based on the
6 long-term experience of equity returns. So even though
7 we've had some poor years in the recent future, it
8 hasn't impacted our -- our forecast of equity returns.

9 Finally, I've assumed that if the RSR is
10 below the 100 million target, at the time of a given
11 GRA hearing, the Board will order a surcharge to return
12 the RSR to 100 million over the rate-setting period.
13 I, of cler -- I, of course, do not know what the Board
14 would do in this situation. But for this example,
15 that's what I've assumed.

16 Moving to the table, you'll see the
17 first fiscal year is listed as 2012/'13. And going
18 across that row to the end, where it says, "Ending RSR
19 balance," I've assumed that we start with \$100 million,
20 based on the Simpson evidence.

21 Moving to '13/'14, you'll see a stock
22 return of negative 20 percent. This impact, if
23 recognized, two-thirds (2/3s) in the first years is \$50
24 million dollar loss. Moving over, we also lose about
25 \$24 million of budgeted equity investment income.

1 If you start at the 2013 -- '12/'13
2 ending balance, subtract \$50 million lost from the 20
3 percent decline, plus 24 million loss in investment
4 income, the RSR balance is down to 26 million, again
5 assuming all other forecasts are on budget.

6 Under '13/'14 you'll note that the
7 2013/'14 rates would already be -- have been set under
8 this scenario so I assume that there is no regulatory
9 action possible.

10 Moving to '14/'15. Now we have a stock
11 return of zero percent. We recognize the remaining
12 portion of the 20 percent decline, which is 25 million.
13 Again we lose our budget investment income because we
14 have equity returns of zero. Moving along to the
15 ending RSR balance, now we -- we had a beginning of
16 year balance of 26 million. We've lost another 25
17 million in the recognition of equity gains and losses.
18 We've lost our projected investment income of 26
19 million. We now have a negative RSR balance of \$25
20 million.

21 Now under, "Regulatory Action," here
22 I've made the assumption for this example that the
23 Board would want to return the RSR to the \$100 million
24 target. To do this would require a 15.6 percent rate
25 surcharge which would be needed to produce about \$125

1 million in profits to bring the RSR back to the Simpson
2 target of 100 million over the policy period.

3 Moving to '15/'16. Again we have a
4 stock return of zero consistent with the negative
5 twenty (20) over four (4) years. We've recognized all
6 the equity losses at this point. The recognition of
7 losses could have occurred at three (3) years or four
8 (4) years. The final impact would be the same. Again
9 we've lost investment income because we haven't earned
10 any return on our equities.

11 In this column titled "Impact of
12 Surcharges," you'll see that the rates surcharge,
13 because of staggered renewals in four (4) -- in '15/'16
14 we would collect about half of that money. That's how
15 I get 62.5 million.

16 So again starting with a negative 25
17 million RSR balance we again lose our equity budget of
18 28 million. We collect back some money through
19 surcharges. However, our RSR is now only at 9.5
20 million. Out of the negative but still significantly
21 below a hundred (100).

22 Again I've assumed regulatory action.
23 This time in the order of 7.25 percent rate surcharge
24 to produce 58 million in profits over the policy period
25 to bring the RSR target back to the Simpson

1 recommendation of 100 million.

2 A similar calculation in '16/'17. Again
3 no equity returns. We lose our budgeted equity
4 investment income. This time we have two (2) sur --
5 surcharges flowing through and being recognized. The
6 125 million, the second half of that gets recognized.
7 We get half of the additional surcharge for an extra 91
8 million. We're now up to an RSR of 71 million.

9 Finally, '17/'18 I assume that our stock
10 has -- returns are back at our forecast so we don't
11 lose any investment income. We get the final portion
12 of the rate surcharge. And we are back at the \$100
13 million RSR. So obviously this is just an example but
14 I hope it provides the Board with an illustration of
15 how this might look.

16 Turning to the final page of -- of our
17 evidence. This scenario generates over 22 percent in
18 surcharges but Professor Simpson, quote, "wasn't
19 troubled by it," end quote. What is troubling is that
20 this scenario includes only a 20 percent equity
21 decline. I presented evidence that, in my opinion,
22 indicates that much larger equity declines are
23 plausible at the one (1) in forty (40) year risk
24 tolerance level.

25 There has been absolutely no evidence

1 presented to this Board that the \$100 million RSR
2 target proposed by Professor Simpson is suitable for
3 protecting ratepayers. I'm recommending a minimum of
4 \$200 million in the 2012 DCAT report. The assumptions
5 used in my DCAT analysis are, contrary to Professor
6 Simpson's evidence, clearly laid out and transparent
7 for the Board's consideration.

8 Based on the above example, if Professor
9 Simpson believes that 1) we do in fact need an RSR, and
10 2) his own equity scenarios are valid, then he should
11 be requesting a minimum RSR balance much higher than
12 \$100 million.

13 MS. KATHY KALINOWSKY: Thank you.
14 Further expanding on Professor Simpson's suggested \$100
15 million RSR, which does not include any losses to
16 equity investment income, I note that in regards to the
17 significant decline in equity returns that occurred in
18 2008/'09 and afterwards, Professor Simpson said, quote:

19 "Over time, and it did, it rebuilt
20 pretty fast once stocks recovered, at
21 least my pension fund did."

22 End quote. Have MPI's equity recovered
23 since 2008/'09, Mr. Johnston?

24 MR. LUKE JOHNSTON: As per the
25 Corporation's response to Undertaking 16 and 17, page

1 2, I don't believe we need to go there, the
2 Corporation's equity investment income has been \$150
3 million under budget over the last four (4) years,
4 including 33.6 million under budget in 2011 and '12.
5 Those are corporate figures.

6 These results are not what I would call
7 a recovery. I will also note that unlike Professor
8 Simpson, the Corporation does not, in general, get to
9 keep the equity returns from the good years to offset
10 the bad years.

11 The Corporation expects that favourable
12 equity returns will be rebated to policy holders to the
13 extent that these -- this favourable experience
14 increases the RSR balance significantly above the
15 Board's target.

16 So in other words, if we have the
17 opposite side of the equity risk, say a plus forty (40)
18 favourable return, if our RSR balance is already
19 sufficient when that happens it would be my expectation
20 that all that additional monies would be rebated to
21 policy holders because this would put us significantly
22 over our -- our target.

23 In order for the Corporation to
24 adequately protect these same ratepayers from
25 significant downside equity risk, the Corporation

1 requires an adequate RSR. Based on my evidence, I
2 believe a DCAT-based RSR target of 200 million is
3 required to protect ratepayers as per the stated
4 purpose of the RSR.

5 MS. KATHY KALINOWSKY: Thank you for
6 that, Mr. Johnston.

7 MS. CANDACE GRAMMOND: Mr. Chairman --
8 Mr. Chairman, what I would suggest at this stage is a
9 short break in order that we can consult with Mr.
10 Pelly, and Mr. Williams can consult with Dr. Simpson,
11 and then there may be cross-examination for Mr.
12 Johnston with -- with respect to the evidence that he's
13 just given.

14 THE CHAIRPERSON: Okay. Let's do that.
15 Would ten (10) minutes or -- ten (10) minutes be
16 sufficient?

17 MS. CANDACE GRAMMOND: It should be.

18 THE CHAIRPERSON: Yes, let's do ten
19 (10) minutes, please. So we'll resume at five (5)
20 after 10:00 if that's sufficient.

21 MR. BYRON WILLIAMS: I would suggest
22 it's probably more than sufficient. We will have some
23 questions, but will probably require no more than five
24 (5) minutes.

25 THE CHAIRPERSON: Okay. Let's break

1 for five (5) minutes and resume at 10:00.

2

3 --- Upon recessing at 9:55 a.m.

4 --- Upon resuming at 10:13 a.m.

5

6 THE CHAIRPERSON: I guess we're ready
7 to resume. You have some questions?

8 MS. CANDACE GRAMMOND: Yes, thank you,
9 Mr. Chairman. I just have a few questions for Mr.
10 Johnston with respect to the evidence just given.

11

12 RE-CROSS-EXAMINATION BY MS. CANDACE GRAMMOND:

13 MS. CANDACE GRAMMOND: Mr. Johnston,
14 first question, I gather from your evidence and Exhibit
15 32 that the idea of a 20 percent equity decline was not
16 run through the DCAT.

17 If that's right, can you tell us why it
18 was not done that way?

19 MR. LUKE JOHNSTON: The -- sorry, the -
20 - the DCAT does require a more elaborate process using
21 the financial model. What I -- in -- in -- due to time
22 I tried to prepare a -- as accurate as -- of a
23 representation as I -- as I could. And in addition to
24 that there -- there's also some assum -- assumptions
25 that I have to make on my own.

1 Obviously the Board will decide if those
2 assumptions are appropriate, but the impact that I've
3 calculated in that example should be an order of
4 magnitude relatively close to the actual impact based
5 on the assumptions that I've listed.

6 MS. CANDACE GRAMMOND: And, Mr.
7 Johnston, when you talk about the impact you're talking
8 about the table that appears on the second-last page of
9 the new exhibit?

10

11 (BRIEF PAUSE)

12

13 MR. LUKE JOHNSTON: Yes, that's
14 correct.

15

16 (BRIEF PAUSE)

17

18 MR. LUKE JOHNSTON: Maybe I can -- I
19 apologize. There is a -- one of the earlier questions
20 talked about the 100 million calculation. And our
21 understanding is that is in reference to the 20 percent
22 decline.

23 What I tried to do, for the Board's
24 information, is to go through very specific references
25 in the app. For example, our equity investment income.

1 So it was fairly clear this -- these are the amounts
2 that would be lost. And, again, it's not -- it's not
3 run through a full DCAT, but those are our forecasts
4 and approximate impacts.

5 MS. CANDACE GRAMMOND: So, just to be
6 clear, Mr. Johnston, if you had the opportunity to run
7 a 20 percent decline scenario through the DCAT, what do
8 you think the target point would be -- the result would
9 be?

10 MR. LUKE JOHNSTON: I -- I would expect
11 that the impact relative to budget would be
12 approximately the \$183 million over four (4) years. As
13 I stated in my evidence, there would need to be
14 assumptions about management and regulatory action.
15 And that was one of the reasons for providing the
16 additional table, to show, in that particular case,
17 given a starting RSR of 100 million, what types of
18 regulatory action you might be looking at. So that --
19 that was the purpose of the -- the second table.

20

21 (BRIEF PAUSE)

22

23 MS. CANDACE GRAMMOND: Okay. Thank
24 you, Mr. Johnston. We'll -- we'll leave that point for
25 the moment. Still looking at the illustrative table

1 that you've provided on the second-last page of this
2 new exhibit. You've built in, as you've described, a
3 potential regulatory action that may be taken of a -- a
4 15.6 percent rate surcharge and a 7.25 percent rate
5 surcharge.

6 When you created this illustrative table
7 and -- and utilized those possible numbers, did you
8 give consideration to the -- 'R' building -- or the
9 rebuilding of the RSR that took place in the 1990s,
10 that I understand was over a period of years with 1 or
11 2 percent increases?

12 MR. LUKE JOHNSTON: Not in -- not in
13 this particular example. This -- it would be difficult
14 for me to show, say, twenty (20) years of data here.
15 Obviously, the Board could approach a regulatory action
16 in -- in many different ways.

17 The -- the main point here, though,
18 again is you do have an RSR at its low end of negative
19 25 million. And even with some very significant
20 assumed regulatory action, it still takes you quite a
21 while to get out of this predicament. Even after
22 putting in the 15.6 percent rate surcharge, your --
23 your RSR is only back up to about 9 million.

24 If, say, a 1 or 2 percent rate surcharge
25 would -- was put in, you can likely appreciate that

1 that would not have much of an impact at all to the --
2 the RSR balance, you know, in the following years. It
3 would take many years to -- to get back to 100 million,
4 assuming the Corporation didn't have favourable results
5 from a -- a different aspect of its forecast.

6

7 (BRIEF PAUSE)

8

9 MS. CANDACE GRAMMOND: Mr. Johnston,
10 going back to my earlier question about what you
11 thought the impact -- or, the result might be of a DCAT
12 run with a 20 percent decline scenario, your answer was
13 about 183 million.

14 I'm wondering about reconciling that
15 with what we see in Undertaking 16 and 17, where there
16 were a variety of scenarios run. On page 2 of that we
17 have a scenario with a 36 percent decline that gives us
18 a loss of about 169 million.

19 So we're just trying to understand how a
20 20 percent decline would give rise to a larger number
21 than a 35 percent decline.

22 MR. LUKE JOHNSTON: Your -- your
23 reference was page 2?

24 MS. CANDACE GRAMMOND: Yes, page 2.

25

1 (BRIEF PAUSE)

2

3 MR. LUKE JOHNSTON: On page 1 --

4 THE CHAIRPERSON: Before you go there,
5 could you -- could you refer to the exhibit number,
6 please, so we can -- we --

7 MS. CANDACE GRAMMOND: I'm sorry, Mr.
8 Chairman. It's MPI Exhibit 27. And it's the
9 attachment that I referred to, not the body of the
10 answer.

11

12 (BRIEF PAUSE)

13

14 THE CHAIRPERSON: Okay.

15 MR. LUKE JOHNSTON: On page 1 --

16 THE CHAIRPERSON: Hang on just one --
17 one second.

18 MR. LUKE JOHNSTON: Oh, sorry.

19

20 (BRIEF PAUSE)

21

22 MR. LUKE JOHNSTON: Are you there?

23 THE CHAIRPERSON: Yeah.

24 MR. LUKE JOHNSTON: On -- on the first
25 page of -- not -- not the -- the text, but the first

1 page of the tables, you'll see a scenario called "1" in
2 -- under the title, "Four (4) Year Budgeted Compounded
3 Returns Relative to the Fifth Percentile," you'll see a
4 scenario that states:

5 "One 1:40 year event."

6 And the four (4) year cumulative return
7 is negative 21.3 percent on the table. Can you see
8 that? If you turn the page over, the equivalent result
9 from that scenario is about halfway down the page,
10 again titled, "Four (4) Year Budgeted Compounded Return
11 Relative to the Fifth Percentile." That's the 1:40
12 year event there. And if you scroll across, you get
13 about \$186 million, approximately the same as the
14 scenario we just discussed.

15

16 (BRIEF PAUSE)

17

18 CONTINUED BY MS. CANDACE GRAMMOND:

19 MS. CANDACE GRAMMOND: Mr. Johnston,
20 the scenario in the DCAT was based on a one 1:20 year
21 event, not a 1:40.

22 Do I have that right?

23 MR. LUKE JOHNSTON: The -- the DCAT
24 scenario utilized the -- the full history of the TSX
25 and then looked at the 5th percentile from that history

1 and -- which was approximately negative 43 percent.
2 And then we selected 40 percent as a -- negative 40
3 percent as a reasonable reflection of -- of a 1:20 to
4 1:40 year event. But that -- the -- the calculation we
5 showed in -- in the DCAT was based on the 5th
6 percentile, 1:20.

7 MS. CANDACE GRAMMOND: So should we not
8 then be comparing it to the 1:20 year event on this
9 exhibit? The one (1) -- the 170 million, or 169.5?

10 MR. LUKE JOHNSTON: Sorry, I should be
11 more clear. The -- on the first page, the reason I
12 pointed you to the -- the 1:40, negative twenty-one
13 point three (21.3) was because that was the closest
14 number to the negative 20 percent from Simpson. So I
15 wanted to just direct you to an estimated impact that
16 was about the same as Simpson's negative 20 percent
17 calculation. And then again, flipping the page, you
18 get the 186 million, which is very close to the one --
19 I believe it was eighty-three (83).

20

21 (BRIEF PAUSE)

22

23 MS. CANDACE GRAMMOND: Okay, thank you,
24 Mr. Johnston. Another question with respect to the
25 illustrative example and the new exhibit that we see on

1 the second-last page, I understand that when you
2 prepared this illustration, you assumed that all other
3 things were equal.

4 And what I mean specifically is that you
5 didn't take into account any increases in the bond
6 portfolio, conversely to losses in the equity side.

7 Is that right?

8 MR. LUKE JOHNSTON: Yes, I assumed all
9 impacts for all other forecasted items would net out to
10 zero, which would be our expectation with break-even
11 forecasting, best-estimate forecasting.

12 MS. CANDACE GRAMMOND: Thank you. Now
13 you commented as well about the difference between the
14 Corporation's budgeted investment income and equity
15 losses, in the context of Mr. -- or Dr. Simpson's
16 comment that his pension fund had recovered after
17 losses.

18 Can you comment on whether the
19 Corporation's position in that regard has been impacted
20 at all by the rebates that have been ordered to be paid
21 out over the last number of years?

22

23 (BRIEF PAUSE)

24

25 MR. LUKE JOHNSTON: Maybe I can -- just

1 ask if I have the question right. Is -- is your
2 question: Given that we paid out significant rebates,
3 we have less assets, and that results in -- in less
4 investment income?

5 MS. CANDACE GRAMMOND: That's the
6 question, is -- is the -- was the Corporation's ability
7 to bounce back, if you will, affected by the rebates
8 that have been paid out over the last number of years?

9

10 (BRIEF PAUSE)

11

12 MR. LUKE JOHNSTON: Hopefully I'm -- I
13 understand the question correctly. The RSR
14 recommendation through the DCAT would -- will be
15 reflective of where we currently sit, in terms of our
16 risk level. If -- if that means, in the case of
17 rebates, that we've rebated significant amount of
18 assets and that has brought down our equity balance, I
19 would expect that the number out of the DCAT would be
20 lower. Obviously, that's already reflected in our
21 latest forecast. So the -- the forecast that we have
22 in here do, of course, reflect the current level of
23 equities.

24 In terms of the rebate affecting the
25 Corporation's ability to bounce back, the Board did not

1 rebate the RSR -- the RSR -- or sorry, the target RSR.
2 So that was definitely still there for us to handle any
3 potential equity declines that occurred in the future.

4 We -- we're just debating here that we
5 believe that that number should be a little bit higher,
6 based on the DCAT.

7

8 (BRIEF PAUSE)

9

10 MS. CANDACE GRAMMOND: Thank you, Mr.
11 Chairman, those are my questions.

12 THE CHAIRPERSON: I have a few
13 questions, if you don't mind, Mr. Johnston. And
14 specifically, what I'd like to address is the
15 assumption that you made that in the -- in a case of a
16 20 percent decline in the equity portfolio, there would
17 be a total loss of investment income, which I think is
18 part of the assumption.

19 And I guess my -- my view of that would
20 be that it -- more likely that would be an equivalent
21 decline in investment income. In other words, you
22 wouldn't lose twenty (20) -- looking at the very first
23 line of the table that talks about the impact of a four
24 (4) year cumulative decline, you wouldn't lose 24
25 million; you'd lose, say -- say, 20 percent, maybe 35

1 percent of that 24 million.

2 So you're still getting an investment
3 income of, say, eighteen (18), 17 million, which kind
4 of negates some of the conclusions that you've arrived
5 at, in terms of how quickly MPIC would be able to
6 bounce back, because if you follow the assumptions
7 here, you're suggesting that over the next four (4)
8 year period there would be no investment income from
9 the equity portfolio, which -- which, to me, seems to
10 be a pretty extreme assumption.

11 Now, I -- I just want to hear what your
12 thinking is about that.

13 MR. LUKE JOHNSTON: Well, the -- the
14 difference between -- so on the one column here, we
15 talk about loss of equity value. So the 20 percent
16 decline not -- in this case is -- is impacting our
17 current balance and -- and how we recognize the -- that
18 loss of value over the next several years or multiple
19 years results in approximately the same -- same impact
20 once it's recognized.

21 The loss of investment income, however,
22 is -- is simply our budget. And those -- those numbers
23 flow through into our forecasts, which of course are
24 included when we're asking for break-even rates.

25 If we have a four (4) year cumulative

1 return of zero, for example, we won't receive any of
2 that investment income. So, for example, yeah, if --
3 if we start with an equity balance of 372 million and
4 on average we earn zero percent over the next four (4)
5 years, we'd still be at 372 million, and all that
6 budget that we had for income will be gone. That --
7 that was the 108 million that -- that I spoke of.

8 So those are inner forecasts. We're
9 expecting to -- that money to come in. Rates are set
10 on the assumption that that money will come in. And
11 when we don't receive it, it's just a straight loss to
12 the bottom line.

13

14 (BRIEF PAUSE)

15

16 MR. LUKE JOHNSTON: Hope -- hopefully
17 that was helpful in -- in answering the question. My
18 earlier response, in terms of talking about how such a
19 scenario would impact our bottom line, was essentially
20 looking at all the different components and how we
21 expected those to play out relative to budget -- so
22 loss of value, loss of investment income, dividend
23 income, et cetera.

24

25 MPI PANEL RESUMED:

1 MARILYN MCLAREN, Resumed

2

3 MS. MARILYN MCLAREN: Mr. Chairman, if
4 I could speak just a little bit about the --

5 THE CHAIRPERSON: Certainly.

6 MS. MARILYN MCLAREN: -- history, what
7 happened back in the '08/'09 time frame in that regard.
8 We did still get some dividends from equity holdings,
9 absolutely. But they -- the -- the net -- this is --
10 so the -- the year we talked about our -- our budget
11 for investment income was about \$100 million, and the
12 actual was \$4 million.

13 So -- but we actually did get some
14 investment -- some equity investment dividends during
15 that period, you know. The -- the Canadian banks
16 didn't stop giving dividends. But what we did get in
17 investment income was negated by having to recognize
18 impaired investments.

19 We took a big hit from differences
20 between a Canadian and US dollar back when the US
21 investments were being hedged. Some equity stocks did
22 stop the dividends.

23 So at the end of the day, the \$24
24 million, as predicted, didn't completely disappear. A
25 good portion of it came forward, but there were other

1 big losses in investment income from equities that
2 negated completely the expected 25 million. I don't
3 know if that helps at all.

4 THE CHAIRPERSON: That's -- now, since
5 -- since we are talking about assumptions, I -- I think
6 that was -- for me, it was valuable to see the kind of
7 sur -- surcharges that would be required to recoup
8 investment losses of the scale that we've been talking
9 about.

10 But, I guess, since we introduced the
11 notion of -- of surcharges -- and this is a question, I
12 think, for Ms. McLaren more so than Mr. Johnston. One
13 of the regulatory actions that's available to MPIC,
14 other than seeking a surcharge, would be to decide at
15 the Board level that they would be using excess
16 reserves on the other lines of business to -- to
17 address a shortfall on the Basic side of the business.

18 Now, do you consider that to be a
19 reasonable assumption?

20 MS. MARILYN MCLAREN: I would say that
21 based on history, it's possible. That it -- we've
22 talked about that here. That has been done in the
23 past, where -- in order to build up the RSR, you know.
24 And I think, if -- if the competitive lines of business
25 were not negatively affected by the same kinds of

1 things that were neg -- negatively affecting Basic,
2 that that's a big "if", first of all.

3 But if -- if that was true, and if there
4 was an opportunity to restore some stability in Basic
5 without hurting the Extension lines, I suspect that
6 it's something the Board of MPI would consider again,
7 as -- as it has in the past. But -- but there's no
8 guarantee that -- that the other lines wouldn't --
9 would not also be affected somewhat, and there's no
10 guarantee if and when that happens there's excess in
11 those lines either.

12 THE CHAIRPERSON: Based on -- based on
13 what we've heard, though, the -- the likelihood is that
14 the reserves on the other lines of business and on
15 Basic lines of business would likely be impacted as
16 well, right? I mean, when you -- when you blend your -
17 - your investment portfolio you -- you sort of don't
18 distinguish between what will be more -- more risky on
19 the -- the reserve -- the Extension side, or...?

20 MS. MARILYN MCLAREN: Right. It --
21 it's one (1) investment fund that's then allocated by
22 allocation policy. Yeah.

23 THE CHAIRPERSON: And I guess it kind
24 of gets to the -- to one of the -- the dilemmas that I
25 see in -- in the rate application right now. Because

1 on the one hand, we're being asked to sort of
2 reconsider the approach on the reserve side for Basic,
3 based on the DCAT, which would mean an in -- an
4 increase in reserves. And on the other hand, we're
5 seeing excess reserves in the other two (2) sides of
6 the business -- two (2) lines of business: the
7 Extension and the SRE.

8 And so you understand the man in the
9 street, or the woman in the street, saying, okay we're
10 going to increase the reserves on the Basic side. And
11 we have these excess reserves under the same roof for
12 two (2) different lines of business. All of which is
13 perceived by Manitobans to be the same fund, right?

14 So you can understand the dilemma that
15 we face as a Board member to -- to explain to
16 Manitobans why we would go along with this. Because I
17 -- I've heard your argument regarding the -- this, you
18 know, sort of -- the -- these are separate lines of
19 business that should be considered separately, and I'll
20 concede that that's a -- a reasonable approach to -- to
21 do things.

22 But at the heart of this, though, is the
23 -- is the notion that we should -- we should see the
24 reserves for the Basic lines of business totally
25 independently of what's going on on the other lines of

1 business. And I'm struggling with that. And I -- I
2 guess I'd like to hear your point of view about that.

3 MS. MARILYN MCLAREN: I -- I think, you
4 know, given issues of -- from two (2) perspectives.
5 Given issues of, you know, legislation and
6 jurisdiction, I -- I believe this Board's role is to
7 focus on Basic, for sure. And then I think also that
8 it's critically important for all of us to think
9 differently.

10 And I -- I believe that that's, in no
11 small part, why the legislation is different about
12 Basic is mandatory, compulsory. No choices here. And
13 so we have to think about taking care of, protecting,
14 manage -- managing prudently an insurance fund that
15 people have no choice as to whether they're a part of.

16 Now, you know, if -- if we get in
17 trouble on the competitive lines and have to do things
18 with rates, and people decide not to buy it, and -- you
19 know, I mean that -- that's a different story. They
20 have that right.

21 So, I mean, I think first of all in
22 terms of, you know, this Board's mandate, but -- but
23 because of the reality is that this is a Basic
24 compulsory program for which Manitobans have no choice
25 to -- to spend their money. If you want to register a

1 car, if you want to have a driver's licence, there's no
2 decision to be made here. It has to be looked at on
3 its own.

4 Now again you get -- you get to a
5 situation where the Basic program is in dire straits,
6 how could the Corporation's board of directors not
7 consider every opportunity to help stabilize that. But
8 just like I talked about why I would suggest to you
9 that you pick a number based on the DCAT as the -- as
10 the RSR target, decisions about what to do next are
11 very situational.

12 So taken the next logical step, if this
13 Board was to decide that well, you know, they think the
14 DCAT is a good approach and they think probably the
15 \$200 million is a good number but they're going to
16 rebate everything that the Basic fund has today that's
17 in excess of one hundred (100) because they're going to
18 assume that if something bad happens on Basic money
19 will come from MPI's other -- other parts of the
20 business.

21 I don't -- I don't think that's
22 appropriate. I mean, I think you should probably look
23 -- if the time comes when Basic is in dire straits, the
24 other lines are not in dire straits and have some
25 excess capital, you should look for some sort of

1 partnership to help rebuild the RSR. I think that's
2 reasonable. And to have -- and ask for reasons as to
3 why that that's not possible if the Board decides it's
4 not possible.

5 But when -- when at this point we're
6 working so hard to continue the stability of Basic, to
7 me, the logical conclusion is saying, Well, why would I
8 keep money from Basic ratepayers when we think you also
9 have money over there on the other side. That means
10 you're thinking about rebating money because if things
11 go bad you can go get it from somewhere else, or we can
12 all go get it from somewhere -- I -- I don't think
13 that's appropriate.

14 I think what do you do when you have to
15 rebuild is a fair question that we all -- all have to
16 think about. But we're not in that situation right
17 now, and we're trying to think very -- as pragmatically
18 and logically as we can about what is the process to
19 decide. You know, what is the risk and -- and how to
20 identify that. And then in -- in the future there are
21 either decisions about when do you rebate, how do you
22 rebuild, then they will be based on -- on those
23 circumstances.

24 It's also not -- you know, I mean it
25 looks for -- for reasonably small lines of business.

1 It does look like there is a fair bit of excess there.

2 I mean, I think we talked about 100 million or -- or

3 something along those lines.

4 But having said that as well, you know,
5 remembering that just like for Basic we run the DCAT on
6 those lines and we have a minimum retained earnings.

7 And -- and if you talk to -- I'm sure if you talk to --
8 to Mr. Pelly, if you talk to other people in the
9 insurance business, when they are running, you know,
10 competitive lines of business, the minimum -- and in
11 the regulatory framework in competitive lines of
12 business the minimum is when the regulator steps in and
13 starts taking action on your business.

14 So it's not all you ever need. It's the
15 minimum. And if you look we -- there's some
16 conversation about some other insurance companies. I -
17 - I know there's publicly available information that I
18 can't remember at the moment where to find, but there
19 is information that's distributed about insurance
20 companies and the extent to which their retained
21 earnings exceed the targets.

22 Now mutuals in particular have many,
23 many times more -- like five (5), six (6) times more
24 their minimum target. We're certainly not in that
25 ballpark at this point, you know. So I mean while

1 there's more, at the most it is maybe \$100 million from
2 the very minimum you need.

3 So it's not like -- and -- and that's
4 the difference with competitive lines, and that's why
5 we have the conversations about sort of that regulatory
6 framework and so on that I -- I don't think that it --
7 it's appropriate to sort of think in your minds about,
8 well, what's the skinniest we can get by on Basic
9 because until that money disappears over there, like
10 it's probably coming over. You know?

11 I mean I think it has to be discrete
12 enough, that you don't think about it in that context
13 and that there's very different decisions to be made
14 from what do you think is a methodology? What number
15 are you comfortable coming out of that methodology?

16 Different decisions in the future about,
17 okay now, do we rebate. And why exactly are we going
18 to rebate? And if you have to rebuild, how quickly and
19 how painfully, right?

20 THE CHAIRPERSON: There's no -- you
21 know, there's no disputing, we would be having a bit of
22 a philosophical argument here, but there's no disputing
23 that the -- the PUB is invested in -- in insuring that
24 we have a robust sound financially thriving public auto
25 insurer.

1 I mean there's no question about that.
2 And I'm not disputing that but I -- I think that what I
3 see as being something that we need to communicate
4 adequately, both at our level but also at the level of
5 the board at MPIC, that, you know, why is it that we
6 need -- why is that we're going to end up with 400
7 million in the -- in the reserves if PUB goes along
8 with the rate application and what MPIC needs is 300
9 million to be -- to be --- so I think we need to do
10 some explaining, I think, to rationalize would could
11 ultimately be the situation we're in post this rate
12 application.

13 I think we're heading into a -- we are
14 in a -- already in a volatile environment, and I think
15 that you conveyed that message. I think the parties,
16 to me, have seemed to convey that message but I'd --
17 I'd like to hear what the other parties -- I'd like to
18 hear what the other parties have to say about this
19 particular topic, going forward.

20 I would suggest that before we talk to
21 the other Intervenors, that we take a break of, say, 15
22 minutes, come back here at 11:00, if everybody's in
23 agreement?

24 MR. BYRON WILLIAMS: Mr. Chairman, if
25 we could, I do have a few questions for Mr. Johnston.

1 THE CHAIRPERSON: Okay, go ahead,
2 please.

3

4 RE-CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

5 MR. BYRON WILLIAMS: Mr. Johnston, we
6 won't be long. Please keep at hand MPI Exhibit 32,
7 handed out this morning. I want to direct your
8 attention first of all to page 2, of MPI Exhibit 32,
9 the table appearing --

10 Now, first of all Mr. Johnston, in terms
11 of the table appearing at the top of MPI Exhibit 32,
12 page 2 titled, "For Your Cumulative Returns," you'll
13 agree with me that this is not a structural break
14 analysis, sir?

15 MR. LUKE JOHNSTON: No, rather than
16 selecting a particular point in time, I just hope to
17 show a full spectrum of -- of time periods that could
18 have been selected. I recognize the year 1956 was
19 selected for a particular reason, but I just struggled
20 comparing pre- and post-1956 because I didn't just pick
21 pre-1956 and use that. I looked at the full history
22 and perhaps there are arguments that could be made to
23 use shorter periods of time.

24 When I pre -- prepared this table I
25 found that, at least from a mean and standard deviation

1 perspective, there wasn't huge differences in terms of
2 what look-back period you selected.

3 MR. BYRON WILLIAMS: Mr. Johnston, just
4 -- let's be clear first of all. You're agreeing with
5 me that this is not a structural break analysis?

6 MR. LUKE JOHNSTON: Based on what I
7 understand that to mean, no, I did not look for
8 structural breaks, like -- like, for example, modern
9 economic stabilization policies, I didn't do that.

10 MR. BYRON WILLIAMS: And you're aware
11 as well, of course, that Professor Simpson's analysis
12 at slide 7 was exactly that, a structural break
13 analysis, sir?

14 MR. LUKE JOHNSTON: Yes, I believe I
15 understand the rationale for his selection.

16 MR. BYRON WILLIAMS: And you've also
17 confirmed previously of course, that you did not
18 undertake such a structural break analysis in -- in
19 analyzing this issue?

20 MR. LUKE JOHNSTON: That's correct, I
21 looked at all the data. And as we did discuss,
22 judgement was required in terms of how to consider some
23 of those very significant declines, pre-1956.

24 MR. BYRON WILLIAMS: And let us take
25 your table and just if -- if I were to look at the

1 negative 2.5 percentile, sir, for any historical per --
2 period you examine, you'll agree with me that that will
3 be comprised entirely of four (4) year cumulative
4 returns ending in the Great Depression?

5

6 (BRIEF PAUSE)

7

8 MR. LUKE JOHNSTON: Can you -- can you
9 repeat the question?

10 MR. BYRON WILLIAMS: Sir, if I were to
11 take the negative 2.5 percentile for any historical
12 period examined, you'll agree with me that it will be
13 dominated by negative -- negative cumulative four (4)
14 year returns from the 1930s?

15 MR. LUKE JOHNSTON: I -- I guess I'm
16 just maybe having trouble understanding. So if you
17 took the 2.5 percentile --

18 MR. BYRON WILLIAMS: Sir, let me try
19 again. If you took -- if you took the data points for
20 any historical period examined from -- in your column
21 on the left and you looked for the negative 2.5
22 percentile observation, the worst -- the worst
23 observation, sir, you'll agree with me that that, for
24 each of the periods examine -- examined, will be
25 primarily comprised of data ending in the 1930s?

1 MR. LUKE JOHNSTON: I think -- I think
2 I'm just struggling with the wording. But if -- if
3 your question is that the large declines in excess of
4 negative 40 percent cumulative returns occur prior to
5 1956, then I -- I agree.

6 MR. BYRON WILLIAMS: I'm going to take
7 you further, sir, though. If I was going to look for
8 the 1969 to present period -- actually, no, I'll ba --
9 I'll back up. I understand -- I understand your --
10 your answer, sir.

11 Sir, in terms of -- in terms of your re
12 -- your next response, it is correct that you did not
13 perform a DCAT analysis for the negative 20 percent
14 cumulative four (4) year return?

15 MR. LUKE JOHNSTON: That's correct. I
16 did not perform a full analysis.

17 MR. BYRON WILLIAMS: And if memory
18 serves me right, sir, when you did a negative forty
19 (40) year -- excuse me, 40 percent decline --
20 cumulative decline over a four (4) year period in your
21 -- in your DCAT scenario, the decline in retained
22 earnings at the 2014/'15 period was roughly 200
23 million, agreed?

24 MR. LUKE JOHNSTON: Agreed.

25 MR. BYRON WILLIAMS: And, sir, you'll

1 agree with me as well that when you did your decline in
2 retained earning scenario for the PUB, in your response
3 to PUB-2-32, at a negative 35 percent decline, the
4 decline in -- in retained earnings for the 2014/'15
5 year at the start was 175 million, agreed?

6 MR. LUKE JOHNSTON: Subject to check, I
7 agree.

8 MR. BYRON WILLIAMS: And so, sir,
9 assuming that one were to undertake a negative 20
10 percent return analysis, you -- through your DCAT
11 analysis, you're not in any way suggesting that that
12 outcome would be greater than \$170 million?

13 MR. LUKE JOHNSTON: That's right. The
14 40 percent decline, a 35 percent decline over a four
15 (4) year period have a much significant -- more
16 significant impacts than the 200 million and \$175
17 million that were just referenced. Over a four (4)
18 year period, those -- those impacts are larger.

19 For the 40 percent decline in the DCAT,
20 we assumed management action after the second year.
21 The -- the full -- these considerations, at least in
22 Professor Simpson's table, I -- I didn't see particular
23 assumptions on how to do this. What I have given the
24 Board is ex -- examples showing what a 20 percent
25 decline actually means for MPI Basic. And I've also

1 shown hypothetical management and regulatory action.

2 So if -- if you are looking at, say, the
3 second-last table in my evidence you'll -- excuse me --
4 you could see that the -- the ending RSR balance in
5 that scenario is down to negative 25 million, which is
6 only -- which is only -- only 125 million lower than
7 the original target.

8 So what happens after that does require
9 some -- some significant judgment. These are the types
10 of regulatory actions that are possibility under this
11 scenario. So clearly, there's a lower impact after two
12 (2) years, but then at that point we have to decide how
13 to act.

14 MR. BYRON WILLIAMS: Now, Mr. Johnston,
15 just because the -- my question may have been lost in
16 your answer you were not telling this Board that if you
17 did an equivalent DCAT analysis, such as what you did
18 in your DCAT decline in equity scenario or your
19 response to PUB 2-32, that the result for the 2014/'15
20 period would be greater than \$170 million?

21 Sir, restricting yourself to my question
22 this time.

23 MR. LUKE JOHNSTON: Without knowing the
24 full spectrum of assumptions used by Professor Simpson,
25 I can -- all I can do --

1 MR. BYRON WILLIAMS: I'm asking about
2 your analysis, sir. And I'm asking -- you're not going
3 to tell us after doing a negative five (5) -- minus
4 thirty-five (35) and saying it's thir -- 175 million in
5 -- decline in the clai -- retained earnings, you're not
6 going to say it's -- it's greater -- greater than that
7 for a minus twenty (20) decline?

8 MR. LUKE JOHNSTON: Hopefully I can
9 finish this time. The -- when I provided Undertaking
10 16 and 17, I hoped to provide the Board with the full
11 impact of these various scenarios, which did not
12 exclude -- or, pardon me, did not include management
13 and/or regulatory action.

14 Professor Simpson's example does not
15 state what he assumed in that regard, how the loss
16 occurred, what would be done, how it impacted other
17 DCAT scenarios. So you're right. I've no idea how
18 this particular scenario would play out in the DCAT,
19 because I don't know the assumptions that Professor
20 Simpson is making.

21 If -- what I tried to do in the second-
22 last page here is to show relatively similar
23 assumptions to the DCAT, that being recognition of this
24 decline in the first couple of years, loss of
25 investment income. You see the RSR at negative 25

1 million. The Board can clearly see that that's not a
2 \$183 million decline. They can see that it's \$125
3 million decline.

4 But again I don't -- at that point I
5 have to assume some kind of management action in this
6 example. I don't have that information. Professor
7 Simpson -- all I can say is that over a four (4) year
8 period, this is about \$183 million impact. And it's
9 very important to understand how we'd -- we'd react to
10 that scenario through other -- other management and
11 regulator actions.

12 MR. BYRON WILLIAMS: Sir, if one were
13 to focus on the decline in retained earnings of the
14 2014/'15, and run a minus 20 percent scenario through
15 the DCAT model that you employed in your decline in
16 equities, the result would no doubt be less than \$170
17 million.

18 MR. LUKE JOHNSTON: If all the exact
19 same assumptions were used, that would be the case.

20 MR. BYRON WILLIAMS: And indeed, sir,
21 the result, you would agree, would be no doubt less
22 than \$150 million.

23

24

(BRIEF PAUSE)

25

1 MR. LUKE JOHNSTON: Assuming the type
2 of regulatory actions in the second-last table of my
3 exhibit.

4 MR. BYRON WILLIAMS: Sir, just to make
5 sure our questions are in agreement, if you -- we've
6 agr -- if you were to run the 20 percentile figure
7 through your DCAT model, looking for the 2014/'15
8 decline in retained earnings, you would agree, no
9 doubt, that the -- that the decline would be less than
10 \$150 million?

11 MR. LUKE JOHNSTON: How about this?
12 The decline in retained earnings, as of the end of
13 '14/'15, would be less than \$150 million.

14 MR. BYRON WILLIAMS: And indeed, sir,
15 it would be less than \$130 million?

16 MR. LUKE JOHNSTON: Based on the
17 approximations in this exhibit that I've prepared, I --
18 I would say that's true.

19 MR. BYRON WILLIAMS: I have no further
20 questions, Mr. Chairman.

21 THE CHAIRPERSON: Okay. I would
22 suggest that we break for ten (10) minutes and resume
23 at ten (10) after 11:00, according to that clock on the
24 wall. Thank you.

25

1 (PANEL STANDS DOWN)

2

3 --- Upon recessing at 11:00 a.m.

4 --- Upon resuming at 11:11 a.m.

5

6 MS. KATHY KALINOWSKY: Sorry, if I
7 could apologize for our president. She's actually
8 giving an interview right now to the Winnipeg Free
9 Press, not on the PUB General Rate Application, but on
10 another matter. So if we could still proceed, unless
11 there's questions for follow up. But if you're going
12 into your closing comments, we can certainly proceed in
13 her absence.

14 THE CHAIRPERSON: Thank you. Ms.
15 Grammond...?

16

17 CLOSING SUBMISSIONS BY BOARD COUNSEL:

18 MS. CANDACE GRAMMOND: So we have now
19 completed the evidentiary part of this hearing with
20 respect to MPI's 2013/'14 General Rate Application.
21 The Board will soon be deliberating upon the
22 Application for base rates and premiums charged for
23 compulsory vehicle and driver insurance to take effect
24 March 1st of 2013.

25 As the lawyer for the Board, I don't

1 take a position on any of the requests made by MPI or
2 the position taken by the parties. Rather, my role
3 today is to summarize the issues that are before the
4 Board and some of the evidence that has been given.

5 So as we know, MPI is seeking approval
6 for rates that will constitute no overall change in
7 premiums. The Corporation is also seeking to implement
8 some changes for driver licence premiums on the demerit
9 side of the DSR scale, which would bring the maximum
10 driver premium to twenty-five hundred dollars (\$2,500).
11 The Corporation is not seeking any other changes in
12 terms of service or transaction fees, certificate fees,
13 and so on.

14 So the average rate adjustment proposed
15 by MPI for each major class is as follows. For private
16 passenger, no overall rate change. For the commercial
17 class, a decrease of 5 percent. For the public class,
18 an increase of 3.3 percent. For motorcycles, a
19 decrease of 0.2 percent. For trailers, an increase of
20 6.3 percent. And for off-road vehicles, an increase of
21 14.3 percent.

22 So it's all of these adjustments taken
23 together that lead to the overall proposed no rate
24 change. If the proposal is accepted, actual ve --
25 vehicle premiums charged to motorists will vary,

1 depending on claims experience, the driver -- the
2 driving record of the registered owner, the insurance
3 use territory, and vehicle rate group.

4 After consideration of insurance use and
5 territory, the capping rules and balancing for
6 experienced rate adjustments, the results were modelled
7 by the Corporation to assess the impact of various rate
8 and classification changes. In total, the vehicle
9 population for next year, 2013/'14, is just over a
10 million vehicles, which includes about fifty-seven
11 thousand (57,000) off-road vehicles.

12 And so, if granted, the effect on the
13 vehicle fleet would be as follows. About five hundred
14 and sixty-five thousand (565,000) vehicles, or 55
15 percent of the fleet would have a rate increase, the
16 majority of which would be twenty dollars (\$20) or
17 less. About four hundred and thirty thousand (430,000)
18 vehicles, or 42 percent of the fleet, would get a rate
19 decrease. And then about twenty-three thousand
20 (23,000) vehicles would have no change.

21 Now, the Corporation has provided to the
22 Board, as part of the filing, its updated financial
23 results for the 2011/'12 financial year, as well as
24 some current results for the year we're in, 2012/'13.
25 And for the 2011/'12 fiscal year, we see their

1 financial results at TI.11, which is Tab 9 of the
2 Board's book of documents.

3 We see that MPI realized a net income in
4 that year of about 18 1/2 million for rate setting,
5 which was about one point four (1.4), 1.5 million --
6 or, sorry, about 2.6 million more than what they had
7 forecasted last year. They were only, at that time,
8 expecting about 16 million in income.

9 For the current year, 2012/'13, we have
10 the results at TI.12, which is Tab 10 of the Board's
11 book of documents.

12 Last year, MPI was forecasting, for the
13 current year, a loss of about a million and a half.
14 And that was after application of a transfer from the
15 IT optimization fund of about 3.3 million. In this
16 GRA, MPI is forecasting a \$4.7 million loss for rating
17 purposes and is no longer proposing a transfer from the
18 IT optimization fund.

19 MPI's revised forecast for 2012/'13
20 reflects an increase in net premiums earned of 13
21 million, offset by a reduction in service fees and
22 other revenue of 5.6 million. So the total earned
23 revenues are forecasted to increase by 7.4 million over
24 that forecasted last year.

25 The reduction in service fees and other

1 revenue that I spoke of was attributed to lower
2 interest rates which reduced income from time payment
3 plans and, as well, the reclassification of real estate
4 investments under IFRS or, for the record, the
5 International Financial Reporting Standards.

6 MPI's revised forecast for 2012/'13 also
7 reflects an increase in total claims cost of 10
8 million. That's comprised of about a \$2 million
9 increase in net claims incurred and about a \$7.1
10 million increase in claims expenses.

11 The forecast for operating expenses has
12 decreased by about 2.4 million over that forecasted
13 last year, while commissions and premium taxes are
14 expected to be 2 million more than forecast last year.
15 Overall, total expenses are forecasted to be about
16 seven hundred and sixty-one thousand (761,000), so
17 under a million less than at last year's GRA. Income
18 investment is forecasted to be 2 million more than was
19 forecasted last year.

20 Now we have on the record MPI's second-
21 quarter report for the current year. So that's as of
22 August 31st, 2012, and that's been filed as MPI Exhibit
23 30. In that second-quarter report, we see that MPI
24 recorded corporate net income of 21.2 million for the
25 first six (6) months of this fiscal year. That's

1 compared with 34.2 million during the same period next
2 year, so about 13 million less. And of that corporate
3 income of 21.2 million, about 5 million is attributable
4 to Basic, which is compared to 13.6 million to Basic
5 for the same six (6) months last year.

6 The revised forecast for 2012/'13
7 reflects a net loss of approximately 8.4 million to the
8 Corporation as a whole. And MPI advises there is no
9 change in the forecasted loss for Basic of 4.7 million
10 for the current year.

11 MPI's forecast for the year of the
12 application are found at TI.13, which is Tab 11 of the
13 book of documents. And its projections for the outlook
14 period, from 2013/'14 through 2016/'17, are reflected
15 at TI.15(a), which is found in Tab 13 in the book of
16 documents.

17 MPI has advised that it seeks to break
18 even over a two (2) year period. It's projecting a
19 \$5.6 million loss for the year of the application and
20 net income of 8.3 million in 2014/'15. MPI is also
21 forecasting growth in its income over the outlook
22 period, which is due to the volume factor and the
23 upgrade factor, as well as increased driver premiums
24 arising from the DSR scale.

25 With respect to the Rate Stabilization

1 Reserve, or what we call the RSR, the Corporation has
2 confirmed this year, again, the stated purpose, which
3 is to protect motorists from rate increases made
4 necessary but unexpected events or losses arising from
5 non-recurring events or factors.

6 According to the basic financial
7 statement, which we find at AI-7 of the filing in
8 volume 3, total Basic retained earnings were 213.7
9 million as at February 2012, and that's after an RSR
10 premium rebate of 14.1 million. With AOCI, or
11 accumulated other comprehensive income, total equity in
12 basic was 262.7 million as at year end of 2012.

13 Total Basic retained earnings are
14 forecast to be 205.3 million at the 2012/'13 year end
15 and 199.7 million at the 2013/'14 year end. And both
16 of those forecasts exclude AOCI.

17 The Board has ordered previously -- or,
18 had ordered previously that MPI file an updated DCAT or
19 Dynamic Capital Adequacy Testing; an MCT, Minimum
20 Capital Test; and RA/VaR, which is the Risk
21 Analysis/Value at Risk, at this year's hearing in order
22 that the methodology for setting the RSR target could
23 be reviewed.

24 At present, the methodology by which the
25 RSR is set is on the basis of 10 to 20 percent of gross

1 written premium. The existing RSR range is between
2 75.6 million to 151.1 million, and that is forecasted
3 to grow to 79.9 to 159.7 million in 2013/'14 if the
4 same methodology is used.

5 MPI has provided an analysis on the pros
6 and cons of each of the four (4) approaches that have
7 been used or considered in setting the RSR target
8 range, and has recommended that the Board accept the
9 DCAT, suggesting that the DCAT approach is superior to
10 the other methods as it analyzes and assesses all of
11 the key financial risks faced by MPI.

12 Based on the risk assessment done by
13 MPI, a series of adverse but plausible scenarios were
14 developed for each key risk factor, or combination of
15 risk factors. And the evidence of MPI is that in order
16 for the scenarios to be considered plausible by the
17 actuary the scenarios must have a 1 percent to 5
18 percent probability of occurrence. The adverse
19 scenarios must also be plausible in that reasonable
20 management and regulatory actions must be taken into
21 account.

22 The DCAT that we have in evidence before
23 the Board was prepared internally by MPI's actuary and
24 witness, Luke Johnston, based on the Canadian Institute
25 of Actuary Standards, and in a -- in accordance with

1 accepted actuarial practice.

2 The DCAT states that the Corporation's
3 financial condition is satisfactory if throughout the
4 forecast period it is able to meet all of its future
5 obligations under all plausible adverse scenarios, and
6 under the base scenario that meets the minimum
7 regulatory capital requirement.

8 Based on this definition, Mr. Johnston
9 has concluded that Basic's future financial condition
10 was not satisfactory at the current approved regulatory
11 maximum RSR target level. Based on the result of the
12 DCAT analysis, and in particular the decline in equity
13 market scenario, the Corporation has determined and is
14 seeking a \$200 million RSR level.

15 The decline in equity market scenario is
16 the most significant of the tested adverse scenarios.
17 This scenario tested the impact of a 40 percent decline
18 in equity returns recognized over a two (2) year fiscal
19 period commencing in 2013/'14 and 2014/'15, and
20 continuing for four (4) years.

21 In justifying the scenario, MPI looked
22 at the cumulative four (4) year returns of the Toronto
23 Stock Exchange from 1919 to present and found that 5
24 percent of these four (4) year returns reflected a loss
25 of 43 percent or worse.

1 The Board heard evidence from CAC's
2 witness, Dr. Simpson, who spoke about the balance
3 between providing sufficient reserves to stabilize
4 rates from unforeseen nonrecurring events versus the
5 opportunity costs of holding an RSR balance that is not
6 paid back to ratepayers who, if they had the money in
7 hand, could use it for other purposes.

8 Dr. Simpson also questioned the
9 appropriateness of the use of pre-1956 stock exchange
10 data in the decline in equity market scenario. Dr.
11 Simpson testified that in his view there was a
12 structural break in the four (4) year loss returns in
13 the pre- and post-1956 data, noting that the standard
14 deviation of returns from 1923 to 1956 was point five
15 six (.56), while the standard deviation of returns from
16 1956 to 2012 is almost half of that at point three one
17 (.31).

18 And for the record that evidence was
19 given at page 1,427 of the transcript. Dr. Simpson
20 recommended that the data from 1919 to 1955 be excluded
21 from the DCAT analysis as it does not reflect the
22 modern era.

23 Dr. Simpson has calculated a lower
24 target RSR level based on post-1956 data, noting that
25 the combined four (4) year decline post-1956 had not

1 fallen below a negative 16 percent. Dr. Simpson based
2 his reserve calculation on a 20 percent decline in
3 equity markets. He did not provide a DCAT analysis to
4 support his lower reserve amount.

5 What is not certain is whether another
6 adverse scenario becomes -- what is not certain is
7 whether another adverse scenario becomes the dominant
8 determinant of the target RSR level if the equity
9 decline scenario becomes less significant. And of
10 course we've had some additional evidence just this
11 morning from Mr. Johnston in response to Dr. Simpson's
12 evidence.

13 Dr. Simpson expressed the view that the
14 DCAT results should be carefully considered in the
15 future regarding the determination of the RSR target as
16 the DCAT is inextricably linked to the MCT. Dr.
17 Simpson recommended that the MCT ratio associated with
18 any adverse scenario should be calculated and reported.

19 In addition, Dr. Simpson called for
20 transparency, evidence-based justification of adverse
21 scenarios, and stability as the three (3) aspects of
22 the DCAT that are needed in order for the DCAT to
23 assist in setting the RSR target level.

24 Dr. Simpson also suggested that a
25 consensual process involving the Board and Intervenors

1 and MPI be adopted for an assessment of the DCAT
2 analysis and the adverse scenarios to be chosen. Dr.
3 Simpson proposed that a separate process should be
4 undertaken to gain an understanding of the DCAT model
5 to provide more transparency in the -- in the modelling
6 and assumptions, pending which the existing percentage
7 of premium approach should be maintained.

8 Dr. Simpson also re -- recommended in
9 his report that the DCAT MCT analysis as it evolves and
10 improves should be an important but not the sole
11 indicator of the RSR target.

12 MPI's external appointed actuary, Mr.
13 Cheng, has also made a number of suggestions to refine
14 the modelling assumptions for several of the DCAT
15 scenarios. These are, of course, reflected in the
16 peer-review report filed as an exhibit. We of course
17 have not heard oral evidence from Mr. Cheng directly,
18 but the Board has heard evidence at this hearing and in
19 the past regarding whether the Board should consider
20 AOCI in accessing the adequacy of the RSR.

21 In particular, the Board now has Mr.
22 Cheng's report wherein he supports the inclusion of
23 AOCI in the threshold stating, quote:

24 "I believe the threshold for failing
25 this test should include monies

1 available under accumulated other
2 comprehensive income section of total
3 equity, not just the RSR."

4 And that evidence is referenced in -- at
5 page 1,365 of the transcript through Mr. Johnston. MPI
6 has stated that AOCI should be a consideration when
7 deciding on rebates and surcharges if there is a very
8 significant or a very negative AOCI balance.

9 MPI has further stated that the DCAT
10 takes into account the actual recognition of losses and
11 allows for some recovery from a stock market crash. If
12 there were a significant single-year impact the
13 Corporation would sustain (sic) substantial unrealized
14 losses in its equity portfolio in a given year.

15 Mr. Johnston has expressed the opinion
16 that the Board would not be expected to immediately
17 issue a surcharge without seeing the recovery or
18 realization of losses. And that's at the transcript
19 page 1,366.

20 In establishing Basic rates the Board
21 has stated in the past that it looks to the overall
22 financial wellness of the Corporation. MPI has
23 expressed some disagreement with this approach and has
24 asked that the Board look at Basic's retained earnings
25 on a standalone basis, as it is a mandatory line of

1 business that has to stand on its own financially,
2 though MPI acknowledges that the Basic Compulsory
3 program is the vast majority of the Corporation's
4 operation.

5 The Corporation has, as of the year end
6 2011/'12, 431.6 million in retained earnings, which
7 includes 213.7 million in Basic, 97.9 million in
8 Extension, 20.8 million in the Extension Development
9 Fund, 45.8 million in the Special Risk Extension line
10 of business, and 58.1 million in AOCI.

11 MPI has exceeded its retained earning
12 targets by over 100 million and has not yet advised of
13 a strategy to deal with the excess retained earnings.
14 Last year the Board heard evidence from the Corporation
15 with respect to a proposed IT optimization plan and
16 related fund.

17 This year MPI presented an alternative,
18 having entered into an outsourcing contract with IBM to
19 manage MPI's data. As a result, there will be a
20 reduction in capital costs from that proposed last year
21 down to 45 million from 75 million.

22 MPI has approved a total of 99.4 million
23 in spending on this project, including 12.9 million for
24 data transition and migration, and has advised that
25 about twenty (20) EFTs, or equivalent full-time

1 positions, would become redundant as a result of the
2 outsourcing arrangement, though that would not equate
3 to staff layoffs as staff will be reassigned within the
4 Corporation.

5 Also, a matter of evidence in this
6 hearing has been the Corporation's cost allocation
7 methodology, which is necessary to have, because MPI
8 has shared global corporate costs that must be
9 allocated among its lines of business in a way that
10 does not give rise to cross-subsidization.

11 MPI had engaged Deloitte a couple of
12 years ago to undertake a cost allocation methodology
13 study. In previous years this Board has endorsed the
14 methodology, but did not approve its use for rate-
15 setting purposes.

16 MPI has implemented the new methodology
17 for financial reporting purposes and is util --
18 utilizing the previous cost allocation methodology for
19 rate-setting purposes, in essence, maintaining two (2)
20 sets of books.

21 MPI had engaged KPMG to undertake
22 specific procedures and test whether the methodology
23 had been appropriately implemented in the 2011/'12
24 Basic financial statements, the result of which was
25 that KPMG took no issue with how the cost allocation

1 methodology had been applied.

2 MPI also advised that it thought it
3 would be prudent to review the key allocators developed
4 to assist in its assessment of ongoing reliability to
5 produce a fair and reasonable outcome.

6 MPI engaged Deloitte to undertake an
7 expense allocator review to evaluate the stability of
8 the allocators used in its proposed cost allocation
9 methodology.

10 For each of the allocators included in
11 the scope of review, Deloitte prepared a four (4) year
12 comparative analysis, revised the underlying allocator
13 calculation, and provide ob -- provided observations
14 and recommendations regarding their future
15 determination.

16 Deloitte found the allocators used to
17 be, for the most part, stable, but recommended
18 averaging to be implemented for greater stability.
19 And, as well, Deloitte has recommended the use of net
20 claims incurred as an allocator over gross written
21 premiums. This was proposed by Deloitte in previous
22 GRA proceedings.

23 At the 2011 GRA, the witness from
24 Deloitte, Richard Olfert, advised the Board that the
25 gross written premiums approach was not improper,

1 though Deloitte did recommend net claims incurred as
2 the better allocator.

3 With respect to claims valuation, it is
4 certainly the case that MPI's valuation of policy
5 liability serves as the groundwork for the financial
6 forecast used in the GRA. MPI has experienced
7 successive material claims forecast reductions related
8 to the valuation of the PIPP, or Personal Injury
9 Protection Plan, unpaid claims liability through
10 successive incurred but not recorded adjustments, which
11 have totalled about 625 million over the last five (5)
12 fiscal years.

13 MPI makes many assumptions in developing
14 its valuation of liabilities, including a provision for
15 adverse deviation which includes three (3) components.
16 Firstly, a claims development margin. Secondly, the
17 re-insurance recovery margin, and thirdly the interest
18 rate margin. MPI has not made a change in the claims
19 development margin from that used last year.

20 MPI has, however, increased the interest
21 rate margin this year by twenty-five (25) basis points
22 to a hundred and twenty-five (125) basis points, versus
23 a hundred used last year. This provision was based on
24 all coverages of the Corporation, the majority of which
25 are indexed to inflation. This change in assumption

1 resulted in an increase in claims liabilities by
2 approximately \$34 million.

3 MPI has indicated that due to the long
4 time frame for the settlement of PIPP claims, there is
5 more risk related to interest rate impacts. This risk
6 is mitigated to some extent by MPI's fairly strong
7 asset base, supporting the claims liabilities with a
8 fairly low risk of default. The increase in the
9 interest rate margin was to account for higher observed
10 inflation rates, coupled with lower trending interest
11 rates.

12 Now, we know that the Corporation's
13 investment income is a major component of its income
14 and offsets its annual underwriting losses. MPI's
15 evidence is that the Department of Finance has ultimate
16 authority over MPI's investments, although there is a
17 joint investment committee working group in which MPI
18 participates together with members from the Department
19 of Finance.

20 The Board sought further evidence on
21 this issue from the Assistant Deputy Minister to the
22 Department of Finance, who was unable to testify at
23 this hearing for medical reasons. The evidence
24 reflects that MPI's investment portfolio exceeded \$2.2
25 billion as at February 28th, 2012, and that the funds

1 available for investment are primarily unearned --
2 unearned premium reserves and unpaid claims reserves.

3 The investment portfolio support --
4 supports both the payment of accident claims as well as
5 the pension obligations of the Corporation. MPI is
6 projecting investment income of approximately 103.7
7 million for 2013/'14, of which 88.2 million, or about
8 85 percent, is Basic's share.

9 MPI's investment portfolio has a
10 significant weighting in long-term bonds of over 64
11 percent. The bonds on the -- the returns on the bond
12 portfolio are susceptible to changes in interest rates.
13 Current average yields on the long-term bonds are below
14 3 percent. An increase in interest rates would result
15 in a reduction in the value of the bond portfolio, and
16 would negatively im -- impact returns.

17 MPI has advised that it utilizes an
18 asset liability matching program to duration match the
19 portfolio returns with the payment of its obligations,
20 attempting to match the approximate average cash flow
21 of assets to liabilities. Any changes in interest
22 rates affecting the bond por -- the value of the bond
23 portfolio will be 80 to 90 percent mitigated due to
24 offsetting changes to the claims liabilities.

25 The size of the corporate investment

1 portfolio for the year of the application, 2013/'14, is
2 projected to be over 2 1/2 billion, comprised of 64
3 percent in long-term bonds, 19 percent in equities, 2.5
4 percent in cash and short-term investments, 11.5
5 percent in real estate, .3 percent in venture capital,
6 and 2.2 percent in infrastructure. The Corporation's
7 investment portfolio is expected to grow to 2.9 billion
8 by 2015/'16.

9 In 2011/'12, the Corporation wrote down
10 impaired investments totalling 13.6 million based on
11 IFRS requirements.

12 I also have some comments about capital
13 expenditures. MPI has provided a corporate-wide
14 capital expenditure forecast. The budget for 2012/'13
15 as presented at this GRA is 52.2 million, which will be
16 spent primarily on IT optimization and disaster
17 recovery projects. MPI is forecasting to spend 39.5
18 million in 2013/'14, and 32.9 million in 2014/'15 on
19 capital expenditures.

20 In addition, MPI has made provisions for
21 fut -- for future of service, physical damage, and road
22 safety of 8 million in each of 2013/'14 and 2014/'15.
23 MPI has continued its practice of providing a general
24 provision placeholder of 20 million for future
25 development projects for its budget in each of 2013/'14

1 and '14/'15. MPI has not yet identified specific
2 initiatives with respect to those placeholders.

3 With respect to expenses, total Basic
4 expenses were 187.3 million in 2011/'12, up from 170.6
5 million in 2010/'11, and are forecast to be 192.6
6 million in 2012/'13. Thereafter, Basic expen --
7 expenses are forecasted to grow to 194.9 million in the
8 year of the application.

9 A major component of Basic expense are
10 operating expenses, which are forecast to be 61.8
11 million in the current year and 63.2 million in the
12 year of the application.

13 The increases in operating expenses that
14 we have seen are partly attributable to higher
15 amortization costs from improvement initiatives, which
16 increased from 5.3 million in 2010/'11 to over 8
17 million in 2012/'13. In addition, data processing
18 costs are forecast to increase from 12.7 million in
19 2011/'12 to 19.3 million in 2012/'13, which relate to
20 the new IBM outsourcing arrangement.

21 Salaries and benefits are a major
22 component of the operating expenses of the Corporation,
23 representing over 55 percent of the total operating
24 expenses in the year of the application. From 20 -- or
25 2008, so 2008/'09 to 2011/'12 the compensation expenses

1 of the Corporation have increased by over 30 percent.

2 MPI is now forecasting a reduction in
3 compensation expenses of 2.4 percent from 2011/'12 to
4 2012/'13, followed by increases of 1.7 percent in
5 2013/'14 and 1.3 percent in 2014/'15, both below
6 forecasted inflation of 2 percent.

7 MPI's forecasts are based on an assumed
8 zero percent economic increase in both 2013/'14 and
9 2014/'15, subject of course to negotiations with MGEU,
10 the Manitoba Government Employees Union, which
11 represents approximately 90 percent of MPI's employees.
12 Negotiations with MGEU are ongoing and MPI has advised
13 that the wage freeze would extend to both union and
14 non-union employees.

15 In addition, MPI's staffing levels have
16 increased since 2000. Prior to the merger with DVL,
17 MPI had thirteen-hundred and sixty-four (1,364) full-
18 time equivalents. And with the DVL merger the staffing
19 levels increased to about seventeen hundred (1,700).
20 Staffing levels thereafter increased to about nineteen
21 hundred and forty-six (1,946) in 2009/'10. And after
22 dipping down to around eighteen hundred and seventy-
23 five (1,875) in 2010 and 2011, are expected to increase
24 to nineteen hundred and seventy-one (1,971) in the
25 current year.

1 Now we've also heard evidence at this
2 hearing with respect to matters of road safety. MPI is
3 forecasting to spend 11.4 million in Basic road safety
4 and loss prevention programs on an annual basis in
5 2012/'13, and 10.2 million in 2013/'14. And the source
6 for that is CAC/MPI-1-3 attachment.

7 Within the 2012/'13 Basic road safety
8 and loss prevention program budget, the largest
9 components are spending on the driver education and
10 improvement program of approximately 3.7 million, and
11 auto crime prevention strategies of approximately 4.3
12 million. The balance of the other programs relate to
13 impaired driving, speed management, occupant safety,
14 and other. MPI is budgeting to spend about seventy-
15 four thousand (74,000) on motorcycle safety education.

16 In Board Order 122/'10 this Board
17 recommended that the Corporation establish a road
18 safety fund out of the RSR to be used for enhanced and
19 new road safety research and initiatives. The
20 Corporation has expressed the view that the fund would
21 be particularly appropriate where there are identified
22 initiatives that have an expected measurable impact on
23 claims costs or that have a specific, defined
24 objective.

25 MPI has stated that many road safety

1 initiatives do not have a clear payback, although there
2 may be consensus that the initiatives are worthwhile.
3 In that case, it may be better to build the cost of the
4 initiative into revenue requirement so that the
5 initiatives are sustainable.

6 The Corporation has recently had
7 involvement in a consultative process and has indicated
8 its commitment to work with stakeholders and consult
9 with government to establish a clear road-safety role
10 and mandate. One area that the Corporation is
11 exploring is infrastructure investments or
12 infrastructure funding that will improve road safety.
13 And as well, they are looking at changes to driver
14 education.

15 MPI has advises that it will be hiring a
16 consultant to work with the Corporation in each of
17 those areas, including with respect to infrastructure.
18 They will be seeking the assist -- or, assistance in
19 the development of recommendations for the program's
20 focus, as well as a business case.

21 Part and parcel of road safety issues
22 are claims that involve collisions with wildlife.
23 MPI's annual exposure to wildlife claims is
24 approximately 30 million. In response to a
25 recommendation made by the Board, in October of 2011,

1 MPI launched a joint study with the City of Winnipeg
2 and the Winnipeg Police Service, aimed at reducing
3 wildlife collisions in two (2) targeted areas within
4 the City of Winnipeg that account together for
5 approximately 25 percent of all wildlife collisions
6 within the city limits.

7 The study involved the use of highly
8 visible, variable message displays, increased public
9 awareness, including targeted mail drops to all
10 residential households in the study areas, and enhanced
11 speed enforcement during the dawn and dusk periods,
12 when wildlife are most active. The study ran for
13 approximately two (2) months, until December 2011.

14 Overall, deer/vehicle collisions were 15
15 percent lower in October and November 2011 over the two
16 (2) study sites compared to the average number of
17 collisions over the 2006 to 2009 time period. MPI
18 found that the actual claims cost savings were marginal
19 relative to the cost of the pilot. MPI has not yet
20 proposed any new initiatives to address wildlife
21 claims.

22 In conclusion Mr. Chairman, members of
23 the Board, I've attempted to comment on the main issues
24 that arose this year. There are certainly other issues
25 I'm sure that I have not commented on. I would like to

1 thank the Board, the Intervenors, and MPI for their
2 cooperation extended over the last number of days. If
3 the Board has any questions for me, otherwise, those
4 are my comments.

5 THE CHAIRPERSON: There are no
6 questions from the panel. I'm looking a -- at the
7 clock. I think we have time to hear from some of the
8 other parties. So, Ms. Peters, I believe you're the
9 next one that's up.

10

11 CLOSING SUBMISSIONS BY CAA:

12 MS. LIZ PETERS: Thank you, Mr.
13 Chairman, and Board members and counsel, Ms. McLaren,
14 and the MPI panel. Fellow Intervenors, thank you very
15 much for this opportunity, once again, for CAA Manitoba
16 to sit in this process. I always say this every year
17 but this is our eighteenth year now, sitting as a -- an
18 Intervenor in the process, and we -- we're very eager
19 to continue our participation.

20 Even though it's just a watching brief,
21 it remains our intent to -- to put ourselves and our
22 organization in a -- in a position to be able to
23 advocate on ver -- a variety of issues, like road
24 safety, the lowest rates possible coupled with the
25 highest quality insurance possible, and then just ad --

1 advocating for more transparency overall in the rate-
2 making process.

3 Our presence allows us to communicate
4 about what we see and hear to our membership of two
5 hundred thousand (200,000), but also to the general
6 public in Manitoba.

7 So this year, we -- we do support the
8 Corporation's application for no change to vehicle
9 premium discounts, but there are three (3) main topics
10 that we'll comment on this morning, those being: the
11 rate stabilization reverse and the possibility of a
12 rebate, a cost allocation between the various lines of
13 business, and various road safety initiatives and how
14 they're paid for.

15 So in regards to the RSR, the very first
16 question that I always ask myself when I come and
17 listen in these hearings that I think needs to be
18 clarified, maybe just for our purposes, but: What is
19 the purpose of the RSR? Is it being used for the right
20 reasons? Is it being used to fund projects that don't
21 fall under the -- the jurisdiction that it should be
22 used for? Or should it really just be used for
23 emergency situations, unforeseen events that may cause
24 rates to rise by unacceptable amounts?

25 So, like I said, the question seems to

1 come up every year. CAA believes that the true intent
2 of the RSR does need to be clarified. We believe that
3 it was created for a specific purpose, as was stated
4 this morning, and that's to tho -- the ratepayers from
5 unforeseen events. Should be used for only these
6 purposes.

7 The other question that has come up, in
8 my view, from these proceedings is: Is the RSR
9 actually even necessary at all any more? Especially
10 since the really -- the true purpose that it was
11 intended for has only been used once or twice since it
12 was established.

13 But despite that point, CAA very
14 strongly believes that, yes, the Corporation does need
15 to maintain an RSR, not only to ensure Manitobans are
16 protected from rate shock in the event of one of these
17 unforeseen events, but just even to give ratepayers the
18 reassurance that they are protected if an event is to
19 take place.

20 So after observing the last several
21 weeks of testimony and cross-examination, CAA Manitoba
22 believes that there should be a rebate this year. That
23 would bring the RSR in line with previous Board
24 expectations for the limit of this reserve.

25 Last year at these hearings, CAA

1 Manitoba raised questions about the -- all Intervenors
2 by the -- raised questions about the DCAT methodology,
3 even though there was not time to put it to the test
4 during those proceedings. This year, a lot more
5 analysis was done. But I think there still are
6 questions, even just even today with testimony with
7 that methodology and how it brings us to an RSR level.

8 The reserve levels required by the
9 various methods, in our opinion, are -- are quite far
10 apart. And we can't really endorse one over the other
11 at this point. But especially after hearing Professor
12 Simpson's testimony and some of the examination today,
13 we would advise that the -- the current RSR limits that
14 have been set out by the Board are the ones that are
15 maintained for this Application.

16 So that said, it seems that an
17 acceptable rebate would begin somewhere around \$50
18 million. But I note that some other Intervenors have
19 other opinions about how much money should be returned
20 into the pockets of ratepayers.

21 Just a comment: Depending on what the
22 Board decides with the rebate methodology, CAA Manitoba
23 has generally said that a cheque should be issued,
24 rather than just issued electronically on a, you know,
25 rebated -- on the invoice rather than actually mailed

1 out. We do think it's an important thing to maintain
2 credibility so that people know that there is a process
3 in place. And when they see that cheque in their hand,
4 they know that -- that process has been served and that
5 -- that we've gone through the due diligen -- due
6 diligence of making sure that it has been.

7 Just one comment on the cost allocation
8 methodology. It should -- it really just continues to
9 be a concern from CAA Manitoba. I won't go into much
10 detail, but really the bottom line is we don't think
11 there's enough transparency in that process. Just from
12 goings on in the last couple of years, we don't think
13 that -- it hasn't satisfied us in that respect. That's
14 all I really have to say about that one.

15 And the third -- the third topic near
16 and dear to our heart at CAA is just we're always
17 really interested to hear about some of the road safety
18 initiatives that are going on, whether at the
19 Corporation or -- or just through talking to members
20 and the general public. So I'll provide a couple of
21 comments.

22 First, on the driver education
23 initiatives, we definitely want to commend the
24 Corporation for endeavouring to improve that program.
25 The high school driver education program has been, in

1 our view, one of the -- one of the best things that the
2 Corporation does for drivers in this province. It
3 teaches them good habits from the beginning, which we
4 always think is a good thing.

5 Another point on that was the
6 accessibility of the program. I understand that
7 students pay about fifty dollars (\$50) to take that
8 course, and MPI provides significant subsidization to
9 make sure that it's accessible and affordable for
10 students.

11 And while we're pleased that MPI
12 continue -- or, plans to develop a new and world-
13 renowned program, we definitely want to emphasize that
14 we think a new program should be subsidized in a
15 similar way so that it continues to be affordable and
16 continues to be accessible for all students, just so
17 that they're -- they're all learning the same rules
18 right from the beginning and they're setting themselves
19 on a -- on a good path to be good, safe drivers for
20 their entire lives.

21 And Ms. McLaren acknowledged during her
22 testimony that the new program would be -- would be
23 different because of the way -- the world we live in
24 now and the way we communicate has changed a lot. And
25 we know that young people are among the most savvy, in

1 terms of electronic devices and -- and whatnot. So
2 hopefully the new program would take a lot of that into
3 account.

4 I just wanted to recount a -- kind of
5 like, CAA across Canada, different jurisdictions have
6 different jur -- different programs, and a lot of our
7 other clubs actually run the driver training program
8 for high school students in their provinces. They have
9 a lot of unique things that they do. CAA Quebec, for
10 example, they purchased a state of the art driving
11 simulator that they tour around the province for the
12 entire year. Every single day, it's being used. It
13 teaches things liked impaired driving, drunk driving,
14 and actually simulates in a safe environment.

15 So that's just one example, and I think
16 that it's something that has been very well received.
17 So I would encourage MPI, through their consultation,
18 be looking at other stakeholders in different
19 provinces, different countries, to be seeing best
20 practices and what we can learn from that.

21 And obviously, I think this is a point
22 that's already been made, but we definitely encourage
23 the consultation progress -- process for that to -- to
24 include consultation with stakeholders like CAA. And
25 we hope that that consultation also does look at the

1 prospect that the program could be completely
2 outsourced. If -- if it's found that maybe there's a
3 third party that could implement that program, not
4 necessarily just at a lower cost but more efficiently
5 and -- and MPI could just administrate it, then they
6 should at least consider that.

7 When it comes to points on a driver's
8 licence, one thing that CAA in Canada -- 6 million
9 members have told us that they think distracted driving
10 with electronic devices is the number 1 road safety
11 issue in their concern -- in their -- in their opinion.

12 So when people ask about how it's going
13 in Manitoba, we've had two (2) years now since that new
14 legislation brought in by the government has been in
15 place, and CAA does surveys every year of our
16 membership. It's not scientific, but we do have quite
17 a substantial membership. So when fifty-six hundred
18 (5,600) of our members tell us that 82.6 percent of
19 them believe that they'll never get caught by police if
20 they're talking on their cell phone when driving, it
21 concerns us.

22 It's not something that can be changed
23 overnight, and the police can't be everywhere all at
24 the same time. But we definitely think that with this
25 one in particular -- and I know it's not something that

1 MPI can change themselves, but the deterrent is not
2 significant enough to make people be safe and put down
3 the phone and not engage in these kinds of risky
4 behaviours behind the wheel.

5 So CAA has already made it clear to the
6 provincial government that we believe that points
7 should be added to this legislation if they need to
8 change the regulation or whatnot. But other provinces
9 -- BC you get three (3) points on your licence when you
10 -- when you're caught with this -- breaking this law.

11 So we think that that's something that
12 needs to be changed, and we'll be lobbying the
13 government. And we'll keep mentioning it here just for
14 the record so that people know that we think that needs
15 to be changed a lot more -- it needs to be a lot more
16 strict.

17 With recent events on the roads
18 involving older drivers, the debate has once again been
19 raised in the public domain. Should drivers of a
20 certain age be required to be retested to ensure
21 they're competent and safe behind the wheel? CAA
22 Manitoba believes that there is a need for some
23 required retraining or retesting under certain
24 circumstances, but those circumstances shouldn't be
25 tied to a driver's record, not -- or, should be tied to

1 a driver's record, not to their age. If a driver's had
2 several accidents, several speeding tickets, that
3 should be the trigger.

4 One program in particular I just wanted
5 to highlight that I think MPI does a very good job, and
6 it's a partnership they have with an organization
7 called Safety Services Manitoba. And we've actually --
8 at CAA we've actually started using this program,
9 encouraging our members to take this program.

10 We hold -- we employ Safety Services,
11 which is funded by MPI, to come in and talk to our
12 members about mature driving. And they go through a
13 three (3) hour course that's completely free for
14 anybody who wants to take it. That's just one (1)
15 example of ways that we can encourage older drivers to
16 voluntarily and proactively check how they're driving.

17 And it has nothing to do with figuring
18 out if they're worthy to be behind the wheel or not.
19 It's just a chance for them to find out how they're
20 doing. So there are opportunities for older drivers,
21 we think, that are already in place via the Corporation
22 to -- to improve their skills.

23 And just on that note, with
24 partnerships, I -- we say it every year, but we
25 definitely think the Corporation should continue to

1 look for -- look for opportunities to work with
2 stakeholders. We already work with MPI on some
3 initiatives, but there's always other opportunities we
4 think should always be capitalized on, and especially
5 like organizations like CAA. We're already in the
6 public eye on the same issues as MPI, and we can really
7 be an asset to -- when you work together, you can
8 always accomplish a lot more.

9 Infrastructure spending. When it comes
10 to the opportunity for MPI to fund specific
11 infrastructure projects that could translate into fewer
12 claims incurred and costs, CAA Manitoba has many
13 questions about this possibility. While we acknowledge
14 a similar endeavour has been successful for ICBC, we
15 disagree that this is a strategy that Manitobans would
16 likely support.

17 It goes without saying that a number of
18 people will feel like they're paying twice from two (2)
19 different pots. A lot of people, rightly or wrongly,
20 feel that MPI is just an offshoot of the government, so
21 there's some perceptions there that we would definitely
22 be dealing with that would make people think that --
23 that they're paying through their rates and then
24 they're paying through their taxes.

25 So that just -- that just concerns us,

1 and that's why we raise this point. And I know that
2 it's just in the beginning consultation process right
3 now, but we'll wait to pass judgment on the value of
4 this program until after the consultant has been hired
5 and had time to produce recommendations.

6 But as it stands right now, we
7 definitely believe that infrastructure is the role of
8 the government and should remain that way.

9 Two (2) suggestions, just knowing that
10 the consultation process is moving forward, Ms. McLaren
11 indicated that MPI hasn't yet consulted widely with
12 municipalities. I -- we think that's a large part of
13 the process moving forward, not only to ensure the
14 municipalities are on board with the plan, but also so
15 that if they are on board with the plan then they'll
16 help communicate why this would be a valuable tool for
17 the -- the Corporation to endeavour.

18 And then also, again, I know
19 consultation has already taken place on a general level
20 through the road safety vision process last year with
21 the Corporation, but I would encourage them to once
22 again come back to Intervenors and talk as the
23 consultation is taking place to do a little bit more
24 consulting with interested parties.

25 And then the last point I thought was

1 worth a mention was just -- just because CAA comes and
2 does a watching brief at these hearings and our
3 membership, not a lot of calls come in and people
4 asking for information about the hearings, but I think
5 that's just because they don't know what goes on here.
6 But we've been here for eighteen (18) years and every
7 single year when I leave these hearings I make an
8 effort to communicate to our membership about what's
9 happened, about what we've heard, about what we've
10 seen, about -- about what the decision of the Board is.

11 It's just information that whether they
12 realize they need to know or not, we think it's
13 important. So I just wanted to make the point that we
14 think it's a very important -- it's important to have
15 transparency. And it just -- it reassures, I think,
16 our membership that the process is being followed. And
17 we tell them about the lengths that MPI goes to to
18 explain the decisions that they made and that they are
19 cross-examined quite stringently by the Intervenors to
20 make sure that the rates that they get are fair and
21 just.

22 So just making the point that I know --
23 I know the PUB, for example, puts a -- a notice in the
24 newspaper about these hearings. And I usually see it,
25 because I'm looking for it, but not a lot of people

1 look at ads these days and the way people look to
2 communicate is very different than it used to be. But
3 that's not -- that's not to say we want dozens and
4 dozens of people filing into these hearings to make
5 comments and to -- to give their opinion on how things
6 are going, but I think people just need to know a
7 little bit more about this process and how beneficial
8 it is to ensure their rates are fair and just.

9 And I'll continue to do the part of CAA
10 to communicate to one (1) in four (4) vehicle owners
11 here in Manitoba, but I think that we should at least
12 consider the opportunity to do a little bit more
13 education about this process and why it's in place for
14 Manitobans. So those are our comments, Mr. Chairman.

15 Thanks once again to the MPI panel and
16 Board counsel and other Intervenors for the opportunity
17 to -- to sit and watch and listen and take part. And
18 we look forward to hearing what the Board decides.
19 Thank you.

20

21 (BRIEF PAUSE)

22

23 THE CHAIRPERSON: The panel has no
24 questions. Thank you very much for your comments. I
25 appreciate it. Mr. Oakes, do you have some sense of

1 how long you'd like to -- to --

2 MR. RAYMOND OAKES: I think I could --
3 can -- can conclude in roughly the same time that Ms.
4 Peters would take.

5 THE CHAIRPERSON: Well, let -- let's go
6 ahead then, please, if you don't mind.

7 MR. RAYMOND OAKES: All right.
8 Certainly.

9

10 CLOSING SUBMISSIONS BY CMMG:

11 MR. RAYMOND OAKES: Mr. Chairman,
12 members of the Board, ladies and gentlemen,
13 motorcyclists are a unique group and their premium
14 increases in the last decade have been in stark
15 contrast to the private passenger whose experience has
16 been flat over that period.

17 As the Board saw from the cross-
18 examination of MPI and the review of the premium
19 increases over the last decade relating to CMMG IR-2-8
20 and following, motorcycle premiums over the last year
21 have more than doubled. If the experience had have
22 supported that then that would have been an unfortunate
23 circumstance. But I would submit to the Board that the
24 experience doesn't support that, that motorcycle rates
25 still are not fair or just, and the evidence shows the

1 fact that MPI has been overly conservative and their
2 forecasting has had a bias in favour of the Corporation
3 at the expense of motorcyclists.

4 At page 1,213 of the transcript it's
5 indicated that MPI is collecting approximately \$13
6 million in motorcycle revenues. Recent years such as
7 2011 showed their losses of only five and a half
8 million dollars (\$5,500,000).

9 In fact, out of the last five (5) -- out
10 of the last eight (8) years rates have been less than -
11 - their loss ratios have been less than 75 percent of
12 the premiums collected.

13 Mr. Johnston's explanation at page 1,214
14 of the transcript reads as follows:

15 "It is not something that we can
16 forecast with an incredible degree of
17 accuracy."

18 And I would suggest that, unfortunately,
19 the estimation that has been used by the Corporation
20 again favours the Corporation at the expense of
21 motorcyclists.

22 Last -- we saw last year the result of
23 that conservatism. And I think the Board has to go
24 back and re -- reread the previous Chairman's summary
25 of that incident and -- and never forget the situation

1 where this Corporation comes forward and says, well we
2 -- we have probably \$350 million we didn't know that we
3 had.

4 And this whole area bears in on the
5 large issue that we've spent so much time this year on,
6 and that's the setting of the RSR. Because we have a
7 Corporation that has demonstrated overtly conservative
8 estimates. We have a Corporation that has developed a
9 methodology that has every kind of reserve that they
10 can dream up. They have provisions for adverse
11 deviation that seem to keep increasing. Now this year
12 they have an interest rate margin that's increasing.

13 We have claims reserves, as I've allude
14 -- as I referred to in last year, where they're bloated
15 to an extent that it's almost difficult to believe that
16 the Corporation can develop a situation where they have
17 \$350 million that -- as a result of a tail factor that
18 was developed that they had to give back. And I'd
19 suggest that all of that bears on how much of a re --
20 RSR they need, because really the RSR is just another
21 slush fund that has been developed. And the recent
22 experience certainly doesn't justify its need.

23 So, in that context then, we'll look at
24 the RSR. The CMMG has not made the RSR discussions a
25 primary part of its intervention over the last twenty

1 (20) years or over the time that there has been an RSR.
2 Certainly, counsel for CAC/MSOS and the Public Utility
3 Board counsel have far more resources to get into it at
4 a more refined level than the CMMG.

5 But it would, as a counterpart to some
6 of the discussions, the CMMG would point out that this
7 is a corporation flush with cash. It's a corporation
8 that has over \$2.2 million in investments. It has 122
9 million in equipment and other property. This is a
10 corporation that can borrow. The -- it has \$427
11 million in equity based on the end of the first quarter
12 results. And that's indicated at the transcript at
13 page 1,221.

14 It spends \$12 million on reinsurance.
15 It's backstopped by the Government of Manitoba. The
16 biggest risk, it tells us, is that the Minister of
17 Finance might screw up on the investment side. And I
18 suggest if that occurs that it's the responsibility of
19 the Minister of Finance to enter the fray and again
20 backstop this corporation.

21 But I would suggest to you the last
22 decade it has showed no problem with rate stability.
23 The problems that we've had have related to the
24 Corporation accumulating too much money that belongs to
25 the consumers of this province. And I would suggest

1 that the overcollection of rates has to stop. It
2 certainly has to stop with respect to motorcyclists.

3 And it would be our final submission
4 with respect to the argument that motorcycles' rates be
5 reduced by 5 percent, the same as the commercial
6 vehicles, and that it be continued to be monitored
7 until the loss ratios approximate over a decade of a
8 hundred percent. We'd suggest that it has to stop in
9 the collection because the rebate process is extremely
10 expensive.

11 Last year this Corporation spent sev --
12 three quarters (3/4) of a million dollars issuing
13 cheques over the course of the two (2) rebates when you
14 consider the cost of postage, creating the cheques,
15 following up on the cheques to see that they're
16 negotiated, the staff time in all of that. And -- and
17 frankly, three quarters (3/4) of a million dollars,
18 from where the motorcyclist sits and from where the
19 public sits, is a waste of funds that could be used in
20 so many other methods. We will be coming to the issue
21 of wildlife initiatives, but certainly fencing of Birds
22 Hill would be a better use of that seven hundred and
23 fifty thousand dollars (\$750,000) than mailing out
24 rebate cheques.

25 With respect to the RSR generally, I've

1 listened to Dr. Simpson and read the -- the transcript
2 for the portions that I wasn't here for, and the CMMG
3 is on all fours with Dr. Simpson's recommendations and
4 opinions with respect to the RSR.

5 On another issue that was touched on at
6 length by a presenter, CMMG executive Doug Houghton, I
7 just refer to it in passing for the Board's
8 consideration. It's some -- it's a initiative that may
9 be worthy of consideration in the future. And that was
10 a flap -- flat PIPP rate moving onto the driving
11 licensing revenue, so spread over more persons, which
12 is the concept of insurance generally.

13 This would be a concept, as I understand
14 it, likely just for private passenger, motorcyclists,
15 all of those who use vehicles for pleasure and for
16 commuting, and perhaps not extending it to a commercial
17 use or classification.

18 Certainly the system now isn't a fair
19 system. We have twelve thousand nine hundred and
20 fifty-four (12,954) drivers as we saw at page 1,235 of
21 the transcript, or 1.5 percent, who don't pay anything
22 for PIPP. For -- of those, the highway trucks, we saw
23 that their average claims are over \$1.6 million
24 annually. We have the issue of the family transfer,
25 which this Board has commented on before which

1 obviously involves an abuse and misuse of the
2 classification and registration system.

3 With respect to the current response of
4 the Corporation that, you know, we already do this on
5 the driver's licence side, that's a measly fifty-two
6 dollars (\$52) and change that is collected on average
7 from driver's licensing.

8 So what we're suggesting is that there
9 be an examination of this flat PIPP rate instead of,
10 with respect to motorcyclists, where you're punishing
11 victims. This is spreading the cost amongst all who
12 contribute to the exposure, all who drive vehicles
13 whether they have a registered vehicle or not.

14 With respect to the issue of road
15 safety, the CMMG again is incredibly disappointed with
16 this corporation. No new initiatives. Inadequate
17 funding. Talking about a hundred and eighty-five
18 thousand dollars (\$185,000) on motorcycle-specific
19 initiatives out of some \$13 million.

20 Obviously, the Corporation is not
21 demonstrating that motorcycle safety is a priority. It
22 elects to do nothing. There's no research component.
23 The Corporation hasn't identified any plans for the
24 future. There's a complete absence of -- of any
25 initiative at all.

1 The same -- same situation extends with
2 respect to wildlife collisions. I find this incredibly
3 baffling. We have a \$30 million problem. We have
4 Manitoba motorists who are dying. And yet the
5 Corporation sits back and says, We have no plans. We
6 have no initiatives. It appears they have no interest.

7 The Corporation won't even try rural
8 barriers. There's no plan to examine, say in BC and
9 the Coquihalla Highway, how effective those barriers
10 are. The same on the east coast of our country. Why
11 do these jurisdictions use wildlife barriers if they're
12 not effective.

13 The Corporation when pressed in their
14 calculations guesses a 50 percent reduction on wildlife
15 collisions as a result of this. I would suggest that
16 the Board order that they examine other jurisdictions,
17 determine out whether it is a 50 percent re --
18 reduction in collision costs, a 100 percent reduction,
19 a 75 percent reduction, then we evaluate whether that's
20 a feasible expenditure.

21 I certainly know, Mr. Chairman, what
22 families of the three (3) deceased that we've had in
23 Manitoba over the last decade would say about a fifteen
24 (15) year payback with respect to wildlife barriers, or
25 even a twenty-five (25) year payback. And I suggest

1 that this an area that the board needs to order MPI to
2 be more proactive.

3 Those are my comments, our application
4 for costs will follow in the ordinary course, and I'm
5 certainly available to add to any of those comments
6 this morning.

7 THE CHAIRPERSON: We have no further
8 questions, thank you very much for your comments, I
9 appreciate them very much. And thanks for attending
10 for -- during the past few weeks. I -- I believe that
11 the -- opportune time to break now and I suggest we --
12 we return here at 1:15 for the -- closing arguments
13 from the CAC.

14

15 --- Upon recessing at 12:10 p.m.

16 --- Upon resuming at 1:18 p.m.

17

18 THE CHAIRPERSON: I believe we're --
19 we're ready to resume proceedings, and everybody's at
20 their post. So, Mr. Williams, over to you.

21

22 CLOSING SUBMISSIONS BY CAC (MANITOBA):

23 MR. BYRON WILLIAMS: Thank you, and
24 good afternoon Mr. Chairman and members of the panel.
25 And this morning, I neglected to introduce my clients,

1 which is not good for a -- business relations. So I
2 should have noted that a -- Ms. Desorcy was here this
3 morning, and she's still here ta -- this afternoon.
4 So, so far, so good.

5 As you might tell by the length of the
6 outline, this -- this might be a lengthy closing
7 argument. Certainly, if you start feeling despair or
8 bleeding from the eyes, I'm prepared to -- to stand
9 down if -- if the panel needs a break.

10 And there were two (2) handouts this --
11 this afternoon. One is just a six (6) page excerpt
12 from the record which the court a -- the -- the Board
13 secretary has recommended we mark as CAC Exhibit 33.
14 And...

15 MS. KATHY KALINOWSKY: Sorry, sorry ---

16 THE CHAIRPERSON: This is the one dated
17 October 23rd, 2012?

18 MS. KATHY KALINOWSKY: I'm thinking
19 that's not the correct number. MPI's last Exhibit was
20 32, and I think CAC is in the teens.

21 MR. BYRON WILLIAMS: I think that Ms.
22 Kalinowsky is way more on top of that than I am. I
23 apologize, Mr. Chairman.

24

25 --- EXHIBIT NO. CAC (MANITOBA)-12:

1 Six (6) page excerpt from the record

2

3 MR. BYRON WILLIAMS: Let's strike the
4 number 33 and call it 12 and a -- the -- the thicker
5 document with the title, "Does Process Matter," I now
6 understand it should be marked as CAC Exhibit 13.

7

8 --- EXHIBIT NO. CAC (MANITOBA)-13:

9 Document entitled, "Does Process
10 Matter? A Regulatory Leap of Faith"

11

12 MR. BYRON WILLIAMS: Members of the
13 panel, the title of the a -- of the outline is, "Does
14 Process Matter? A Regulatory Leap of Faith." And no
15 doubt you have concluded by now that -- that I'm some
16 what of a strange person but that my client is not.
17 And you might ask, if you turn to page 2 of the
18 outline: Why -- why the strange title?

19 And I think to -- to understand that
20 it's -- it's typi -- it's important to understand in a
21 normal rate application, really, the argument of CAC is
22 typically highlighted by a rate recommendation.

23 Last year, for example, in the general
24 rate application, our clients proposed an 8 percent
25 overall rate reduction because of the concerns that the

1 Corporation was con -- that it was forecasting
2 excessive costs and demonstrating imprudent expenditure
3 controls.

4 Last year as well, during the special
5 hearings into the RSR, the highlight again was a rate
6 rebate recommendation -- over 300 million on one
7 occasion, and over 16 million on another -- focussed on
8 a belief that the Corporation was con -- carrying a
9 level of reserves that was inconsistent with the public
10 interest. So normally, from my client's perspective,
11 that's the highlight: the rate recommendation.

12 And if you turn to page 3 of the
13 outline, you'll see that in this proceeding, again my
14 client has formed the view that Manitoba Public
15 Insurance is likely forecasting exce -- excessive
16 claims incurred costs and has yet to demonstrate
17 prudent expenditure controls to our client's
18 satisfaction. And our client is also of the view that
19 the level of retained earnings is likely excessive.

20 But CAC (Manitoba) in this hearing is
21 not seeking a rate reduction, and they're not seeking
22 an RSR rebate. Why? Again, you may ask: Why? And
23 from our client's perspective, they see this hearing as
24 an opportunity for a regulatory fresh start.

25 More times than my client would like to

1 -- to say over the last few years, this regulator has
2 been at the Court of Appeal with Crown utilities,
3 whether Hydro or Manitoba Public Insurance. And I
4 don't think anyone in this room, or who's been in this
5 room over the past few years, would disagree that there
6 have been tensions in the regulatory environment
7 surrounding the material overstatement of claims
8 liabilities and the unprecedented rate rebate. So
9 there's that background of tension and -- whether
10 expressed in the court or in the hearing process.

11 And our clients have also noted that
12 when we come into this hearing, that tension is
13 juxtaposed with new faces and welcome faces on the MPI
14 panel, a new external actuary from Manitoba Public
15 Insurance, and a relatively new Board. And from our
16 client's perspective, this hearing is a seminal
17 hearing. It presents an opportunity to create a new
18 regulatory slate, a new regulatory start, a fresh
19 start.

20 So, again, why? Why, given our client's
21 concerns about excessive costs built into the forecast,
22 about excessive reserves, why aren't they proposing a
23 rate reduction or a rate rebate?

24 Because in our client's submission on
25 page 5 of the outline, to -- to create this regulatory

1 fresh start, there are material steps needed to move
2 this regulatory process ahead, in their respectful
3 submission. We need to develop some confidence in the
4 claims liability estimating process after many years of
5 consistent overestimation. We need to achieve
6 consensus with regard to the methodology for setting
7 the RSR target, a meth -- a range that is consistent
8 with modern scientific risk analysis. We need, in our
9 client's submission, to begin the process of developing
10 productivity indicators for the Corporation. And we
11 need to fairly recognize the true relationship between
12 Basic and Extension.

13 And the panel may not recall this discra
14 -- discussion, but during the course of the hearing, we
15 -- our client attempted to engage in a dialogue with
16 MPI about productivity, and we were talking about
17 premiums earned. And in the midst of the conversation,
18 it -- it was almost sidetracked right off the bat
19 because, legitimately, MPI was defending its position
20 about, you know, costs in its view weren't rising too
21 high.

22 And our client had a revelatory moment
23 there, because their legal counsel doesn't often do
24 clever things, but on this occasion perhaps he did.
25 And he said, Let's leave aside the inflation. Let's

1 just look at what kind of measure we might use to start
2 creating a baseline for productivity indicators.

3 Let's take the -- the cost and the
4 defending of positions out of this, and let's just look
5 at premiums earned -- or -- or vehicle -- I'll explain
6 this better, but earned -- earned vehicle units. Let's
7 just look at that. Let's leave aside whether there
8 should be an inflation or otherwise.

9 And then from that moment of rare
10 revelation on the part of legal counsel, CAC (Manitoba)
11 was actually able to engage in a dialogue with Ms.
12 McLaren, not on the inflationary issue, but on what
13 should be that benchmark. What -- how -- how should we
14 -- we measure it?

15 And reflecting upon that, our clients
16 have -- have taken the position in -- in this hearing,
17 recognizing that always the credibility of the
18 positions taken by CAC (Manitoba) or of MPI, they're
19 always open to criticism on the grounds that they are
20 results driven rather than analytically driven. You
21 can make that argument about either -- either party.

22 So CAC (Manitoba), in this proceeding,
23 has come to the very difficult decision not to seek a
24 rate reduction or rebate, because they see the greater
25 issue in this hearing is to achieve a regulatory fresh

1 start. And I want to indicate to the panel, especially
2 with my client looking over my shoulder, that that was
3 an extremely, extremely, extremely difficult decision,
4 because our client legitimately feels that there's too
5 much money in the pockets of this Corporation.

6 And they were concerned, turning to page
7 6 of the outline, that by focussing on process rather
8 than on a result, that that might be misinterpreted as
9 a lack of conviction in the conclusions of their an --
10 analysis. So I certainly wish to assure this panel,
11 and hopefully you saw it in the course of my cross-
12 examination this morning, that our client is fer --
13 fervently of the view that there is too much in the --
14 money in the pockets of the Corporation. But in this
15 hearing they say that the bigger focus, the more
16 important focus, is getting some of these process
17 issues right.

18 And hence, my client's regulatory leap
19 of faith. My client is saying, Please don't
20 misinterpret our lack of focus on rate reductions as a
21 lack of conviction in our views. Please interpret it
22 as a conviction in the need to set a good regulatory
23 course for the next few years. And certainly not to
24 disagree or criticize what has happened in the past,
25 because there were monumental achievements, but it's

1 time for a fresh start, from our client's perspective.

2 And that's why they're taking what I
3 believe is the unprecedented position, after forming
4 the conclusion that there should be rate reductions,
5 not to seek one; after forming the conclusion that
6 there should be a rate rebate, not to seek one. And,
7 certainly, I can't say with certainty it's
8 unprecedented. I've only been around for about fifteen
9 (15) years. But certainly in my experience, on my
10 client's behalf, it's unprecedented and a difficult
11 decision.

12 At page 7, I -- I highlight, very
13 briefly, focus group and advisory group. Again, any
14 opinion presented in this proceeding is the opinion of
15 CAC (Manitoba), expressed to me by Ms. Desorcy through
16 their board. But it is important to know that the
17 board input is only part of the CAC (Manitoba) process.

18 Certainly, there was a focus group
19 undertaken in September discussing issues such as
20 opportunities and risks associated with road safety;
21 and also from the focus group's perspective, priority
22 issues; a discussion of the relationship of Basic with
23 other lines of business; and a discussion of the extent
24 of knowledge, if any, of -- of participants of the
25 competitive options for other lines of business.

1 And just last week, my client certainly
2 undertook a number of advisory discussions -- two (2),
3 at least, to my knowledge -- again with interests
4 groups or groups representing different perspectives or
5 individuals representing different perspectives from
6 CAC (Manitoba).

7 And, again, the comments canvassed
8 issues such as the opportunities and risks associated
9 with road safety, the relationship of Basic with other
10 lines of business, the purpose of the RSR, the issue of
11 whether there should be an RSR, and the issue of risk
12 tolerance, and -- and, again, the issue of what should
13 the RSR be used for.

14 So I -- I certainly will not share who
15 par -- our clients participated with or I will not
16 articulate anything that our clients do not believe,
17 but the Board should understand that that was part of
18 our client's process.

19 On page 8, we just very briefly discuss
20 sources. And in the course of -- as you go through
21 this volume of out -- the outline -- voluminous outline
22 presented by my client, you will see from time to time,
23 in brackets, a page number, maybe page 989, et cetera,
24 or you might see "Johnston" and -- and with a page
25 number attached.

1 Generally, tho -- those are excerpts
2 from the re -- record that our client is presenting. I
3 want to be clear. We have provided the page numbers.
4 Sometimes they are precis or summaries, our
5 interpretation of that -- that question. We've
6 inserted the page number so that the panel can, or
7 others, can -- can check the references.

8 If someone said, "And -- and I,"
9 especially, if it was Mr. Williams, I tried to take
10 that -- that out as well. So it won't be an exact
11 quote in most cases, but it will -- and certainly in
12 our client's view, be a representative statement from
13 the record.

14 So at page 9 we really set out the legal
15 test, the same legal test that our client enumerated in
16 its opening statement. And I won't take you through it
17 at this point in time except for to say that, from our
18 client's perspective, a number of the disputes between
19 MPI and the PUB, and perhaps between the PUB and Hydro
20 as well, may evolve in part from the lack of clarity
21 regarding the legal test.

22 And certainly in the last PUB general
23 rate application relating to Hydro, Order 512, our
24 clients recommended that the Board present, you know,
25 the -- the legal criteria that it was applying. And in

1 -- in the context of -- of this hearing for Manitoba
2 Public Insurance, again, that would be our client's
3 recommendation.

4 We proposed a test on page 9. We hope
5 you'll adopt it. But that is certainly the test we
6 would -- we would submit, and -- and from our client's
7 perspective, it's helpful to all parties if we
8 understand expressly the criteria the -- the tribunal
9 is aiming at.

10 And certainly, the statutory test is a
11 just and reasonable rate under Section 77 of the Public
12 Utilities Board Act. In our client's view, this is an
13 accurate representation of what that test means for
14 Manitoba Public Insurance.

15 So flowing from that test on page 10,
16 you'll be relieved to see there's not a lot of words
17 there. Are the forecasts of revenue and costs
18 reasonably reliable? Really, the first part of our
19 client's test.

20 And as we turn to page 11 and for a few
21 pages afterwards, it is important to talk, when we look
22 at forecasting, about checks and balances, because if
23 you think back to the opening statement and the direct
24 evidence of Manitoba Public Insurance in the first day
25 of the hearing, a lot was made of checks and balances.

1 There's the auditor. There's the
2 external actuary. There is the -- the budgeting
3 process. Throughout the -- the course of this hearing,
4 those checks and balances were highlighted. And we've
5 put a couple of summaries from the record, noting that
6 in the forecasting pro -- bala -- process, both the
7 external actuary and the external aditor -- auditor are
8 considered to be checks -- checks and balances. And
9 obviously, in the review of policy liabilities they
10 both play a central role.

11 At page 12 we make the simple point that
12 checks and balances do not always work. And that was
13 never made more evident than in the material, in fact
14 at massive variance, between the forecast for rate
15 setting and actual claims liabilities.

16 There's the fabulous Information
17 Request, if I do say so myself, on the record, CAC-1-
18 56, that sets this out. And we also canvassed this in
19 the transcript at pages 918 and 919.

20 But look at the variance between the
21 forecast for rate setting and actual claims liabilities
22 in '08/'09, \$96 million, a variance of minus 15.6
23 percent; '09/'10, \$109 million, a variance of minus
24 17.5 percent. And we all know what happened in
25 2010/'11.

1 Set out below are just a -- a brief
2 discussion from -- from my conversation with Ms.
3 McLaren and Mr. Johnston. I asked:

4 "At any time between '04 and '05 and
5 2010/'11, did MPI receive a report
6 from external auditors suggesting it
7 would be unreasonable to rely on the
8 final overall estimate of claims
9 liabilities pro -- produced by the
10 external actuary?"

11 And Ms. McLaren's answer is, "No, we did
12 not." And again, we also noted the -- the quote that
13 is beneath it, you can read it at your leisure, that
14 certainly on at least one (1) occasion, the external
15 auditor signed off on the overall estimate of claims
16 liabilities of the external actuary, even while finding
17 certain specific estimates for particular lines of
18 business were beyond the range of reasonableness.

19 This is not to -- to destroy the
20 external audit process. It's a very valuable process.
21 It is not to destroy the external actuary process.
22 It's a very valuable process. It is just to recognize
23 that it's not a perfect process. It's -- like any
24 process, it's replete with human strengths and human
25 frailties.

1 At page 13 we look at another check and
2 balance articulated by MPI, and that is the three (3)
3 step budgeting process. And certainly, it starts with
4 the development of the application, and then there's
5 the develop of the guidelines -- development of the
6 guidelines. And that's a critical step, because
7 essentially that's intended to be -- support what's
8 presented, determined in April, and underlies the
9 application. And then there's the actual budget
10 itself, which takes place sometime later.

11 And at page 14 we simply summarize, both
12 from MPI Exhibits 25 and 26 and also from the
13 transcript, the fact that in both the 2011/'12 year --
14 and I've got the -- the next year misstated. It should
15 be 2012/'13, not 2011/'13, which would be a very
16 ambitious financial year.

17 We make the point that the approved
18 budget normal operations was higher than the guideline:
19 3.3 million in 2011/'12, about 1.5 percent; and 4.6
20 million, or almost 2 percent, in the two (2) --
21 2012/2013 year. So again not to say that this isn't an
22 important check and balance, but to note simply that
23 these guidelines can be, and have been, exceeded.

24 And certainly, when our clients proceed
25 on a regulatory fresh start with this Corporation, and

1 you -- certainly, this panel has seen it in our ex --
2 increased alertness to actuarial issues last year and
3 again in this year, our client's recognition from the
4 past is that at time is the rate-setting process may
5 have been too deferential -- deferential to the opinion
6 of external aud -- actuaries and auditors. And again
7 recognizing be -- that behind these -- this barrage of
8 -- barrage of numbers is an essentially human process
9 replete with strengths and weaknesses.

10 Turning now to for -- forecasting at
11 page 16 of the outline, Mr. Chairman and members of the
12 panel, we make the simple point -- and this -- this is
13 evidence provided by Mr. Johnston -- of the critical
14 importance of historical in -- experience in
15 forecasting and how the forecasts of the Corporation
16 are inextricably linked to the IBNR review of
17 liabilities. And again, if you've got the base too
18 high, there's a risk you'll overstate things going
19 forward.

20 So we asked the question at page 17: Are
21 the forecasts of claims liabilities reasonably
22 reliable? And we remind this panel what our client
23 submitted last year. In that hearing, our client
24 articulated their perspective that there was consistent
25 cumulative conservatism, including the selected

1 development factors, the tail factor, and the selected
2 methods, in particular focussing on two (2) lines of
3 business: accident benefit weekly indemnity and
4 accident benefit other.

5 So what's the state of the union, from
6 our client's perspective, this year? First of all,
7 again perhaps in -- in light of the fresh start, we do
8 want to offer a compliment. In terms of the
9 Corporation's approach to accident benefit week --
10 weekly indemnity, our clients have seen a material
11 improvement in the Corporation's approach in -- in that
12 particular line of business, and they do want to
13 commend it.

14 Like My Friend, Mr. Oakes, though, our
15 clients do have a concern in this particular
16 Application with the increase in -- of twenty-five (25)
17 basis points in the interest rate provisions for
18 adverse deviation. And they reiterate their concern
19 from last year, in terms of the accident benefit line
20 of -- other line of business.

21 So let's focus on the twenty-five (25)
22 basis point increase in the interest rate PFAD. My
23 friend, Ms. Grammond, this morning said it was a \$34
24 million difference. I've said 33 million. It's
25 somewhere up there. It's a big number flowing from the

1 decision to increase the provision by roughly twenty
2 (20) -- well, exactly twenty-five (25) basis points.

3 And our clients have a couple of concerns
4 -- in fact, three (3) -- with the reasoning behind the
5 twenty-five (25) basis points, or -- one of them,
6 frankly, I don't think I articulate that well. But My
7 Friend, Ms. Grammond, I thought, expressed it very
8 eloquently in her cross-examination of MPI at page 519
9 of the record.

10 And she wasn't focussed on the PFAD for
11 the whole line of business, but certainly on the non-
12 indexed coverages. And she was suggesting in her
13 discussion that a fixed interest rate margin -- as it
14 represents an increasing proportion as interest rates
15 decline of the assumed interest rate, why would
16 declining interest rates call for an increase in the
17 interest rates margin. And again, that's limited to
18 the non-index coverages, and it's certainly -- perhaps
19 a smaller point, but an important point, raising some -
20 - some concerns.

21 At page 19, our clients express a more
22 fundamental concern, from their perspective. They
23 note, as My Friend, Ms. -- this is page 19 of the
24 outline -- as My Friend, Ms. Grammond, did in her
25 statement this morning, that in terms of this twenty-

1 five (25) basis point adjustment, the driver of the
2 external actuary's concern appear to volatility,
3 coupled with high inflation -- in that particular year,
4 about 3 percent -- and the lower trending interest
5 rates.

6 My client's concern though is that
7 adjustment would appear to at a -- odds with the best
8 estimates of the direct -- direction of interest rates
9 and inflation. And we note here -- and we bolded a
10 quote from Mr. Johnston, saying that, We don't believe
11 that we have better information than the banks or the
12 professional forecasting agencies to forecast interest
13 rates or infla -- inflation rates; we rely completely
14 on them and generally select a median forecast.

15 So turning to page 20, what are these
16 best estimates saying? What are these forecasts
17 saying? Well, if the external actuary was concerned
18 about a -- a CPI at 3 percent, certainly the best
19 estimates are suggesting a more moderate CPI at 2
20 percent per annum, roughly 33 percent lower than the
21 fors -- compared to the actual's in 2011.

22 Moreover, these estimates suggest an in
23 -- increase in interest rates going forward and with
24 the Corporation forecasting over time, what I
25 characterize in my question to MPI, is a fairly robust

1 growth in interest rates.

2 So that's a -- a second and, perhaps,
3 more material concern with the PFAD interest rate
4 adjustment of twenty-five (25) basis points. And our
5 third concern is articulated at page 21.

6 And on some points, certainly when it
7 comes to the DCAT, our clients are going to take issue
8 with the evidence of Mr. Johnston. But they will note
9 that at certain parts in this hearing, he was certainly
10 very persuasive, but not on this point.

11 In terms of the basis -- twenty-five
12 (25) basis point adjustment, Mr. Johnston was far from
13 persuasive. And remember, 1 percent is where it was,
14 and the external actuary wanted to move to a hundred
15 and twenty-five (125) basis points. What did Mr.
16 Johnston have to say?

17 "I can't guarantee that for example,
18 the appointed actuary may decide that
19 they no longer need that -- that PFAD
20 that -- that they added last year."

21 I apologize, Mr. Johnston, I didn't take
22 out the "that's" that time, I'll a -- I did take out
23 most of mine though, I have to tell you.

24 What else did he say? I've always found
25 that the selected -- our selected margin, which has

1 been 1 percent up to this time, I found that
2 reasonable. And I'm precisising here. And he provides
3 his reason for that. And then on pages 525 to 526 --
4 because clearly, this issue was -- was bothering Mr.
5 Johnston:

6 It's possible that our appointed
7 actuary may decide that the provision
8 that was added last year is no longer
9 required."

10 And then at the top of page 526, my
11 favourite quote of Mr. Johnston's from the hearings,
12 just after -- just after he had said, "I'm not going to
13 talk about it anymore," he goes, In my -- how he talked
14 about why, I thought 1 percent was reasonable, and I do
15 think it's reasonable for such a long-tailed business.

16 We put the quotes -- the page numbers
17 there, you can go to them at your leisure, but there's
18 Mr. Johnston, certainly in our client's perspective,
19 less than devout in his support for the twenty-five
20 (25) basis point adjustment.

21 So where does this leave us, from a
22 regulatory fresh start recommendation? Our clients are
23 certainly recommending that the PUB find that there is
24 conservatism in the move to a higher PFAD for interest
25 rates that -- that has a material impact on claims

1 liabilities. But our clients also recognize you've got
2 a new external actuary, there was a significant release
3 of reserves in the current year, and we can understand
4 some conservatism in the actuary flowing from that.

5 So from our client's perspective, they
6 certainly would be satisfied with the PUB putting MPI
7 on notice that if current interest rate forecasts are
8 borne out, and inflation rate forecasts as well, this
9 provision will be considered carefully for its
10 reasonableness in the 2014/2015 GRA.

11 So our clients are concerned; but
12 recognizing new actuary, there's been some significant
13 releases this year. They certainly intend to
14 aggressively pursue this point next year if that
15 remains in. But they will move a little more
16 cautiously this year, recognizing that new actuary and
17 that fresh start.

18 Turning to page 23. Our clients, last
19 year, both in terms of accident benefit weekly
20 indemnity and accident benefit other, outlined a
21 concern with what they consider to be compounding
22 conservatism. And what our clients mean by that is if
23 you think of the sensitivity of the estimates of IBNR,
24 incurred but not reported, it can flow from three (3)
25 different factors. One is the selected development

1 factor. Another is the tail factor. And the third is
2 the selected method.

3 And if the panel would turn to CAC
4 Exhibit 12, which is the -- the skinny, little excerpt
5 from the record, to the very last page, they will see -
6 - we haven't marked it as this, but this is the
7 document that generally appeared as CAC Exhibit 8 in
8 the course of this hearing. And at the -- there should
9 be some yellow shading on that page, and it looks like
10 everyone's got that page.

11 Before I go to this document, our
12 clients should note that MPI cooperated with them, with
13 CAC (Manitoba), in the development of this exhibit.
14 They indicated they would come back if they disagreed
15 with any of the numbers.

16 And MPI -- if you see some handwriting
17 at the bottom of that document, you'll see some
18 handwritten numbers. And -- and those are kind of the
19 revised calculations for two (2) of these columns by
20 Manitoba Public Insurance. So while our clients are
21 actually pretty confident in their exhibit, they've
22 chosen to put in -- and with appreciation to Mr.
23 Johnston, the MPI figures for those two (2) particular
24 columns.

25 So -- and going back to that idea of --

1 of compounding caution, again flowing from develop --
2 the sel -- the selected methods, the development
3 factors, and the tail factors. If you look at the top
4 table there, you will see at the extreme right the
5 selected -- the selected factors of Manitoba Public
6 Insurance leading to the IBNR of accident benefit
7 others of \$39.5 million.

8 Now, we went through this in cross, so
9 you don't need to -- I don't need to drag you through
10 it today. But our clients would encourage you to
11 compare their selected method to the results from any
12 other method presented on this table. And you'll see
13 that the selected method of Manitoba Public Insurance
14 is -- is higher than the other -- other methods there.

15 Mr. Johnston and I had a dialogue. He
16 wasn't prepared to concede that that was conservative.
17 Our clients take a different view. But they point out
18 that it's not just this choice in isolation. It's this
19 choice when you read it together with the development
20 factors, the selected development factors, and with the
21 selected tail factor. And if you're looking for a
22 summary of those numbers, that's on page 24 of the --
23 of the outline.

24 What about the development factors?
25 Well, what our client would draw your attention to --

1 first of all it's a small change -- but just to show
2 the sensitivity of -- of this. What -- the third
3 column in -- in the bottom part of that table just
4 looks at the latest three (3) volume weighted selected
5 -- selected factors. Essentially what -- what that
6 third column is doing is comparing what -- what would
7 happen if you took just the -- the latest three (3) as
8 compared to the MPI selected factors and leaving that
9 big old tail factor unchanged.

10 Well, what's the difference? If you go
11 to Mr. Johnston's number, rou -- roughly 2.5 million.
12 Well, move over two (2) columns and just see what would
13 happen if you took the simple average out of the middle
14 three (3) of the last five (5)? Then, all of a sudden,
15 you're getting to a \$17 million difference.

16 Now, again, we've had discussions with
17 MPI in the past about -- in terms of selected factors.
18 They say that they can't be driven exclusively by
19 averages. And certainly, our clients agree. But,
20 again, look at the selected factor compared to the
21 averages. Again, certainly in our client's
22 perspective, a bias to -- to the higher figure. The
23 big -- the big number is on the extreme right, and our
24 clients have taken an -- really a -- perhaps an extreme
25 scenario, not too extreme, but what would happen if you

1 took out that tail factor on the incurred side?

2 How much of a difference would it make
3 if you went from the zero point three-four-five (0.345)
4 to zero? Thirty four million dollars (\$34,000,000) is
5 Mr. Johnston's and his team's calculation.

6 Our clients also asked: Well, what if
7 you -- if you didn't take away all the tail factor?
8 What if you reduced it by less than half, put it down
9 to point two (.2)? And that's not on this exhibit, but
10 if you went to PUB 29, you'd see that difference was
11 \$13 million less.

12 So again, Mr. Chairman and members of
13 the panel, compounding conservatism -- in isolation,
14 perhaps maybe the development factor, well, you know,
15 you could -- you could disagree. In isolation, maybe
16 the -- the method, perhaps you could disagree. In
17 isolation, maybe the tail factor, you could disagree.
18 Put them together, and all of a sudden you're having
19 some pretty material changes, which our client, while
20 they're satisfied at the progress MPI's made with
21 accident benefit weekly indemnity, they are definitely
22 not satisfied with this progress.

23 And at -- at page 27, our client
24 articulated a -- a convers -- of the outline, you know,
25 we can put this document away for a second. At page 27

1 of the outline, our client was following up a
2 discussion that Mr. Johnston correctly pointed out,
3 there's a lot of uncertainty there.

4 So our clients asked, Well, have you
5 gone to SGI? Have you asked them what they're doing?
6 Are they using workers' compensation data to -- to help
7 to allay that uncertainty? Are they using information
8 from the SS -- excuse me, SAAQ, from Quebec? And Mr.
9 Johnston's answer, candidly, was, No, I have not.

10 Our clients asked, Well, would it help?
11 And here's his answer:

12 "I suspect that getting more data in
13 this regard could add -- regard
14 [excuse me] could add value. I don't
15 know to what extent and whether it
16 would change it."

17 But there -- there you have his point.

18 And so our client's concern is that this is still a
19 significant factor for -- for the IBNR. To protect
20 against uncertainty, MPI has chosen three (3)
21 relatively conservative approaches, in our client's
22 perspective, and not sought out other information that
23 might help give it more certainty.

24 And certainly from a recommendation
25 perspective, turning to page 28, our clients are asking

1 the PUB to conclude that there continues to be
2 conservatism built into the estimate for ABO and that
3 MPI be directed to investigate techniques used by other
4 Crowns operating no-fault for analogous lines of
5 business.

6 And by "analogous", I think Mr. Johnston
7 would -- would argue that there may be little tweaks in
8 what SGI has, for example, in terms of how they
9 describe accident benefit others. It might be called
10 personal care there. But certainly, our clients would
11 encourage that sort of investigation, because when
12 you're -- when -- from our client's perspective, when
13 you're dealing with that much uncertainty, they're not
14 very comfortable to see three (3) different compounding
15 conservative assumptions.

16 Turning to the -- the next part of our
17 legal test, being: Are base costs and forecast costs
18 prudent and necessarily incurred? The panel doesn't
19 need to -- to turn there, but on page 30 -- 30, our
20 clients are trying to summarize some of the concerns
21 outlined by this Board last year.

22 And on the very first line, you're going
23 to see the words "PB", and you're going to wonder, What
24 the heck does that mean? Well, you might not swear,
25 but that -- that's actually a typo. It's -- it was for

1 the Basic program. So BP or Basic program is what that
2 was meant.

3 But this is the Board last year
4 expressing -- expressing significant concerns, in terms
5 of Basic program compensation expenses. Express --
6 expressing significant concerns in terge (sic) of -- in
7 terms of large IT expenditures and the business process
8 review, or BPR, without apparent correlation of
9 personnel productivity, expressing concerns with IT
10 optimization, and asking whether we could do more to
11 get bang for -- for the buck for road safety.

12 In terms of this year and prudence and
13 reasonableness this year, the -- the panel does not
14 need to turn -- turn to it, but I would simply note
15 that our clients actually, in their opening statement,
16 CAC Exhibit 3, had a pretty good statement, in terms of
17 the issues they saw as -- in terms of prudence and
18 reasonableness this year. And -- and I will not re --
19 repeat it, but just direct that to the Board's
20 attention at the part -- particular time.

21 And the reason our client is not
22 focussing on what continue to be some concerns but also
23 some compliments for MPI is because their focus, in
24 terms of the pre -- prudence and reasonableness of
25 rates, is not going to be, in this particular year, on

1 whether we can knock off 5 million or 7 million in
2 terms of their expenses.

3 Our client's focus is: Can we get this
4 productivity indicator discussion moving? Can we get
5 this benchmark discussion moving? And so please don't
6 misinterpret our client's lack of comment. Operating
7 expenses, claims expenses are always a material concern
8 but the want to focus a little bit more on productivity
9 indicators.

10 Having just said -- said that, on -- on
11 the next page I do outline what our clients do
12 consider, on a going-forward basis, to be matters that
13 should be cause for continued stringent scrutiny. The
14 first we talk about is corporate staffing levels. And
15 frankly, our clients were a little confused by the --
16 the change in -- in the presentation of the information
17 this year.

18 But they do note Ms. Grammond's comments
19 in terms of the increase to -- to nineteen (19) -- one
20 thousand, nine hundred and seventy-one (1,971) on a
21 corporate level from this morning. So that's an item -
22 - an area of continued scrutiny from our clients,
23 certainly in future -- future years.

24 And our clients, at least at a high
25 level, do wish to express some discomfort with the

1 apparent divergence between claims expenses costs and
2 claims incurred, and I'll explain that in a minute.
3 And also the divergence between operating costs, claims
4 expenses, and CPI.

5 And our clients do want to focus on
6 productivity indicators, but they just want to
7 illustrate what is giving them a bit of concern. And
8 again if the panel wanted to go to CAC 12, that's that
9 little -- the -- the short, little document, just for a
10 second.

11 And on the very first page after the
12 cover page, you'll see an excerpt. It should be
13 marked, "CAC/MPI-1-148 Attachment," in the top right-
14 hand corner. And again, we had some discussion about
15 this. Basically, the -- if you look at -- towards the
16 bottom of the line, the -- the dark line is -- is
17 basically the CPI trend, and you can see that it moves
18 fairly closely with net claim -- claims incurred per
19 vehicle. So certainly from our client's perspective
20 that's a happy relationship. That's one they like to
21 see.

22 Where our clients have some discomfort -
23 - and -- and this is where, in going forward, this
24 issue, from our client's perspective, needs to be
25 examined more closely, is the divergence between claims

1 expense per vehicle as measured on this table and net
2 claims incurred per vehicle as measured on this table.
3 And that's -- certainly, historically, our client would
4 have expected this -- this pattern to move on a much
5 closer relationship.

6 Now our -- again, our clients are not
7 going to the barricades on this issue this year, and
8 they note a conversation with Mr. Johnston which was --
9 was helpful. And he was suggesting that the indicator
10 might or might not be more useful if you took out PIPP
11 costs and looked at collision costs, and -- and it
12 might show a more -- a more helpful relationship, or a
13 more -- might give more insight or it might not. And
14 my understanding -- our -- our client's understanding is that
15 they -- MPI will be looking at -- into this issue next
16 year.

17 But it's an important point. And
18 certainly when we get into the modelling of Manitoba
19 Public -- Public Insurance, you'll see that in some of
20 their scenarios, I think the combined scenario, they
21 make certain assumptions about the relationship between
22 claims expenses and claims incurred. And certainly,
23 that relationship does not appear to be borne out by
24 this table.

25 If -- if I haven't distressed you too

1 much with tables, if you flip over one (1) more page,
2 you'll see an excerpt from CAC-2-76, the attachment.
3 And, again, this table is -- is very burdensome to --
4 to explain. There's a good discussion of it on the
5 transcript. But essentially, what it's trying to -- to
6 track in the seventh column is the difference between -
7 - at -- on the top, what would happen to Basic ex --
8 claims expenses if they rose by inflation as compared
9 to how they've actually risen over -- since '07/'08, in
10 terms of MPI. So that's the top side.

11 On the bottom, the same kind of analysis
12 is done, in terms of Basic operating expenses, as how
13 much they would grow by -- if they were growing by
14 inflation, as compo -- compared to how much they would
15 -- they would have grown if they were -- or, how much
16 they did grow under MPI.

17 And what you'll see, Mr. Chairman and
18 members of the panel, is generally, with one (1)
19 exception, that the growth in claims expenses and
20 operating expenses since '07/'08 has tended to be
21 higher than inflation. Again, we can -- we can have an
22 extensive debate about: Should we be tracking MPI
23 based on exten -- on inflation. But, again, this is a
24 -- a cause for increased scrutiny from our clients
25 going forward.

1 So I'm going to flip you all the way to
2 page 34 of the outline. We've jumped a massive number
3 of pages. And our clients want to -- to engage in this
4 discussion of benchmarks performance indicators. And
5 from -- from our client's perspective, it hasn't been a
6 very satisfactory discussion over a number of years.
7 And certainly, some of MPI's evidence sugg -- suggests
8 they really -- there's almost a mixed record.

9 Because at certain points in time, MPI
10 suggests a lot of loyalty to those really broad
11 benchmarks: the relatively lowest rates in Canada, a
12 certain -- you know, a certain percentage of premiums
13 returned to clients, et cetera. And from our client's
14 perspective, those aren't bad indicators. But they're
15 really, as we note on this page, more indicators of the
16 strength of the -- the Autopac model and of the no-
17 fault model as compared to the Corporation's
18 efficiency.

19 And so the point we make on this page is
20 that those type of performance benchmarks traditionally
21 favoured by the Corporation are often a reflection of
22 the strength of the model than of the management of the
23 Corporation. They have a monopoly in Basic insurance.
24 There -- as they're -- they're quite frank in their
25 evidence. There are massive advantages that flow from

1 that, in terms of economies of scale.

2 They have a no-fault system, in terms of
3 personal injury. And there are massive advantages that
4 inure to the process in terms of cost certainty and
5 some efficiencies -- less lawyers, for example -- that
6 flow from that. So from our client's perspective,
7 those macro indicators may tell us something very
8 positive about the policy choices that Premier Schreyer
9 made back in the '70s, or Premier Fillmon made, in
10 terms of no-fault, in the 1990s. But they don't tell
11 us as much as our clients would like, in terms of
12 productivity of the Corporation.

13 At page 35 of the outline, our clients
14 note that while MPI seems resistant and, at times,
15 almost to suggest that there's little that can be done
16 in -- in terms of getting applicable benchmarks, there
17 are some examples even within this record of where
18 benchmarks have been utilized and very useful. And the
19 Gartner Group is perhaps the best example of that.
20 Those IT benchmarks have provided, from our client's
21 perspective, a significant level of insight.

22 So at the bottom of this page, our
23 clients ask -- well, let -- let me start at the top.
24 We confirm that MPI sees some value inuring to it -- I-
25 N-U-R-I-N-G -- in terms of the assistance Gartner Group

1 has provided, in terms of benchmark analysis. So at
2 the bottom of the page we -- we go to the question:
3 Well, are you seeking any other external consultants?

4 And Ms. McLaren candidly says, We've
5 dabbled a little bit, but nothing that we're really --
6 that we've really latched on to. And certainly, from
7 our client's perspective, this is probably an area
8 where -- where MPI could be doing more and seeking some
9 outside help. Often, we're not that keen on them
10 seeking external consultants. This one may be an area
11 where, from -- to our client's eyes, they may be
12 struggling a bit, and external help may be of value.

13 On the next page our clients asked,
14 recognizing the value from the Gart -- Gartner Group:
15 Is there something inherently unique about information
16 technology that allows you to look at external
17 comparators or other -- other areas where that might be
18 fruitful? And Ms. McLaren, again candidly said, I
19 think there are likely some others.

20 So from our client's perspective, that's
21 an important point, that there are more opportunities
22 in terms of external benchmarks then perhaps our
23 discussion in past proceedings has led us to conclude.

24 Page 37, we highlight one of those areas
25 where MPI seems to be making some progress, in terms of

1 establishing key metrics. And that's on the bodily
2 injury side, in terms of the number of files handled by
3 employees. And the evidence from MPI is that they may
4 be able to provide some productivity bench marks and
5 bodily injury within the next year. So while our
6 clients are often critical of MPI in this regard, we
7 see some progress, at least in that limited area.

8 And at page 38, our clients also see
9 some colms -- cause for common ground. Going back to
10 my opening statement, where I talked about once we got
11 -- quit talking about money and talk -- start talking
12 about process, we asked MPI: If this regulator is
13 looking for some productivity comparison for this
14 corporation, is the Basic earned unit a suitable
15 vehicle? No pun intended.

16 And MPI's response was, Earned vehicle
17 units may very well be. Of course Ms. McLaren wasn't
18 walking down my CPI path, but at least we had some
19 common ground in terms of the common measure. And then
20 she made an even stronger play -- statement:

21 "But absolutely, earned units are
22 key, and I agree that in some
23 fashion, tracking against that may be
24 appropriate."

25 And so, from our client's perspective,

1 that was an important point in a -- an important point
2 of common ground. If you go to a -- TI.2 of the
3 Application, you'll see how central the earned units
4 are to the rate-setting process. It's a good place to
5 start. And from our clients -- we were -- that's
6 certainly where they would start as well.

7 So in terms of productivity indicators,
8 where do we go? Certainly we'd recommend that MPI seek
9 some external assistance analogous to the Gartner Group
10 for the development of productivity indicators; that
11 MPI be directed to report back for next year on using
12 earned units as a base -- fo -- to propose productive -
13 - a productivity benchmark, including a proposed
14 productivity indicator, proposed growth rate, and base
15 year.

16 And certainly our clients suspect that
17 we, in terms of what the proposed grate -- growth rate
18 is, there may be some disagreements. But at least it's
19 a starting point.

20 And also recognizing that -- that there
21 is a bit going on in terms of MPI, certainly on the
22 bodily injuries side, MPI to provide an update of
23 current productivity measures in place, including,
24 information technology, bodily injury, call centres,
25 and proposed next steps.

1 Mr. Chairman, I'm about roughly halfway
2 through maybe -- I'm happy to keep going or -- we're
3 getting to a long spot. So I wouldn't -- I -- I -- If
4 you want to take a -- just a very brief break, this
5 would be a good -- a good time.

6 THE CHAIRPERSON: Why don't we do that?
7 Let's take ten (10) minutes and back here at twenty
8 (20) after 2:00.

9
10 --- Upon recessing at 2:11 P.M.
11 --- Upon commencing at 2:22 p.m.

12
13 THE CHAIRPERSON: I believe we're ready
14 to start, Mr. Williams?

15 MR. BYRON WILLIAMS: Thank you. Just
16 the headline at page 40 is, "Taking into Account Risk:
17 Is the Basic Line of Business Managing its Revenues,
18 Reserves, and Retained Earnings in a Reasonable and
19 Prudent Manner."

20 And at page 41, Mr. Oakes alluded to
21 this, the one (1) exception from my -- from my outline
22 where we didn't actually provide a citation. But
23 historically, this panel has looked at the strength of
24 the Corporation as a whole, and this is a peek at it as
25 of February 2012.

1 We see the Basic retained earnings
2 roughly in the \$210 million range if AOCI is taken into
3 account for some person -- some purposes. Anyways, it
4 gets it up to two-sixty (260). We see the Extension,
5 SRE, DVA family around 160 million, with AOCI of around
6 nine (9). And from a cumulative basis, certainly a
7 healthy bottom line, in terms of retained earning --
8 earnings, in the range of 373 million and adding in
9 AOCI in excess of 400 million.

10 So the conclusions our clients draw from
11 this is that overall, in terms of ana -- analyzing
12 these issues, this is a corporation that is in a
13 healthy overall financial state. An argument can be
14 made, successfully, that it is over-reserved. And we
15 note as well the conversation the Chairman --
16 Chairperson has had a couple times with MPI, certainly
17 to date, our clients are -- are not aware of any
18 commitment from MPI to return excess reserves to
19 ratepayers through whatever mechanism.

20 So the RSR. During the course of this
21 hearing, and I -- I think Ms. McLaren and I probably go
22 back to the -- some of the early debates over -- over
23 this. Maybe neither of us was in the front row when it
24 -- when it took place. But Ms. McLaren really well
25 articulated kind of the roots of some of this

1 discussion.

2 You know, how do we get to this place.

3 And certainly, you know, there was a big, horking rate
4 increase proposed for the 1988 insurance year in the
5 range of 25 percent. "Horking" is perhaps not the
6 appropriate legal term; I'll strike that. A big. What
7 was it driven by? We had that discussion on the
8 transcript. Three (3) major factors: budgeting for
9 loss, deficiencies in forecasting related in -- in part
10 to the lack of actuarial expertise, and an adverse
11 event. So certainly from our client's percep --
12 perspective, when we look at the RSR it's important to
13 understand that it's only part of a proposed menu to --
14 to the 25 percent proposed rate increase in 1988.

15 What are these other mitigation tools?

16 Well, improved forecasting, an end to budgeting for
17 loss, and again in the 1990s, another big response
18 arguably was no fault. So in many ways, from our
19 client's perspective, the key mitigation tools are
20 better forecasting, not budgeting for loss, and -- and
21 the rate stability flowing from the inherent strengths
22 of the no-fault model.

23 Not to say that -- that the RSR -- that
24 there should not be one. Certainly, from our client's
25 perspective, it is important that there be a level of

1 retained earnings to cushion the impact of an adverse
2 event. But it is important to put the RSR into -- into
3 context and to recognize while it tends to assume a
4 disproportionate place in the debates of hearing after
5 hearing after hearing, that's almost more a function of
6 the rate-setting process than it is of -- there are
7 other far more important tools available to the
8 Corporation to -- to mitigate adverse events. So this
9 is an important debate, but there are -- there are
10 other important debates that -- that should take place.

11 It is important and -- and certainly to
12 look at -- at history and -- and to -- to examine what
13 happens if the doomsday scenario happens. And Mr.
14 Triggs tried to pose that question to Dr. Simpson in
15 cross-examination. And I certainly posed that question
16 to -- to Ms. McLaren in -- in the -- in the course of
17 my cross-examination of her, and she went back to
18 history.

19 And we see the negative retained
20 earnings of roughly minus 50 million back in the mid-
21 1990s, certainly a more extreme scenario than Mr.
22 Johnston talked about this morning. And what happened?
23 Well, that first year -- and I think that was my first
24 hearing as head counsel; almost got fired that year --
25 there was a rate increase and a 2 percent RSR

1 surcharge. Next year, there was an additional 2
2 percent RSR char -- surcharge. And the next year a 1
3 percent RSR surchar -- charge. Then it was rapidly
4 reduced.

5 So a graduated response to a pretty
6 extreme event. And certainly, I posed that question to
7 Ms. McLaren, and you can look at the transcripts, page
8 1105 and 1006:

9 "It is conceivable that if the RSR is
10 outside its target range, MPI will
11 ask for a couple of percentage points
12 to rebuild the RSR?"

13 Ms. McLaren agreed and then used this
14 example. And that -- that's significant, from our
15 client's perspective, because, quite frankly, they were
16 surprised when they saw MPI Exhibit 32 and -- and the
17 extreme 15.6 percent response to an adverse scenario,
18 because it was that type of response was inconsistent
19 with our client's experience in the 1990s. And from
20 our client's respectful perspective, it was
21 inconsistent with the response provided to us in cross-
22 examination by Ms. McLaren.

23 Now, you can look at that deficit in the
24 1990s of minus -- minus \$50 million from a few
25 perspectives. In a way, because we have a larger RSR

1 target, it's a steeper hill to climb to get back to the
2 target if you're at minus fifty (50). But at the -- at
3 the same time, they were working off of a smaller
4 premium base in those days.

5 So that kind of gradual response, to our
6 clients, is a far more plau -- plausible scenario than
7 the extreme scenarios, in terms of responses presented
8 by Mr. Johnston in Exhibit MPI-32 this afternoon.

9 So what is the RSR for? At page 44 we
10 asked that -- this question. And frankly, it was
11 stimulated by a really interesting cross-examination by
12 My Learned Friend, Ms. Grammond, of Mr. Johnston. And
13 what does MPI say the RSR is for? Well, it's very
14 clear it's not a solvency test. Page 985, Mr. Johnston
15 said -- and said, While it might look like a solvency
16 test, it's not.

17 And so originally our client was
18 thinking, This RSR, from MPI's perspective, must be
19 about rate shock, has to be. And certainly the words
20 used by Mr. Johnston in his discussion with My Learned
21 Friend was, "significantly prevents rate shock."

22 And at page 1001 he said:

23 "It will aid in preventing
24 significant rate increases, rate
25 shocks."

1 And Ms. McLaren said something to the
2 same effect in terms one other question we were asking:

3 "What are plausible -- plausible
4 risks that could destroy the capital
5 and cause rate shock for ratepayers
6 to recover the capital?"

7 And she gave some example of what she
8 thought rate shock would be in the six (6) -- the
9 context of a 6 percent increase the year after a
10 substantial decrease. So there we are. We think we
11 have MPI's explanation of what the RSR is for -- RSR is
12 for: rate shock.

13 But turn to page 45 of the outline.
14 Maybe it's not about rate shock. Maybe it's about
15 predictability and stability. And as we tried to
16 explore the definition of "rate shock" with the
17 Corporation, Ms. McLaren said:

18 "It's really about need -- meeting
19 the needs of Manitobans for
20 predictability and stability. That's
21 what we're talking about here."

22 And at page 1000 of the transcript, she
23 says at line 12 that:

24 "The definition of the RSR, which
25 doesn't necessarily tie directly to

1 rate shock, right, it's about
2 protecting Manitobans from one (1)
3 time events."

4 So it's not solvency; maybe it's rate
5 shock, maybe it's this predictability and stability.
6 Is there any more? Is there any more explanations of
7 what it's for? At page 46, Mr. Johnston offers, in our
8 view, another angle. What's the RSR for? Look at --
9 look what he's saying around line 10:

10 "I believe that an adequate RSR
11 level, as set by the DCAT, would
12 significantly reduce the probability
13 that ratepayers have to have rate
14 increases from these events versus
15 selecting another method, for
16 example, that's significantly lower."

17 Here, Mr. Johnston does not appear to be
18 talking about rate shock; it's about protecting the
19 Manitobans from having rate increases. Does it mean
20 any rate increases? Hard to -- hard to say.

21 So certainly, from our client's
22 perspective, there's some inconsistencies in the
23 Corporation's definition of what the RSR is for. And
24 our clients agree with Ms. -- Ms. Peters on behalf of
25 CAA, that may -- that -- that perhaps a starting point

1 is going back to: What do we actually mean? Is it
2 really as per, one (1) interpretation of Mr. Johnston's
3 words would be, preventing any rate increase arising
4 from an adverse event?

5 Certainly our clients think that is an
6 extreme position. And certainly, if that's where Mr.
7 Johnston, in his DCAT analysis, is starting from,
8 arguably he is creating excessive protection, so -- in
9 his design of the RSR so that there is no rate increase
10 from adverse events.

11 So at page 47, we make what we think are
12 the key points from this discussion: that there appears
13 to be confusion by MPI over the purpose. It looks like
14 solvency, but it's not. Sometimes it's about rate
15 shock, but not necessarily. Maybe it's about
16 predictability and stability, or maybe it's about pre -
17 - preventing any rate increase.

18 And our clients are concerned that the
19 aversion to any rate increase may be driving
20 conservatism in the Corporation's DCAT analysis. And
21 especially when -- we'll turn at this point in a couple
22 of moments -- when we're considering that the -- the
23 DCAT is already coming from a private sector mind-set.
24 So there's some adjustments already associated with it,
25 which I'll elaborate on.

1 So what do our clients say? What is
2 their perspective about the role of the RSR? From our
3 client's perspective, the primary role of the RSR is to
4 protect against, highlighting the word, excessive rate
5 increases flowing from unpredicted, non-recurring
6 events. Put another way, a cushion so that if a
7 material and rarely occurring event takes place, we can
8 take a measured response to recovering from that event
9 and rebuilding that cushion.

10 From our client's perspective, the RSR
11 should not be designed to prevent any rate increases
12 flowing from adverse events. Excessive rate increases
13 is -- is central to our client's perspective.

14 Why? Page 49 -- and certainly,
15 Professor Simpson articulated this better than -- than
16 my inelegant words can. While the -- while the RSR is
17 there to -- to protect against excessive rate increases
18 arising from rare and material events, there are costs
19 associated with it. And certainly from a consumer
20 perspective, there are opportunity costs for consumers.
21 And MPI actually put this quite well in cross-
22 examination, when we were discussing the time value of
23 money.

24 Money, today, in our hand is far more
25 valuable to consumers than at some -- the same amount

1 at some future point in time. It could be earning
2 interest. It could be used to something that advances
3 their social utility. And there's always risk or
4 uncertainty associated with future cash flows.

5 Professor Simpson put this well when he
6 said:

7 "We have a belief that persons can
8 make good choices in their own self-
9 interest."

10 And our clients believe this fervently --
11 fervently for all consumers. But issues and
12 opportunity costs are particularly important for those
13 on fixed incomes or lower incomes, modest incomes.

14 There's also a potential risk to -- to -
15 - from excessive reserves, from our client's
16 perspective. And certainly, the Board will see in
17 prior Board decisions words such as "moral hazard." A
18 concern that an excessively reserved Corporation will
19 be prone to excessive expenditures. And our clients
20 can think of no better example than the IT optimization
21 fund last year.

22 When that money was in retained
23 earnings, when MPI could go to it without having to put
24 it into the rate base, it came before this Board with a
25 \$71 million figure. When the Board, to its credit,

1 said, No, come back, MPI came back with a materially
2 different figure. We can all interpret what happened
3 in that occasion, but from our client's perspective,
4 that's always a concern.

5 One of the central points made by
6 Professor Simpson goes to the issue of risk tolerance.
7 And he made the point that we're -- when we're loo --
8 you know, he was asked the question, what type of event
9 should we be protecting against? Should it be a one
10 1:700 event, like the floodway? Should it be a 1:100
11 event, like the DCAT used for private sector insurers
12 in a -- in a monot -- in a competitive environment?
13 Should it be the 1:20 event more commonly found in the
14 statical literature?

15 And -- and the sage observation he made
16 is that you should look at the proten -- the magnitude
17 and the consequences of the potential impact that
18 you're looking at. When you're looking at the
19 devastating impacts to a city of six hundred and
20 seventy thousand (670,000), or eight (8) -- seven
21 hundred thousand (700,000), of a flood, both social and
22 economically, then that's when you should be looking,
23 as the province did to its credit, for protection
24 against a 1:700 year event because the consequences are
25 so high.

1 If you're looking at an issue relating
2 to corporate solvency and protecting ratepayers in a
3 competitive marketplace from having their insurer go
4 under, you should be setting aside enough protection,
5 arguably, for 1:100 year event. When you're looking at
6 an event which is really about excessive rate increases
7 in the face of a significant adverse non-rare -- rarely
8 occurring event, Dr. Simpson's advise, Professor
9 Simpson's advise, which our clients endorse, is you
10 should be setting aside roughly enough protection for a
11 1:20 year event. It's not that you don't want a
12 significant amount of protection, but the tradeoffs in
13 terms of excess protection, in our client's
14 perspective, outweigh the benefits.

15 So the -- the point our clients make is
16 that when the DCAT is employed in a private sector
17 competitive environment, looking at a plausible 1:100
18 event scenario, it's perfectly understandable while --
19 why that approach could be taken in that environment.
20 But when you're looking at a monopoly in a -- in an
21 environment such as Manitoba Public Insurance, then
22 that level of risk tolerance is excessive, certainly in
23 our client's perse -- respectful view.

24 And at page 51, we -- we put this
25 question to MPI three (3) separate times before it was

1 answered. And we asked:

2 "Is it your professional judgment
3 that in order to significantly
4 protect ratepayers against rate shock
5 you have to set up reserves that
6 protect them from the possibility of
7 1:100 -- 100 year events?"

8 We asked it once, it was pretty clear.
9 We asked it again, there was a brief pause. And then
10 finally, what -- in what appeared to be reluctantly, we
11 got the answer from MPI, from Mr. Johnston: "Yes, I
12 believe that is true."

13 And our clients understand why MPI would
14 be reluctant to give that answer, because really when
15 you think about the RSR, really is that the type of
16 event we're trying to protect against?

17 Our clients certainly would not
18 recommend a 1:100 level of protection for -- for rate
19 protection. From their perspective it is not fair for
20 those on modest or fixed inc -- fixed incomes, and it
21 is over protection given the magnitude of the risk.

22 And certainly our clients asked this
23 question, asking the Corporation whether they'd ask
24 Manitoba seniors whether they would like to keep their
25 -- their money in the Corporation's retained earnings

1 to protect them against a 1:100 year event. And
2 obviously the Corporation hadn't tested that
3 proposition; we wish they would.

4 At page 53 our clients have some
5 comments about Professor Simpson and his supporting
6 team. This panel has had the opportunity to judge
7 Professors -- Professor Simpson's demeanour and his
8 evidence, and certainly our client found him to be a
9 candid and thoughtful witness, and we hope the Board
10 will make a similar finding. And it's important to
11 understand where Professor Simpson came from. And --
12 and if you think right from the start, he started with
13 that discussion of what -- what do we mean by modern
14 statistical risk analysis? And he started out with
15 that old probability distribution that makes all our
16 eyes roll, but it's real important: a concept that we
17 should have defined risk tolerances; our analysis
18 should be based on relevant evidence, not -- not any
19 scenario we can grab from the sky; and a tro --
20 transparent replicable, R-E-P-L-I-C-A-V-L (sic)
21 process.

22 And Professor Simpson brought a rich
23 experience, in our clients submission, to this -- this
24 tribunal. He drew from diverse sources: his prior
25 experience with MPI, his extensive literature review,

1 his -- his extensive consulting practice, and his
2 experience with other Crowns. And he was supported, as
3 our clients certainly believe any future DCAT analysis
4 should be, by an interdisciplinary team.

5 Go back to his written evidence, if you
6 have the time; look at his assessment of the various
7 methodologies. Our clients are confident you will
8 conclude his analysis was not results driven; there was
9 a candid assessment of the various methodologies. And
10 you -- our clients are confident you will find, that
11 Professor Simpson was really focussed on moving an
12 evidence-based modern statistically risk assessment
13 practice discussion forward. He was helping --
14 focussed on helping moving the dialogue forward,
15 suggesting the technical conference, suggesting ways to
16 improve the MPI methodology.

17 I was very tempted but I thought I would
18 -- a -- challenge your patience, to provide some
19 excerpts from the cross-examination of Professor
20 Simpson, either by MPI or by the PUB. Our clients are
21 confident; when you review that cross-examination, you
22 will see his evidence only buttressed. And really, in
23 a way, this morning's MPI Exhibit-32 and my subsequent
24 cross-examination of a -- Mr. Johnston, buttressed
25 Professor Simpson's views as well.

1 Think of this: Professor Simpson
2 suggested using a -- a back of the envelope calculation
3 that the impact of a 20 percent negative return in the
4 range of 100 and -- \$100 Million dollars. Look where
5 Mr. Johnston reluctantly conceded, that result would be
6 his estimate if it was gone through -- if it went the
7 DCAT analysis. I think he started up at 186 million,
8 183 in terms of the budget variance analysis, or -- not
9 the DCAT analysis, but by the time we finished that con
10 -- conversation, he reluctantly conceded it would be
11 less than 170 million. He reluctantly conceded it
12 would be less than 150 million. By the time we got to
13 less than 130 million, actually, he wasn't that
14 reluctant; he was candid, and he appreciate his
15 candour.

16 All that effort by MPI, MPI Exhibit-14,
17 MPI Exhibit-27, MPI Exhibit-32, but yet, no DCAT
18 analysis for modern decline in equity scenario. And
19 certainly a concession, ultimately, closer to -- at --
20 less than 130 million, closer to Professor Simpson's
21 back of the envelope calculation than the 180 million
22 plus, we first heard from Mr. Johnston this morning.

23 Our clients, at page 54, have a few
24 words about Mr. Johnston. And Mr. Johnston, I have to
25 apologise, I spent a lot of time with you in -- in this

1 proceeding, and at times, certainly I was a little
2 sharp, for which I apologize. I don't mean "sharp" in
3 sharp practices, but sharp in my tone, for which I
4 apologise.

5 Generally speaking, our clients have
6 generally - leaving aside a bit on ABO, other, and the
7 DCAT analysis, found Mr. Johnston and his evidence on
8 claims liabilities and risk analysis, in many ways, to
9 be a breath of fresh air. Certainly his predecessor
10 was a -- a very helpful witness, but our clients do
11 appreciate a lot of what Mr. Johnston brought to this
12 Hearing and we should -- should articulate that.

13 We think Mr. Johnston was generally very
14 helpful in explaining his reasoning. We think he was
15 candid, generally, in acknowledging the limits to --
16 with experience and the limits to the model, and we'll
17 talk about that in a moment. And certainly from our
18 clients perspective, they were encouraged by Mr.
19 Johnston's willingness to look at ways to improve the
20 DCAT analysis.

21 Our clients do wish that the energy
22 expended on MPI-32 and MPI-14 would have been spent on
23 a DCAT analysis for a minus 20 percent scenario. But,
24 generally, they -- the certainly found a lot to commend
25 Mr. Johnston for in this Hearing.

1 So is the DCAT, DCAT, ready for prime-
2 time in setting their RSR? Earlier I adverted (sic) to
3 the roots of the DCAT and I asked that cross-
4 examination of Mr. -- in question of Mr. Johnston, in -
5 - in -- just prior to the start of -- of Mr. Simpson's
6 evidence, or Professor Simpson's evidence last thirt --
7 last Thursday, and he misunderstood my question and
8 went on on a extensive response on -- about whether or
9 not it -- the DCAT performed by MPI was a solvency
10 test. Our client's point in asking that question was
11 more subtle.

12 The client's point was it's important to
13 understand where MPI and where other actuaries are
14 coming from in -- in using the DCAT techniques. The
15 DCAT in that type of analysis, our clients would
16 suggest, did not arise primarily from responding to an
17 RSR type scenario. It was really a tool to -- and
18 certainly we commend the actuarial profession for
19 developing it, to respond primarily, from our client's
20 perspective, to a different type of risk experienced by
21 -- by private sector firms in the competitive
22 marketplace.

23 And you can see the roots of that in a -
24 - in a variety of ways in -- in terms of the actuarial
25 standards. You see that clau -- that conservative risk

1 tolerance of 1:100 events, which you certainly wouldn't
2 find in the academic literature. You see that
3 tolerance for scenario tree -- testing, a tolerance that
4 obviously Professor Simpson has some disdain for, which
5 is not necessarily consistent with modern risk
6 analysis, which is driven by empiricism and probability
7 analysis.

8 And you can see -- and Professor Simpson
9 made a brief reference to it, in a tolerance for more
10 crude -- and I don't mean that in a pejorative, but
11 more rough and extreme assumptions, the one that was
12 produced by the external actuary that he spoke of, the
13 3 percent inflation scenario, not in the proceeding,
14 but in past proceedings, with no management action
15 presented by the Corporation's previous external
16 actuary. And do not misjudge our client's words on
17 this point, with the -- and I've got a misstatement
18 here, within the context of private insurer, delete the
19 word "monopoly", in a competitive marketplace -- place,
20 these types of approaches, this kind of roughness, this
21 -- this kind of extreme scenario in terms of
22 risk tolerance may be entirely appropriate, but they
23 may be less appropriate, and indeed they are less
24 appropriate, in our client's submission, given the
25 purposes of the RSR and the rigour of modern risk

1 analysis.

2 And at page 56 our -- our clients hasten
3 to make the point that that doesn't mean the DCAT
4 cannot be adopted. And not just in this Hearing, but
5 in his prior evidence in the last hearing Professor
6 Simpson made it clear that he thought this could be a
7 very useful tool if bounded by appropriate risk
8 tolerances based upon assumptions of appropriate
9 management action and based upon relevant reliable
10 evidence. And he reiterated that point, that this is a
11 tool that can be adopted, that can be moved.

12 But our clients want to highlight that
13 there is a cultural shift in moving from a technique
14 developed for a different environment to this
15 environment, and you see it in extreme scenarios like
16 the interest rate scenario presented by Mr. Christie a
17 few years ago. You see it when Mr. Cheng talks about
18 what he does -- what he normally does. When he talks
19 about that, he's talking about the use of the DCAT for
20 a different purpose of a private company in a
21 competitive marketplace.

22 And certainly, from our client's
23 perspective, that cultural adaptation issue helps to
24 explain the puzzling decision of Mr. Johnston to use
25 equity data from the 1930s without doing the most

1 fundamental, the most basic of statistical tests,
2 testing for a structural break using commonplace
3 statistical techniques. And perhaps when dealing with
4 a -- a solvency test you could have that kind of bias
5 towards extremes, but from our client's perspective
6 when you're looking at the more limited purpose of the
7 RSR, it's not appropriate. And we note that still Mr.
8 Johnston hasn't done that structural break test.

9 And in Exhibit 32 this morning he
10 presented a table at page 2 which por -- purported to
11 be, to use his language, "very similar to Professor
12 Simpson's." But it was not. Professor Simpson's was a
13 structural break analysis. It was based upon a
14 specific break point -- breaking point in time. Mr.
15 Johnston conceded this morning in cross-examination
16 that that was not what he -- he had done. And
17 certainly we expect that MPI will re-characterize that
18 table in their closing submissions.

19 So going to page 57, is the DCAT model
20 employed by MPI ready for prime time? "No", our
21 clients would say. For one (1) reason, the model needs
22 to be updated and validated. And our client and our
23 consulting team, including the actuary and Professor
24 Simpson, first became a little -- concerned is an
25 overstatement, but a little less comfortable with the

1 DCA (sic) model when they identified in the information
2 request process suspected inconsistencies in the
3 equities output of the original DCAT estimate. Those
4 were brought to the attention of MPI in an Information
5 Request, and the Corporation, to its credit and to Mr.
6 Johnston's credit, corrected the decline in equities
7 scenario.

8 And again to Mr. Johnston's credit, in
9 his direct evidence on day 1 of the Hearing, he was
10 very candid in discussing some of the challenges in
11 terms of their model as it currently was in the -- the
12 ability of the existing financial model to handle the
13 more complex modelli -- modelling scenarios, such as
14 those produced by the DCAT or stochastic modelling.

15 So we appreciate his candour. And --
16 and we think that the concerns articulated in that
17 Information Request and the Corporation's response
18 suggests that there's a need to update and validate the
19 model.

20 And certainly, the Board -- turning to
21 page 58 -- if it wishes, can turn to its own order, PUB
22 Order 5/12 -- and look at the discussion of the works
23 of those econometricians, Professors Kuburski and
24 Magee, in the hydro hearing. And -- and certainly our
25 cli -- in our client's view -- and certainly a review

1 of PUB-5-12 would reinforce that -- the model employs,
2 by MPI, appears to be -- and I'm going to strike the
3 word, "quite simplistic" and replace it with "somewhat
4 simplistic."

5 Our clients articulated in cross-
6 examination a concern with the decline in equities
7 scenario, that it does not take account -- into account
8 any changes in equity spread. And I do want to add,
9 you see behind that statement, "mitigation is not the
10 entire answer." Those are my notes to myself, those
11 are not Mr. Johnston's words. But, certainly --
12 mitigation, certainly from our client's perspective, in
13 terms of the offsetting impact of changes in int --
14 interest rates on liabilities and assets is -- is not a
15 complete answer to this. And certainly our clients, in
16 a improved DCAT model, would -- would expect a more
17 robust model that took into account changes in equity
18 spreads; a more sophisticated model than currently
19 undertaken by MPI.

20 Our clients have con -- expressed the
21 concern, perhaps implicitly, and perhaps Mr. Cheng
22 explicitly, that with the fact that the DCAT does not
23 pro -- provide a -- produce a full set of financials
24 including balance sheets, statement of retained
25 earnings, income statements and an MCT output. So that

1 certainly is a -- a modelling change that our client
2 sees as needed and -- and significant.

3 And at page 59, our clients want to
4 highlight that their understanding of the current
5 modelling done by MPI is that it provides limited
6 insight into the correlation between factors. And we
7 used the opportunity to discuss the relationship betwe
8 -- between claims incurred and -- and clai -- claims
9 expenses. And you see a -- a statement from Mr.

10 Johnston:

11 "Yeah, we -- we talked a little bit
12 about this relationship between
13 expenses and incurred, and I
14 indicated that I struggled a little
15 bit with what to assume in the DCAT."

16 And indeed, as you see in the -- the
17 remainder of that page, the struggles were -- were
18 reflected in -- in what was simply a judgmental
19 assumption, rather than -- rather than a -- an
20 assumption based upon actual correlation between
21 factors.

22 Why does correlation matter? It matters
23 profoundly because when you're -- when you're looking
24 at the impacts of events while to the layperson, or the
25 lay-lawyer, if you combine two (2) mix -- two (2) --

1 two (2) risks, you know, you simply add one (1) number
2 to the other and you get a bigger -- a bigger risk.
3 But that is -- is not proper mathematics, and that is
4 not a -- not proper risk analysis.

5 Central to proper modern risk analysis
6 is to look at the impact of -- of events and how they
7 are correlated. And simply put, if they're negatively
8 correlated, or if they're independent, then the impact
9 upon the magnitude of the risk will be less than the
10 additive impact.

11 And my -- I'm stretching my memory here,
12 but even if they're not -- so I'll -- I'll leave it at
13 that but correlation matters materially. And our
14 client's observation is that correlation is -- is --
15 and -- and the understanding of correlation is not
16 expressed in the DCAT modelling.

17 And if the panel looks at the -- the
18 second largest scenario, the combined scenario, that's
19 based on an assumption that the -- the growth in the
20 two (2) factors is independent. But it's just an
21 assumption, and certainly one would want to understand
22 the actual relationship. And so I -- I can't do
23 justice to correlation today, but those are factors of
24 material concern for our clients.

25 So our client's recommendation is that

1 prior to the next hearing a technical conference be
2 initiated to better explain the DCAT model, to validate
3 it through sensitivity analysis, and to explore cost
4 effective mechanisms to modernize the model. And that
5 certainly was a recommendation of Professor Simpson.

6 At page 61 -- and we've already answered
7 this question -- we ask again:

8 "Is it employed -- is the DCAT model
9 employed by MPI ready for prime-
10 time?"

11 And we -- our clients say, "no",
12 emphatically no, because -- and -- because its risk
13 tolerances, i.e., the 1:100 plausibility scenarios, are
14 not appropriate for the limited purposes of the RSR.
15 And so our client's recommendation on page 62 is that
16 given the purpose of the RSR, to cushion the impact of
17 unexpected non-recurring, we put in brackets
18 recurring events], our clients reject the protection
19 against one 1:100 events as excessive, and they suggest
20 adopting a range around general accepted risk
21 tolerances 1:20, and certainly they endorse
22 wholeheartedly Professor Simpson's range 92.5 percent
23 to 97.5 percent bound in the 95 percent.

24 And from our client's perspective, it's
25 tough enough to tell a Manitoba senior who may be

1 planning five (5) years ahead, maybe ten (10) years
2 ahead, maybe optimistically if it's my in-laws twenty
3 (20) years ahead -- they live to be around a hundred
4 apparently -- but to set aside protection for a one
5 1:100 year event; that's a hard sell, and it's one,
6 given the limited objectives of the RSR, our clients do
7 not endorse.

8 Mr. Chairman, I can -- I can keep taking
9 you to the end, or if I might have a five (5) minute
10 break just to -- and then we'll finish hard.

11 THE CHAIRPERSON: Let's take five (5)
12 minutes, please.

13

14 --- Upon recessing at 3:02 p.m

15 --- Upon resuming at 3:09 p.m.

16

17 THE CHAIRPERSON: I believe we're ready
18 to resume. Mr. Williams, to you again.

19 MR. BYRON WILLIAMS: Yes. Just --
20 we're at page 63 of the big outline. And in terms of -
21 - if you might also have at hand, in terms of the CAC-
22 12, the little excerpts handed out today, about four
23 (4) pages in you should see a probability distribution
24 -- actually two (2) of them and a headline: "The
25 Decline in Equities Scenario."

1

2

(BRIEF PAUSE)

3

4

MR. BYRON WILLIAMS: So page 63 we

5 again ask:

6

"Is the DCAT model employed by MPI

7

ready for prime-time?"

8

And we submit that on our client's

9

behalf that it's not, because the decline in equities

10

scenario, and the combined scenario, reply -- rely upon

11

inherently unreliable data. And a central point that

12

certainly, our clients hope that Mr. -- Professor

13

Simpson made is that when presenting this analysis, MPI

14

didn't it -- not test the decline in equities data for

15

a structural break, and certainly our clients consider

16

that to be an important oversight.

17

And why do that? If the Court -- if the

18

PUB is looking for some good reading, probably as

19

opposed to listening to me, go back to the

20

Corporation's response to CAC-1-3(b), it's noted at the

21

bottom of page 63, and also 2.2. And -- and in those

22

there's a bit of a dialogue between our clients and

23

MPI, in terms of when might you not take history in --

24

into account. And MPI said, Well, maybe in hail, maybe

25

if we -- if we found conclusive statistical evidence

1 showing changes in the mean or variance of hail claims,
2 or net hail loses.

3 So, that's really a -- a useful
4 technique articulated in that discuss of hail scenarios
5 by MPI. But that technique, the technique employed my
6 Professor Simpson, was no employed by MPI, in terms of
7 the decline in equity scenario. Test for structural
8 break; see if within the data, that there's something
9 statistically significant and different happening.

10 Another example the -- the -- one could
11 look for, is look at how we look at our estimates of
12 personal injury costs from Manitoba Public Insurance.
13 We're looking back eighteen (18) years to the start of
14 the -- or nineteen (19) years, to the start of the no-
15 fault program. We don't go back to the -- to the start
16 of the program, because there was the fundamental
17 change that took place. And likewise, we commend MPI
18 for that. You know, that data, there's inherent
19 problems with the pre-no-fault data, and MPI, we
20 commend it for recognising a structural break in the
21 data and relying upon more current data.

22 Similarly, with the decline in equities,
23 our clients say A) MPI should have tested for the
24 structural break, B) they should have recognised it and
25 used a technique consistent with modern risk analysis.

1 Does that dec -- structural break exist?
2 Professor Simpson, if you look at the three (3) slides
3 presented which are included in this Exhibit, addresses
4 this issue in -- in three (3) different ways. First of
5 all, he talks -- he starts with something to even Mr.
6 Williams can understand: a probability distribution.
7 And if you look at the dotted lines, that's the
8 experience and the data in the modern era, 19 -- from -
9 - from the 1950's.

10 And what can you conclude from that?
11 Well, one thing that's clear from the probability
12 distribution, subject to other statistical tests, is at
13 the highs on the right side are not as high, and the
14 lows on the left-hand side are not as low. So -- a --
15 just from the -- checking that from a probability
16 distribution, suggesting that something different is
17 happening.

18 If you flip to a -- the next page, the
19 famous slide 7 from Professor Simpson's oral a -- the
20 exhibit affixed to his oral evidence, here you see the
21 test for a structural break. Looking at the ancient
22 data, the data of the Roaring Twenties and the -- and
23 the Great Depression versus the modern era, and
24 Professor -- you -- when you look at the -- to the
25 extreme right, you see that test of variance, or

1 standard deviation, and a -- a -- Professor can --
2 Simpson concludes with very strong data, that this is a
3 stat -- statistically significant structural break in
4 the data.

5 On the next side, Professor Simp --
6 Simpson says, Look at it another way; If I haven't
7 persuaded you with my picture and my sta -- statistic -
8 - my standard deviation analysis, look at the fifth
9 percentile event, and look at the profoundly different
10 implication of choosing a fifth percentile event. For
11 the modern era at the bottom, for the -- the Great Dep
12 -- Depression/Roaring Twenties era, or for the entire
13 time period. So that really is the heart of why
14 Professor Simpson expresses grave concerns with the --
15 with the data pre -- pre-Pearl Harbour.

16 And just at page 65 of the outline, MPI
17 at -- at one (1) point in time sought to argue that
18 somehow they had moderated the influence, the -- of the
19 pernicious pre-Pearl Harbour data by going to minus 40
20 percent instead of the fifth percentile event. But
21 again all the observations worse than minus forty (40)
22 took place prior to Pearl Harbour, and that was
23 confirmed in cross-examination.

24 So why are our clients so concerned
25 about this? Turning to page 66. It really goes back

1 to a question asked by the scenario -- by the
2 Chairperson, who I should not call "the scenario" --
3 and -- and think of Mr. Cheng's advise, and -- and
4 think of -- that this dialogue about the DCAT and the
5 analysis that is going to go on in the future, and Mr.
6 Cheng is saying look at one (1) year scenarios. We
7 heard Mr. Johnston talk about two (2) year, or three
8 (3) year scenarios.

9 Well consider that if you're doing that
10 decline in equities analysis based upon the -- the
11 antiquated data prior to the structural break, the
12 influence of that will be not just in the four (4) year
13 cumulative return but a one (1) year analysis, a two
14 (2) year analysis, a three (3) year analysis.

15 And the Chairperson asked a question not
16 exactly along that -- this point, but he -- he asked
17 about -- he asked about, you know, this will kind of
18 continue. And -- and certainly our client's concern is
19 using this pre-1950s data will taint any future decline
20 in equities analysis, whether a one (1) year, two (2)
21 year, three (3) or a four (4). From our client's
22 perspective it will be the gift that keeps on giving,
23 or in our client's per -- perspective the gift that
24 keeps on skewing the analysis, not just for a
25 cumulative four (4) year return but for other

1 approaches.

2 At page 67, our -- we -- our clients
3 ask:

4 "Well, is this just a debate between
5 actuaries and -- and econometricians
6 or microeconomists? Does -- is --
7 does one (1) of these professions
8 purport to have a monopoly on modern
9 risk analysis?"

10 And our clients certainly don't think
11 so. And certainly they hope that Professor Simpson's
12 advice to MPI was taken in the spirit of the advice of
13 one (1) professional -- from a -- another high-level
14 mathematician to -- to another.

15 And it is fair to say that there are a
16 number of professions seeking to bring modern risk
17 analysis techniques to the issue of risk in the context
18 of a modern firm. Certainly we've seen tremendous
19 improvements in the actuarial profession since the late
20 1980s. But it's also fair to say, and certainly
21 Professor Simpson made this point, that much of the
22 cutting edge lit -- literature and work flowing -- is
23 flowing from applied econometrics and applied econ --
24 economics.

25 And presumably, it was in recognition of

1 this point that in the Hydro hearing the Board, looking
2 at risk analysis for another Crown Corporation, the
3 Board chose to hire econometricians; not because
4 they're better than actuaries, not because they're
5 worse, but because they bring a unique valuable
6 perspective. And certainly, our clients don't want
7 this to be an actuary versus econometrician debate.
8 That's certainly why Ms. Sherry was offered -- asked to
9 provide her input to Professor Simpson as well. And --
10 and hopefully MPI will take it in the spirit of
11 incorporating the best from an interdisciplinary
12 perspective.

13 So our client's concerns with the DCAT
14 as currently employed by MPI, certainly if -- if MPI is
15 designing the DCAT to protect against no rate increases
16 our clients consider that to be an over-restrictive
17 prodec -- protection. They certainly believe that the
18 model, while -- while developing impressively, is
19 immature; that the risk tolerance as -- as expressed by
20 the 1:100 event is extreme, and they are gravely
21 concerned about the reliance on pre-structural break
22 data.

23 So our client's recommendation, in terms
24 of the DCAT, is that any D -- DCAT analysis in the
25 future should employ standard statistical tests for

1 structural breaks in the data, and certainly that the
2 Corporation should use modern -- the modern period for
3 the decline in equities scenario. And certainly I put
4 an extensive discussion there, which is really a
5 recapitulation of my prior submissions, or Professor
6 Simpson's commentary, so I -- I won't elaborate on it.

7 Our clients -- so that's for today.
8 What about in the future? And that's -- our clients
9 discussed this at page 70. One (1) of the scenarios
10 that our clients are particularly intrigued by by MPI
11 is the combined scenario. Now, they don't believe it's
12 reliable for the purposes of the RSR in this Hearing,
13 because it's based on a 1:100 probability.

14 But there is some interesting stuff
15 being presented, page 70 of the outline, Mr. Chairman,
16 in that scenario. According -- if you go to kind of
17 line 3 under the -- the bullet -- according to the
18 amended DCAT report, page 21, the method involves
19 running the stochastic models for claims incurred and
20 equity returns to -- together, assuming they are
21 independent -- that -- that relates to correlation
22 which I spoke of earl -- earlier -- and choosing the
23 first percentile of worst outcomes.

24 From our client's perspective, while
25 they disagree with the -- the first percentile, and

1 they look -- they -- they also think that consideration
2 should be -- should be directed towards whether these
3 events are actually independent, this is a promising
4 methodology for future consideration of the combined
5 effects of the most important risks faced by the
6 Corporation.

7 And certainly, from our client's
8 perspective, this is an approach that MPI should
9 encourage to pursue, including an analysis of the
10 correlations across risk categories. Again, one (1) of
11 the concerns we've expressed with it in its current
12 format is the 1:100 risk tolerance. The other one is
13 the reliance on the pre-1950 data.

14 So generally, at page 71 we come to the
15 1:100 million, or 1:\$200 million question, what RSR
16 level for rate setting? And our clients, in trying to
17 get their head around this question, tried -- tried to
18 start with, Well, what are the different ranges that
19 have been presented in this hearing? And it's a truly
20 impressive -- or unimpressive range.

21 We've got Kopstein. We put roughly 77
22 million to one fifty-three (153). My Friend, Ms.
23 Grammond, might have had a different number, but again,
24 it's -- it's fairly clo -- close. It's got the value
25 of incumbency and transparency, but really it fails to

1 directly address the risk of MPI. Professor Simpson
2 said that, Mr. Johnston has emphatically said that, and
3 -- and MPI doesn't accept, so it's certainly not a
4 long-term solution.

5 We've got the risk analysis, VaR, which
6 at a two (2) year -- two point five (2.5) year time
7 horizon, has a hundred and fifty-nine (159) to two
8 hundred and twenty-eight (228), and historically that's
9 a methodology that hasn't done that badly, but is
10 volatile, as MPI points out, and again, MPI doesn't
11 accept it.

12 Well, what about the DCAT? Well, from
13 the DCAT we -- presented by MPI, we've got those
14 scenarios of 80 million to 200 million. But first of
15 all, all but one (1) scenario is based upon the 1:100
16 risk tolerance. And our clients certainly don't see
17 that as an acceptable approach for the RSR. And again,
18 from our client's perspective the decline in equity
19 scenario is -- is not reliable as presented, and that
20 again goes to the combined scenario.

21 So what about a DCAT based on modern
22 equity data? We've made the very cautious statement
23 here that it would be materially below upper limit of
24 Kopstein and, i.e., less than 150 million. And Mr.
25 Johnston can confirm today that at comparable level to

1 the -- the PUB-2-32, it would be less than 130 million.

2 But the DCAT was not employed and the
3 DCAT is an evolution. So frankly, our clients have
4 some discomfort with all these approaches. And so what
5 do they recommend? That the -- the PUB do not accept
6 the DCAT as presented by MPI for purposes of the RSR;
7 that the PUB direct MPI to develop a DCAT based on
8 transparency, evidence-based justification of scenarios
9 and stability, with risk tolerances bracketing the 95
10 percentile range, and certainly our clients think the
11 DCAT could benefit from an interdisciplinary review.

12 Until we get the DCAT finalized, our
13 clients think that the risk analysis in Kopstein should
14 be presented annually as a check. They have cautiously
15 picked an RSR upper limit of \$150 Million dollars, but
16 here's the important point: they're not seeking a rate
17 rebate; they're saying lets recognise that this DCAT
18 process, we're making strides, we're not your -- that -
19 - that -- lets recognize the evolution of this process.
20 And, you know, our clients think it's considerably less
21 than 150 million; MPI thinks it upper -- you know,
22 around 200 million.

23 In this Hearing, lets focus on moving
24 the DCAT and risk analysis process forward. Lets worry
25 a little bit less about the money; put that money in

1 what Mr. Williams is suggested call the RSR Escrow
2 Account. Unless you're a hockey fan, you'll know that
3 there's a -- you know -- essentially between the NHL and
4 the NHL Players Association, when they're trying to
5 figure out what -- what the actual revenues were for
6 the year, a portion of salaries are put aside into an
7 escrow account. Just notionally we chose that word.
8 Perhaps, it's only my sick sense of humour. But really
9 to just say, protect it, keep it there so that we're
10 not fighting about the -- about the dollar amount this
11 year, that we're really trying to move the process
12 ahead.

13 And again, lest my client chastize me, I
14 want to emphasis our client is strongly of the view
15 that -- that we have presented strong evidence, that
16 the \$200 Million dollar figure is -- is not the right
17 figure, but recognizing that this a process in evol --
18 in evolution, that we're trying to a res -- a fresh
19 regulatory start; they're not seeking a rate rebate and
20 they're saying: Just don't -- from our clients
21 perspective they're recommending strongly that you not
22 recommend the DCAT methodology of MPI. Keep the money
23 there, call it whatever you wish, and lets finalize
24 this process, lets have a -- a good debate and put --
25 put this sucker with hope to bed next year.

1 At page -- and "sucker's" probably also
2 a colloquial language that I'll strike from the record
3 -- and wither AOCI -- and our client were -- client was
4 quite interested with the -- the a -- recommendation of
5 Mr. Cheng using AOCI for determining the threshold for
6 failing the test of satisfactory future financial
7 condition. At least that they understand it, and
8 admittedly they haven't pres -- prepared a lot of time,
9 spent a lot of time in this.

10 There are two (2) distinct issues using
11 the AOCI for determining the threshold and certainly CA
12 -- CA (Manitoba) (sic) is on preliminary basis,
13 sympathetic for that. They haven't thought much about
14 using AOCI for the purposes of rebate. They're
15 certainly not recommending that at this point in time.

16 They're just -- so in terms of a
17 recommendation, our client is -- is sympathetic to Mr.
18 Cheng's advice, but frankly hasn't thought about it
19 perhaps as carefully as it should, so they would
20 certainly be -- will be expressing some preliminary
21 sympathy for his views, but lea -- leaving some wiggle
22 room to revisit that position next year.

23 Page 76. We're moving a -- just a -- a
24 quick discussion in terms of investment. Really a
25 critical issue, but sadly the record in this Hearing

1 was not completed through no -- no party's fault. From
2 our clients perspective, the incomplete record does not
3 demonstrate that MPI and -- /finance, have achieved the
4 optimal level of diversifying risk as compared to
5 acceptable level of ret -- ret -- return. And like our
6 friend Mr. Oakes, our client notes the irony that MPI
7 really says it's biggest risk is from a decline in
8 equities, but is asserting that, that's a problem over
9 which the province has control. And that does beg, as
10 Mr. Oakes asked, the question whether ratepayers should
11 be on the hook for risks allegedly created by choices
12 of the province, as well as flowing from adverse events
13 in the market place.

14 So from our clients perspective, and
15 recognizing that the record is imperfect, this is an
16 issue that should be returned to next year, certainly -
17 - and they would welcome the presence of a provincial
18 witness.

19 The last two (1) issues that our clients
20 wish to address are cost allocation and road safety.
21 In terms of road safety, it probably doesn't belong in
22 this part of the argument, but Mr. Williams got a
23 little sleepy this morning and just put it in the wrong
24 spot. Our clients would see that more pro -- properly
25 coming under whether expenses are prudently and

1 necessarily incurred, but you'll forgive me for that
2 oversight.

3 At page 79, our clients provide
4 essentially a highlight of the cost allocation issue
5 from their perspective. And they start by expressing
6 some disappointment in terms of what MPI's analysis and
7 its consultants -- in terms of what it doesn't address.

8 In terms of -- while MPI has
9 traditionally looked at this issue from a very narrow
10 perspective of cost allocation, there's some very
11 interesting concepts out there that our client is not
12 satisfied that MPI has examined. From the in -- income
13 tax world, there's the transfer pricing issue, looking
14 at -- at fair and equitable relationships between
15 affiliates. There's some in -- there's a good -- an
16 interesting PUB decision relating to Centra Gas that is
17 not referenced, and relating to affiliate code of
18 conduct.

19 MPI candidly exam -- exe -- admits that
20 there's no examination of the benefits of economies of
21 scale as they may affect the costs experienced by
22 Extension. And certainly no analysis of the overall
23 fairness of the relationship, both on the revenue and
24 cost side.

25 There can be no denial -- and Ms. -- Ms.

1 McLaren was candid in admitting this -- that there are
2 material revenues flowing to MPI Extension from -- from
3 its relationship to Basic. And certainly, again, our
4 clients are disappointed that no effort has ma -- been
5 made to understand or to capture this relationship.

6 I've mentioned the cost economies of
7 scale point previously. We do note that it took some
8 prodding by -- by cross-examination, but MPI
9 reluctantly admitted that there may be benefits to
10 Extension from the Basic's economy of scales.

11 At the bottom of page 79, our clients
12 observe that a number of Crown's have chosen to
13 structure their businesses in a variety of different
14 ways, many -- many of them tending to be more
15 transparent, and in a number of cases where the
16 affiliate would have to pay market rates for the type
17 of service provided. And one (1) is the use of Hydro's
18 information technology by Centra and, again, another
19 one is the relationship set out in the affiliate code
20 of conduct in the Centra Gas decision.

21 On page 80, our clients note, as Ms.
22 Grammond did this morning, that in terms of the
23 allocator at par -- particular dispute, there are two
24 (2) reasonable options, being the claims incurred
25 allocator and the premiums written.

1 Page 81, we simply re-summarize issues
2 where we -- we believe MPI could have reexamined.

3 At page 82, we do highlight Ms.
4 McLaren's comments recognizing the advantages acc --
5 accruing to Autopac Extension in terms of revenue
6 generating, by virtue of it being associated with
7 Basic. And this is bolded at the bottom of this
8 analysis.

9 At page 83, our clients again reiterate
10 the evidence of Ms. Reichert and the assets and
11 liabilities study in terms of a charge levied by
12 Manitoba Hydro to Centa -- Centra for the use of
13 information technology.

14 An encouraging part of the discussion,
15 certainly from our client's perspective, was at page 84
16 where MPI seemed to our client to express some openness
17 to what we consider to be an analogous approach: the
18 recommendation of the Gartner Group in terms of
19 charging for information technology services. And
20 certainly, our client, if you're not getting the point
21 already, is -- is not satisfied that the cost
22 allocation methodology proposed by Deloitte
23 satisfactorily explores the multiply integrated
24 relationship between Basic and Extension.

25 And really, if you think of MPI's

1 presentation of that argument, it's really about, Well,
2 Basic's better off having someone to share the costs
3 with; not looking at the material benefits flowing to
4 Extension from -- in terms of revenues; not looking at
5 the material benefits, we would argue. MPI would
6 reluctantly concede some benefits flowing from
7 economies of scale.

8 So it's -- from our client's perspective
9 an impoverished analysis, and certainly approaches like
10 Gartner, which they appear to be suggesting charging
11 for information technology services, that may put more
12 transparency and more market-driven approaches into the
13 analysis.

14 At page 86 we merely summarize really
15 what is the standard cross-examination that is always
16 done in cost allocation saying, you know what, I can't
17 use any -- there are a variety of different reasonable
18 ways to get to this answer, and certainly KPMG, to our
19 understanding, has expressed the view -- or signed off
20 on both the written premiums incurred and the claims
21 incurred approach.

22 So from our client's perspective, the
23 cost allocation analysis presented by MPI continues to
24 be impoverished. Certainly, we look forward to it
25 reporting back on changes -- on charges for the use of

1 technology, and whether that makes -- can -- has the
2 potential to make improvements in terms of cost
3 allocation or efficiency.

4 If our clients had to chose between
5 premiums written as an allocator or -- or claims
6 incurred, they prefer premiums written. Here you can
7 accuse them of self-interest. But more importantly,
8 they see this as -- as more reasonable because within
9 the limits of the impoverished cost allocation
10 analysis, it more accurately captures the overall
11 relationship than the cost allocator. And it does so
12 because at least to a certain degree it takes into
13 account the benefits inuring to Extension from the
14 Basic monopoly in terms of revenues.

15 Our clients would be open to revisiting
16 this issue from a broad -- broader perspective but if
17 the Board out of weariness with the issue wants to put
18 it to bed, certainly from our client's perspective,
19 they would be supportive of the premiums written as the
20 allocator.

21 The last major topic is road safety.
22 And just for the new members of the Board, and Ms.
23 McLaren discussed this I think in -- in my conversation
24 with her on road safety, in a regular hearing you would
25 see all sorts of Information Requests and cross-

1 examination by CAC (Manitoba) about how are you
2 measuring the performance of your -- of your -- your
3 investments in road safety? Aren't you going to move
4 up the budget for, you know, impaired driving or -- et
5 cetera?

6 This year in recognition of the fact
7 that the -- the Corporation has been doing a lot of
8 soul searching and some -- some helpful consultation on
9 this subject, our clients backed away from that more
10 detailed examination, and -- and tried to approach it a
11 little more conceptually.

12 And -- and like CAA, and you'll see this
13 on page 88, our clients do start from a general
14 starting point that investment in services such as
15 infrastructure and policing should be paid for by tax
16 dollars. But our clients want to emphasize, and -- and
17 -- that they're open to persuasion on this, but open to
18 persuasion based upon sound empirical evidence. And
19 open to evidence supporting justification suggesting a
20 clear business case for cost savings to ratepayers, and
21 to mitigating the social and economic cost of
22 accidents.

23 And it's perhaps helpful to remind the
24 Board that a lot of this discussion, the last time we
25 had a serious discussion about infrastructure, was at

1 our client's instigation in the middle of the last
2 decade when over at a half decade ago they -- they
3 pushed MPI to examine more carefully whether it should
4 be investing more in enforcement and infrastructure;
5 not to endorse those ideas but to try and expand the --
6 the dialogue before this Commission.

7 At pages 1,002 through 1,005 our clients
8 summarize through -- through the helpful evidence of
9 Ms. McLaren the many different visions for MPI in terms
10 of road safety. And it was -- it was -- there's some
11 really impressive work done here, but our clients ask
12 the question: Is -- they make the observation that MPI
13 has been invited to do many things, and -- and they
14 raise the question: Is -- is it being asked to do too
15 many things?

16 And certainly, as we move forward in
17 this discussion, that's something our clients will keep
18 at the forefront. There are some expectations being
19 raised in the -- in the community in terms of MPI and -
20 - and that's not a -- not a bad thing.

21 And our clients are confident that over
22 time they'll -- they may be up to the task, but it's
23 important to make sure that -- that we're not asking
24 too much of MPI as well.

25 And why not? Well, at page 90 there's a

1 risk to ratepayers, certainly, that spending can
2 certainly get out of control and -- and there's also a
3 risk, though not articulated on this page, that the
4 dissipating the Corporation's energies on too many
5 rolls may -- may risk minimizing the -- the positive
6 contribution it can make.

7 At page 91 our clients raise what they
8 consider to be some threshold questions in terms of MPI
9 going forward. In any proposal being brought forward
10 by MPI, our clients will ask: Is there a measurable
11 positive contribution to ratepayers and to mitigating
12 the material social costs of accidents?

13 They'll ask, as CAA did this morning:
14 Is MPI best suited to delivering the programming? They
15 will ask: Is MPI currently equipped to make judgments
16 about the best use of resources, those difficult al --
17 allocation issues? And certainly our clients will
18 explore more robustly, if MPI moves more aggressively
19 down this path, what mechanisms they have in place to
20 test the costs versus the benefits of these proposals.

21 They'll also ask that critical question:
22 Will investments have broader social implications with
23 the risk of leading to a societal mis-allocation of
24 resources, recognizing that we've -- we've got to look
25 at the MPI expenditures within the broader context of

1 societal expenditures.

2 At page 92 our clients identify what
3 they consider to be some key missing information. The
4 first one may be more our client's fault than -- than -
5 - or not -- maybe they're our client's legal counsel's
6 fault than -- than MPI's, but our clients have not,
7 certainly in our -- through their focus groups and
8 their advisory groups have learned more about some
9 interesting services that MPI does deliver.

10 And one, which again, CAA adverted to
11 this morning was that mature driver's workshop, which
12 is apparently available free. And our clients
13 certainly are of the view that -- that that's a program
14 with a significant potential, not just for seniors, but
15 for new Canadians, poor drivers like Mr. Williams, and
16 certainly that there's some opportunities there.

17 And there's also, from our client's
18 perspective, it's really unclear who actually is doing
19 what. And we asked MPI this question on behalf of our
20 client's at page 1193 of their -- of the transcript:

21 "Is there some sort of baseline or
22 survey of who's doing what and how
23 much they're investing to date?"

24 And Ms. McLaren said, "Not to my
25 knowledge." And our clients think that that's an

1 important threshold piece of information as this panel
2 and MPI moves forward.

3 So from our client's perspective, in
4 terms of road safety, they certainly would in --
5 suggest that MPI should be encouraged to continue its
6 discussions and consultations in this regard; that it
7 should be asked to produce baseline surveys of who is
8 doing what and what data is available - and certainly
9 we've seen some of that in some past proceedings - in
10 developing its proposals that it be directed to address
11 some of those hard questions that our clients asked
12 previously.

13 At page 94 there is a -- a very brief
14 discussion of the flat rate for PIPP. And certainly
15 our clients are generally supportive of the views
16 expressed by MPI, that that should not be accepted at
17 this time largely for the reasons articulated by MPI at
18 the pages are -- enumerated, page 1231 to 1234 of the
19 cross-examination by CMMG.

20 At page 95 our clients note that they
21 will be applying for a cost award. Of note to the
22 Board, they would observe that there's a grate (sic) in
23 SM 2.7, page 7, there's a statement of what regulatory
24 appeal costs are. And certainly, they're not
25 insignificant, amounting in our client's estimate of

1 something like 0.4 percent of Basic costs over the
2 forecast period. But our clients think it's also --
3 that's pretty good bang for the buck. And that while
4 we must always be vigilant, it is a relatively small
5 cost given the value provided by these proceedings.

6 At page 96, our clients say -- say thank
7 you, certainly, to the panel and to the court reporter,
8 to -- to the MPI witnesses and their legal counsel for
9 facilitating the introduction of exhibits in a less
10 cumbersome manner. To Board counsel who, every year,
11 raises the threshold for all others in the hearing in
12 terms of the quality of her cross-examination and her -
13 - to her excellent advisors. And certainly to the
14 Board secretary, who has to put up with Mr. Williams'
15 constant forgetting of the exhibit number.

16 Mr. Chairman, subject to any questions
17 of the panel, those are our client's submissions.

18 THE CHAIRPERSON: Thank you very much
19 for the -- the very exhaustive examination of the
20 issues and the recommendations. So thank you very
21 much. That was quite an interesting presentation, so I
22 know you worked on it quite late so thank you for
23 taking the time to do that.

24 Do you have any questions?

25 This is a minor point, but looking at

1 page -- Mr. Williams, looking at page -- specifically
2 at page 68. And it has to do with the DCAT, of course.
3 The -- and the -- I guess the statement was to the
4 effect that the definition of no rate increase is over
5 restrictive. And now I'm thinking -- thinking for
6 example of my brother driving -- driving, you know,
7 leading his life quite peacefully in his hometown and
8 he -- he advised that the portfolio held by Manitoba
9 Public Insurance has taken a dive.

10 And he wants -- you know, we advised --
11 the PUB makes the decision that they need to increase
12 their rates to -- to my brother because they made a
13 mistake in -- in -- on Broadway. So -- so, in that
14 context, my -- my -- I expect my brother would say, why
15 the hell should we be paying for a mistake that was
16 made by -- by a portfolio manager at Broadway?

17 So could you -- could you explain your
18 thinking there?

19 MR. BYRON WILLIAMS: What I think is
20 probably less relevant than what my client thinks,
21 which is -- but as I understand my client's thinking
22 just, first of all, our client did raise a similar
23 concern to your -- your brother. I'm going to -- on --
24 just so -- and the point may have been lost in your --
25 given my exhaustive presentation.

1 But at page -- at 7 -- at page 76, if
2 you see the bracketed statement. Our client pointed
3 out the irony that:

4 "MPI is claiming that the RSR needs
5 to be over 200 million to protect
6 ratepayers against risk flowing from
7 equities which it -- it asserts
8 province has control over. And it
9 begs the question whether ratepayers
10 should be on the hook for risks
11 allegedly created by choices of
12 province."

13 So certainly our clients have some
14 sympathy for that point. If you stay on that page for
15 just a second, though, from our client's perspective --
16 this is, again, on page 76 and then I'll go back to
17 your question, Mr. Chairman. From our client's
18 perspective, though, even in this hearing who controls
19 what is -- is not perfectly clear. And we highlighted
20 it and I should have summarized this in my statement.

21 A very interesting statement by Mr.
22 Johnston, at page 9 -- 985 of the transcript related
23 more to interest rates than equities. But, again,
24 going to assets and liabilities:

25 "The Corporation wouldn't stand still

1 as interest rates gradually rise. We
2 would expect it to know -- it to
3 [comma], you know [comma], manage our
4 [hyphen] -- our asset -- assets and
5 liabilities appropriately."

6 And certainly that statement caught our
7 client's eyes as being kind of an -- an outlier from
8 the rest of the me -- message that -- that this is all
9 done on -- on Broadway. So, while our client has some
10 sympathy for your -- your brother-in-law or your
11 brother -- brother's position, and that's why they
12 said, "This begs the question." Our clients aren't
13 satisfied where the record lies on -- on this is and --
14 and so that's just a partial response.

15 In terms of the actual statement you --
16 you pointed this panel to, the definition of no rate
17 increases over restrictive, what my client meant by
18 that, at least as I understood it, is when our client
19 conceives of the rate stabilization reserve, let's
20 leave aside the decline in equities scenario for just a
21 second, and let's move it to a grievous \$80 million
22 impact in claims liabilities, a one (1) time only non
23 recurring event, whatever that would be, our client
24 doesn't see the purpose of the RSR necessarily as
25 protecting them absolutely from any rate increase.

1 It's -- it's a muting (phonetic) im -- impact.

2 So -- and --and why does our client take
3 that perspective? I guess it goes back to that balance
4 between risk and -- and opportunity costs. And -- and
5 the idea that if you're going to sock away so much
6 money that -- that, you know, you're protecting against
7 a 1:100 event so that they'll be no rate increase
8 flowing from it, well maybe -- maybe that's a -- maybe
9 that's a bit overly restrictive. That's not the kind
10 of tradeoff that -- that my client is supportive of.

11 So that I think is where that specific
12 statement flows from, Mr. Chairman -- Chairperson.

13 THE CHAIRPERSON: I believe there are
14 no further questions from the panel, so unless there's
15 some other business to address before we adjourn today,
16 I'm -- I don't think there's any thing else to address,
17 so we are going to adjourn for today and we'll meet
18 again on Thursday at 9:30. And I guess from the --
19 we're going to hear the concluding comments from MPIC.

20 So have a good evening, everyone, and
21 we'll see you again on Thursday.

22

23 --- Upon adjourning at 3:52 p.m.

24

25

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

Certified Correct,

Cheryl Lavigne, Ms.

\$	1604:14	04 1656:4	1638:13	1:20 1570:20
\$1.6 1640:23	1720:16	05 1656:4	1,235	1571:3,6,8
\$100 1551:23	\$210 1682:2	07/'08	1640:20	1692:13
1554:10	\$24 1557:25	1675:9,20	1,364	1693:11
1555:17,25	1577:23	08/'09	1617:17	1707:21
1556:4	\$25 1558:19	1577:7	1,365 1608:5	1:40
1557:19	\$30 1642:3	1655:22	1,366	1570:5,11,21
1558:23	\$34 1613:2	09/'10	1608:19	1571:4,12
1560:12	1659:23	1655:23	1,427	1:700
1561:1,12,14	\$34,000,000		1605:19	1692:10,24
1585:1	1668:4	<u>1</u>	1,700	10 1550:20
1697:4	\$350	1 1560:23	1617:19	1563:15,19
\$109 1655:23	1637:2,17	1561:9	1,875	1595:22,23
\$12 1638:14	\$372.7	1567:10,24	1617:23	1599:10
\$125 1558:25	1553:18	1569:3,15	1,946	1600:7
1594:2	\$39.5 1666:7	1570:1	1617:21	1602:25
\$13 1636:5	\$4 1577:12	1571:9	1,971	1654:15
1641:19	\$4.7 1599:16	1579:21	1617:24	1681:7
1668:11	\$427 1638:10	1603:17	1672:20	1688:9
\$130 1595:15	\$5,500,000	1628:10	1.3 1617:5	1708:1
\$150 1562:2	1636:8	1630:14	1.4 1599:5	10.2 1618:5
1594:22	\$5.6 1601:19	1634:10	1.5 1599:5	10:00
1595:10,13	\$50 1557:23	1656:14	1640:21	1563:20
1719:15	1558:2	1662:13	1657:19	1564:1
\$162 1555:18	1624:17	1663:1,14	1.7 1617:4	10:13 1564:4
\$17 1667:15	1626:7	1675:1,18	1.7 1617:4	100 1553:14
\$170 1591:12	1685:24	1681:21	1/2 1599:4	1554:12
1592:20	\$52 1641:6	1685:2	1615:2	1556:11
1594:16	\$60 1555:2	1688:2	1/3 1556:19	1557:10,12
\$175 1591:16	\$7.1 1600:9	1689:2	1:\$200	1559:2,21
\$183 1555:10	\$71 1691:25	1702:21	1717:15	1560:1
1566:12	\$750,000	1703:9	1692:10	1565:20
1594:2,8	1639:23	1706:1	1:100	1566:17
\$185,000	\$80 1736:21	1712:17	1693:5,17	1568:3
1641:18	\$87 1554:23	1713:6,13,20	1694:7,18	1582:17
\$186 1570:13	\$96 1655:22	1714:7,13	1695:1	1584:2
\$2 1600:8		1716:9	1700:1	1609:12
\$2,500		1717:10	1707:13,19	1642:18
1597:10		1718:15	1708:5	1694:7
\$2.2 1613:24		1722:19	1715:20	1697:4
1638:8		1724:17	1716:13	1000 1687:22
\$20 1598:16		1736:22	1717:12,15	1001 1686:22
\$200 1561:4		1,002 1729:7	1718:15	1006 1685:8
1582:15		1,005 1729:7	1737:7	103.7 1614:6
		1,213 1636:4	1:15 1643:12	108 1553:12
		1,214	1:18 1643:16	1554:5
		1636:13		1576:7
		1,221		

108.4 1553:9	13/'14 1552:14,22	1599:8	1710:14	2 1581:4
11 1548:17	1553:23	1606:1	1711:8	1587:8,12
1601:12	1557:21	1646:7	19.3 1616:19	1592:12
1654:20	1558:6	1658:11	1919 1550:17	1600:14,18
11.4 1618:3	130 1697:13,20	16/'17 1553:8	1551:6	1601:18
11.5 1615:4	1719:1	1560:2	1604:23	1604:18
11:00 1586:22	14 1657:11	160 1682:5	1605:20	1610:19
1595:23	14.1 1602:10	1621 1544:17	192.6 1616:5	1615:2
1596:3	14.3 1597:21	1635 1544:18	1923 1605:14	1617:6
11:11 1596:4	14/'15 1553:7	1643 1544:19	1930s 1589:14,25	1620:3,13,
1105 1685:8	1558:10	1644 1545:7	1701:25	16 1628:13
1193 1731:20	1595:13	1645 1545:11	194.9 1616:7	1631:18
12 1550:5	1616:1	169 1568:18	1950's 1711:9	1632:9
1562:4	15 1586:21	169.5 1571:9	1955 1605:20	1639:13
1645:4	1620:14	17 1561:25	1956 1547:21	1644:10
1655:11	1642:24	1568:15	1550:8,18,	1645:17
1665:4	1651:9	1575:3	19 1587:18	1652:2
1673:8	15.6 1558:24	1593:10	1590:5	1657:20
1687:23	1567:4,22	1658:20	1605:14,16	1659:2
1708:22	1655:22	17.5 1655:24	1969 1590:8	1661:19
12,954 1640:20	1685:17	17/'18 1560:9	1980s 1714:20	1665:19,23
12.7 1616:18	15/'16 1553:8	170 1571:9	1988 1683:4,14	1667:12
12.9 1609:23	1559:3,13	1697:11	199.7 1602:15	1668:9
12/'13 1558:1	150 1697:12	170.6 1616:4	1990s 1567:9	1684:25
12:10 1643:15	1718:24	1738 1542:24	1677:10	1685:1
122 1638:8	1719:21	1544:21	1683:17	1702:10
122/'10 1618:16	151.1 1603:2	175 1591:5	1684:21	1705:25
1231 1732:18	153 1717:22	1593:4	1685:19,24	1706:1,20
1234 1732:18	1542 1542:24	18 1575:3	1st 1596:24	1708:24
125 1560:6	1545 1544:3	1599:4	2 1547:25	1713:7,14,
1592:6	1546 1545:4	1633:6	1549:15	20 1718:6
1612:22	1547 1544:9	1710:13	1554:2	1721:10
1662:15	1564 1544:10	180 1697:21	1556:18	1724:24
13 1599:20	1587 1544:14	183 1554:7	1560:4	2.2 1615:6
1601:2,15	159 1718:7	1568:13	1561:10	1709:21
1645:6	159.7 1603:3	1697:8	1562:1	2.4 1600:12
1657:1	1596 1544:16	186 1571:18	1567:11,24	1617:3
13.6 1601:4	16 1561:25	1697:7	1568:16,23	2.5 1589:1,11,
1615:10	1568:15	187.3 1616:4	,24	17,21
	1593:10	19 1615:3	1580:5,6,1	1615:3
		1660:21,23		1667:11
		1672:19		1718:6
				2.6 1599:6
				2.7 1732:23
				2.9 1615:7
				2/3s 1556:19
				1557:23
				2:00 1681:8

2:11 1681:10	2008 1616:25	1657:15	1571:13	1553:7
2:22 1681:11	2008/'09	2012/2013	213.7 1602:8	1559:18
20 1551:23	1561:18,23	1657:21	1609:7	1669:25
1553:11,18	1616:25	2013 1558:1	22 1560:17	28th 1613:25
,21,24	2009 1620:17	1596:24	228 1718:8	29 1668:10
1554:4,14	2009/'10	2013/14	23 1542:23	
1555:23	1617:21	1542:9	1664:18	<hr/> 3 <hr/>
1556:4,14,	2010 1617:23	2013/'14	23,000	3 1559:7
16,24	2010/'11	1552:11	1598:20	1602:8
1557:22	1616:5,16	1553:17	23,963	1606:21
1558:2,12	1655:25	1556:14,17	1553:2	1612:15
1559:5	1656:5	1558:7	23.9 1552:12	1614:14
1560:20	2011 1562:4	1596:20	1553:2	1615:5
1564:15	1611:23	1598:9	2-32 1592:19	1622:9
1565:21	1617:23	1601:14	23rd 1644:17	1629:9
1566:7	1619:25	1602:15	24 1558:3	1630:13
1567:14	1620:13,15	1603:3	1574:24	1642:22
1568:12,20	1636:7	1604:19	1575:1	1646:12
1571:14,16	1661:21	1614:7	1666:22	1657:2
1574:16,22	2011/'12	1615:1,18,	25 1554:22	1660:4
,25	1598:23,25	22,25	1558:12,16	1661:4,18
1575:15	1609:6	1617:5,8	1559:16	1664:24
1590:13	1610:23	1618:5	1567:19	1667:4,7,1
1591:9,24	1615:9	2014/'15	1578:2	4 1669:20
1593:7	1616:4,19,	1556:21	1592:5	1670:14
1594:14	25 1617:3	1590:22	1593:25	1671:16
1595:6	1657:13,19	1591:4	1612:21	1683:8
1602:25	2011/'13	1592:19	1620:5	1693:25
1606:2	1657:15	1594:14	1642:25	1700:13
1609:25	2012 1542:23	1595:7	1657:12	1711:2,4
1615:24	1561:4	1601:20	1659:16,21	1713:8,14,
1616:24	1600:22	1604:19	1660:2,5	21 1716:17
1638:1	1602:9,12	1615:18,22	1661:1	3.3 1597:18
1660:2	1605:16	1617:5,9	1662:4,12	1599:15
1661:15	1613:25	2014/2015	1663:20	1657:19
1681:8	1644:17	1664:10	1683:5,14	3.7 1618:10
1697:3	1681:25	2015/'16	25.9 1553:6	3/4
1698:23	2012/'13	1615:8	1558:4,16,	1639:12,17
1708:3	1556:10	2016/'17	18 1657:12	3:02 1708:14
20.8 1609:8	1557:17	1556:15,22	26	3:09 1708:15
200 1563:2	1598:24	1601:14	260 1682:4	3:52 1737:23
1590:22	1599:9,19	205.3	262.7	30 1600:23
1591:16	1600:6	1602:14	1602:12	1617:1
1718:14	1601:6	21 1662:5	27 1569:8	1619:24
1719:22	1602:14	1716:18	1668:23,25	1670:19
1735:5	1615:14	21.2 1600:24	28 1552:24	30.3 1553:8
200,000	1616:6,17,	1601:3		300 1586:8
1622:5	19 1617:4	21.3 1570:7		1646:6
2000 1617:16	1618:5,7			
2006 1620:17				

31 1605:17	1575:7,25		1598:11	1732:23
31st 1600:22	1576:4	<u>5</u>	58 1559:24	1735:1
32 1546:13	1589:3,13	5 1563:19,24	1703:21	7.25 1559:23
1564:15	1590:14,20	1564:1	58.1 1609:10	1567:4
1587:6,8,1	1591:15,17	1584:23	59 1705:3	7.4 1599:23
1 1644:20	1594:7	1593:3	5th 1570:25	70 1716:9,15
1685:16	1603:6	1597:17	1571:5	700,000
1702:9	1604:20,22	1601:3		1692:21
32.9 1615:18	,24	1603:17	<u>6</u>	70s 1677:9
33 1644:13	1605:12,25	1604:23	6 1545:6	71 1560:8
1645:4	1611:11	1612:11	1584:23	1717:14
1659:24	1634:10	1636:9	1600:25	74,000
1661:20	1708:23	1639:5	1601:5	1618:15
33.6 1562:4	1713:12,21	1647:25	1628:8	75 1553:25
330 1542:21	,25	1667:14	1644:11	1554:6
34 1676:2	4.3 1618:11	1672:1	1645:1	1609:21
34.2 1601:1	4.6 1657:19	1708:1,9,1	1650:7	1636:11
35 1568:21	4.7 1601:9	1	1687:8,9	1642:19
1574:25	40 1551:10	5,600	6.1 1557:4	75.6 1603:2
1591:3,14	1554:15	1628:18	6.3 1597:20	76 1721:23
1593:4	1560:23	5.3 1616:16	61 1707:6	1735:1,16
1677:13	1562:17	5.6 1599:22	61.8 1616:10	761,000
36 1568:17	1571:2	5/12 1703:22	62 1707:15	1600:16
37 1678:24	1590:4,19	50 1555:2	62.5 1559:15	77 1654:11
372 1553:24	1591:14,19	1642:14,17	625 1612:11	1717:21
1576:3,5	1604:17	1684:20	63 1708:20	79 1723:3
372.7	1681:16	1686:2	1709:4,21	1724:11
1553:23	1712:19,21	51 1693:24	63.2 1616:11	79.9 1603:3
373 1682:8	400 1542:21	512 1653:23	64 1614:10	
38 1679:8	1586:6	519 1660:8	1615:2	<u>8</u>
39.5 1615:17	1682:9	52.2 1615:15	65 1712:16	8 1551:22
	41 1681:20	525 1663:3	66 1712:25	1615:22
<u>4</u>	42 1598:18	526	67 1714:2	1616:16
4 1547:20	43 1571:1	1663:3,10	670,000	1636:10
1549:23	1604:25	53 1695:4	1692:20	1645:24
1550:25	430,000	54 1697:23	68 1734:2	1652:19
1551:11,23	1598:17	55 1598:14		1665:7
1553:10	431.6 1609:6	1616:23		1692:20
1554:2,5,8	44 1686:9	56 1605:15	<u>7</u>	8.3 1601:20
1556:9,13,23	45 1609:21	1655:18	7 1547:19	8.4 1601:7
1559:5,8,1	1687:13	1701:2	1549:22	80 1614:23
3 1562:3	45.8 1609:9	565,000	1588:12	1718:14
1566:12	46 1688:7	1598:14	1651:12	1724:21
1570:2,6,1	47 1689:11	57 1702:19	1672:1	81 1555:18
0 1574:24	49 1690:14	57,000	1711:19	1725:1

82 1725:3	99.4 1609:22	accessing 1607:20	accurately 1727:10	actual 1565:4
82.6 1628:18	<hr/> A <hr/>	accident 1614:4	accuse 1727:7	1577:12
83 1571:19 1725:9	a.m 1546:1 1564:3,4 1596:3,4	1659:3,4,9 ,19 1664:19,20 1666:6 1668:21 1670:9	achieve 1648:5 1649:25	1597:24 1608:10 1620:18 1655:15,21 1657:9 1705:20 1706:22 1720:5 1736:15
84 1725:15	ability 1573:6,25 1703:12	accidents 1630:2 1728:22 1730:12	achieved 1722:3	
85 1614:8	able 1546:23 1547:7 1575:5 1604:4 1621:22 1649:11 1679:4	accomplish 1631:8	achievements 1650:25	actually 1546:21 1547:1 1551:3 1577:13 1590:8 1591:25 1596:7 1623:9 1624:25 1627:7,14 1630:7,8 1649:11 1665:21 1670:25 1671:15 1675:9 1681:22 1689:1 1690:21 1697:13 1708:24 1717:3 1731:18
86 1726:14	ABO 1670:2 1698:6	accordance 1603:25	acknowledges 1609:2	
88 1728:13	absence 1596:13 1641:24	according 1549:11 1595:23 1602:6 1716:16,17	acknowledgin g 1698:15	
88.2 1614:7	absolutely 1560:25 1577:9 1679:21 1736:25	account 1572:5 1603:21 1608:10 1613:9 1620:4 1627:3 1681:16 1682:3 1704:7,17 1709:24 1720:2,7 1727:13	across 1552:15 1557:18 1570:12 1627:5 1717:10	
<hr/> 9 <hr/>	abuse 1641:1	accruing 1725:5	act 1592:13 1654:12	actual's 1661:21
9 1567:23 1599:1 1653:14 1654:4 1682:6 1735:22	academic 1700:2	accumulated 1602:11 1608:1	action 1555:7 1558:9,21 1559:22 1566:14,18 1567:3,15, 20 1584:13 1591:20 1592:1 1593:13 1594:5 1700:14 1701:9	actuarial 1604:1 1658:2 1683:10 1699:18,24 1714:19
9.5 1559:19	acc 1725:4	accumulating 1638:24	actions 1578:13 1592:10 1594:11 1595:2 1603:20	actuaries 1658:6 1699:13 1714:5 1715:4
9:29 1546:1	accept 1603:8 1718:3,11 1719:5	accuracy 1636:17	active 1620:12	
9:30 1737:18	acceptable 1624:17 1718:17 1722:5	accurate 1564:22 1654:13		
9:55 1564:3	accepted 1597:24 1604:1 1707:20 1732:16			
90 1550:4 1614:23 1617:11 1729:25	accessibilit y 1626:6			
91 1560:7 1730:7	accessible 1626:9,16			
918 1655:19				
919 1655:19				
92 1550:5 1731:2				
92.5 1707:22				
94 1732:13				
95 1707:23 1719:9 1732:20				
96 1733:6				
97.5 1707:23				
97.9 1609:7				
985 1686:14 1735:22				
989 1652:23				

,25	1722:20	1607:1	1619:15	1737:6
1607:12	1723:7	1701:4,11	advisors	age 1629:20
1647:14	1732:10	adopting	1733:13	1630:1
1655:2,7	1737:15,16	1707:20	advisory	agencies
1656:10,16	addresses	ads 1634:1	1651:13	1661:12
,21	1711:3	advance	1652:2	aggressively
1661:17	adequacy	1546:14	1731:8	1664:14
1662:14,18	1602:19	advances	advocate	1730:18
1663:7	1607:20	1691:2	1621:23	ago 1610:12
1664:2,4,1	adequate	advantages	advocating	1701:17
2,16	1563:1	1676:25	1622:1	1729:2
1700:12,16	1688:10	1677:3	affect	agr 1595:6
1702:23	adequately	1725:4	1723:21	agreed
1715:7	1562:24	adverse	affected	1590:23,24
actuary's	1586:4	1555:1,20	1573:7	1591:5
1661:2	aditor	1603:13,18	1578:25	1685:13
ad 1621:25	1655:7	1604:5,16	1579:9	agreeing
adaptation	adjourn	1606:6,7,1	affecting	1588:4
1701:23	1737:15,17	8,20	1573:24	agreement
add 1643:5	adjourning	1607:2	1579:1	1586:23
1669:13,14	1737:23	1612:15	1614:22	1595:5
1704:8	adjustment	1637:10	affiliate	ahead 1587:1
1706:1	1597:14	1659:18	1723:17	1635:6
added 1629:7	1661:1,7	1683:10	1724:16,19	1648:2
1662:20	1662:4,12	1684:1,8	affiliates	1708:1,2,3
1663:8	1663:20	1685:17	1723:15	1720:12
adding	adjustments	1689:4,10	affixed	AI-7 1602:7
1682:8	1597:22	1690:12	1711:20	AI-9 1552:6
addition	1598:6	1693:7	affordable	1557:1
1555:2	1612:10	1722:12	1626:9,15	aid 1686:23
1564:23	1689:24	adverted	afternoon	aimed 1620:2
1606:19	administrate	1699:2	1643:24	aiming
1615:20	1628:5	1731:10	1644:3,11	1654:9
1616:17	administrati	advice	1686:8	air 1698:9
1617:15	ve 1546:5	1714:12	afterwards	al 1730:16
additional	admits	1721:18	1561:18	alertness
1560:7	1723:19	advise	1654:21	1658:2
1562:20	admitted	1624:13	against	allay 1669:7
1566:16	1724:9	1693:8,9	1669:20	allegedly
1606:10	admittedly	1713:3	1679:23	1722:11
1685:1	1721:8	advised	1690:4,17	1735:11
additive	admitting	1601:17	1692:9,24	allocated
1706:10	1724:1	1609:12,24	1694:4,16	1579:21
address	adopt 1654:5	1611:2,24	1695:1	1610:9
1546:6,7	adopted	1614:17	1707:19	allocation
1574:14	1555:24	1617:12	1715:15	
1578:17		1734:8,10	1735:6	
1620:20		advises		
1718:1		1601:8		

1552:8,11 1579:22 1610:6,12, 18,25 1611:8 1622:12 1625:7 1722:20 1723:4,10 1725:22 1726:16,23 1727:3,9 1730:17 allocator 1611:7,12, 20 1612:2 1724:23,25 1727:5,11, 20 allocators 1611:3,8,1 0,16 allows 1608:11 1622:3 1678:16 allude 1637:13 alluded 1681:20 already 1553:14 1558:7 1562:18 1573:20 1586:14 1627:22 1629:5 1630:21 1631:2,5 1632:19 1641:4 1689:23,24 1707:6 1725:21 alternative 1609:17 am 1552:7 1644:22 ambitious	1657:16 amended 1553:19 1554:22 1716:18 among 1610:9 1626:25 amongst 1641:11 amortization 1616:15 amount 1554:9 1573:17 1606:4 1690:25 1693:12 1720:10 amounting 1732:25 amounts 1566:1 1622:24 ana 1682:11 analogous 1670:4,6 1680:9 1725:17 analysis 1548:2 1549:9,19 1551:4 1561:5 1587:14 1588:5,11, 13,18 1590:13,16 1591:10,11 1592:17 1593:2 1603:5 1604:12 1605:21 1606:3 1607:2,9 1611:12 1624:5 1648:8 1650:10	1675:11 1678:1 1689:7,20 1695:14,17 1696:3,8 1697:7,8,9 ,18 1698:7,8,2 0,23 1699:15 1700:6,7 1701:1 1702:13 1706:4,5 1707:3 1709:13 1710:25 1712:8 1713:5,10, 13,14,20,2 4 1714:9,17 1715:2,24 1717:9 1718:5 1719:13,24 1723:6,22 1725:8 1726:9,13, 23 1727:10 Analysis/ Value 1602:21 analytically 1649:20 analyzes 1603:10 analyzing 1588:19 1682:11 ancient 1711:21 and/or 1593:13 angle 1688:8 Anita 1542:17 annual 1613:14 1618:4	1619:23 annually 1640:24 1719:14 annum 1661:20 answer 1547:10 1568:12 1569:10 1590:10 1592:16 1656:11 1669:9,11 1694:11,14 1704:10,15 1726:18 answered 1694:1 1707:6 answering 1576:17 antiquated 1713:11 anybody 1630:14 anymore 1663:13 anyone 1647:4 anything 1640:21 1652:16 Anyways 1682:3 AOCI 1602:10,16 1607:20,23 1608:6,8 1609:10 1682:2,5,9 1721:3,5,1 1,14 apart 1624:10 apologise 1697:25	1698:4 apologize 1565:19 1596:7 1644:23 1662:21 1698:2 app 1565:25 apparent 1671:8 1673:1 apparently 1708:4 1731:12 appeal 1647:2 1732:24 appear 1661:2,7 1674:23 1688:17 1726:10 APPEARANCES 1543:1 appeared 1665:7 1694:10 appearing 1587:9,11 appears 1565:8 1642:6 1689:12 1704:2 applicable 1677:16 application 1542:8 1579:25 1586:8,12 1596:9,20, 22 1599:14 1601:12,19 1615:1 1616:8,12, 24 1622:8 1624:15 1643:3
--	--	---	--	--

1645:21,24	1565:2	1637:4	art 1627:10	1553:23
1653:23	1582:22	1643:1	articulate	1573:3,18
1657:4,9	1583:13	1672:22	1652:16	1614:21
1659:16	1585:7	1678:7,10	1660:6	1704:14
1680:3	1618:21	1679:7	1698:12	1725:10
applied	1679:24	areas	articulated	1735:24
1611:1	1683:6	1619:17	1657:2	1736:4
1714:23	1700:22,23	1620:3,10	1658:24	assist
applying	,24	1678:17,24	1662:5	1547:8
1653:25	1701:7,8	aren't	1668:24	1549:19
1732:21	1702:7	1647:22	1682:25	1552:4
appointed	1707:14	1676:14	1690:15	1606:23
1607:12	appropriatel	1728:3	1703:16	1611:4
1662:18	y 1610:23	1736:12	1704:5	1619:18
1663:6	1736:5	arguably	1710:4	assistance
appreciate	appropriaten	1683:18	1730:3	1619:18
1567:25	ess 1605:9	1689:8	1732:17	1677:25
1634:25	approval	1693:5	aside	1680:9
1643:9	1597:5	argue 1670:7	1648:25	Assistant
1697:14	approve	1712:17	1649:7	1613:21
1698:11	1610:14	1726:5	1693:4,10	associated
1703:15	approved	argument	1698:6	1606:17
appreciation	1604:10	1551:14	1708:4	1651:20
1665:22	1609:22	1580:17	1720:6	1652:8
approach	1657:17	1585:22	1736:20	1689:24
1567:15	approximate	1639:4	aspect	1690:19
1580:2,20	1566:4	1644:7	1568:5	1691:4
1582:14	1614:20	1645:21	aspects	1725:6
1603:9	1639:7	1649:21	1606:21	Association
1607:7	approximatel	1682:13	asserting	1720:4
1608:23	y 1552:25	1722:22	1722:8	assum
1611:25	1553:2	1726:1	asserts	1564:24
1659:9,11	1557:4	arguments	1735:7	assume
1693:19	1566:12	1587:22	assess	1553:21
1717:8	1570:13	1643:12	1598:7	1554:1
1718:17	1571:1	arise	assesses	1558:8
1725:17	1575:19	1699:16	1603:10	1560:9
1726:21	1601:7	arising	assessment	1582:18
1728:10	1613:2	1601:24	1603:12	1594:5
approaches	1614:6	1602:4	1607:1	1684:3
1603:6	1617:11	1689:3	1611:4	1705:15
1669:21	1618:10,11	1690:18	1696:6,9,1	assumed
1700:20	1619:24	arose	2	1556:16,22
1714:1	1620:5,13	1620:24	asset 1613:7	,25
1719:4	1636:5	arrangement	1614:18	1557:3,9,1
1726:9,12	approximatio	1610:2	1631:7	5,19
appropriate	ns 1595:17	1616:20	1736:4	1559:22
1549:2	April 1657:8	arrived	assets	1567:20
1554:17	area 1619:10	1575:4		1572:2,8
1555:14,18				1591:20

1593:15	1648:15	1576:4	1556:10	1556:5
1617:7	attempting	1597:14	1557:19	1557:5,20
1660:15	1614:20	1614:13,20	1558:2,4,1	1561:8
assuming	attending	1620:16	5,16,19	1563:1
1556:3	1643:9	1640:23	1559:17	1565:4
1558:5	attention	1641:6	1561:11	1570:20
1568:4	1587:8	1667:13	1562:14,18	1571:5
1591:9	1666:25	averages	1568:2	1574:6
1595:1	1671:20	1667:19,21	1573:18	1578:21
1716:20	1703:4	averaging	1575:17	1579:12
assumption	attributable	1576:3	1576:3	1580:3
1558:22	1601:3	1592:4	1592:4	1582:9
1574:15,18	1616:14	1605:2,5	1605:2,5	1583:22
1575:10	attributed	1608:8	1608:8	1588:6
1576:10	1600:1	1618:12	1618:12	1595:16
1578:19	aud 1658:6	1657:2,22	1657:2,22	1603:12,24
1612:25	audit	1704:24	1704:24	1604:8,11
1705:19,20	1656:20	1737:3	1737:3	1605:24
1706:19,21	auditor	balances	balances	1606:1
assumptions	1655:1,7	1654:22,25	1654:22,25	1612:23
1554:20	1656:15	1655:4,8,1	1655:4,8,1	1615:10
1555:7,9	auditors	2	2	1617:7
1556:6	1656:6	balancing	balancing	1638:11
1561:4	1658:6	1598:5	1598:5	1675:23
1564:24	August	ballpark	ballpark	1695:18
1565:2,5	1600:22	1584:25	1584:25	1701:8,9
1566:14	authority	bang 1671:11	bang 1671:11	1702:13
1575:6	1613:16	1733:3	1733:3	1705:20
1578:5	auto 1585:24	<hr/> B <hr/>		1706:19
1591:23	1618:11	ba 1590:8		1713:10
1592:24	Autopac	backed	banks	1716:13
1593:19,23	1676:16	1728:9	1577:15	1718:15,21
1594:19	1725:5	background	1661:11	1719:7
1607:6,14	available	1647:9	barrage	1728:18
1612:13	1550:11	backstop	1658:7,8	baseline
1670:15	1578:13	1638:20	barricades	1649:2
1674:21	1584:17	backstopped	1674:7	1731:21
1700:11	1608:1	1638:15	barriers	1732:7
1701:8	1614:1	bad 1562:10	1642:8,9,1	basic
assure	1643:5	1582:18	1,24	1552:11
1650:10	1684:7	1583:11	base 1596:22	1553:3,6,1
attached	1731:12	1676:14	1604:6	2,17
1652:25	1732:8	1729:20	1613:7	1578:17
attachment	Avenue	badly 1718:9	1658:17	1579:1,4,1
1569:9	1542:21	baffling	1670:17	5
1618:6	average	1642:3	1680:12,14	1580:2,10,
1673:13	1556:8	bala 1655:6	1686:4	24
1675:2		balance	1691:24	1581:7,12,
attempted		1553:16	based	23
1620:23			1550:15	1582:5,16,
			1555:24	18,23
				1583:6,8
				1584:5

1585:8	1637:4,19	1621:8	1668:21	1639:21
1591:25	became	1623:2	1670:9	bit 1574:5
1601:4,9	1702:24	1628:19	1719:11	1577:4
1602:6,8,1	become	1629:6	benefits	1584:1
2,13	1610:1	1632:7	1616:21	1585:21
1608:20	becomes	1637:15	1693:14	1632:23
1609:2,7	1606:6,7,9	1643:10,18	1723:20	1634:7,12
1610:24	bed 1720:25	1651:3	1724:9	1672:8
1616:3,6,9	1727:18	1652:16	1726:3,5,6	1673:7
1618:3,7	beg 1722:9	1661:10	1727:13	1678:5,12
1648:12	begin	1681:13	1730:20	1680:21
1651:22	1624:17	1688:10	best 1626:1	1698:6
1652:9	1648:9	1691:10	1627:19	1705:11,15
1671:1,5	beginning	1694:12	1661:7,16,	1709:22
1675:7,12	1553:16,23	1696:3	18 1677:19	1719:25
1676:23	1558:15	1708:17	1715:11	1737:9
1679:14	1626:3,18	1715:17	1730:14,16	bleeding
1681:17	1632:2	1716:11	best-	1644:8
1682:1	begs 1735:9	1725:2	estimate	blend
1702:1	1736:12	1737:13	1572:11	1579:16
1724:3	behalf	believes	better	bloated
1725:7,24	1651:10	1549:8	1612:2	1637:14
1727:14	1688:24	1561:9	1619:3	board
1733:1	1709:9	1623:1,14,	1639:22	1542:3,14,
basically	1731:19	22 1629:22	1649:6	15,16,17,2
1550:20	behaviours	belong	1661:11	0 1543:2
1673:15,17	1629:4	1722:21	1683:20	1544:16
Basic's	behind	belongs	1690:15	1546:14
1604:9	1629:4,21	1638:24	1691:20	1547:4,9
1608:24	1630:18	bench 1679:4	1707:2	1548:5
1614:8	1658:7	benchmark	1715:4	1549:14,20
1724:10	1660:4	1649:13	1726:2	1550:1
1726:2	1704:9	1672:5	betwe 1705:7	1551:9,10
basis	belief	1678:1	beyond	1552:4,5
1602:25	1646:8	1680:13	1656:18	1553:13
1608:25	1691:7	benchmarks	bias 1636:2	1555:10,12
1612:21,22	believe	1676:4,11,	1667:22	1557:11,13
1618:4	1546:4,6	20	1702:4	1558:23
1659:17,22	1549:2	1677:16,18	bigger	1560:14
1660:2,5	1553:19	,20	1650:15	1561:1
1661:1	1554:24	1678:22	1706:2	1565:1
1662:4,11,	1562:1	beneath	biggest	1567:15
12,15	1563:2	1656:13	1638:16	1573:25
1663:20	1571:19	beneficial	1722:7	1578:15
1672:12	1574:5	1634:7	billion	1579:6
1682:6	1581:6,10	benefit	1613:25	1580:15
1721:12	1588:14	1659:3,4,9	1722:7	1582:6,13
bat 1648:18	1607:24	,19	billions	1583:3
BC 1629:9		1664:19,20	1615:2,7	1586:5
1642:8		1666:6	Birds	1591:24
bears				1592:16
				1593:10

1594:1	1581:6,22	bound	1565:11,16	1736:11
1596:17,21	1599:2,10	1707:23	1566:21	brought
,25 1597:4	1640:7	bounded	1568:7	1573:18
1598:22	1671:19	1701:7	1569:1,12,	1628:14
1602:17	bodily	BP 1671:1	20 1570:16	1695:22
1603:8,23	1679:1,5	BPR 1671:8	1571:21	1698:11
1605:1	1680:22,24	bracketed	1572:23	1703:4
1606:25	body 1569:9	1573:10	1573:10	1730:9
1607:18,19	bolded	1574:8	1576:14	buck 1671:11
,21	1661:9	1576:14	1589:6	1733:3
1608:16,20	1725:7	1594:24	1594:24	budget
,24	bond 1572:5	1621:20	1621:20	1553:13
1609:14	1614:11,15	1633:2	1633:2	1554:8
1610:13	,22	1634:21	1634:21	1556:9
1611:24	bonds	1656:1	1656:1	1558:5,13
1613:20	1614:10,11	1681:4	1681:4	1559:17
1618:16	,13 1615:3	1694:9	1694:9	1562:3,4
1619:25	book	1700:9	1700:9	1566:11
1620:23	1599:2,11	1709:2	1709:2	1575:22
1621:1,3,1	1601:13,15	1732:13	1732:13	1576:6,21
3 1623:23	books	briefly	briefly	1577:10
1624:14,22	1610:20	1651:13	1651:13	1615:14,25
1632:14,15	borne 1664:8	1652:19	1652:19	1618:8
1633:10	1674:23	bring	bring	1657:9,18
1634:16,18	borrow	1559:1,25	1559:1,25	1697:8
1635:12,17	1638:10	1597:9	1597:9	1728:4
,23	bothering	1623:23	1623:23	budgeted
1636:23	1663:4	1714:16	1714:16	1554:13
1638:3	Botting	1715:5	1715:5	1557:25
1640:25	1542:16	brings	brings	1560:3
1642:16	bottom	1624:7	1624:7	1570:2,10
1643:1	1552:22	broad	broad	1572:14
1644:12	1576:12,19	1676:10	1676:10	budgeting
1647:15	1625:10	1727:16	1727:16	1618:14
1651:16,17	1665:17	broader	broader	1655:2
1652:17	1667:3	1727:16	1727:16	1657:3
1653:24	1673:16	1730:22,25	1730:22,25	1683:8,16,
1654:12	1675:11	Broadway	Broadway	20
1670:21	1677:22	1734:13,16	1734:13,16	build
1671:3	1678:2	1736:9	1736:9	1578:23
1691:16,17	1682:7	brother	brother	1619:3
,24,25	1709:21	1734:6,12,	1734:6,12,	building
1695:9	1712:11	14,23	14,23	1567:8
1703:20	1724:11	1736:11	1736:11	built 1567:2
1715:1,3	1725:7	brother-in-	brother-in-	1647:21
1727:17,22	bounce	law	law	1670:2
1728:24	1573:7,25	1736:10	1736:10	bullet
1732:22	1575:6	brother's	brother's	1716:17
1733:10,14				burdensome
Board's				
1561:7				
1562:15				
1565:23				

1675:3	1681:15	1638:2	1569:7	carries
business	1708:19	CAC-1	1570:18,19	1549:8
1552:12	1709:4	1655:17	1571:7,23	carry
1553:4,6	1734:19	CAC-1-3(b)	1572:12	1549:18
1578:16,17		1709:20	1573:5	carrying
,24	<u>C</u>	CAC-2-76	1574:10	1646:8
1579:14,15	CA	1675:2	1596:18	case 1554:17
1580:6,12,	1721:11,12	CAC's 1605:1	candid	1566:16
19,24	CAA 1543:11	calculated	1695:9	1573:16
1581:1	1544:17	1550:3	1696:9	1574:15
1582:20	1621:11,15	1565:3	1697:14	1575:16
1583:25	1623:1,13,	1605:23	1698:15	1594:19
1584:9,10,	21,25	1606:18	1703:10	1612:4
12,13	1624:22	calculation	1724:1	1619:3,20
1609:1,10	1625:9,16	1550:8	candidly	1728:20
1610:9	1627:5,9,2	1551:17	1669:9	cases
1619:20	4	1552:5	1678:4,18	1653:11
1622:13	1628:8,15	1560:2	1723:19	1724:15
1644:1	1629:5,21	1565:20	candour	cash 1614:20
1651:23,25	1630:8	1571:4,17	1697:15	1615:4
1652:10	1631:5,12	1606:2	1703:15	1638:7
1656:18	1633:1	1611:13	canvassed	1691:4
1659:3,12,	1634:9	1668:5	1652:7	categories
20 1660:11	1688:25	1697:2,21	1655:18	1717:10
1663:15	1728:12	calculations	capital	caught
1670:5	1730:13	1551:25	1582:25	1628:19
1671:7	1731:10	1552:3	1602:19,20	1629:10
1681:17	CAC 1543:7	1553:24	1604:7	1736:6
1728:20	1544:19	1554:13	1609:20	cause
1737:15	1545:5,8	1555:13	1615:5,12,	1622:23
businesses	1551:8	1642:14	14,19	1672:13
1724:13	1643:13,22	1665:19	1687:4,6	1675:24
buttressed	1644:13,20	Canada	capitalized	1679:9
1696:22,24	,25	1627:5	1631:4	1687:5
buy 1581:18	1645:6,8,2	1628:8	capping	caution
Byron 1543:7	1 1646:20	1676:11	1598:5	1666:1
1544:14	1649:10,18	Canadian	capture	cautious
1563:21	,22	1577:15,20	1724:5	1718:22
1586:24	1651:15,17	1603:24	captures	cautiously
1587:4,5	1652:6	Canadians	1727:10	1664:16
1588:3,10,	1665:3,7,1	1731:15	car 1582:1	1719:14
16,24	3 1671:16	Candace	care 1581:13	cell 1628:20
1589:10,18	1673:8	1543:2	1670:10	Centa
1590:6,17,	1708:21	1544:10	carefully	1725:12
25 1591:8	1728:1	1563:7,17	1606:14	Centra
1592:14	CAC/	1564:8,12,	1664:9	1723:16
1593:1	MPI-1-148	13 1565:6	1721:19	1724:18,20
1594:12,20	1673:13	1566:5,23	1729:3	
1595:4,14,	CAC/MPI-1-3	1568:9,24		
19 1643:23	1618:6			
1644:21	CAC/MSOS			
1645:3,12				

1725:12	22 1676:7	1732:4,8,1	1552:7,16	1597:8,11
central	1678:6	4,24	1563:14,18	1598:8
1655:10	1680:6,8,1	1733:7,13	,25 1564:6	1614:12,21
1680:3	6,21	1735:13	1569:4,14,	,24
1690:13	1682:6,16	1736:6	16,23	1619:13
1692:5	1683:3,11,	certainty	1574:12	1668:19
1706:5	24	1651:7	1577:5	1704:8,13,
1709:11	1684:11,15	1669:23	1578:4	17 1710:1
centres	,21 1685:6	1677:4	1579:12,23	1726:25
1680:24	1686:19	certificate	1585:20	char 1685:2
certain	1688:21	1544:21	1587:1	characterize
1606:5,6	1689:5,6	1597:12	1595:21	1661:25
1629:20,23	1690:14,19	Certified	1596:14	charge
1656:17	1691:16	1738:2	1621:5	1685:3
1662:9	1693:22	cetera	1634:23	1725:11
1674:21	1694:17,22	1576:23	1635:5	charged
1676:9,12	1695:8	1652:23	1643:7,18	1596:22
1727:12	1696:3	1676:13	1644:16	1597:25
certainly	1697:19	1728:5	1681:6,13	charges
1577:5	1698:1,9,1	Chairman	1682:16	1726:25
1584:24	7,24	1542:15	1708:11,17	charging
1596:12	1699:18	1563:7,8	1713:2,15	1725:19
1612:4	1700:1	1564:9	1733:18	1726:10
1620:24	1701:22	1569:8	1737:12,13	chastize
1635:8	1702:17	1574:11	challenge	1720:13
1637:22	1703:20,24	1577:3	1696:18	check 1591:6
1638:2	,25	1586:24	challenges	1630:16
1639:2,21	1704:11,12	1595:20	1703:10	1653:7
1640:18	,15 1705:1	1620:22	chance	1657:1,22
1642:21	1706:21	1621:13	1547:3	1719:14
1643:5	1707:5,21	1634:14	1630:19	checking
1644:7	1709:12,15	1635:11	change	1711:15
1650:10,23	1713:18	1642:21	1597:6,16,	checks
1651:7,9,1	1714:10,11	1643:24	24 1598:20	1654:22,25
8	,18,20	1644:23	1601:9	1655:4,8,1
1652:1,14	1715:6,8,1	1658:11	1612:18,25	2
1653:11,22	4,17	1668:12	1622:8	Cheng
1654:5,10	1716:1,3	1675:17	1629:1,8	1607:13,17
1656:14	1717:7	1681:1	1641:6	1701:17
1657:3,24	1718:3,16	1682:15	1667:1	1704:21
1658:1	1719:10	1708:8	1669:16	1713:6
1660:11,18	1721:11,15	1716:15	1672:16	1721:5
1661:18	,20	1733:16	1705:1	Cheng's
1662:6,9	1722:16	1735:17	1710:17	1607:22
1663:18,23	1723:22	1737:12	changed	1713:3
1664:6,13	1724:3	Chairman's	1549:7,11	1721:18
1667:19,21	1725:15,20	1636:24	1626:24	cheque
1669:24	1726:9,18,	Chairperson	1628:22	1624:23
1670:10	24 1727:18	1546:3	1629:12,15	
1672:23	1729:16	1548:16,19	changes	
1673:19	1730:1,2,1	,25	1549:10	
1674:3,18,	7			
	1731:7,13,			
	16			

1625:3	1735:4	1571:11	1645:24	1709:12,15
cheques	claims	1588:4	1647:11	,22
1639:13,14	1554:23	1619:1,9	1649:15	1710:23
,15,24	1555:1	1629:5	1652:15,16	1712:24
Cheryl	1598:1	1653:3	1653:24	1714:2,10
1738:8	1600:7,9,1	1686:14	1657:24	1715:6,16
choice	0 1611:20	1694:8	1659:10,15	1716:7,8,1
1581:15,24	1612:1,3,7	1701:6	1660:3,21	0 1717:16
1666:18,19	,9,16,18	1711:11	1662:7	1718:16
choices	1613:1,4,7	1728:20	1663:22	1719:3,10,
1581:12	1614:2,4,2	1735:19	1664:1,11,	13,20
1677:8	4 1618:23	clearly	18,22	1720:20
1691:8	1619:22,23	1561:6	1665:12,20	1722:2,14,
1722:11	1620:18,21	1592:11	1666:10,17	19,24
1735:11	1631:12	1594:1	1667:19,24	1723:3
choosing	1637:13	1663:4	1668:6	1724:4,11,
1712:10	1640:23	cler 1557:13	1669:4,10,	21 1725:9
1716:22	1646:16	clever	25	1727:4,15
chose 1715:3	1647:7	1648:24	1670:10,20	1728:9,13,
1720:7	1648:4	cli 1703:25	1671:15	16
1727:4	1655:15,21	client	1672:11,15	1729:7,11,
chosen	1656:8,15	1645:16	,22,24	17,21
1607:2	1658:21	1646:14,18	1673:5,22	1730:7,10,
1665:22	1663:25	,25	1674:6	17
1669:20	1672:7	1648:15,22	1675:24	1731:2,6,1
1724:12	1673:1,2,3	1650:2,4,1	1676:3,13	2,25
Christie	,18,25	2,19	1677:11,13	1732:11,15
1701:16	1674:2,22	1652:1,22	,23	,20
circulated	1675:8,19	1653:2,15	1678:13	1733:2,6
1546:11,21	1698:8	1658:22,23	1679:6,8	1735:13
circumstance	1705:8	1666:25	1680:5,16	1736:12
1635:23	1710:1	1668:19,23	1682:10,17	client's
circumstance	1716:19	1669:1	1686:6	1646:10,17
s 1583:23	1724:24	1671:21	1688:24	,23
1629:24	1726:20	1674:3	1689:5,18	1647:16,20
citation	1727:5	1686:17	1690:1	,24 1648:9
1681:22	1736:22	1695:8	1691:10,19	1650:18
city	clarified	1702:22	1693:9,15	1651:1,10
1620:1,4,6	1622:18	1705:1	1694:13,17	1652:18
1692:19	1623:2	1720:13,14	,22	1653:12,18
clai 1593:5	clarity	1721:3,17	1695:4,23	1654:2,6,1
1705:8	1653:20	1722:6	1696:3,7,1	2,19
claim	class	1723:11	0,20	1658:3
1554:21	1597:15,17	1725:16,20	1697:23	1659:6
1673:18	classificati	1734:20,22	1698:5,10,	1661:6
claiming	on 1598:8	1735:2	18,21	1663:18
	1640:17	1736:9,17,	1699:15	1664:5
	1641:2	18,23	1701:2,12	1667:21
	clau 1699:25	1737:2,10	1702:21	1669:18,21
	clear 1551:8	clients	1704:5,15,	1670:12
	1566:1,6	1643:25	20 1705:3	1672:3,6
			1706:24	1673:19,24
			1707:11,18	1674:14
			1708:6	

1676:5,13	1674:5	column	1710:17,20	communicate
1677:6,20	1697:19,20	1559:11	comment	1586:3
1678:7,11,	closest	1575:14	1548:3	1622:3
20 1679:25	1571:13	1589:20	1572:16,18	1626:24
1683:11,19	closing	1667:3,6	1620:23	1632:16
,24	1544:16,17	1675:6	1622:10	1633:8
1685:15,19	,18,19	columns	1624:21	1634:2,10
,20	1547:4	1665:19,24	1625:7	community
1688:21	1596:12,17	1667:12	1672:6	1729:19
1690:3,10,	1621:11	combination	commentary	commuting
13 1691:15	1635:10	1603:14	1716:6	1640:16
1692:3	1643:12,22	combine	commented	companies
1693:13,23	1644:6	1705:25	1572:13	1584:16,20
1699:10,12	1702:18	combined	1620:25	company
,19	clubs 1627:7	1554:20	1640:25	1701:20
1700:16,24	CMMG 1543:9	1605:25	comments	comparable
1701:22	1544:18	1674:20	1596:12	1718:25
1702:5	1635:10,19	1706:18	1615:12	comparative
1703:25	1637:24	1709:10	1621:4	1611:12
1704:12	1638:4,6	1716:11	1625:21	comparators
1706:14,25	1640:2,6	1717:4	1634:5,14,	1678:17
1707:15,24	1641:15	1718:20	24	compare
1709:8	1732:19	comes	1643:3,5,8	1666:11
1713:18,21	coast	1582:23	1652:7	compared
,23	1642:10	1628:7	1672:18	1601:1,4
1715:13,23	code 1723:17	1631:9	1695:5	1620:16
1716:24	1724:19	1633:1	1725:4	1661:21
1717:7	collect	1637:1	1737:19	1667:8,20
1718:18	1559:14,18	1662:7	commercial	1675:8,14
1725:15	collected	comfortable	1597:16	1676:17
1726:8,22	1636:12	1585:15	1639:5	1722:4
1727:18	1641:6	1670:14	1640:16	Commission
1729:1	collecting	1702:25	Commission	1729:6
1731:4,5,1	1636:5	coming	1729:6	comparing
7,20	collection	1585:10,15	commissions	1571:8
1732:3,25	1639:9	1639:20	1600:13	1587:20
1733:17	collision	1689:23	commitment	1667:6
1734:21	1642:18	1699:14	1619:8	comparison
1735:15,17	1674:11	1722:25	1682:18	1679:13
1736:7	collisions	comma 1736:3	committee	compensation
climb 1686:1	1619:22	commencing	1613:17	1616:25
clo 1717:24	1620:3,5,1	1546:1	common	1617:3
clock	4,17	1604:19	1679:9,19	1669:6
1595:23	1642:2,15	1681:11	1680:2	1671:5
1621:7	colloquial	commend	commonly	competent
close 1565:4	1721:2	1625:23	1692:13	1629:21
1571:18	colms 1679:9	1659:13	commonplace	competitive
1717:24		1698:24	1702:2	1578:24
closely		1699:18		1581:17
1673:18,25				1584:10,11
closer				

1585:4	1600:8	1702:24	conference	1582:7
1651:25	1615:2	1712:24	1696:15	1588:22
1692:12	compulsory	1715:21	1707:1	1607:19
1693:3,17	1581:12,24	concerns	confidence	1628:6
1699:21	1596:23	1549:16	1648:3	1634:12
1700:19	1609:2	1628:21	confident	1639:14
1701:21	con 1646:1,8	1631:25	1665:21	1664:21
complete	1697:9	1645:25	1696:7,10,	1672:12
1641:24	1704:20	1647:21	21 1729:21	1709:15
1704:15	concede	1660:3,20	confirm	1713:9
completed	1580:20	1670:20	1677:24	1715:16
1596:19	1666:16	1671:4,6,9	1718:25	1725:17
1722:1	1726:6	,22	confirmed	1730:8
completely	conceded	1703:16	1546:13	1731:3
1547:25	1697:5,10,	1712:14	1588:17	considerably
1577:24	11 1702:15	1715:13	1602:2	1719:20
1578:2	conceivable	1717:11	1712:23	consideratio
1628:1	1685:9	concession	confused	n 1555:6
1630:13	conceives	1697:19	1672:15	1561:7
1661:13	1736:19	conclude	confusion	1567:8
complex	concept	1635:3	1689:13	1598:4
1703:13	1640:12,13	1670:1	cons 1603:6	1608:6
compliment	1695:16	1678:23	consensual	1640:8,9
1659:8	concepts	1696:8	1606:25	1717:1,4
compliments	1723:11	1711:10	consensus	consideratio
1671:23	conceptually	concluded	1619:2	ns 1591:21
compo	1728:11	1604:9	1648:6	considered
1675:14	concern	1645:15	consequences	1551:4
component	1625:9	concludes	1692:17,24	1554:19,25
1613:13	1628:11	1712:2	conservatism	1580:19
1616:9,22	1659:15,18	concluding	1636:23	1603:7,16
1641:22	1660:22	1737:19	1658:25	1606:14
components	1661:2,6	conclusion	1663:24	1655:8
1576:20	1662:3,5	1583:7	1664:4,22	1664:9
1612:15	1664:21	1620:22	1668:13	considering
1618:9	1669:18	1651:4,5	1670:2	1689:22
Compounded	1672:7	conclusions	1689:20	consistent
1570:2,10	1673:7	1575:4	conservative	1551:1
compounding	1691:18	1650:9	1636:1	1559:4
1664:21	1692:4	1682:10	1637:7	1648:5,7
1666:1	1704:6,21	conclusive	1666:16	1658:24
1668:13	1706:24	1709:25	1669:21	1700:5
1670:14	1713:18	condition	1670:15	1710:25
comprehensiv	1734:23	1604:3,9	1699:25	constant
e 1602:11	concerned	1721:7	consider	1733:15
1608:2	1650:6	conduct	1555:12	constitute
comprised	1661:17	1723:18	1578:18	1597:6
1589:3,25	1664:11	1724:20	1579:6	consult
	1689:18			1563:9,10

1619:8	1634:9	1572:6	1610:4	1610:6
consultant	1671:22	convey	1612:24	1613:12
1619:16	1713:18	1586:16	1614:5	1615:6
1632:4	1732:5	conveyed	1615:9	1622:8
consultants	continued	1586:15	1616:22	1659:9,11
1678:3,10	1551:19	conviction	1617:1	1676:17
1723:7	1570:18	1650:9,21,	1618:17,20	1688:23
consultation	1615:23	22	1619:6,10,	1689:20
1627:17,23	1639:6	cooperated	16 1623:14	1694:25
,24,25	1672:13,22	1665:12	1625:19,24	1700:15
1632:2,10,	continues	cooperation	1626:2	1703:17
19,23	1549:5	1621:2	1630:21,25	1709:20
1728:8	1625:8	cop 1547:6	1632:17,21	1730:4
consultation	1626:15,16	copious	1636:2,19,	correct
s 1732:6	1670:1	1547:7	20	1548:18
consultative	1726:23	copy	1637:1,7,8	1552:9
1619:7	continuing	1546:11,21	,16	1565:14
consulted	1604:20	,23	1638:7,10,	1588:20
1632:11	contract	Coquihalla	20,24	1590:12,15
consulting	1609:18	1642:9	1639:11	1644:19
1632:24	contrary	corner	1641:4,16,	1738:2
1696:1	1561:5	1673:14	20,23	corrected
1702:23	contrast	corporate	1642:5,7,1	1703:6
consumer	1635:15	1552:25	3 1646:1,8	correctly
1690:19	contribute	1562:5	1648:10	1573:13
consumers	1641:12	1600:24	1650:5,14	1669:2
1638:25	contribution	1601:2	1657:25	correlated
1690:20,25	1730:6,11	1610:8	1658:15	1706:7,8
1691:11	control	1614:25	1661:24	correlation
CONTENTS	1722:9	1672:14,21	1676:21,23	1671:8
1544:1	1730:2	1693:2	1677:12	1705:6,20,
context	1735:8	corporate-	1679:14	22
1572:15	controls	wide	1681:24	1706:13,14
1585:12	1646:3,17	1615:13	1682:12	,15,23
1637:23	1735:18	corporation	1684:8	1716:21
1654:1	convers	1553:10	1687:17	correlations
1684:3	1668:24	1554:5,23	1691:18	1717:10
1687:9	conversation	1557:3	1694:23	cost 1600:7
1700:18	1584:16	1562:8,11,	1695:2	1610:6,12,
1714:17	1648:17	23,25	1703:5	18,25
1730:25	1656:2	1568:4	1715:2	1611:8
1734:14	1674:8	1597:7,11	1716:2	1619:3
continue	1682:15	1598:7,21	1717:6	1620:18,19
1557:4	1697:10	1601:8	1728:7	1622:12
1583:6	1727:23	1602:1	1735:25	1625:7
1621:19	conversation	1604:13	Corporation'	1628:4
1626:12	s 1585:5	1608:13,22	s 1561:25	1639:14
1630:25	conversely	1609:5,14	1572:14,19	1641:11
			1573:6,25	1649:3
			1582:6	1677:4
			1604:2	1707:3
			1609:3	

1722:20	1627:19	1661:18,19	1727:25	1713:13,25
1723:4,10, 24 1724:6	country 1642:10	1673:4,17 1679:18	cross-	current
1725:21	coupe 1660:3	crash	examinatio	1573:22
1726:16,23	couple	1608:11	n 1563:11	1575:17
1727:2,9,1 1	1593:24	create	1623:21	1598:24
1728:20,21	1610:11	1647:17,25	1660:8	1599:9,13
1732:21	1625:12,20	created	1684:15,17	1600:21
1733:5	1655:5	1567:6	1686:11	1601:10
costs	1682:16	1623:3	1696:19,21 ,24	1604:10
1554:21	1685:11	1722:11	1702:15	1614:13
1605:5	1689:21	1735:11	1712:23	1616:11
1609:20	coupled	creating	1724:8	1617:25
1610:8	1613:10	1639:14	1726:15	1624:13
1616:15,18	1621:24	1649:2	1732:19	1641:3
1618:23	1661:3	1689:8	1733:12	1664:3,7
1631:12	course	credibility	cross-	1680:23
1642:18	1547:9	1625:2	examined	1705:4
1643:4	1555:3	1649:17	1633:19	1710:21
1646:2,16	1557:13	credit	cross-	1717:11
1647:21	1573:22	1691:25	subsidizat	currently
1648:20	1575:23	1692:23	ion	1573:15
1654:17	1588:11,17	1703:5,6,8	1610:10	1703:11
1670:17	1606:10	crime	Crown 1647:2	1704:18
1673:1,3	1607:15,16	1618:11	1715:2	1715:14
1674:11	1617:9	criteria	Crowns	1730:15
1690:18,20	1626:8	1653:25	1670:4	cushion
1691:12	1630:13	1654:8	1696:2	1684:1
1710:12	1639:13	critical	Crown's	1690:6,9
1723:21	1643:4	1657:6	1724:12	1707:16
1726:2	1648:14	1658:13	crude	cutting
1730:12,20	1650:11,23	1679:6	1700:10	1714:22
1732:24	1652:20	1721:25	cultural	<hr/> <hr/> D <hr/> <hr/>
1733:1	1655:3	1730:21	1701:13,23	dabbled
1737:4	1665:8	critically	cumbersome	1678:5
counsel	1679:17	1581:8	1733:10	damage
1543:2	1682:20	criticism	cumulative	1615:21
1544:16	1684:16	1649:19	1547:21	dark 1673:16
1596:17	1734:2	criticize	1549:23	data 1549:8
1621:13	court	1650:24	1556:13,23	1550:6,8,1 0
1634:16	1644:12	cross	1570:6	1551:9,10
1638:2,3	1647:2,10	1635:17	1574:24	1567:14
1648:23	1709:17	1650:11	1575:25	1588:21
1649:10	1733:7	1666:8	1587:12	1589:19,25
1684:24	cover	1685:21	1589:3,13	1605:10,13 ,20,24
1733:8,10	1673:12	1690:21	1590:4,14, 20 1604:22	1609:19,24
counsel's	coverages	1699:3	1658:25	1616:17
1731:5	1612:24	1704:5	1682:6	1669:6,12
counterpart	1660:12,18	CPI		
1638:5				
countries				

1701:25	1603:9,22	1715:7	decisions	1574:3
1709:11,14	1604:2,12	1720:24	1582:10	1588:23
1710:8,18,	1605:21	debates	1583:21	1590:3
19,21	1606:3,14,	1682:22	1585:13,16	declining
1711:8,22	16,22	1684:4,10	1633:18	1660:16
1712:2,4,1	1607:1,4,9	debating	1691:17	decrease
5,19	,14 1608:9	1574:4	decline	1597:17,19
1713:11,19	1624:2	dec 1711:1	1551:11,23	1598:19
1715:22	1662:7	decade	1553:21	1687:10
1716:1	1688:11	1635:14,19	1554:1,4,1	decreased
1717:13	1689:7,20,	1638:22	4,15	1600:12
1718:22	23 1692:11	1639:7	1555:3,23	deer/vehicle
1732:8	1693:16	1642:23	1556:3,17	1620:14
date 1682:17	1696:3	1729:2	1558:3,12	default
1731:23	1697:7,9,1	decades	1560:21	1613:8
dated	7	1550:14	1561:17	defending
1644:16	1698:7,20,	1551:4	1564:15	1648:19
dawn 1620:11	23	deceased	1565:22	1649:4
day 1577:23	1699:1,3,9	1642:22	1566:7	deferential
1627:12	,14,15	December	1568:12,17	1658:5
1654:24	1701:3,19	1620:13	,20,21	deficiencies
1703:9	1702:19	decide	1574:16,21	1683:9
days 1621:2	1703:3,14	1550:16,17	,24	deficit
1634:1	1704:16,22	1565:1	1575:16	1685:23
1686:4	1705:15	1578:14	1590:19,20	defined
DCA 1703:1	1706:16	1581:18	,21	1618:23
DCAT 1548:2	1707:2,8	1582:13	1591:1,3,4	1695:17
1552:3	1709:6	1583:19	,14,19,25	definitely
1553:19	1713:4	1592:12	1592:18	1550:11
1554:20,22	1715:13,15	1662:18	1593:5,7,2	1574:2
1555:4,5,1	,24	1663:7	4	1625:23
7,25	1716:18	decides	1594:2,3,1	1626:13
1561:4,5	1718:12,13	1583:3	3,15	1627:22
1564:16,20	,21	1624:22	1595:8,9,1	1628:24
1566:3,7	1719:2,3,6	1634:18	2	1630:25
1568:11	,7,11,12,1	deciding	1604:12,15	1631:21
1570:20,23	7,24	1608:7	,17	1632:7
1571:5	1720:22	decision	1605:10,25	1668:21
1573:14,19	1734:2	1582:2	1606:2,9	definition
1574:6	DCAT-based	1633:10	1660:15	1604:8
1580:3	1563:2	1649:23	1697:18	1687:16,24
1582:9,14	deal 1609:13	1650:3	1703:6	1688:23
1584:5	dealing	1651:11	1704:6	1734:4
1590:13,21	1631:22	1660:1	1708:25	1736:16
1591:10,19	1670:13	1701:24	1709:9,14	degree
1592:17,18	1702:3	1723:16	1710:7,22	1636:16
1593:17,18	dear 1625:16	1724:20	1713:10,19	1727:12
,23	debate	1734:11	1716:3	delete
1594:15	1629:18	decisions	1718:18	
1595:7	1675:22	1560:22	1722:7	
1602:18	1684:9		1736:20	
	1714:4			

1700:18	1567:2	1666:1	1709:22	1650:3
deliberating	DESCRIPTION	1719:7	1713:4	1651:10
1596:21	1545:2	developed	1729:6	1730:16
deliver	design	1603:14	Differ	dilemma
1731:9	1689:9	1611:3	1548:6,20	1580:14
delivering	designed	1637:8,18, 21 1701:14	difference	dilemmas
1730:14	1690:11	developing	1551:7,15	1579:24
Deloitte	designing	1612:13	1572:13	diligen
1610:11	1715:15	1648:9	1575:14	1625:5
1611:6,11, 16,19,21,2	Desorcy	1699:19	1585:4	diligence
4 1612:1	1644:2	1715:18	1659:24	1625:6
1725:22	1651:15	1732:10	1667:10,15	dipping
demeanour	despair	development	1668:2,10	1675:6
1695:7	1644:7	1609:8	differences	dire
demerit	despite	1612:16,19	1549:16	1582:5,23, 24
1597:8	1623:13	1615:25	1577:19	direct
demonstrate	destroy	1619:19	1588:1	1571:15
1646:16	1656:19,21	1657:4,5	different	1587:7
1722:3	1687:4	1659:1	1547:25	1654:23
demonstrated	detail	1664:25	1567:16	1661:8
1637:7	1625:10	1665:13	1568:5	1671:19
demonstratin	detailed	1666:2,19, 20,24	1576:20	1703:9
g 1641:21	1728:10	1668:14	1580:12	1719:7
1646:2	determinant	1680:10	1581:11,19	directed
denial	1606:8	deviation	1585:13,16	1670:3
1723:25	determinatio	1547:20,24	1626:23	1680:11
Dep 1712:11	n 1606:15	1549:23	1627:5,6,1 8,19	1717:2
Department	1611:15	1550:22	1631:19	1732:10
1613:15,18 ,22	determine	1551:3,6,1 4 1556:9	1634:2	direction
depending	1642:17	1587:25	1652:4,5	1661:8
1598:1	determined	1605:14,15	1664:25	directly
1624:21	1604:13	1612:15	1666:17	1607:17
Depression	1657:8	1637:11	1670:14	1687:25
1589:4	determining	1659:18	1692:2	1718:1
1711:23	1549:3	1712:1,8	1699:20	directors
Depression/	1555:13	deviations	1701:14,20	1582:6
Roaring	1721:5,11	1550:2,25	1710:9	disagree
1712:12	deterrent	devices	1711:4,16	1631:15
Deputy	1629:1	1627:1	1712:9	1647:5
1613:21	devastating	1628:10	1717:18,23	1650:24
describe	1692:19	devout	1724:13	1668:15,16
1670:9	develop	1663:19	1726:17	,17
described	1626:12	dialogue	1729:9	1716:25
	1637:16	1648:15	differently	disagreed
	1648:3	1649:11	1581:9	1665:14
	1657:5	1666:15	difficult	disagreement
		1696:14	1567:13	
			1637:15	
			1649:23	

1608:23	1678:23	1711:6,12,	1564:18	1667:18
disagreement	1683:1,7	16	1578:22	1683:7
s 1680:18	1686:20	dive 1734:9	1593:16	1696:8
disappear	1689:12	divergence	1603:12	1700:6
1577:24	1695:13	1673:1,3,2	1624:5	driver
disappears	1696:13	5	1675:12	1596:23
1585:9	1703:22	diverse	1677:15	1597:8,10
disappointed	1716:4	1695:24	1702:8,16	1598:1
1641:15	1721:24	diversifying	1705:5	1601:23
1724:4	1725:14	1722:4	1718:9	1618:9
disappointme	1728:24,25	dividend	1726:16	1619:13
nt 1723:6	1729:17	1576:22	1729:11	1625:22,25
disaster	1732:14	dividends	1736:9	1627:7
1615:16	discussions	1577:8,14,	doomsday	1661:1
discomfort	1637:24	16,22	1684:13	drivers
1672:25	1638:6	document	dotted	1626:2,19
1673:22	1652:2	1545:9	1711:7	1629:18,19
1719:4	1667:16	1552:8	doubled	1630:15,20
discounts	1732:6	1645:5,9	1635:21	1640:20
1622:9	disdain	1665:7,11,	doubt	1731:15
discra	1700:4	17 1668:25	1594:16,21	driver's
1648:13	displays	1673:9	1595:9	1582:1
discrete	1620:8	documents	1645:15	1628:7
1585:11	disproportio	1599:2,11	Doug 1640:6	1629:25
dispute	nate	1601:13,16	downside	1630:1
1724:23	1684:4	dollar	1562:25	1641:5,7
disputes	dispute	1557:24	dozens	1731:11
1653:18	1724:23	1577:20	1634:3,4	driving
disputing	disputes	1720:10,16	Dr 1563:10	1598:2
1585:21,22	1653:18	dollars	1572:15	1618:13
1586:2	disputing	1597:10	1605:2,8,1	1627:10,13
dissipating	1585:21,22	1598:16	0,19,23	1628:9,20
1730:4	1586:2	1626:7	1606:1,11,	1630:12,16
distinct	dissipating	1636:8	13,16,19,2	1640:10
1721:10	1730:4	1639:12,17	4 1607:2,8	1689:19
distinguish	distinct	,23	1640:1,3	1728:4
1579:18	1721:10	1641:6,18	1684:14	1734:6
distracted	distinguish	1668:4	1693:8	drops 1620:9
1628:9	1579:18	1697:4	drag 1666:9	drunk
distressed	distracted	1719:15	draw 1666:25	1627:13
1674:25	1628:9	1728:16	1682:10	DSR 1597:9
distributed	distressed	domain	dream	1601:24
1584:19	1674:25	1629:19	1637:10	due 1564:21
distribution	distributed	dominant	drew 1695:24	1601:22
1695:15	1584:19	1606:7	drive	1613:3
1708:23	distribution	dominated	1641:12	1614:23
done 1550:13	1695:15	1589:13	driven	1625:5
	1708:23	done 1550:13	1649:20	duration
				1614:18

during 1577:14 1601:1 1620:11 1624:4 1626:21 1643:10 1646:4 1648:14 1682:20	1591:4 1593:5 1594:13 1595:8,12 1602:8,13 1608:24 1609:6,13 1646:19 1681:18 1682:1,8 1684:1,20 1691:23 1694:25 1704:25	1596:23 1598:12 1687:2 1734:4 effective 1642:9,12 1707:4 effectively 1556:11 effects 1717:5 efficiencies 1677:5 efficiency 1676:18 1727:3 efficiently 1628:4 effort 1633:8 1697:16 1724:4 EFTs 1609:25 eight 1636:10 1692:20 eighteen 1575:3 1617:22 1633:6 1710:13 eighteenth 1621:17 eighty-five 1641:17 eighty-three 1571:19 either 1579:11 1583:21 1649:21 1696:20 elaborate 1564:20 1689:25 1716:6 electronic	1627:1 1628:10 electronical ly 1546:20,22 1624:24 elects 1641:22 eloquently 1660:8 else 1583:11 1662:24 1737:16 emergency 1622:23 emphasis 1720:14 emphasize 1626:13 1728:16 emphatically 1707:12 1718:2 empirical 1728:18 empiricism 1700:6 employ 1630:10 1715:25 employed 1594:15 1693:16 1702:20 1707:8,9 1709:6 1710:5,6 1715:14 1719:2 employees 1617:10,11 ,14 1679:3 employs 1704:1 encourage 1627:17,22 1630:15	1632:21 1666:10 1670:11 1717:9 encouraged 1698:18 1732:5 encouraging 1630:9 1725:14 endeavour 1631:14 1632:17 endeavouring 1625:24 endorse 1624:10 1693:9 1707:21 1708:7 1729:5 endorsed 1610:13 energies 1730:4 energy 1698:21 enforcement 1620:11 1729:4 engage 1629:3 1648:15 1649:11 1676:3 engaged 1610:11,21 1611:6 enhanced 1618:18 1620:10 ensure 1623:15 1629:20 1632:13 1634:8 enter
dusk 1620:11 DVA 1682:5 DVL 1617:16,18 dying 1642:4 Dynamic 1602:19	east 1642:10 econ 1714:23 econometrici an 1715:7 econometrici ans 1703:23 1714:5 1715:3 econometrics 1714:23 economic 1549:10 1588:9 1617:8 1728:21 economically 1692:22 economics 1714:24 economies 1677:1 1723:20 1724:6 1726:7 economy 1724:10 edge 1714:22 education 1618:9,15 1619:14 1625:22,25 1634:13 effect	efficiency 1676:18 1727:3 efficiently 1628:4 effort 1633:8 1697:16 1724:4 EFTs 1609:25 eight 1636:10 1692:20 eighteen 1575:3 1617:22 1633:6 1710:13 eighteenth 1621:17 eighty-five 1641:17 eighty-three 1571:19 either 1579:11 1583:21 1649:21 1696:20 elaborate 1564:20 1689:25 1716:6 electronic	emergency 1622:23 emphasis 1720:14 emphasize 1626:13 1728:16 emphatically 1707:12 1718:2 empirical 1728:18 empiricism 1700:6 employ 1630:10 1715:25 employed 1594:15 1693:16 1702:20 1707:8,9 1709:6 1710:5,6 1715:14 1719:2 employees 1617:10,11 ,14 1679:3 employs 1704:1 encourage 1627:17,22 1630:15	encouraged 1698:18 1732:5 encouraging 1630:9 1725:14 endeavour 1631:14 1632:17 endeavouring 1625:24 endorse 1624:10 1693:9 1707:21 1708:7 1729:5 endorsed 1610:13 energies 1730:4 energy 1698:21 enforcement 1620:11 1729:4 engage 1629:3 1648:15 1649:11 1676:3 engaged 1610:11,21 1611:6 enhanced 1618:18 1620:10 ensure 1623:15 1629:20 1632:13 1634:8 enter
<hr/> E <hr/>				
eager 1621:18 earl 1716:22 earlier 1565:19 1568:10 1576:18 1699:2 1716:22 early 1682:22 earn 1552:12 1576:4 earned 1559:9 1599:20,22 1648:17 1649:5,6 1679:14,16 ,21 1680:3,12 earning 1591:2 1609:11 1682:7 1691:1 earnings 1584:6,21 1590:22				

1638:19	1573:23	1638:11	1656:8,15	events
entered	1578:1	1697:18	1670:2	1549:18,19
1609:18	1594:16	1701:25	1697:6	1602:4,5
entire	1615:3	1704:8,17	1703:3	1605:4
1550:10	1703:3,6	1710:7	1732:25	1622:23
1626:20	1704:6	1716:20	estimated	1623:5,17
1627:12	1708:25	1718:18,22	1551:22	1629:17
1704:10	1709:9,14	equivalent	1553:17	1684:8
1712:12	1710:22	1570:8	1571:15	1688:3,14
entirely	1713:10,20	1574:20	estimates	1689:10
1589:3	1716:3	1592:17	1637:8	1690:6,12,
1700:22	1722:8	1609:25	1656:17	18 1694:7
entitled	1735:7,23	equivalents	1661:8,16,	1700:1
1545:9	1736:20	1617:18	19,22	1705:24
1645:9	equity	era 1605:22	1664:23	1706:6
enumerated	1547:24	1711:8,23	1710:11	1707:18,19
1653:15	1549:4,7,8	1712:11,12	estimating	1717:3
1732:18	,9,12,19,2	escrow	1648:4	1722:12
envelope	3	1720:1,7	estimation	everybody's
1552:2	1551:1,16,	especially	1636:19	1586:22
1555:13	23	1623:9	et 1576:23	1643:19
1697:2,21	1553:2,7,1	1624:11	1652:23	everyone
environment	0,12,17,23	1631:4	1676:13	1546:4
1586:14	1554:14,15	1650:1	1728:4	1737:20
1627:14	,19,21	1653:9	evaluate	everyone's
1647:6	1555:3	1689:21	1611:7	1665:10
1692:12	1556:3,7,1	essence	1642:19	everything
1693:17,19	6,21,25	1610:19	evening	1582:16
,21	1557:4,6,8	essentially	1737:20	everywhere
1701:14,15	,25	1576:19	event	evidence
equal 1572:3	1558:14,17	1657:7	1570:5,12,	1545:3
equals	1559:6,17	1658:8	21	1546:7,12,
1556:23	1560:3,20,	1667:5	1571:4,8	16
equate	22	1675:5	1623:16,18	1547:10,18
1610:2	1561:10,16	1720:3	1683:11	1549:11,14
equipment	,17,22	1723:4	1684:2	1551:8,20
1638:9	1562:2,9,1	establish	1685:6	1555:16
equipped	2,17,25	1618:17	1689:4	1556:15
1730:15	1564:15	1619:9	1690:7,8	1557:20
equitable	1565:25	established	1692:8,10,	1560:17,21
1723:14	1572:6,14	1623:12	11,13,24	,25 1561:6
equities	1573:18	establishing	1693:5,6,8	1563:1,12
1551:11	1574:3,16	1608:20	,11,18	1564:10,14
1552:13,14	1575:9,15	1679:1	1694:16	1566:13
,23	1576:3	estate	1695:1	1592:3
1555:23	1577:8,14,	1600:3	1708:5	1597:4
1556:14	21 1592:18	1615:5	1712:9,10,	1603:15,22
1559:10	1602:11	estimate	20 1715:20	1605:1,18
	1604:12,15		1736:23	1606:10,12
	,18		1737:7	1607:17,18
	1605:10			
	1606:3,8			
	1608:3,14			

1608:4	1660:2	1710:10	1707:19	Exhibit-14
1609:14	1713:16	1734:6	excessively	1697:16
1610:5	exam 1723:19	examples	1691:18	Exhibit-27
1613:15,20	examination	1591:24	exchange	1697:17
,23 1618:1	1544:9	1677:17	1604:23	Exhibit-32
1635:25	1547:16	exce 1646:15	1605:9	1696:23
1654:24	1624:12	exceed	exclude	1697:17
1658:13	1635:18	1584:21	1593:12	exhibits
1662:8	1641:9	exceeded	1602:16	1544:3
1676:7,25	1650:12	1609:11	excluded	1545:1
1679:3	1685:22	1613:24	1605:20	1657:12
1695:8,18	1690:22	1657:23	exclusively	1733:9
1696:5,22	1699:4	excellent	1667:18	exist 1711:1
1698:7	1704:6	1733:13	excuse	existing
1699:6	1723:20	except	1590:19	1603:1
1701:5,10	1728:1,10	1653:17	1592:3	1607:6
1703:9	1733:19	exception	1669:8,14	1703:12
1709:25	examine	1675:19	exe 1723:19	expand
1711:20	1549:3	1681:21	executive	1729:5
1720:15	1589:2,24	excerpt	1640:6	expanding
1725:10	1642:8,16	1545:6	exhaustive	1561:14
1728:18,19	1684:12	1644:11	1733:19	expect
1729:8	1729:3	1645:1	1734:25	1566:10
evidence-	examined	1665:4	exhibit	1573:19
based	1589:12,20	1673:12	1546:13,16	1702:17
1606:20	,24	1675:2	1548:16,17	1704:16
1696:12	1673:25	excerpts	1550:13	1734:14
1719:8	1723:12	1653:1	1564:14	1736:2
evident	example	1696:19	1565:9	expectation
1655:13	1550:6	1708:22	1567:2	1562:19
evidentiary	1557:14	excess	1569:5,8	1572:10
1596:19	1558:22	1578:15	1571:9,25	expectations
evol 1720:17	1560:13	1579:10	1587:6,8,1	1623:24
evolution	1561:8	1580:5,11	1	1729:18
1719:3,19	1565:3,25	1582:17,25	1595:3,17	expected
1720:18	1567:13	1584:1	1600:22	1549:4
evolve	1571:25	1590:3	1607:16	1552:24
1653:20	1576:1,2	1609:13	1644:13,19	1553:3
evolves	1588:8	1682:9,18	,25	1554:6
1607:9	1593:14	1693:13	1645:6,8	1576:21
ex 1591:24	1594:6	excessive	1665:4,7,1	1578:2
1658:1	1627:10,15	1646:2,15,	3,21	1600:14
1675:7	1630:15	19	1668:9	1608:16
exact	1633:23	1647:21,22	1671:16	1615:7
1594:18	1645:23	1689:8	1685:16	1617:23
1653:10	1662:17	1690:4,12,	1686:8	1618:22
exactly	1670:8	17	1702:9	1674:4
1585:17	1677:5,19	1691:15,19	1711:3,20	expecting
1588:12	1685:14	1693:6,22	1733:15	
	1687:7			
	1688:16			
	1691:20			

1553:6	1685:19	expressed	1716:4	1655:16
1576:9	1695:23,25	1606:13	extent	face 1580:15
1599:8	1696:2	1608:15,23	1562:13	1693:7
expects	1698:16	1618:20	1584:20	faced
1552:12	1711:8	1647:10	1613:6	1603:11
1562:11	experienced	1651:15	1637:15	1717:5
expen 1616:6	1598:6	1660:7	1651:23	faces
expended	1612:6	1704:20	1669:15	1647:13
1698:22	1699:20	1706:16	external	facilitating
expenditure	1723:21	1715:19	1607:12	1733:9
1615:14	expertise	1717:11	1647:14	fact 1551:2
1642:20	1683:10	1726:19	1655:2,7	1561:9
1646:2,17	explain	1732:16	1656:6,10,	1636:1,9
expenditures	1555:22	expresses	14,16,20,2	1655:13
1615:13,19	1580:15	1712:14	1 1658:6	1657:13
1671:7	1633:18	expressing	1661:2,17	1660:4
1691:19	1649:5	1671:4,6,9	1662:14	1704:22
1730:25	1673:2	1721:20	1664:2	1728:6
1731:1	1675:4	1723:5	1678:3,10,	
expense	1701:24	expressly	12,16,22	factor
1611:7	1707:2	1654:8	1680:9	1601:22,23
1616:9	1734:17	ext 1700:21	1700:12,15	1603:14
1636:3,20	explaining	exten	extra 1560:7	1637:17
1674:1	1586:10	1675:23	extreme	1659:1
expenses	1698:14	extend	1575:10	1665:1
1600:10,11	explanation	1617:13	1666:4	1666:21
,15	1636:13	extended	1667:23,24	1667:9,20
1616:3,4,7	1687:11	1621:2	,25	1668:1,7,1
,10,13,22,	explanations	extending	1684:21	4,17
24,25	1688:6	1640:16	1685:6,17	1669:19
1617:3	explicitly	extends	1686:7	factors
1671:5	1704:22	1642:1	1689:6	1602:5
1672:2,7	explore	Extension	1700:11,21	1603:15
1673:1,4	1687:16	1579:5,19	1701:15	1659:1
1674:22	1707:3	1580:7	1711:25	1664:25
1675:8,12,	1730:18	1609:8,9	1715:20	1666:3,5,2
19,20	explores	1648:12	extremely	0,24
1705:9,13	1725:23	1682:4	1639:9	1667:5,8,1
1722:25	exploring	1723:22	1650:3	7 1683:8
expensive	1619:11	1724:2,10	extremes	1705:6,21
1639:10	exposure	1725:5,24	1549:15	1706:20,23
experience	1619:23	1726:4	1702:5	failing
1557:6	1641:12	1727:13	eye 1631:6	1607:24
1562:13	express	extensive	eyes 1644:8	1721:6
1598:1	1660:21	1675:22	1678:11	fails
1635:15,21	1671:5	1695:25	1695:16	1717:25
,24	1672:25	1696:1	1736:7	fair 1583:15
1637:22	1725:16	1699:8		1584:1
1651:9				1611:5
1658:14				1633:20

1634:8	1663:11	fifty-six	1694:10	1587:8,10
1635:25	favours	1628:17	finance	1588:4
1640:18	1636:20	fifty-three	1613:15,19	1593:24
1694:19	feasible	1717:22	,22	1600:25
1714:15,20	1642:20	fifty-two	1638:17,19	1622:15
1723:14	February	1641:5	1722:3	1625:22
fairly	1602:9	fighting	financial	1638:11
1566:1	1613:25	1720:10	1564:21	1654:18,24
1613:6,8	1681:25	figure	1598:22,23	1659:6
1648:11	feel	1553:14,20	1599:1	1667:1
1661:25	1631:18,20	1595:6	1600:5	1670:22
1673:18	feeling	1667:22	1602:6	1672:14
1717:24	1644:7	1691:25	1603:11	1673:11
fairness	feels 1650:4	1692:2	1604:3,9	1684:23
1723:23	fees 1597:12	1720:5,16,17	1608:22	1697:22
faith	1599:21,25	figured	1610:17,24	1702:24
1545:11	Fellow	1547:2	1612:5	1711:4
1645:10,14	1621:14	figures	1657:16	1716:23,25
1650:19	fencing	1553:9	1682:13	1718:14
fall 1622:21	1639:21	1562:5	1703:12	1731:4
fallen	fer 1650:12	1665:23	1721:6	1734:22
1606:1	fervently	figuring	financially	Firstly
families	1650:13	1630:17	1585:24	1556:7
1642:22	1691:11	file 1602:18	1609:1	1612:16
family	ferventy	filed	financials	fiscal
1640:24	1691:10	1600:22	1704:23	1556:18
1682:5	fewer	1607:16	finding	1557:17
famous	1631:11	files 1679:2	1552:14	1598:25
1711:19	fifteen	filing	1656:16	1600:25
fan 1720:2	1642:23	1598:22	1695:10	1604:18
fashion	1651:8	1602:7	finish	1612:12
1679:23	fifth	1634:4	1593:9	five
fast 1561:20	1570:3,11	Fillmon	1708:10	1563:19,23
fault	1712:8,10,20	1677:9	finished	1564:1
1676:17	fifty 1555:1	final 1559:8	1697:9	1584:23
1683:18	1626:7	1560:11,16	fired	1593:3
1710:15	1639:23	1639:3	1684:24	1598:13
1722:1	1686:2	1656:8	firm 1714:18	1605:14
1731:4,6	fifty-four	finalize	firms	1612:11
favour	1640:20	1720:23	1699:21	1617:23
1636:2	fifty-nine	finalized	first	1636:7,9
favourable	1718:7	1719:12	1556:18,19	1661:1
1562:11,13	fifty-seven	finally	1557:17,23	1667:14
,18 1568:4	1598:10	1555:5	1564:14	1708:1,9,11
favoured		1557:9	1569:24,25	1718:6
1676:21		1560:9	1571:11	fixed
favourite			1574:22	1660:13
			1579:2	1691:13
			1581:21	1694:20
				flap 1640:10
				flat 1635:16

1640:10	1671:23	1654:22	1661:23	1686:12,21
1641:9	1672:3,8	1655:6	1673:23	1717:22
1732:14	1673:5	1658:10,15	1675:25	1722:6
flawed	1719:23	1661:12,24	1696:13,14	front
1548:2	1731:7	1683:9,16, 20	1719:24	1682:23
fleet	focussed	forecasts	1726:24	fruitful
1598:13,15	1646:7	1556:8	1729:16	1678:18
,18	1660:10	1558:5	1730:9	full 1549:24
flip 1675:1	1696:11,14	1566:3	1732:2	1550:4
1676:1	focussing	1575:23	fours 1640:3	1555:5
1711:18	1650:7	1576:8	frailties	1566:3
flipping	1659:2	1602:16	1656:25	1570:24
1571:17	1671:22	1617:7	frame 1577:7	1587:17,21
flood	forecast	1654:17	1613:4	1590:16
1692:21	1557:4,5,8	1658:15,21	framework	1591:21
floodway	1560:10	1661:16	1584:11	1592:24
1692:10	1568:5	1664:7,8	1585:6	1593:10
flow 1575:23	1573:21	forefront	frank	1617:17
1614:20	1599:19	1729:18	1676:24	1704:23
1664:24	1600:6,11, 14	forget	frankly	full-time
1676:25	1601:6,11	1636:25	1639:17	1609:25
1677:6	1602:14	forgetting	1660:6	fully
flowing	1604:4	1733:15	1672:15	1549:13
1560:5	1612:6,7	forgive	1685:15	1556:17
1654:15	1615:14	1723:1	1686:10	function
1659:25	1616:5,10, 18	form 1547:9	1719:3	1684:5
1664:4	1636:16	format	1721:18	fund 1561:21
1666:1	1647:21	1717:12	fray 1638:19	1572:16
1683:21	1655:14,21	formed	free 1596:8	1579:21
1690:5,12	1661:12,14	1646:14	1630:13	1580:13
1714:22,23	1670:17	forming	1731:12	1581:14
1722:12	1733:2	1651:3,5	freeze	1582:16
1724:2	forecasted	fors 1661:21	1617:13	1599:15,18
1726:3,6	1572:9	forty	fresh	1609:9,16
1735:6	1599:7,23, 24	1560:23	1646:24	1618:18,20
1737:8	1600:12,15	1562:17	1647:18	1622:20
flows 1691:4	,18,19	1590:18	1648:1	1631:10
1737:12	1601:9	1712:21	1649:25	1637:21
flush 1638:7	1603:2	forty-six	1651:1	1691:21
fo 1680:12	1616:7	1617:21	1657:25	fundamental
focus 1581:7	1617:6	forward	1659:7	1660:22
1594:13	forecasting	1577:25	1663:22	1702:1
1619:20	1572:11	1586:19	1664:17	1710:16
1650:15,16	1599:12,16	1632:10,13	1698:9	funded
,20	1601:21	1634:18	1720:18	1630:11
1651:13,18	1615:17	1637:1	friend	funding
,21	1617:2	1658:19	1659:14,23	1619:12
1659:21	1618:3		1660:7,23, 24	1641:17
	1636:2			funds
	1646:1,15			

1613:25	1728:13	gives	13 1565:6	group 1598:3
1639:19	generally	1568:17	1566:5,23	1613:17
fut 1615:21	1624:23	giving	1568:9,24	1635:13
future	1639:25	1577:16	1569:7	1651:13,18
1557:7	1640:12	1596:8	1570:18,19	1677:19,25
1574:3	1653:1	1673:7	1571:7,23	1678:14
1583:20	1661:14	1713:22	1572:12	1680:9
1585:16	1665:7	global	1573:5	1725:18
1604:4,9	1675:18	1610:8	1574:10	groups
1606:15	1698:5,6,1	going-	1596:15,18	1652:4
1611:14	3,15,24	forward	1659:23	1731:7,8
1615:21,24	1717:14	1672:12	1660:7,24	group's
1640:9	1732:15	goings	1686:12	1651:21
1641:24	generates	1625:12	1717:23	grow 1603:3
1672:23	1560:17	gone 1557:1	1724:22	1615:7
1691:1,4	generating	1576:6	Grammond's	1616:7
1696:3	1725:6	1625:5	1672:18	1675:13,16
1713:5,19	gentlemen	1669:5	granted	growing
1715:25	1635:12	1697:6	1598:12	1675:13
1716:8	gets 1560:6	Gosselin	grate	grown
1717:4	1579:24	1542:15	1680:17	1675:15
1721:6	1682:4	government	1732:22	growth
<hr/>	getting	1617:10	grave	1601:21
G	1575:2	1619:9	1712:14	1662:1
gain 1607:4	1650:16	1628:14	gravely	1675:19
gains	1667:15	1629:6,13	1715:20	1680:14,17
1558:17	1669:12	1631:20	Great 1589:4	1706:19
Gart 1678:14	1677:16	1632:8	1711:23	guarantee
Gartner	1681:3	1638:15	1712:11	1579:8,10
1677:19,25	1725:20	GRA 1557:11	greater	1662:17
1678:14	gift	1599:16	1553:14	guess 1564:6
1680:9	1713:22,23	1600:17	1591:12	1574:19
1725:18	given	1611:22,23	1592:20	1578:10
1726:10	1557:10	1612:6	1593:6	1579:23
Gas 1723:16	1563:13	1615:15	1611:18	1581:2
1724:20	1564:10	1664:10	1649:24	1589:15
gather	1566:17	grab 1695:19	grievous	1734:3
1564:14	1573:2	gradual	1736:21	1737:3,18
general	1581:4,5	1686:5	gross	guesses
1542:8	1591:23	gradually	1602:25	1642:14
1562:8	1597:4	1736:1	1611:20,25	guideline
1596:9,20	1605:19	graduated	ground	1657:18
1615:23	1608:14	1685:5	1679:9,19	guidelines
1622:5	1647:20	Grammond	1680:2	1657:5,6,2
1625:20	1694:21	1543:2	grounds	3
1632:19	1700:24	1544:10	1649:19	<hr/>
1645:23	1707:16	1563:7,17	groundwork	H
1653:22	1708:6	1564:8,12,	1612:5	habits
1707:20	1733:5			
	1734:25			

1626:3	1684:22	1682:7,13	1721:25	1701:19
hail 1709:24	1692:2	hear 1575:11	1727:24	high 1554:24
1710:1,2,4	happens	1581:2	1733:11	1625:25
half 1554:15	1562:19	1586:17,18	1735:18	1627:8
1559:14	1579:10	1621:7	hearings	1648:21
1560:6,7	1582:18	1622:4	1549:2	1658:18
1599:13	1592:8	1625:17	1622:17	1661:3
1605:16	1684:13	1737:19	1623:25	1672:24
1636:7	happy	heard	1633:2,4,7	1692:25
1668:8	1673:20	1579:13	,24 1634:4	1711:13
1729:2	1681:2	1580:17	1646:5	higher
halfway	Harbour	1605:1	1663:11	1561:11
1570:9	1712:15,19	1607:17,18	heart	1574:5
1681:1	,22	1609:14	1580:22	1613:9
hand	hard 1583:6	1618:1	1625:16	1616:14
1580:1,4	1688:20	1633:9	1712:13	1657:18
1587:6	1708:5,10	1697:22	heck 1670:24	1663:24
1605:7	1732:11	1713:7	hedged	1666:14
1625:3	hasten	hearing	1577:21	1667:22
1673:14	1701:2	1542:6	held 1542:19	1675:21
1690:24	haven't	1547:2	1734:8	highest
1708:21	1559:9	1557:11	hell 1734:15	1621:25
handed	1665:6	1596:19	he'll	high-level
1587:7	1674:25	1602:21	1546:23	1714:13
1708:22	1712:6	1607:18	help 1582:7	highlight
handle	1721:8,13	1610:6	1583:1	1630:5
1574:2	having	1613:23	1632:16	1646:5,11
1703:12	1577:17	1618:2	1669:6,10,	1651:12
handled	1584:4	1624:11	23	1678:24
1679:2	1585:21	1634:18	1678:9,12	1701:12
handout	1589:16	1646:20,23	helpful	1705:4
1550:9	1609:18	1647:10,12	1576:17	1723:4
handouts	1668:18	,16,17	1654:7	1725:3
1644:10	1672:10	1648:14	1674:9,12	highlighted
handwriting	1688:19	1649:16,25	1698:10,14	1645:22
1665:16	1691:23	1650:15	1728:8,23	1655:4
handwritten	1693:3	1654:1,25	1729:8	1735:19
1665:18	1726:2	1655:3	helping	highlighting
hang 1552:16	hazard	1658:23	1576:17	1690:4
1569:16	1691:17	1662:9	1654:7	highly
happen	head 1684:24	1665:8	1674:9,12	1620:7
1667:7,13,	1717:17	1682:21	1698:10,14	highs
25 1675:7	heading	1684:4,5,2	1728:8,23	1711:13
happened	1586:13	4	1729:8	highway
1577:7	headline	1698:12,25	helps 1578:3	1640:22
1633:9	1681:16	1701:4,5	1701:23	1642:9
1650:24	1708:24	1703:9,24	hence	hill 1639:22
1655:24	healthy	1707:1	1650:18	1686:1
		1707:1	here's	
		1715:1	1669:11	
		1716:12	1719:16	
		1717:19	he's 1563:12	
		1719:23	1688:9	

hire 1715:3	hoped 1593:10	1715:1 1725:12	1649:5 1662:22	1554:23 1555:1,2,2
hired 1632:4	hopefully 1573:12 1576:16	Hydro's 1724:17	1673:2 1683:6	3 1557:22 1559:8,11
hiring 1619:15	1593:8 1627:2 1650:11 1715:10	hyphen 1736:4	1689:25 1706:12	1565:2,4,7 1566:11
historical 1548:1 1549:3 1550:14 1551:7 1589:1,11, 20 1658:14	horizon 1718:7	hypothetical 1592:1	1721:2 1735:16	1568:1,11 1571:15 1574:23
historically 1674:3 1681:23 1718:8	horking 1683:3,5	hypothetical ly 1556:2	illustrate 1673:7	1575:19 1576:19 1592:11
history 1550:10,20 1570:24,25 1577:6 1578:21 1587:21 1684:12,18 1709:23	Houghton 1640:6	<hr/> I <hr/>	1560:14 1572:2	1593:11 1594:8 1598:7
hit 1577:19	hour 1630:13	i.e 1707:13 1718:24	illustration 1560:14 1572:2	1604:17 1608:12 1614:16 1618:22
hockey 1720:2	households 1620:10	IBM 1609:18 1616:20	illustrative 1566:25 1567:6 1571:25	1663:25 1684:1 1692:17 1697:3
hold 1630:10	huge 1588:1	IBNR 1658:16 1664:23 1666:6 1669:19	im 1614:16 1737:1	1704:13 1706:6,8,1 0 1707:16 1736:22 1737:1
holders 1555:24 1562:12,21	human 1656:24 1658:8	ICBC 1631:14	I'm 1546:10 1554:11 1561:3 1568:14 1569:7 1573:12 1581:1 1584:7 1586:2 1589:15 1590:2,6 1593:1,2 1620:25 1621:6 1633:25 1643:4 1644:8,18 1645:15 1663:2,12 1676:1 1681:1,2 1704:2 1706:11 1734:5,23 1737:16	1692:17 1704:13 1706:6,8,1 0 1707:16 1736:22 1737:1
holding 1605:5	humour 1720:8	I'd 1574:14 1581:2 1586:16,17 1637:18	impacted 1557:8 1572:19 1579:15 1593:16	impacting 1575:16
holdings 1577:8	hundred 1559:21 1582:17 1597:10 1598:13,17 1600:16 1612:22,23 1617:19,21 ,22,24 1622:5 1628:17 1639:8,22 1640:19 1641:17 1662:14 1672:20 1692:19,21 1708:3 1718:7,8	idea 1564:15 1593:17 1665:25 1737:5	impacts 1566:4 1572:9 1591:16,18 1613:5 1692:19 1705:24	impairing 1575:16
hometown 1734:7	hurting 1579:5	ideas 1729:5	impaired 1577:18 1615:10 1618:13 1627:13 1728:4	impacting 1575:16
hook 1722:11 1735:10	hydro 1647:3 1653:19,23 1703:24	identified 1616:1 1618:21 1641:23 1703:1	immediately 1608:16	impacts 1566:4 1572:9 1591:16,18 1613:5 1692:19 1705:24
hope 1560:14 1576:16 1587:16 1627:25 1654:4 1695:9 1709:12 1714:11 1720:25		identify 1583:20 1731:2	imperfect 1722:15	impacting 1575:16
		IFRS 1600:4 1615:11	impaired 1577:18 1615:10 1618:13 1627:13 1728:4	impacting 1575:16
		I'll 1546:6 1547:18 1550:8 1580:19 1590:8,9 1625:20 1634:9	immature 1715:19	impacted 1557:8 1572:19 1579:15 1593:16
			immediately 1608:16	impacting 1575:16
			impact 1551:22	impacts 1566:4 1572:9 1591:16,18 1613:5 1692:19 1705:24
				impairing 1575:16
				impacts 1566:4 1572:9 1591:16,18 1613:5 1692:19 1705:24
				impaired 1577:18 1615:10 1618:13 1627:13 1728:4
				imperfect 1722:15
				implement

1597:7	impressively	1562:4	ies	,20
1628:3	1715:18	1609:23	1688:22	1690:5,11,
implemented	improper	1612:14	1703:2	12,17
1610:16,23	1611:25	1619:17	inconsistent	1693:6
1611:18	improve	1620:9	1646:9	1715:15
implication	1619:12	1658:25	1685:18,21	1736:17
1712:10	1625:24	1680:13,23	incorporatin	increasing
implications	1630:22	1702:23	g 1715:11	1637:11,12
1554:19	1696:16	1704:24	increase	1660:14
1730:22	1698:19	1717:9	1580:4,10	incredible
implicitly	improved	inclusion	1597:18,19	1636:16
1704:21	1683:16	1607:22	,20	incredibly
importance	1704:16	income	1598:15	1641:15
1658:14	improvement	1552:13,24	1599:20,23	1642:2
important	1616:15	1553:3,7,1	1600:7,9,1	incumbency
1555:9	1618:10	3	0 1613:1,8	1717:25
1581:8	1659:11	1554:2,6,1	1614:14	incurred
1594:9	improvements	4 1556:25	1616:18	1555:1
1607:10	1714:19	1557:25	1617:8,23	1600:9
1625:1	1727:2	1558:4,13,	1659:16,22	1611:20
1633:13,14	improves	18 1559:9	1660:1,16	1612:1,10
1645:20	1607:10	1560:4,11	1661:23	1631:12
1650:16	imprudent	1561:16	1672:19	1646:16
1651:16	1646:2	1562:2	1683:4,14	1664:24
1654:21	Inadequate	1565:25	1684:25	1668:1
1657:22	1641:16	1572:14	1687:9	1670:18
1660:19	inc 1694:20	1573:4	1689:3,9,1	1673:2,18
1674:17	incident	1574:17,21	7,19	1674:2,22
1678:21	1636:25	1575:3,8,2	1734:4,11	1705:8,13
1680:1	include	1	1736:25	1716:19
1683:12,25	1555:6	1576:2,6,2	1737:7	1723:1
1684:2,7,9	1561:15	2,23	increased	1724:24
,10,11	1593:12	1577:11,17	1551:3	1726:20,21
1691:12	1607:25	1578:1	1601:23	1727:6
1695:10,16	1627:24	1593:25	1612:20	indeed
1699:12	included	1599:3,8	1616:16	1594:20
1709:16	1550:7	1600:2,17,	1617:1,16,	1595:14
1717:5	1575:24	24	19,20	1700:23
1719:16	1611:10	1601:3,20,	1620:8	1705:16
1729:23	1711:3	21 1602:11	1658:2	indemnity
1732:1	includes	1608:2	1675:24	1659:3,10
importantly	1554:21	1613:13	increases	1664:20
1727:7	1560:20	1614:6	1562:14	1668:21
impoverished	1598:10	1704:25	1567:11	independent
1726:9,24	1609:7	1723:12	1572:5	1706:8,20
1727:9	1612:15	incomes	1602:3	1716:21
impressive	including	1691:13	1616:13	1717:3
1717:20	1555:1	1694:20	1617:4	independentl
1729:11		incomplete	1635:14,19	y 1580:25
		1722:2	1686:24	
		inconsistenc	1688:14,19	

indexed 1612:25 1660:12	21,23 1700:13	1618:19,22 1619:1,2,5 1620:20	1654:2,14, 24 1665:20 1666:6,13	1662:1,3 1663:24 1664:7
indicate 1553:24 1650:1	inflationary 1649:12	1622:13 1625:18,23	1674:19 1676:23	1691:2,9 1701:16
indicated 1555:19 1613:3 1619:7 1632:11 1636:5 1638:12 1665:14 1705:14	influence 1712:18 1713:12	1631:3 1639:21 1641:16,19 1642:6	1683:4 1693:21 1710:12 1734:9	1704:14 1735:23 1736:1
indicates 1547:23 1560:22	information 1550:11 1553:18 1554:11 1565:24 1584:17,19 1594:6 1633:4,11 1655:16 1661:11 1669:7,22 1672:16 1678:15 1680:24 1703:1,4,1 7 1724:18 1725:13,19 1726:11 1727:25 1731:3 1732:1	injuries 1680:22	insurer 1585:25 1693:3 1700:18	interested 1625:17 1632:24 1721:4
indicator 1607:11 1672:4 1674:9 1680:14	infrastructure 1615:6 1619:11,12 ,17 1631:9,11 1632:7 1728:15,25 1729:4	injury 1612:8 1677:3 1679:2,5 1680:24 1710:12	insurers 1692:11	interesting 1686:11 1716:14 1723:11,16 1731:9 1733:21 1735:21
indicators 1648:10 1649:2 1672:9 1673:6 1676:4,14, 15 1677:7 1680:7,10	inherent 1683:21 1710:18	in-laws 1708:2	insuring 1585:23	interests 1652:3
individuals 1652:5	inherently 1678:15 1709:11	inner 1576:8	int 1704:13	internally 1603:23
inelegant 1690:16	initiated 1707:2	input 1651:17 1715:9	integrated 1725:23	International 1 1600:5
inextricably 1606:16 1658:16	initiative 1619:4 1640:8 1641:25	inserted 1653:6	intend 1664:13	interpolatio n 1554:16
infla 1661:13	initiatives 1616:2,15	insight 1674:13 1677:21 1705:6	intended 1623:11 1657:7 1679:15	interpret 1650:21 1692:2
inflation 1612:25 1613:10 1617:6 1648:25 1649:8 1661:3,9,1 3 1664:8 1675:8,14,		insignifican t 1732:25	intent 1621:21 1623:1	interpretati on 1653:5 1689:2
		instead 1641:9 1712:20	interdiscipl inary 1696:4 1715:11 1719:11	Intervenor 1621:18
		instigation 1729:1	interest 1600:2 1612:17,20 1613:5,9,1 0 1614:12,14 ,21 1637:12 1642:6 1646:10 1659:17,22 1660:13,14 ,15,16,17 1661:4,8,1 2,23	Intervenors 1547:4 1586:21 1606:25 1621:1,14 1624:1,18 1632:22 1633:19 1634:16
		Institute 1603:24		intervention 1637:25
		insurance 1542:7,9 1581:14 1584:9,16, 19 1596:23 1598:2,4 1621:25 1640:12 1646:15 1647:3,15		interview 1596:8

intrigued 1716:10	1614:1,3,6 ,9,25 1615:7	1637:5 1639:20 1640:5,24	1566:2 1569:8 1575:20	1699:12 1702:7 1706:20
introduce 1643:25	1638:17 1721:24	1641:14 1649:12,25	1576:11 1578:21 1579:6,21	1707:24 1708:2,5 1709:9,20
introduced 1578:10	1728:14	1652:10,11 ,12 1662:7	1581:8 1583:3,24 1584:14	1714:20 1716:11,13 1717:19,24
introduction 1733:9	investments 1577:18,21 1600:4	1663:4 1673:24 1674:7,15	1585:3,7,1 0 1593:4,6 1594:2,8	1718:3 1719:20 1720:8
inure 1677:4	1613:16 1615:4,10	1692:6 1693:1 1701:23	1597:22 1601:18 1621:20	1722:7 1726:1,8 1728:23
inuring 1677:24 1727:13	1619:11 1638:8 1728:3	1714:17 1721:25 1722:16	1625:1 1626:9 1627:12,16	1729:22 1731:18 1733:2
invested 1585:23	1730:22	1723:4,9,1 3 1727:16,17	1628:2,12, 16,22,25 1630:6,19	1737:1 I've 1546:13 1549:1,20
investigate 1670:3	invited 1729:13	issued 1624:23,24	1632:2 1633:11,12 ,14	1550:1,7,2 0 1551:9,10
investigatio n 1670:11	involve 1619:22	issues 1546:6 1581:4,5	1634:13 1636:4 1637:15	1555:16 1557:3,9,1 5,19
investing 1729:4 1731:23	involved 1620:7	1597:3 1619:21 1620:23,24	1638:7,15, 18 1640:8 1645:20	1558:22 1559:22 1565:2,5
investment 1552:8,10, 13,24 1553:3,7,1 2 1554:6,13 1556:25 1557:25 1558:3,13, 18 1559:9 1560:4,11 1561:16 1562:2 1565:25 1572:14 1573:4 1574:17,21 1575:2,8,2 1 1576:2,22 1577:11,14 ,17 1578:1,8 1579:17,21 1593:25 1600:18 1613:13,17 ,24	involvement 1619:7	1621:23 1631:6 1650:17 1651:19,22 1652:8 1658:2 1671:17 1682:12 1691:11 1721:10 1722:19 1725:1 1730:17 1733:20	1650:25 1651:7,10 1654:7 1656:20,22 ,23,24 1659:24,25 1660:18 1663:6,15 1666:18 1667:1 1670:25 1674:17 1675:5 1680:4,18 1683:12,13 1686:1,13, 14,16 1687:14,18 1688:1,4,5 ,7,18 1689:14,15 ,16 1693:11,18 1695:10,16	1565:2,5 1580:17 1591:25 1593:17 1595:17 1620:23 1637:13 1639:25 1651:8 1657:14 1659:24 1662:24 1700:17 1724:6
	involves 1641:1 1716:18			
	involving 1606:25 1629:18			
	IR-2-8 1635:19			
	irony 1722:6 1735:3			
	isn't 1640:18 1657:21			
	isolation 1666:18 1668:13,15 ,17	issuing 1639:12		
	issue 1588:19 1608:17 1610:25 1613:21 1628:11	item 1672:21 items 1572:9 it's 1546:4 1547:2 1548:5,11, 12 1552:8 1563:22		job 1630:5
				Johnston 1544:7 1547:14,18 1548:4,11, 18,21 1549:1

1552:1,9,1 7,21 1556:1 1561:23,24 1563:6,12 1564:10,13 ,19 1565:7,13, 18 1566:6,10, 24 1567:12 1568:9,22 1569:3,15, 18,22,24 1570:19,23 1571:10,24 1572:8,25 1573:12 1574:13 1575:13 1576:16 1578:12 1586:25 1587:5,10, 15 1588:3,6,1 4,20 1589:8,15 1590:1,15, 24 1591:6,13 1592:14,23 1593:8 1594:18 1595:1,11, 16 1603:24 1604:8 1606:11 1608:5,15 1652:24 1656:3 1658:13 1661:10 1662:8,12, 16,21 1663:5,18 1665:23 1666:15 1669:2 1670:6 1674:8 1684:22 1686:8,12, 14,20	1688:7,17 1689:7 1694:11 1696:24 1697:5,22, 24 1698:7,11, 13,25 1699:4 1701:24 1702:8,15 1705:10 1713:7 1718:2,25 1735:22 Johnston's 1636:13 1663:11 1667:11 1668:5 1669:9 1689:2 1698:19 1703:6,8 1704:11 joint 1613:17 1620:1 judge 1695:6 judgement 1588:22 judgment 1592:9 1632:3 1694:2 judgmental 1705:18 judgments 1730:15 jumped 1676:2 jur 1627:6 jurisdiction 1581:6 1622:21 jurisdiction s 1627:5 1642:11,16	justice 1706:23 justificatio n 1606:20 1719:8 1728:19 justify 1637:22 justifying 1604:21 juxtaposed 1647:13 <hr/> K <hr/> Kalinowsky 1543:4 1544:9 1546:7,9,1 9 1547:16,17 1551:19,20 1555:15 1561:13 1563:5 1596:6 1644:15,18 ,22 Karen 1542:16 Kathy 1543:4 1544:9 1546:9,19 1547:16,17 1551:19,20 1555:15 1561:13 1563:5 1596:6 1644:15,18	1578:25 1629:3 knock 1672:1 knowledge 1554:18 1651:24 1652:3 1731:25 Kopstein 1717:21 1718:24 1719:13 KPMG 1610:21,25 1726:18 Kuburski 1703:23 <hr/> L <hr/> lack 1650:9,20, 21 1653:20 1672:6 1683:10 ladies 1635:12 laid 1561:6 language 1702:11 1721:2 large 1590:3 1632:12 1637:5 1671:7 largely 1732:17 larger 1554:9 1560:22 1568:20 1591:18 1685:25 largest 1618:8 1706:18 last 1550:5 1551:4	1562:3 1572:21 1573:8 1593:22 1599:7,12, 24 1600:13,14 ,17,19 1601:5 1609:14,20 1612:11,19 ,23 1621:2 1623:20,25 1625:12 1632:20,25 1635:14,19 ,20 1636:9,10, 22 1637:14,25 1638:21 1639:11 1642:23 1644:19 1645:23 1646:4 1647:1 1652:1 1653:22 1658:2,23 1659:19 1662:20 1663:8 1664:18 1665:5 1667:14 1670:21 1671:3 1691:21 1699:6,7 1701:5 1722:19 1727:21 1728:24 1729:1 latched 1678:6 late 1714:19 1733:22 later 1547:5 1657:10 latest
--	--	--	--	---

1573:21 1667:4,7 launched 1620:1 Lavigne 1738:8 law 1629:10 lawyer 1596:25 lawyers 1677:5 lay-lawyer 1705:25 layoffs 1610:3 layperson 1705:24 lea 1721:21 lead 1597:23 leading 1666:6 1730:23 1734:7 leap 1545:10 1645:10,14 1650:18 learn 1627:20 learned 1686:12,20 1731:8 learning 1626:17 least 1561:21 1587:25 1591:21 1628:6 1634:11 1652:3 1656:14 1672:24 1679:7,18 1680:18 1721:7 1727:12	1736:18 leave 1566:24 1633:7 1648:25 1649:7 1663:21 1706:12 1736:20 leaving 1667:8 1698:6 1721:21 led 1678:23 left-hand 1711:14 legal 1648:23 1649:10 1653:14,15 ,21,25 1670:17 1683:6 1731:5 1733:8 legislation 1581:5,11 1628:14 1629:7 legitimately 1648:19 1650:4 leisure 1656:13 1663:17 length 1550:3 1640:6 1644:5 lengths 1633:17 lengthy 1644:6 less 1573:3 1594:16,21 1595:9,13, 15 1598:17 1600:17	1601:2 1606:9 1636:10,11 1663:19 1668:8,11 1677:5 1697:11,12 ,13,20 1700:23 1702:25 1706:9 1718:24 1719:1,20, 25 1733:9 1734:20 lest 1720:13 lets 1719:17,19 ,23 1720:23,24 let's 1563:18 1588:4 1635:5 1649:4 1659:21 1736:19,21 Lets 1719:24 Let's 1553:21,25 1563:14,25 1645:3 1648:25 1649:3,6,7 1681:7 1708:11 level 1549:12 1560:24 1573:16,22 1578:15 1586:4 1604:11,14 1605:24 1606:8,23 1624:7 1632:19 1638:4 1646:9,19 1672:21,25 1677:21	1683:25 1688:11 1693:22 1694:18 1717:16 1718:25 1722:4,5 levels 1617:15,19 ,20 1624:8 1672:14 levied 1725:11 liabilities 1612:14 1613:1,7 1614:21,24 1647:8 1655:9,15, 21 1656:9,16 1658:17,21 1664:1 1698:8 1704:14 1725:11 1735:24 1736:5,22 liability 1612:5,9 1614:18 1648:4 licence 1582:1 1597:8 1628:8 1629:9 1641:5 licensing 1640:11 1641:7 lies 1736:13 life 1734:7 light 1554:11 1555:18 1659:7 likelihood 1579:13	likely 1567:25 1574:20 1579:15 1631:16 1640:14 1646:15,19 1678:19 likewise 1710:17 limit 1623:24 1718:23 1719:15 limited 1660:17 1679:7 1702:6 1705:5 1707:14 1708:6 limits 1620:6 1624:13 1698:15,16 1727:9 line 1552:12 1553:1,3,6 1574:23 1576:12,19 1608:25 1609:9 1623:23 1625:10 1659:12,19 ,20 1660:11 1670:22 1673:16 1681:17 1682:7 1687:23 1688:9 1716:17 linear 1554:16 lines 1578:16,24 1579:5,8,1 1,14,15 1580:6,12,
---	--	---	---	---

18,24,25	1698:1	loses 1710:2	1728:7,24	1592:23
1581:17	1702:24,25	loss 1554:24	low 1567:18	1593:8
1582:24	1705:11,14	1555:10	1613:8	1594:18
1583:25	1708:22	1557:24	1711:14	1595:1,11,
1584:3,6,1	1719:25	1558:3	lower	16 1603:24
0,11	1722:23	1568:18	1573:20	
1585:4	1728:11	1574:17	1592:6,11	<hr/> M <hr/>
1610:9	live 1626:23	1575:15,18	1600:1	ma 1724:4
1622:12	1708:3	,21	1605:23	macro 1677:7
1651:23,25	lives	1576:11,22	1606:4	Magee
1652:10	1626:20	1593:15,24	1613:10	1703:24
1656:17	Liz 1543:11	1599:13,16	1620:15	magnitude
1659:2	1621:12	1601:7,9,1	1628:4	1565:4
1670:4	lobbying	9 1604:24	1661:4,20	1692:16
1711:7	1629:12	1605:12	1688:16	1694:21
linked	logical	1618:4,8	1691:13	1706:9
1606:16	1582:12	1636:11	lowest	mail 1620:9
1658:16	1583:7	1639:7	1621:24	mailed
List 1544:3	logically	1683:9,17,	1676:11	1624:25
1545:1	1583:18	20	lows 1711:14	mailing
listed	long 1550:15	losses	loyalty	1639:23
1557:17	1587:6	1554:7	1676:10	main 1567:17
1565:5	1613:3	1558:17	Luke 1544:7	1620:23
listen	1635:1	1559:6,7	1547:14	1622:9
1622:17	1681:3	1561:15	1548:4,11,	maintain
1634:17	longer	1572:6,15,	18,21	1623:15
listened	1599:17	17	1549:1	1625:1
1640:1	1662:19	1578:1,8	1552:1,9,1	maintained
listening	1663:8	1602:4	7,21	1607:7
1546:20	long-tailed	1608:10,14	1556:1	1624:15
1709:19	1663:15	,18	1561:24	maintaining
lit 1714:22	long-term	1613:14	1564:19	1610:19
literature	1557:6	1636:7	1565:13,18	major
1692:14	1614:10,13	lost 1554:5	1566:10	1597:15
1695:25	1615:3	1558:2,16,	1567:12	1613:13
1700:2	1718:4	18 1559:9	1568:22	1616:9,21
1714:22	loo 1692:7	1566:2	1569:3,15,	1683:8
little	look-back	1592:15	18,22,24	1727:21
1551:15	1549:24	1734:24	1570:23	majority
1574:5	1551:2,16	lot 1547:3	1571:10	1598:16
1577:4	1588:2	1624:4	1572:8,25	1609:3
1632:23	lose 1553:12	1626:24	1573:12	1612:24
1634:7,12	1557:24	1627:2,6,9	1575:13	man 1580:8
1664:15	1558:13	1629:15	1576:16	manage
1665:4	1559:17	1631:8,19	1587:15	1581:14
1670:7	1560:3,11	1633:3,25	1588:6,14,	1609:19
1672:8,15	1574:22,24	1654:16,25	20	1736:3
1673:9	,25	1669:3	1589:8,15	
1677:15		1676:10	1590:1,15,	
1678:5		1697:25	24	
		1698:11,24	1591:6,13	
		,25		
		1721:8,9		

management	1693:21	market	matter	1585:1
1555:6	1694:24	1604:13,15	1545:10	1589:16
1566:14	1707:25	1605:10	1596:10	1622:18
1591:20	1710:12	1608:11	1610:5	1628:2
1592:1	1721:12	1722:13	1645:5,10,	1652:23
1593:12	1725:12	1724:16	14 1705:22	1668:14,15
1594:5,10	1728:1			,17 1681:2
1603:20	1734:8	market-	matters	1682:23
1618:13	MANITOBA) -12	driven	1618:2	1687:14
1676:22	1545:5	1726:12	1672:12	1688:4,5
1700:14	1644:25	marketplace	1705:22	1689:15,16
1701:9	MANITOBA) -13	1693:3	1706:13	1708:1,2
manager	1545:8	1699:22	mature	1709:24
1734:16	1645:8	1700:19	1630:12	1731:5
managing	Manitobans	1701:21	1731:11	1737:8
1581:14	1580:13,16	markets	maximum	McLaren
1681:17	1581:24	1606:3	1597:9	1544:12
mandate	1623:15	marks 1679:4	1604:11	1577:1,3,6
1581:22	1631:15	massive	may 1550:15	1578:12,20
1619:10	1634:14	1655:14	1563:11	1579:20
mandatory	1687:19	1676:2,25	1567:3	1581:3
1581:12	1688:2,19	1677:3	1592:15	1621:13
1608:25	manner	match	1619:2,3	1626:21
Manitoba	1681:19	1614:18,20	1622:23	1632:10
1542:3,7,2	1733:10	matching	1640:8	1649:12
2 1544:19	March	1614:18	1646:22	1656:3
1617:10	1596:24	material	1648:13	1678:4,18
1621:15	margin	1612:7	1653:20	1679:17
1622:6	1612:16,17	1647:7	1658:4	1682:21,24
1623:21	,18,19,21	1648:1	1662:18	1684:16
1624:1,22	1613:9	1655:13	1663:7	1685:7,13,
1625:9	1637:12	1659:10	1670:7	22
1628:13	1660:13,17	1662:3	1677:7	1687:1,17
1629:22	1662:25	1663:25	1678:10,11	1724:1
1630:7	marginal	1668:19	,12	1727:23
1631:12	1620:18	1672:7	1679:3,17,	1729:9
1634:11	MARILYN	1690:7,18	23 1680:18	1731:24
1638:15	1577:1,3,6	1706:24	1688:25	McLaren's
1642:4,23	1578:20	1724:2	1689:19	1656:11
1643:22	1579:20	1726:3,5	1700:22,23	1725:4
1646:14,20	1581:3	1730:12	1707:25	MCT 1602:19
1647:3,14	MARILYNN	materially	1723:21	1606:16,17
1649:10,18	1544:12	1692:1	1724:9	1607:9
,22	mark 1644:13	1706:13	1726:11	1704:25
1651:15,17	marked	1718:23	1729:22	mean 1547:20
1652:6	1546:13	mathematicia	1730:5	1549:22
1654:1,14,	1645:6	n 1714:14	1731:4	1550:21,25
24	1665:6	mathematics	1734:24	1551:5,13
1665:13,20	1673:13	n 1714:14	maybe	1572:4
1666:5,13		1706:3	1565:18	1579:16
1674:18			1572:25	1580:3
			1574:25	1581:19,21

1582:22	meet 1604:4	1554:16	million	12,14,17,1
1583:24	1737:17	1665:2	1551:24	8,24
1584:2,25	meeting	1666:11,12	1552:12,24	1601:1,2,3
1585:11	1687:18	,13	1553:2,7,8	,4,7,9,19,
1586:1	meets 1604:6	1668:16	,9,12,14,1	20
1587:25	member	1688:15	8,23,24,25	1602:9,10,
1588:7	1542:16,17	1716:18	1554:6,7,8	12,14,15
1664:22	1580:15	methodologie	,10,12,23	1603:2,3
1670:24	members	s 1696:7,9	1555:2,10,	1604:14
1688:19	1613:18	methodology	17,18,25	1609:6,7,8
1689:1	1620:22	1556:4,11	1556:4,11	,9,10,12,2
1695:13	1621:13	1557:10,12	1557:10,12	1,22,23
1698:2	1625:19	,19,24,25	,19,24,25	1612:11
1700:10	1628:9,18	1558:2,3,4	1558:2,3,4	1613:2
1701:3	1630:9,12	,12,16,17,	,12,16,17,	1614:7
1710:1	1635:12	19,20,23	19,20,23	1615:10,15
means 1550:2	1643:24	1559:1,2,1	1559:1,2,1	,18,22,24
1554:5	1645:12	5,17,18,20	5,17,18,20	1616:4,5,6
1573:16	1658:11	,24	,24	,7,11,16,1
1583:9	1668:12	1560:1,6,8	1560:1,6,8	7,18,19
1591:25	1675:18	,13	,13	1618:3,5,1
1654:13	1727:22	1561:1,4,1	1561:1,4,1	0,12
meant 1671:2	membership	2,15	2,15	1619:24
1736:17	1622:4	1562:3,4	1562:3,4	1624:18
measly	1628:16,17	1563:2	1563:2	1628:8
1641:5	1633:3,8,1	1565:20	1565:20	1636:6,8
measurable	6	1566:12,17	1566:12,17	1637:2,17
1618:22	memory	1567:19,23	1567:19,23	1638:8,9,1
1730:10	1590:17	1568:3,13,	1568:3,13,	1,14
measure	1706:11	18 1570:13	18 1570:13	1639:12,17
1649:1,14	mention	1571:9,18	1571:9,18	1640:23
1679:19	1633:1	1574:25	1574:25	1641:19
measured	mentioned	1575:1,3	1575:1,3	1642:3
1674:1,2	1724:6	1576:3,5,7	1576:3,5,7	1646:6,7
1690:8	mentioning	1577:11,12	1577:11,12	1655:22,23
measures	1629:13	,24 1578:2	,24 1578:2	1657:19,20
1680:23	menu 1683:13	1582:15	1582:15	1659:24
measuring	merely	1584:2	1584:2	1666:7
1728:2	1726:14	1585:1	1585:1	1667:11,15
mechanism	merger	1586:7,9	1586:7,9	1668:4,11
1682:19	1617:16,18	1590:23	1590:23	1672:1
mechanisms	message	1591:5,12,	1591:5,12,	1682:2,5,8
1707:4	1586:15,16	16,17	16,17	,9 1684:20
1730:19	1620:8	1592:5,6,2	1592:5,6,2	1685:24
median	1736:8	0 1593:4	0 1593:4	1691:25
1661:14	meth 1648:7	1594:1,2,3	1594:1,2,3	1697:4,7,1
medical	method	,8,17,22	,8,17,22	1,12,13,20
1613:23		1595:10,13	1595:10,13	,21
		,15	,15	1717:15,22
		1598:10	1598:10	1718:14,24
		1599:4,5,6	1599:4,5,6	1719:1,15,
		,8,13,15,1	,8,13,15,1	21,22
		6,21,22,23	6,21,22,23	1720:16
		1600:8,10,	1600:8,10,	1735:5

1736:21	1672:6	modelled	1581:25	1684:22
mind 1574:13	misinterpret	1554:23	1582:18	1697:22
1635:6	ed 1650:8	1598:6	1583:8,9,1	1702:9,15
minds 1585:7	misjudge	modelli	0 1585:9	1722:23
mind-set	1700:16	1703:13	1605:6	1724:22
1689:23	missing	modelling	1624:19	1730:13
mine 1662:23	1731:3	1607:5,14	1638:24	1731:11
minimal	misstated	1674:18	1650:5,14	morning's
1551:7	1657:14	1703:13,14	1679:11	1696:23
minimizing	misstatement	1705:1,5	1690:23,24	motorcycle
1730:5	1700:17	1706:16	1691:22	1618:15
minimum	mistake	models	1694:25	1635:20,24
1561:3,11	1734:13,15	1716:19	1719:25	1636:6
1584:6,10,	misunderstood	moderate	1720:22	1641:21
12,15,24	1699:7	1661:19	1737:6	motorcycles
1585:2	misuse	moderated	monies	1597:18
1602:19	1641:1	1712:18	1562:20	1639:4
1604:6	mitigate	modern	1607:25	motorcycle-
Minister	1684:8	1549:10	monitored	specific
1613:21	mitigated	1588:8	1639:6	1641:18
1638:16,19	1613:6	1605:22	monopoly	motorcyclist
minor	1614:23	1648:8	1676:23	1639:18
1733:25	mitigating	1695:13	1693:20	motorcyclist
minus	1728:21	1696:12	1700:19	s 1635:13
1593:3,7	1730:11	1697:18	1714:8	1636:3,21
1594:14	mitigation	1700:5,25	1727:14	1639:2
1655:22,23	1683:15,19	1706:5	monot	1640:14
1684:20	1704:9,12	1710:25	1692:12	1641:10
1685:24	mix 1705:25	1711:8,23	months	motorists
1686:2	mixed 1676:8	1712:11	1600:25	1597:25
1698:23	model	1714:8,16,	1601:5	1602:3
1712:19,21	1564:21	18 1716:2	1620:13	1642:4
minute	1594:15	1718:21	monumental	move 1648:1
1673:2	1595:7	modernize	1650:25	1662:14
1708:9	1607:4	1707:4	moral	1663:24
minutes	1676:16,17	modest	1691:17	1664:15
1563:15,19	,22	1691:13	Moreover	1667:12
,24 1564:1	1683:22	1694:20	1661:22	1674:4
1586:22	1698:16	moment	morning	1720:11
1595:22	1702:19,21	1566:25	1546:3,10,	1728:3
1681:7	1703:1,11,	1584:18	22 1587:7	1729:16
1708:12	12,19	1648:22	1606:11	1736:21
mis-	1704:1,16,	1649:9	1622:10	moved
allocation	17,18	1698:17	1623:4	1701:11
1730:23	1707:2,4,8	moments	1643:6,25	moves
misinterpret	1709:6	1689:22	1644:3	1673:17
1650:20	1715:18	money	1650:12	1730:18
		1559:14,18	1659:23	1732:2
		1576:9,10	1660:25	moving
			1672:21	

1552:23	1627:17	1707:9	1613:6,14, 16,24	1578:2
1557:16,21 ,24	1628:5	1709:6,13, 23,24	1614:9	negates
1558:10,14	1629:1	1710:5,6,1 7,19,23	1617:7,11, 15 1619:23	1575:4
1559:3	1630:5,11	1712:16	1644:19	negative
1632:10,13	1631:2,6,1 0,20	1714:12	1668:20	1553:11
1640:10	1632:11	1715:10,14	1676:7	1556:14,24
1672:4,5	1633:17	1716:10	1679:16	1557:22
1696:11,14	1634:15	1717:8	1686:18	1558:19
1701:13	1635:18	1718:1,3,1 0,13	1687:11	1559:4,16, 20 1567:18
1719:23	1636:1,5	1719:6,7,2 1 1720:22	1723:6	1570:7
1721:23	1643:1	1722:3,6	1725:25	1571:1,2,1 2,14,16
MPI 1543:4	1647:13	1723:8,12, 19	1731:6	1589:1,11, 13,21
1544:6	1648:16,19	1724:2,8	multiple	1590:4,13, 18
1547:13	1649:18	1725:2,16	1575:18	1591:3,9
1569:8	1653:19	1726:5,23	multiply	1592:5
1576:25	1656:5	1729:3,9,1 2,19,24	1725:23	1593:3,25
1579:6	1657:2,12	1730:8,10, 14,15,18,2 5	municipaliti es	1606:1
1587:6,8,1	1660:8	1731:9,19	1632:12,14	1608:8
1 1591:25	1661:25	1732:2,5,1 6,17	muting	1684:19
1597:1,5,1 5	1664:6	1733:8	1737:1	1697:3
1599:3,12, 16	1665:12,16 ,23	1735:4	mutuals	negatively
1600:22,23	1667:8,17	MPI-14	1584:22	1578:25
1601:8,17, 20 1602:18	1669:20	1698:22	myself	1579:1
1603:5,11, 13,15	1670:3	MPI-32	1622:16	1614:16
1604:21	1671:23	1545:3	1655:17	1706:7
1607:1	1674:15	1546:16	1704:10	neglected
1608:5,9,2 2	1675:10,16 ,22 1676:9	1686:8	<hr/> N <hr/>	1643:25
1609:2,11, 17,22	1677:14,24	1698:22	narrow	negotiated
1610:7,11, 16,21	1678:8,25	MPI-32	1723:9	1639:16
1611:2,6	1679:3,6,1 2	1545:3	necessarily	negotiations
1612:6,13, 18,20	1680:8,11, 21,22	1546:16	1628:4	1617:9,12
1613:3,17	1682:16,18	1686:8	1670:18	neither
1614:5,17	1685:10,16	1698:22	1687:25	1682:23
1615:13,17 ,20,23	1686:13	MPIC 1575:5	1689:15	net 1572:9
1616:1	1688:13	1578:13	1700:5	1577:9
1617:2,12, 17	1689:13	1586:5,8	1723:1	1599:3,20
1618:2,14, 25 1619:15	1690:21	1737:19	1736:24	1600:9,24
1620:1,17, 19	1691:23	MPI's	necessary	1601:7,20
1621:1,14	1692:1	1561:22	1602:4	1611:19
1626:8,11	1693:25	1582:19	1610:7	1612:1
	1694:11,13	1596:20	1623:9	1673:18
	1695:25	1599:19	neg 1579:1	1674:1
	1696:16,20 ,23	1600:6,20	negated	1710:2
	1697:16,17	1601:11	1577:17	Neville
	1699:9,13	1603:23		1542:17
	1702:17,20	1607:12		
	1703:4	1609:19		
	1704:2,19	1612:4		
	1705:5			

newspaper 1633:24	1624:18 1630:23	1681:20 1722:6,10	1693:8	1611:24
NHL 1720:3,4	1657:22 1660:23	ob 1611:13	occurs 1553:22 1556:17 1638:18	ones 1550:23 1624:14
nine 1553:1 1640:19 1672:20 1682:6	1661:9 1662:8 1665:12 1671:14 1672:18 1674:8	objective 1618:24	October 1542:23 1619:25 1620:15 1644:17	one-third 1556:19
nineteen 1617:20,24 1672:19 1710:14	1676:15 1677:14 1682:15	objectives 1708:6	obligations 1604:5 1614:5,19	ongoing 1611:4 1617:12
ninety 1550:4	1702:7 1724:7,21 1732:20,21	observation 1589:22,23 1692:15 1706:14 1729:12	odds 1661:7	onto 1640:10
ninety-two 1550:5	noted 1644:2	observations 1611:13 1712:21	offer 1659:8	open 1649:19 1727:15 1728:17,19
no-fault 1670:4 1677:2,10 1683:22	1647:11 1656:12 1709:20	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	offered 1715:8	opening 1653:16 1654:23 1671:15 1679:10
non 1660:11 1736:22	notes 1547:7 1704:10 1722:6	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	offers 1688:7	openness 1725:16
non-index 1660:18	nothing 1630:17 1641:22 1678:5	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	off-road 1597:20 1598:11	operating 1600:11 1616:10,13 ,22,23 1670:4 1672:6 1673:3 1675:12,20
non-rare 1693:7	notice 1633:23 1664:7	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	offset 1562:9 1599:21	operation 1609:4
nonrecurring 1605:4	noting 1605:13,24 1655:5	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	offsets 1613:14	operations 1657:18
non- recurring 1602:5 1690:5 1707:17	notion 1578:11 1580:23	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	offsetting 1614:24 1704:13	opinion 1560:21 1608:15 1624:9 1628:11 1634:5 1651:14 1658:5
non-union 1617:14	notionally 1720:7	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	offshoot 1631:20	opinion 1560:21 1608:15 1624:9 1628:11 1634:5 1651:14 1658:5
normal 1645:21 1657:18	November 1620:15	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	Oh 1569:18	opinion 1560:21 1608:15 1624:9 1628:11 1634:5 1651:14 1658:5
normally 1646:10 1701:18	np 1543:5	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	okay 1548:19,25 1563:14,25 1566:23 1569:14 1571:23 1580:9 1585:17 1587:1 1595:21	opinion 1560:21 1608:15 1624:9 1628:11 1634:5 1651:14 1658:5
note 1550:9 1551:5 1552:11 1553:13 1558:6 1561:16 1562:7	N-U-R-I-N-G 1677:25	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	old 1667:9 1695:15	opinion 1560:21 1608:15 1624:9 1628:11 1634:5 1651:14 1658:5
	<hr/> O <hr/>	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	older 1549:19 1629:18 1630:15,20	opinion 1560:21 1608:15 1624:9 1628:11 1634:5 1651:14 1658:5
	Oakes 1543:9 1634:25 1635:2,7,1 1659:14	obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4	Olfert	opportune 1643:11
		obviously 1555:9 1560:13 1565:1 1567:15 1573:20 1627:21 1641:1,20 1655:9 1695:2 1700:4		opportunities 1630:20 1631:1,3 1651:20

1652:8	1643:1	1668:24	1628:23	1605:19
1678:21	1653:23	1669:1	over-	1608:5,19
1731:16	1694:3	1672:11	reserved	1636:4,13
opportunity	1703:21,22	1676:2	1682:14	1638:13
1546:11	ordered	1677:13	over-	1640:20
1566:6	1572:20	1681:21	restrictiv	1644:11
1579:4	1602:17,18	1687:13	e 1715:16	1645:1,17
1582:7	ordinary	1708:20	oversight	1646:12
1605:5	1643:4	1712:16	1709:16	1647:25
1621:15	organization	1716:15	1723:2	1650:6
1631:10	1621:22	outlined	overstate	1651:12
1634:12,16	1630:6	1664:20	1658:18	1652:19,23
1646:24	organization	1670:21	overstatemen	,24
1647:17	s 1631:5	outlook	t 1647:7	1653:3,6,1
1690:20	original	output	1702:25	4
1691:12	1592:7	1703:3	overtly	1654:4,15,
1695:6	1703:3	1704:25	1637:7	20 1655:11
1705:7	originally	outside	owner 1598:2	1657:1,11
1737:4	1686:17	1678:9	owners	1658:11,20
opposed	others	1685:10	1634:10	1660:8,21,
1709:19	1653:7	outsourced	<hr/>	23 1661:15
opposite	1666:7	1628:2	P	1662:5
1562:17	1670:9	outsourcing	<hr/>	1663:10,16
optimal	1678:19	1609:18	p.m	1664:18
1722:4	1733:11	1610:2	1643:15,16	1665:5,9,1
optimistical	otherwise	1616:20	1681:10,11	0 1666:22
ly 1708:2	1621:3	outweigh	1708:14,15	1668:23,25
optimization	1649:8	1693:14	1737:23	1669:25
1599:15,18	ourselves	overall	page 1544:2	1670:19
1609:15	1621:21	1597:6,16,	1545:2,6	1672:11
1615:16	outcome	23 1600:15	1549:21	1673:11,12
1671:10	1591:12	1608:21	1550:12	1675:1
1691:20	1611:5	1620:14	1552:6,10,	1676:2,15,
options	outcomes	1622:1	22	19
1651:25	1548:6,20	1645:25	1553:5,18	1677:13,22
1724:24	1716:23	1656:8,15	1554:22	1678:2,13,
oral 1607:17	outlier	1682:11,13	1556:2	24 1679:8
1711:19,20	1736:7	1723:22	1560:16	1681:16,20
order	outline	1727:10	1561:25	1685:7
1557:11	1644:6	overcollecti	1565:8	1686:9,14,
1559:23	1645:13,18	on 1639:1	1567:1	22
1562:23	1646:13	overestimati	1568:16,23	1687:13,22
1563:9	1647:25	on 1648:5	,24	1688:7
1565:3	1650:7	overly	1569:3,15,	1689:11
1578:23	1652:21	1636:1	25	1690:14
1602:21	1658:11	1737:9	1570:1,8,9	1693:24
1603:15	1660:24	overnight	1571:11,17	1695:4
1606:22	1666:23		1572:1	1697:23
1618:16			1587:8,12	1701:2
1642:16			1593:22	1702:10,19
				1703:21
				1705:3,17
				1707:6,15
				1708:20

1709:4,21	1653:6	1665:23	1696:18	pending
1711:18	1658:1,12,	1671:20,25	pattern	1607:6
1712:16,25	22 1665:3	1724:23	1674:4	pension
1714:2	1668:13	particularly	pause	1561:21
1716:9,15,	1670:18	1618:21	1548:9,14,	1572:16
18 1717:14	1671:13	1691:12	23 1552:19	1614:5
1721:1,23	1673:8	1716:10	1565:11,16	people
1723:3	1675:18	parties	1566:21	1581:15,18
1724:11,21	1681:23	1586:15,17	1568:7	1584:8
1725:1,3,9	1695:6	,18 1597:2	1569:1,12,	1625:2
,15	1706:17	1621:8	20 1570:16	1626:25
1726:14	1732:1	1632:24	1571:21	1628:12
1728:13	1733:7,17	1654:7	1572:23	1629:2,14
1729:25	1736:16	partly	1573:10	1631:18,19
1730:3,7	1737:14	1616:14	1574:8	,22
1731:2,20	par 1652:15	partnership	1576:14	1633:3,25
1732:13,18	1724:23	1583:1	1589:6	1634:1,4,6
,20,23	parcel	1630:6	1594:24	per 1554:22
1733:6	1619:21	partnerships	1634:21	1557:1
1734:1,2	pardon	1630:24	1694:9	1561:24
1735:1,14,	1548:16	party 1628:3	1709:2	1563:3
16,22	1551:9	1649:21	pay 1626:7	1589:1
pages	1593:12	party's	1640:21	1661:20
1542:24	partial	1722:1	1724:16	1673:18
1654:21	1736:14	pass 1632:3	payback	1674:1,2
1655:19	participants	passenger	1619:1	1689:2
1663:3	1651:24	1597:16	1642:24,25	1713:23
1676:3	participated	1635:15	paying	perceived
1708:23	1652:15	1640:14	1631:18,23	1580:13
1729:7	participates	passing	,24	percent
1732:18	1613:18	1640:7	1734:15	1551:10,23
paid 1572:20	participatio	past 1551:12	payment	1553:11,21
1573:2,8	n 1621:19	1578:23	1600:2	,24
1605:6	particular	1579:7	1614:4,19	1554:4,14,
1622:14	1552:6	1607:19	PB 1670:23	15
1728:15	1555:20	1608:21	peacefully	1555:23
painfully	1566:16	1643:10	1734:7	1556:4,14,
1585:19	1567:13	1647:5	Pearl	16,22,24
panel	1584:22	1650:24	1712:22	1557:4,22
1542:14	1586:19	1658:4	peer 1681:24	1558:3,11,
1544:6	1587:16,19	1667:17	peer-review	12,24
1547:13	1591:22	1678:23	1607:16	1559:23
1576:25	1593:18	1700:14	pejorative	1560:17,20
1596:1	1604:12	1732:9	1700:10	1564:15
1621:6,14	1607:21	path 1626:19	Pelly	1565:21
1634:15,23	1628:25	1679:18	1546:20	1566:7
1643:24	1630:4	1730:19	1563:10	1567:4,11,
1644:9	1656:17	patience	1584:8	22,24
1645:13	1659:2,12,			1568:12,17
1647:14	15 1661:3			,20,21
1648:13				1570:7
1650:1,10				1571:1,2,3

,14,16	1595:6	1575:8	1653:18	1712:7
1574:16,25	1712:9,10,	1577:15	1654:7	persuasion
1575:1,15	20	1588:2	1658:24	1728:17,18
1576:4	1716:23,25	1589:2,12,	1659:6	persuasive
1590:4,13,	1719:10	20	1660:22	1662:10,13
19	percep	1590:8,20,	1663:18	Peters
1591:3,10,	1683:11	22	1664:5	1543:11
14,19,24	perceptions	1591:15,18	1667:22	1621:8,12
1594:14	1631:21	1592:20	1669:22,25	1635:4
1597:17,18	perfect	1594:8	1670:12	1688:24
,19,20,21	1656:23	1601:1,14,	1673:19,24	PFAD 1659:22
1598:15,18	perfectly	18,22	1676:5,14	1660:10
1602:25	1693:18	1604:4,19	1677:6,21	1662:3,19
1603:17,18	1735:19	1620:17	1678:7,20	1663:24
1604:17,24	perform	1635:16	1679:25	philosophica
,25	1551:17	1712:13	1683:12,19	l 1585:22
1606:1,2	1590:13,16	1716:2	,25	phone
1614:8,11,	performance	1733:2	1685:15,20	1628:20
14,23	1676:4,20	periods	1686:18	1629:3
1615:3,4,5	1728:2	1547:25	1688:22	phonetic
,6 1616:23	performed	1548:1	1690:2,3,1	1737:1
1617:1,3,4	1699:9	1549:3,6,2	0,13,20	physical
,5,6,8,11	perhaps	4	1691:16	1615:21
1620:5,15	1552:3	1550:3,14,	1692:3	pick 1550:23
1636:11	1587:22	15 1551:8	1693:14	1582:9
1639:5,8	1640:16	1587:17,23	1694:19	1587:20
1640:21	1648:24	1589:24	1698:18	picked
1642:14,17	1653:19	1620:11	1699:20	1719:15
,18,19	1659:7	pernicious	1701:23	picture
1645:24	1660:18	1712:19	1702:5	1712:7
1655:23,24	1662:2	perse	1704:12	piece 1732:1
1657:19,20	1667:24	1693:23	1707:24	pilot
1661:4,18,	1668:14,16	person	1713:22,23	1620:19
20 1662:13	1677:19	1645:16	1715:6,12	PIPP 1612:8
1663:1,14	1678:22	1682:3	1716:24	1613:4
1683:5,14	1683:5	personal	1717:8	1640:10,22
1685:2,3,1	1688:25	1612:8	1718:18	1641:9
7 1687:9	1702:3	1670:10	1720:21	1674:10
1697:3	1704:21	1677:3	1722:2,14	1732:14
1698:23	1720:8	1710:12	1723:5,10	placeholder
1700:13	1721:19	personnel	1725:15	1616:2
1707:22,23	1728:23	1671:9	1726:8,22	plan 1609:15
1712:20	period	persons	1727:16,18	1612:9
1733:1	1548:1	1640:11	1731:18	1632:14,15
percentage	1550:4	1691:7	1732:3	
1607:6	1551:2,11,	perspective	1735:15,18	
1676:12	16 1556:9	1581:4	1737:3	
1685:11	1557:5,12	1652:4,5	perspectives	
percentile	1559:2,24	1685:25	1581:4	
1570:3,11,	1567:10	persuaded	1652:4,5	
25 1571:6			1685:25	
1589:1,11,				
17,22				

1642:8	1559:6	1725:20	1553:17	1663:6
planning	1566:8,24	1728:14	1572:6	post 1586:11
1708:1	1567:17	1733:25	1574:16	1643:20
plans 1600:3	1571:13	1734:24	1575:9	post-1956
1626:12	1581:2	1735:14	1579:17	1548:6,20
1641:23	1583:5	pointed	1608:14	1549:6,25
1642:5	1584:25	1571:12	1613:24	1587:20
plau 1686:6	1587:16	1669:2	1614:3,9,1	1605:13,24
plausibility	1592:12	1735:2	2,15,19,23	,25
1555:4	1594:4	1736:16	1615:1,7	postage
1707:13	1599:5	points	1734:8,16	1639:14
plausible	1605:14,16	1550:22	portion	potential
1560:23	1623:13	1589:19	1558:12	1567:3
1603:13,16	1624:11	1612:21,22	1560:11	1574:3
,19 1604:5	1626:5	1628:7	1577:25	1691:14
1686:6	1627:21	1629:6,9	1720:6	1692:17
1687:3	1632:1,25	1659:17	portions	1727:2
1693:17	1633:13,22	1660:2,5	1640:2	1731:14
play 1576:21	1638:6	1662:4,6,1	pose 1684:14	pots 1631:19
1593:18	1653:17	5 1676:9	posed	practice
1655:10	1655:11	1685:11	1684:15	1604:1
1679:20	1657:17	1689:12	1685:6	1615:23
Players	1658:12	1692:5	position	1696:1,13
1720:4	1659:22	1718:10	1572:19	practices
please	1660:19	police	1597:1,2	1627:20
1552:5,16	1661:1	1620:2	1621:22	1698:3
1563:19	1662:10,12	1628:19,23	1648:19	pragmaticall
1569:6	1663:20	policies	1649:16	y 1583:17
1587:2,6	1664:14	1549:10	1651:3	pre
1635:6	1666:17	1588:9	1689:6	1548:6,20
1650:19,21	1668:3,9	policing	1721:22	1549:25
1672:5	1669:17	1728:15	1736:11	1587:20,24
1708:12	1674:17	policy	positions	1605:13
pleased	1676:19	1555:23	1610:1	1671:24
1546:10	1678:21	1559:2,24	1649:4,18	1689:16
1626:11	1680:1,19	1562:12,21	positive	1712:15
pleasure	1688:25	1579:22	1677:8	pre-1950
1640:15	1689:21	1612:4	1730:5,11	1717:13
plus 1554:6	1691:1	1655:9	possibility	pre-1950s
1558:3	1692:7	1677:8	1554:25	1713:19
1562:17	1693:15	poor 1557:7	1592:10	pre-1956
1697:22	1699:10,12	1731:15	1622:11	1547:21
pockets	1700:17	population	1631:13	1549:6,8
1624:20	1701:3,10	1598:9	1694:6	1587:21
1650:5,14	1702:14	por 1614:22	possible	1588:23
point	1709:11	1702:10	1558:9	1605:9
1546:25	1712:17	Portage	1567:7	precent
1549:7	1713:16	1542:21	1578:21	1628:18
	1714:21	portfolio	1583:3,4	
	1715:1		1621:24,25	
	1718:6			
	1719:16			
	1721:15			
	1724:7			

1684:25	1710:19	1702:10	1623:23	1704:23
precis	prepare	1711:3	1636:24	1722:24
1653:4	1564:22	1716:15	1700:15	proactive
precising	prepared	1717:19	previously	1643:2
1663:2	1549:20	1718:13,19	1588:17	proactively
predecessor	1572:2	1719:6,14	1602:17,18	1630:16
1698:9	1587:24	1720:15	1724:7	probability
predicament	1595:17	1726:23	1732:12	1603:18
1567:21	1603:23	presenter	pricing	1688:12
predictabili	1611:11	1640:6	1723:13	1695:15
ty	1644:8	presenting	primarily	1700:6
1687:15,20	1666:16	1653:2	1589:25	1708:23
1688:5	1721:8	1709:13	1614:1	1711:6,11,
1689:16	pre-Pearl	presents	1615:16	15 1716:13
predicted	1712:15,19	1647:17	1699:16,19	probably
1577:24	pres 1721:8	president	primary	1563:22,23
prefer	presence	1596:7	1637:25	1582:14,22
1727:6	1622:3	Press 1596:9	1690:3	1585:10
preliminary	1722:17	pressed	prime 1699:1	1637:2
1721:12,20	present	1642:13	1702:20	1678:7
Premier	1550:8	pre-	1707:9	1682:21
1677:8,9	1551:6	structural	prime-time	1709:18
premium	1590:8	1715:21	1709:7	1721:1
1597:10	1602:24	presumably	prior 1547:4	1722:21
1600:13	1604:23	1714:25	1590:4	1734:20
1602:10	1653:24	pretty	1617:16	problem
1603:1	presentation	1561:20	1691:17	1638:22
1607:7	1545:4	1575:10	1695:24	1642:3
1614:2	1546:8,12,	1665:21	1699:5	1722:8
1622:9	17 1547:19	1668:19	1701:5	problems
1635:13,18	1548:7	1671:16	1707:1	1638:23
1686:4	1549:22	1685:5	1712:22	1710:19
premiums	1672:16	1694:8	1713:11	procedures
1596:22	1726:1	1733:3	1716:5	1610:22
1597:7,8,2	1733:21	prevent	priority	proceed
5 1599:20	1734:25	1690:11	1641:21	1596:10,12
1601:23	presented	preventing	1651:21	1657:24
1611:21,25	1553:15	1686:23	private	proceeding
1635:20	1555:8	1689:3,17	1597:15	1646:13
1636:12	1560:21	prevention	1635:15	1649:22
1648:17	1561:1	1618:4,8,1	1640:14	1651:14
1649:5	1609:17	1	1689:23	1698:1
1676:12	1615:15	prevents	1692:11	1700:13
1724:25	1651:14	1686:21	1693:16	proceedings
1726:20	1652:22	previous	1699:21	1546:5
1727:5,6,1	1657:8	1557:2	1700:18	1611:22
9	1666:12	1610:13,18	1701:20	1623:8
pre-no-fault	1686:7	1611:21	pro 1655:6	1624:4
	1700:15		1656:9	1643:19
	1701:16			

1678:23	1632:5	1690:15	programs	1561:2
1700:14	1704:23	1691:5	1618:4,12	1597:14,23
1732:9	1732:7	1692:6	1627:6	1607:3
1733:5	produced	1693:8	program's	1609:15,20
process	1656:9	1695:5,7,1	1619:19	1611:8,21
1545:9	1700:12	1,22	progress	1620:20
1564:20	1703:14	1696:11,19	1627:23	1645:24
1583:18	productive	,25	1668:20,22	1654:4
1606:25	1680:12	1697:1,20	1678:25	1680:13,14
1607:3	productivity	1699:6	1679:7	,17,25
1619:7	1648:10,16	1700:4,8	project	1683:4,13,
1621:16,18	1649:2	1701:5	1609:23	14 1725:22
1622:2	1671:9	1702:11,12	projected	proposing
1625:2,4,1	1672:4,8	,23	1558:18	1599:17
1 1627:23	1673:6	1707:5,22	1615:2	1647:22
1632:2,10,	1677:12	1709:12	projecting	proposition
13,20	1679:4,13	1710:6	1601:18	1695:3
1633:16	1680:7,10,	1711:2,19,	1614:6	pros 1603:5
1634:7,13	13,14,23	24	projections	prospect
1639:9	profession	1712:1,5,1	1601:13	1628:1
1645:5,9,1	1699:18	4	projects	protect
4 1647:10	1714:19	1714:11,21	1615:17,25	1562:24
1648:2,4,9	professional	1715:9	1622:20	1563:3
1650:7,16	1661:12	1716:5	1631:11	1602:3
1651:17	1694:2	1718:1	promising	1669:19
1652:18	1714:13	Professors	1717:3	1690:4,17
1655:3,6	professions	1695:7	prone	1694:4,6,1
1656:20,21	1714:7,16	1703:23	1691:19	6 1695:1
,22,23,24	Professor	profits	proper	1715:15
1657:3	1547:11,19	1559:1,24	1706:3,4,5	1720:9
1658:4,8	,23 1548:7	profoundly	properly	1735:5
1671:7	1549:5,7,1	1705:23	1722:24	protected
1677:4	3,15,21	1712:9	property	1623:16,18
1679:12	1550:7,9	program	1638:9	protecting
1680:4	1551:14,21	1581:24	proportion	1561:3
1684:6	1552:1	1582:5	1660:14	1581:13
1695:21	1553:15,22	1609:3	proposal	1688:2,18
1703:2	1554:12,16	1614:18	1597:24	1692:9
1719:18,19	,18,25	1618:8,10	1730:9	1693:2
,24	1555:8,16,	1625:24,25	proposals	1736:25
1720:11,17	22 1556:3	1626:6,13,	1730:20	1737:6
,24	1560:18	14,22	1732:10	protection
processing	1561:2,5,8	1627:2,7	propose	1612:9
1616:17	,14,18	1628:1,3	1680:12	1689:8
prodding	1562:7	1630:4,8,9	proposed	1692:23
1724:8	1588:11	1632:4	1555:17,24	1693:4,10,
prodec	1591:22	1671:1,5		12,13
1715:17	1592:24	1710:15,16		1694:18,19
produce	1593:14,19	1731:13		,21
1558:25	1594:6	programming		1707:18
1559:24	1624:11	1730:14		
1611:5				

1708:4 1715:17 proten 1692:16 provide 1593:10 1606:3 1607:5 1611:13 1625:20 1679:4 1680:22 1681:22 1696:18 1704:23 1715:9 1723:3 provided 1551:9,10 1567:1 1593:9 1598:21 1603:5 1611:13 1615:13 1653:3 1658:13 1677:20 1678:1 1685:21 1724:17 1733:5 provides 1551:21 1560:14 1626:8 1663:2 1705:5 providing 1566:15 1605:3 1615:23 province 1626:2 1627:11 1638:25 1692:23 1722:9,12 1735:8,12 provinces 1627:8,19	1629:8 provincial 1629:6 1722:17 provision 1612:14,23 1615:24 1660:1 1663:7 1664:9 provisions 1615:20 1637:10 1659:17 prudence 1671:12,17 ,24 prudent 1611:3 1646:17 1670:18 1681:19 prudently 1581:14 1722:25 PUB 1585:23 1586:7 1591:2 1592:19 1596:9 1633:23 1653:19,22 1663:23 1664:6 1668:10 1670:1 1696:20 1703:21 1709:18 1719:5,7 1723:16 1734:11 PUB-2-32 1591:3 1719:1 PUB-5-12 1704:1 public 1542:3,6,7	,20 1585:24 1597:17 1620:8 1622:6 1625:20 1629:19 1631:6 1638:2 1639:19 1646:9,14 1647:3,14 1654:2,11, 14,24 1665:20 1666:5,13 1674:19 1693:21 1710:12 1734:9 publicly 1584:17 pun 1679:15 punishing 1641:10 purchased 1627:10 purport 1714:8 purported 1702:10 purpose 1563:4 1566:19 1602:2 1622:19 1623:3,10 1652:10 1689:13 1701:20 1702:6 1707:16 1736:24 purposes 1599:17 1605:7 1610:15,17 ,19 1622:18 1623:6	1682:3 1700:25 1707:14 1716:12 1719:6 1721:14 pursue 1664:14 1717:9 pushed 1729:3 puts 1633:23 putting 1567:22 1664:6 puzzling 1701:24 <hr/> Q <hr/> quality 1621:25 1733:12 quarter 1600:21 1638:11 quarters 1639:12,17 Quebec 1627:9 1669:8 question 1547:10 1557:2 1564:14 1568:10 1571:24 1573:1,2,6 ,13 1576:17 1578:11 1583:15 1586:1 1589:9 1590:3 1592:15,21 1622:16,25 1623:7 1653:5 1658:20	1661:25 1678:2 1684:14,15 1685:6 1686:10 1687:2 1692:8 1693:25 1694:23 1699:4,7,1 0 1707:7 1713:1,15 1717:15,17 1722:10 1729:12,14 1730:21 1731:19 1735:9,17 1736:12 questioned 1605:8 questions 1547:1 1563:23 1564:7,9 1565:19 1574:11,13 1586:25 1595:5,20 1596:11 1621:3,6 1624:1,2,6 1631:13 1634:24 1643:8 1730:8 1732:11 1733:16,24 1737:14 quick 1721:24 quickly 1547:7 1575:5 1585:18 quit 1679:11 quite 1567:20 1624:9 1628:16 1633:19
---	--	---	--	--

1676:24	ranges	1680:14,17	1614:12,14	Raymond
1685:15	1717:18	1683:3,14,	,22	1543:9
1690:21	ranging	21 1684:25	1621:24	1635:2,7,1
1704:3	1550:4	1686:19,21	1622:24	1
1721:4	rapidly	,24	1631:23	re 1542:6,7
1733:21,22	1685:3	1687:5,8,1	1633:20	1590:11
1734:7	rare 1649:9	2,14,16	1634:8	1607:8
quote	1690:18	1688:1,4,1	1635:24	1636:24
1552:2,3	rarely	3,18,19,20	1636:10	1637:19
1555:12,13	1690:7	1689:3,9,1	1639:1,4	1642:17
1560:18,19	1693:7	4,17,19	1660:14,16	1653:2
1561:18,22	1707:17	1690:4,11,	,17	1671:18
1607:23	rate 1542:8	12,17	1661:5,8,1	react 1594:9
1653:11	1558:24	1691:24	3,23	reading
1656:12	1559:23	1693:6	1662:1	1552:7
1661:10	1560:12	1694:4,18	1663:25	1709:18
1663:11	1567:4,22,	1701:16	1671:25	reads
quotes	24 1579:25	1715:15	1676:11	1636:14
1663:16	1586:8,11	1717:16	1704:14	ready 1564:6
<hr/>	1596:9,20	1719:16	1724:16	1643:19
<hr/>	1597:14,16	1720:19	1734:12	1681:13
R	,23	1732:14	1735:23	1699:1
RA/VaR	1598:3,6,7	1734:4	1736:1	1702:20
1602:20	,15,18	1736:16,19	rate-setting	1707:9
raise 1632:1	1599:4	,25 1737:7	1557:12	1708:17
1729:14	1601:25	ratepayers	1610:19	1709:7
1730:7	1602:3	1561:3	1658:4	real 1600:3
1734:22	1610:14	1562:24	1680:4	1615:5
raised	1612:18,21	1563:3	1684:6	1695:16
1624:1,2	1613:5,9	1583:8	rather	reality
1629:19	1622:1,11	1605:6	1547:6	1581:23
1729:19	1623:16	1623:4,17	1550:19	realization
raises	1637:12	1624:20	1587:15	1608:18
1733:11	1638:22	1682:19	1597:2	realize
raising	1640:10	1687:5	1624:24,25	1633:12
1660:19	1641:9	1688:13	1649:20	realized
ran 1620:12	1645:21,22	1693:2	1650:7	1556:18
range	,24,25	1694:4	1705:19	1599:3
1549:24	1646:5,11,	1722:10	rating	really
1550:3	21	1728:20	1599:16	1622:22
1603:1,8	1647:8,23	1730:1,11	ratio	1623:10
1648:7	1649:24	1735:6,9	1554:24	1624:10
1656:18	1650:20	rates 1558:7	1606:17	1625:8,10,
1682:2,8	1651:4,6	1559:12	rationale	14,17
1683:5	1653:23	1575:24	1588:15	1631:6
1685:10	1654:11	1576:9	rationalize	1637:20
1697:4	1655:14,21	1581:18	1586:10	1645:21
1707:20,22	1659:17,22	1596:22	ratios	1653:14
1717:20	1660:13,15	1597:6	1636:11	1654:18
1719:10	1662:3	1600:2	1639:7	
	1664:7,8	1605:4		
		1608:20		
		1613:10,11		

1667:24	1658:21	rebuilding	recognition	1669:24
1676:8,10, 15	reasoning	1567:9	1558:17	1706:25
1678:5,6	1660:4	1690:9	1559:6	1707:5,15
1682:24	1698:14	rebuilt	1593:23	1715:23
1686:11	reasons	1561:19	1608:10	1721:4,17
1687:18	1566:15	rebuttal	1658:3	1725:18
1689:2	1583:2	1545:3	1714:25	recommendati
1693:6	1613:23	1546:7,12, 16	1728:6	ons
1694:14,15	1622:20	recall	recognize	1611:14
1696:11,22	1732:17	1648:13	1558:11	1619:19
1699:17	reassigned	recapitulati	1575:17	1632:5
1710:3	1610:3	on 1716:5	1577:17	1640:3
1712:13,25	reassurance	receive	1587:18	1733:20
1716:4	1623:18	1576:1,11	1648:11	recommended
1717:25	reassures	1656:5	1656:22	1603:8
1720:8,11	1633:15	received	1664:1	1605:20
1721:24	rebate	1627:16	1684:3	1606:17
1722:7	1573:24	recent	1719:19	1607:8
1725:25	1574:1	1549:18	recognized	1611:17,19
1726:1,14	1582:16	1550:6	1554:1,7	1618:17
1729:11	1583:21	1551:7,12	1557:23	1644:13
1731:18	1585:17,18	1557:7	1559:5	1653:24
reason	1602:10	1629:17	1560:5,6	recommending
1571:11	1622:12	1636:6	1575:20	1561:3
1587:19	1623:22	1637:21	1604:18	1663:23
1663:3	1624:17,22	recently	recognizing	1720:21
1671:21	1639:9,24	1546:22	1649:17	1721:15
1702:21	1646:6,22	1619:6	1658:7	reconciling
reasonable	1647:8,23	recessing	1664:12,16	1568:14
1549:17	1649:24	1564:3	1678:14	reconsider
1553:25	1651:6	1596:3	1680:20	1580:2
1571:3	1719:17	1643:15	1720:17	record
1578:19	1720:19	1681:10	1722:15	1545:7
1580:20	1721:14	1708:14	1725:4	1598:2
1583:2	rebated	re-	1730:24	1600:4,20
1603:19	1562:12,20	characteri	recommend	1605:18
1611:5	1573:17	ze 1702:17	1555:11	1629:14,25
1654:11	1624:25	reclassifica	1612:1	1630:1
1663:2,14, 15 1681:18	rebates	tion	1680:8	1644:12
1724:24	1572:20	1600:3	1694:18	1645:1
1726:17	1573:2,7,1 7 1608:7	recognise	1719:5	1653:2,13
1727:8	1639:13	1719:17	1720:22	1655:5,17
reasonablene	rebating	recognised	recommendati	1660:9
ss 1656:18	1583:10	1710:24	on 1556:12	1665:5
1664:10	rebuild	recognising	1560:1	1676:8
1671:13,18 ,24	1583:1,15, 22 1585:18	1710:20	1573:14	1677:17
reasonably	1685:12		1619:25	1721:2,25
1583:25			1645:22	1722:2,15
1654:18			1646:6,11	1736:13
			1654:3	recorded
			1663:22	1600:24

1612:10	1649:24	1599:20	1566:14,18	1653:23
recount	reductions	1600:7	1567:3,15,	1693:1
1627:4	1612:7	1601:7	20 1578:13	1723:16,17
recoup	1650:20	1613:24	1584:11	relations
1578:7	1651:4	regard	1585:5	1644:1
recover	redundant	1555:8	1592:1,10	relationship
1687:6	1610:1	1572:19	1593:13	1648:11
recovered	reexamined	1577:7	1595:2	1651:22
1561:20,22	1725:2	1593:15	1603:20	1652:9
1572:16	refer 1569:5	1648:6	1604:7,10	1673:20
recovering	1640:7	1669:13	1645:10,14	1674:5,12,
1690:8	reference	1679:6	1646:24	21,23
recovery	1549:5	1732:6	1647:6,18,	1705:7,12
1562:7	1565:21	regarding	25 1648:2	1706:22
1608:11,17	1568:23	1546:8	1649:25	1723:23
1612:17	1700:9	1580:17	1650:18,22	1724:3,5,1
1615:17	referenced	1606:15	1657:25	9 1725:24
Re-cross-	1591:17	1607:19	1663:22	1727:11
examinatio	1608:4	1611:14	1720:19	relationship
n	1723:17	1653:21	1732:23	s 1723:14
1544:10,14	references	regardless	Reichert	relative
1564:12	1565:24	1551:2,16	1725:10	1553:13
1587:4	1653:7	regards	reinforce	1554:8
recurring	referred	1561:16	1704:1	1566:11
1707:18	1569:9	1622:15	reinsurance	1570:3,11
1736:23	1637:14	Regis	1638:14	1576:21
Re-direct	refine	1542:15	re-insurance	1620:19
1544:9	1607:13	register	1612:17	relatively
1547:16	refined	1581:25	reiterate	1565:4
reduce	1638:4	registered	1659:18	1593:22
1688:12	reflect	1598:2	1725:9	1647:15
reduced	1573:22	1641:13	reiterated	1669:21
1600:2	1605:21	registration	1701:10	1676:11
1639:5	reflected	1641:2	reject	1733:4
1668:8	1573:20	regular	1707:18	release
1685:4	1601:14	1727:24	relate	1664:2
reducing	1604:24	regulation	1616:19	releases
1620:2	1607:15	1629:8	1618:12	1664:13
reduction	1705:18	regulator	related	relevant
1599:21,25	reflecting	1584:12	1609:16	1695:18
1609:20	1649:15	1594:11	1612:7	1701:9
1614:15	reflection	1647:1	1613:5	1734:20
1617:2	1571:3	1679:12	1638:23	reliability
1642:14,18	1676:21	regulatory	1683:9	1611:4
,19	reflective	1545:10	1735:22	reliable
1645:25	1573:15	1555:7	relates	1654:18
1646:21	reflects	1558:8,21	1716:21	1658:22
1647:23		1559:22	relating	1701:9
			1635:19	1716:12

1718:19	1656:24	1563:23	1694:5	1686:5
reliance	1658:9	1564:20	residential	1690:8
1715:21	replicable	1592:8	1620:10	1699:8
1717:13	1695:20	required	resistant	1703:17
relieved	R-E-P-L-I-C-	1563:3	1677:14	1709:20
1654:16	A-V-L	1578:7	resources	1736:14
reluctant	1695:20	1588:22	1638:3	responses
1694:14	reply	1624:8	1730:16,24	1686:7
1697:14	1709:10	1629:20,23	respect	responsibili
reluctantly	report	1663:9	1547:10	ty 1638:18
1694:10	1561:4	requirement	1555:16	rest 1736:8
1697:5,10,	1600:21,23	1604:7	1563:12	restore
11 1724:9	1607:9,16,	1619:4	1564:10	1579:4
1726:6	22 1656:5	requirements	1571:24	restricting
rely 1656:7	1680:11	1615:11	1596:20	1592:21
1661:13	1716:18	requires	1601:25	restrictive
1709:10	reported	1563:1	1609:15	1734:5
relying	1606:18	reread	1612:3	1736:17
1710:21	1664:24	1636:24	1616:2,3	1737:9
remain	reporter	res 1720:18	1618:2	result
1632:8	1733:7	research	1619:17	1555:19
remainder	reporting	1618:19	1625:13	1566:8
1705:17	1600:5	1641:22	1639:2,4,2	1568:11
remaining	1610:17	reserve	5 1640:4	1570:8
1558:11	1726:25	1579:19	1641:3,10,	1592:19
remains	representati	1580:2	14	1594:16,21
1621:21	on 1564:23	1602:1	1642:2,24	1604:11
1664:15	1654:13	1606:2,4	respectful	1609:19
remember	representati	1623:24	1648:2	1610:1,24
1584:18	ve 1653:12	1624:8	1685:20	1614:14
1662:13	representing	1637:9	1693:23	1636:22
remembering	1616:23	1736:19	respond	1637:17
1584:5	1652:4,5	reserved	1699:19	1642:15
remind	represents	1691:18	responding	1650:8
1658:22	1617:11	reserves	1699:16	1697:5
1728:23	1660:14	1578:16	responds	resulted
renewals	request	1579:14	1555:10	1613:1
1559:13	1655:17	1580:4,5,1	response	results
renowned	1703:2,5,1	0,11,24	1561:25	1562:6
1626:13	7	1586:7	1576:18	1568:4
repeat	requesting	1605:3	1590:12	1573:3
1589:9	1561:11	1614:2	1591:2	1575:19
1671:19	requests	1637:13	1592:19	1598:6,23,
replace	1597:1	1646:9	1606:11	24
1704:3	1727:25	1647:22	1619:24	1599:1,10
replete	require	1664:3	1641:3	1606:14
	1558:24	1681:18	1679:16	1638:12
		1682:18	1683:17	1649:20
		1691:15	1685:5,17,	1666:11
			18,21	

1696:8	1562:18	1681:17	1573:16	1619:12,21
resume	1570:6,10	1720:5	1583:19	1621:23
1546:4	1576:1	1724:2	1602:20,21	1622:13
1563:19	1590:14	1726:4	1603:12,14	1625:17
1564:1,7	1591:10	1727:14	,15 1609:9	1628:10
1595:22	1643:12	reverse	1613:5,8	1632:20
1643:19	1682:18	1622:11	1638:16	1641:14
1708:18	1697:3	review	1648:8	1651:20
Resumed	1713:13,25	1652:11	1652:11	1652:9
1544:7,12	1722:5	1555:5	1658:18	1671:11
1547:13,14	returned	1611:3,7,1	1681:16	1722:20,21
1576:25	1624:19	1 1635:18	1691:3,14	1727:21,24
1577:1	1676:13	1655:9	1692:6	1728:3
resuming	1722:16	1658:16	1693:22	1729:10
1564:4	returns	1671:8	1694:21	1732:4
1596:4	1547:21,24	1695:25	1695:14,17	roads
1643:16	1549:4,24	1696:21	1696:12	1629:17
1708:15	1549:4,24	1703:25	1698:8	road-safety
re-summarize	1551:1,16	1719:11	1699:20,25	1619:9
1725:1	1553:10	reviewed	1700:5,22,	Roaring
ret 1722:5	1556:21	1602:23	25 1701:7	1711:22
retained	1557:5,6,8	revised	1706:2,4,5	robust
1584:6,20	1558:14	1599:19	,9	1585:24
1590:21	1560:3,10	1600:6	1707:12,20	1661:25
1591:2,4	1561:17	1601:6	1710:25	1704:17
1593:5	1562:9,12	1611:12	1714:9,16,	robustly
1594:13	1570:3	1665:19	17	1730:18
1595:8,12	1587:12	revisit	1715:2,19	role 1581:6
1602:8,13	1589:4,14	1721:22	1717:10,12	1597:2
1608:24	1590:4	revisiting	1718:1,5,1	1619:9
1609:6,11,	1604:18,22	1727:15	6	1632:7
13 1646:19	,24	rich 1695:22	1719:9,13,	1655:10
1681:18	1605:12,14	Richard	24	1690:2,3
1682:1,7	,15	1611:24	1722:4,7	roll 1695:16
1684:1,19	1614:11,16	rightly	1730:1,3,5	rolls 1730:5
1691:22	,19	1631:19	,23 1735:6	roof 1580:11
1694:25	1716:20	rigour	1737:4	room
1704:24	revelation	1700:25	risks 1549:7	1647:4,5
retested	1649:10	rise 1568:20	1603:11	1721:22
1629:20	revelatory	1610:10	1651:20	roots
retesting	1648:22	1622:24	1652:8	1682:25
1629:23	revenue	1736:1	1687:4	1699:3,23
retraining	1599:22	risen 1675:9	1706:1	rose 1675:8
1629:23	1600:1	1648:20	1717:5	rou 1667:11
return	1619:4	risk	1722:11	rough
1556:14,23	1640:11	1549:9,12	1735:10	1700:11
1557:11,22	1654:17	1560:23	risky	rougher
1558:11,23	1723:23	1562:17,25	1579:18	
1559:4,10	1725:5		1629:3	
	revenues		road 1615:21	
	1599:23		1618:2,3,7	
	1636:6		,17,19,25	

1552:2	1618:18		1620:18	21 1701:16
1555:12	1622:15,19	<u>S</u>	1728:20	1703:7
roughly	1623:2,8,1	SAAQ 1669:8	savvy	1704:7
1553:25	5,23	sadly	1626:25	1706:18
1590:22	1624:7,13	1721:25	saw 1635:17	1708:25
1635:3	1637:6,20,	safe 1626:19	1636:22	1709:10
1660:1	24 1638:1	1627:14	1640:20,22	1710:7
1661:20	1639:25	1629:2,21	1650:11	1713:1,2
1667:11	1640:4	safety	1671:17	1716:3,11,
1681:1	1646:5,22	1615:22	1685:16	16
1682:2	1648:7	1618:2,3,7	scale 1578:8	1718:15,19
1684:20	1652:10,11	,13,15,18,	1597:9	,20
1693:10	,13	19,25	1601:24	1736:20
1717:21	1682:20	1619:12,21	1677:1	scenarios
roughness	1683:12,23	1621:24	1723:21	1561:10
1700:20	1684:2,25	1622:13	1724:7	1568:16
row 1552:23	1685:2,3,9	1625:17	1726:7	1593:11,17
1557:18	,12,25	1628:10	scales	1603:13,16
1682:23	1686:9,13,	1630:7,10	1724:10	,17,19
RSR	18	1632:20	scenario	1604:5,16
1555:14,24	1687:11,24	1641:15,21	1554:14,15	1606:21
1556:4,10	1688:8,10,	1651:20	,20,24	1607:2,15
1557:9,12,	23 1689:9	1652:9	1555:3,6,2	1674:20
18	1690:2,3,1	1671:11	0 1556:3,5	1686:7
1558:4,15,	0,16	1722:20,21	1558:8	1701:15
19,23	1694:15	1727:21,24	1560:17,20	1703:13
1559:1,17,	1699:2,17	1728:3	1566:7	1707:13
19,25	1700:25	1729:10	1568:12,17	1710:4
1560:8,13	1702:7	1732:4	1570:1,4,9	1713:6,8
1561:1,9,1	1707:14,16	sage 1692:15	,14,20,24	1716:9
1,15	1708:6	salaries	1576:19	1718:14
1562:14,18	1716:12	1616:21	1590:21	1719:8
1563:1,2,4	1717:15	1720:6	1591:2	school
1566:17	1718:17	satisfaction	1592:5,11,	1625:25
1567:9,18,	1719:6,15	1646:18	18 1593:18	1627:8
23 1568:2	1720:1	satisfactori	1594:10,14	Schreyer
1573:13	1735:4	ly 1725:23	1604:6,13,	1677:8
1574:1	1736:24	satisfactory	15,17,21	scientific
1578:23	rules 1555:4	1604:3,10	1605:10	1628:16
1582:10	1598:5	1676:6	1606:6,7,9	1648:8
1583:1	1626:17	1721:6	,18	scope
1592:4	run 1564:16	satisfied	1667:25	1611:11
1593:25	1566:3,6	1625:13	1674:20	screw
1602:1,9,2	1568:12,16	1664:6	1684:13,21	1638:17
2,25	1584:5	1668:20,22	1685:17	scroll
1603:1,7	1594:14	1723:12	1686:6	1552:15
1604:11,14	1595:6	1725:21	1693:18	1570:12
1605:5,24	1627:7	1736:13	1695:19	scrutiny
1606:8,15,	running	savings	1697:18	1672:13,22
23	1584:9		1698:23	1675:24
1607:11,20	1716:19		1699:17	
1608:3	rural 1642:7		1700:3,13,	

searching 1728:8	1578:14 1597:5,7,1 1 1604:14	self 1691:8	1731:9	shared 1610:8
second 1550:12 1552:6,10 1556:20 1560:6 1566:19 1569:17 1591:20 1593:21 1600:20 1662:2 1668:25 1673:10 1706:18 1735:15 1736:21	1619:18 1646:21 1678:3,8,1 0 1714:16 1719:16 1720:19	self- interest 1727:7	sets 1610:20 1655:18	sharp 1698:2,3
second-last 1565:8 1567:1 1572:1 1592:3 1595:2	seeks 1601:17	sell 1708:5	setting 1599:4 1602:22 1603:7 1606:23 1610:15 1626:18 1637:6 1648:6 1655:15,21 1693:4,10 1699:2 1717:16	sheets 1704:24
Secondly 1612:16	seem 1637:11	seminal 1647:16	senior 1707:25	Sherry 1715:8
second- quarter 1600:23	seemed 1586:16 1725:16	seniors 1694:24 1731:14	settlement 1613:4	she's 1596:7 1644:3
secretary 1546:14 1644:13 1733:14	seems 1575:9 1622:25 1624:16 1677:14 1678:25	sense 1634:25 1720:8	seven 1600:16 1639:22 1692:20	shift 1701:13
section 1608:2 1654:11	seen 1616:14 1633:10 1658:1 1659:10 1714:18 1732:9	sensitivity 1664:23 1667:2 1707:3	seventeen 1617:19	shock 1623:16 1686:19,21 1687:5,8,1 2,14,16 1688:1,5,1 8 1689:15 1694:4
sector 1689:23 1692:11 1693:16 1699:21	sees 1677:24 1705:2	separate 1580:18 1607:3 1693:25	seventh 1548:12 1675:6	shocks 1686:25
seeing 1580:5 1608:17 1627:19	sel 1666:2	separately 1580:19	seventy 1617:22 1618:14 1692:20	short 1563:9 1673:9
seek 1649:23 1651:5,6 1680:8	select 1661:14	September 1651:19	seventy-one 1617:24 1672:20	shorter 1587:23
seeking	selected 1571:2 1587:18,19 1588:2 1658:25 1659:1 1662:25 1664:25 1665:2 1666:2,5,1 1,13,20,21 1667:4,5,8 ,17,20	series 1603:13	several 1551:4 1575:18 1607:14 1623:20 1630:2	shortfall 1578:17
	selecting 1587:16 1688:15	serious 1728:25	SGI 1669:5 1670:8	short-term 1615:4
	selection 1588:15	served 1625:4	shading 1665:9	shoulder 1650:2
		serves 1590:18 1612:5	share 1614:8 1652:14 1726:2	showed 1571:5 1636:7 1638:22
		service 1597:12 1599:21,25 1615:21 1620:2 1724:17		showing 1591:24 1710:1
		services 1630:7,10 1725:19 1726:11 1728:14		shown 1549:20 1550:1,14, 24 1592:1
				shows 1547:19 1549:22 1551:6

1635:25	1560:2	17,19,24	1627:14	1687:8
sic 1608:13	1593:22	1607:3,8	simulator	1692:19
1671:6	1626:15	1640:1	1627:11	sixty-five
1695:20	1631:14	1684:14	single	1598:14
1699:2	1695:10	1690:15	1627:12	sixty-four
1703:1	1702:11	1691:5	1633:7	1617:17
1721:12	1734:22	1692:6	single-year	sixty-one
1732:22	Similarly	1695:5,11, 22	1608:12	1600:16
sick 1720:8	1710:22	1696:11,20	sir 1587:14	sixty-three
sides 1580:5	Simp 1712:5	1697:1	1588:13	1553:1
sidetracked	simple	1700:4,8	1589:1,10, 18,23	size 1614:25
1648:18	1655:11	1701:6	1590:7,10, 11,18,25	skewing
signed	1658:12	1702:24	1591:8	1713:24
1656:15	1667:13	1707:5	1592:21	skills
1726:19	simplistic	1709:13	1593:2	1630:22
significant	1704:3,4	1710:6	1594:12,20	skinniest
1554:9	simply	1711:2	1595:4,14	1585:8
1561:17	1554:15	1712:2,6,1	sit 1573:15	skinny
1562:25	1575:22	4 1714:21	1621:16	1665:4
1567:19	1657:11,22	1715:9	1634:17	sky 1695:19
1573:2,17	1671:14	1718:1	sites	slate
1588:23	1705:18	Simpsons	1620:16	1647:18
1591:15,16	1706:1,7	1549:21	sits	sleepy
1592:9	1725:1	Simpson's	1639:18,19	1722:23
1604:16	Simpson	1547:19	1642:5	slide
1606:9	1545:3	1549:13,15	sitting	1547:19
1608:8,12	1546:8,12, 17	1550:7	1621:17	1548:5,12, 19 1549:22
1614:10	1547:11,18	1551:14	situation	1551:21
1626:8	,23 1548:7	1554:12,16	1557:14	1588:12
1629:2	1549:5,7	1555:22	1582:5	1711:19
1664:2,12	1550:9	1556:3	1583:16	slides
1669:19	1551:21	1561:6,14	1586:11	1549:15
1671:4,6	1552:1	1571:16	1636:25	1551:15
1677:21	1553:15,22	1572:15	1637:16	1711:2
1685:14	1554:18,25	1588:11	1642:1	slush
1686:24	1555:8,16	1591:22	situational	1637:21
1693:7,12	1556:11,15	1593:14	1582:11	SM 1732:23
1705:2	1557:20	1606:11	situations	small
1710:9	1559:1,25	1624:12	1622:23	1581:11
1712:3	1560:18	1640:3	six 1545:6	1583:25
1731:14	1561:2,9,1	1693:8,9	1584:23	1667:1
significantl	8 1562:8	1695:7	1600:25	1733:4
y 1549:11	1563:10	1696:25	1601:5	smaller
1559:20	1571:14	1697:20	1605:15	1660:19
1562:14,21	1592:24	1699:5,6	1644:11	
1686:21	1593:20	1702:12	1645:1	
1688:12,16	1594:7	1707:22		
1694:3	1605:2,8,1	1711:19		
similar	1,19,23	1714:11		
1549:21	1606:1,13,	1716:6		
		simulates		

1686:3	1585:5,7	spend	1688:5	1596:1
social	1670:11	1581:25	1689:16	1632:6
1691:3	1731:21	1615:17	1719:9	stark
1692:21	sorts	1618:3,14	stabilizatio	1635:14
1728:21	1727:25	spending	n 1549:10	start
1730:12,22	sought	1609:23	1588:9	1557:19
societal	1613:20	1618:9	1601:25	1558:1
1730:23	1669:22	1631:9	1622:11	1576:3
1731:1	1712:17	1730:1	1736:19	1591:5
sock 1737:5	soul 1728:8	spends	stabilize	1644:7
sole 1607:10	sound	1638:14	1582:7	1646:24
solution	1585:24	spent	1605:3	1647:18,19
1718:4	1728:18	1615:16	stable	1648:1
solvency	source	1637:5	1611:17	1649:1
1686:14,15	1618:5	1639:11	staff 1610:3	1650:1
1688:4	sources	1697:25	1639:16	1651:1
1689:14	1652:20	1698:22	staffing	1657:25
1693:2	1695:24	1721:9	1617:15,18	1659:7
1699:9	speak 1577:4	spirit	,20	1663:22
1702:4	speaking	1714:12	1672:14	1664:17
somehow	1698:5	1715:10	stage 1563:8	1677:23
1712:18	special	spoke 1552:2	staggered	1679:11
someone	1609:9	1576:7	1559:13	1680:5,6
1653:8	1646:4	1600:1	stakeholders	1681:14
1726:2	specific	1605:2	1619:8	1695:12
sometime	1550:14	1700:12	1627:18,24	1699:5
1657:10	1565:24	1716:22	1631:2	1710:13,14
somewhat	1610:22	spot 1681:3	stand 1609:1	,15
1579:9	1616:1	1722:24	1644:8	1717:18
1704:3	1618:23	spread	1735:25	1720:19
somewhere	1623:3	1640:11	standalone	1723:5
1583:11,12	1631:10	1704:8	1608:25	1728:13
1624:17	1656:17	spreading	standard	started
1659:25	1702:14	1641:11	1547:20,24	1630:8
sophisticate	1737:11	spreads	1549:23	1695:12,14
d 1552:4	specifically	1704:18	1550:2,21,	1697:7
1704:18	1572:4	SRE 1580:7	25	starting
sorry	1574:14	1682:5	1551:3,6,1	1556:4
1564:19	1734:1	SS 1669:8	4 1587:25	1559:16
1569:7,18	spectrum	sta 1712:7	1605:13,15	1566:17
1571:10	1587:17	stability	1712:1,8	1680:19
1574:1	1592:24	1579:4	1715:25	1688:25
1596:6	speed	1583:6	1726:15	1689:7
1599:6	1618:13	1606:21	standards	1728:14
1644:15	1620:11	1611:7,18	1600:5	starts
sort 1579:17	speeding	1638:22	1603:25	1584:13
1580:1,18	1630:2	1683:21	1699:25	1657:3
1582:25		1687:15,20	stands	1711:5
				stat 1712:3
				state
				1593:15

1627:10 1659:5 1682:13 stated 1549:1 1563:3 1566:13 1602:2 1608:6,9,2 1 1618:25 1623:3 statement 1554:2 1602:7 1653:12,16 1654:23 1660:25 1671:15,16 1679:10,20 1704:9,24 1705:9 1718:22 1732:23 1734:3 1735:2,20, 21 1736:6,15 1737:12 statements 1610:24 1704:25 states 1570:4 1604:2 statical 1692:14 stating 1607:23 statistic 1712:7 statistical 1695:14 1702:1,3 1709:25 1711:12 1715:25 statisticall y 1696:12 1710:9	1712:3 statutory 1654:10 stay 1735:14 steeper 1686:1 step 1582:12 1657:3,6 steps 1584:12 1648:1 1680:25 stimulated 1686:11 stochastic 1703:14 1716:19 stock 1557:21 1558:10 1559:4 1560:9 1604:23 1605:9 1608:11 stocks 1561:20 1577:21 stop 1577:16,22 1639:1,2,8 story 1581:19 straight 1576:11 straits 1582:5,23, 24 strange 1645:16,18 strategies 1618:11 strategy 1609:13 1631:15 street	1580:9 strength 1676:16,22 1681:23 strengths 1656:24 1658:9 1683:21 stretching 1706:11 strict 1629:16 strides 1719:18 strike 1645:3 1683:6 1704:2 1721:2 stringent 1672:13 stringently 1633:19 strong 1613:6 1712:2 1720:15 stronger 1679:20 strongly 1555:11 1623:14 1720:14,21 structural 1587:13 1588:5,8,1 2,18 1605:12 1702:2,8,1 3 1709:15 1710:7,20, 24 1711:1,21 1712:3 1713:11 1716:1 structure 1724:13	struggled 1587:19 1705:14 struggles 1705:17 struggling 1581:1 1590:2 1678:12 students 1626:7,10, 16 1627:8 stuff 1716:14 subject 1555:4 1591:6 1617:9 1711:12 1728:9 1733:16 submission 1639:3 1647:24 1648:3,9 1695:23 1700:24 submissions 1544:16,17 ,18,19 1596:17 1621:11 1635:10 1643:22 1702:18 1716:5 1733:17 submit 1635:23 1654:6 1709:8 submitted 1658:23 subsequent 1696:23 subsidizatio n 1626:8 subsidized	1626:14 sustain 1608:13 substantial 1608:13 1628:17 1687:10 subtle 1699:11 subtract 1558:2 successful 1631:14 successfully 1682:14 successive 1612:7,10 sucker 1720:25 sucker's 1721:1 sudden 1667:14 1668:18 sufficient 1562:19 1563:16,20 ,22 1605:3 sugg 1676:7 suggest 1563:8,21 1582:8 1586:20 1595:22 1636:18 1637:19 1638:18,21 ,25 1639:8 1642:15,25 1643:11 1661:22 1677:15 1699:16 1707:19 1732:5 suggested 1553:22 1561:14
--	---	--	--	--

1606:24	1635:24	1647:7	1592:3	1565:7
1697:2	1657:7	survey	1595:2	1576:18
1720:1	1663:19	1731:22	1666:4,12	1578:5,8
suggesting	supported	surveys	1667:3	1625:19
1575:7	1635:22	1628:15	1674:1,2,2	1628:20
1591:11	1696:2	1732:7	4 1675:3	1641:17
1603:9	supporting	susceptible	1702:10,18	1648:16
1641:8	1613:7	1614:12	tables	1679:11
1656:6	1695:5	suspect	1570:1	1687:21
1660:12	1728:19	1579:5	1675:1	1688:18
1661:19	supportive	1669:12	tail 1637:17	1701:19
1674:9	1727:19	1680:16	1659:1	talks
1696:15	1732:15	suspected	1665:1	1574:23
1711:16	1737:10	1703:2	1666:3,21	1701:17,18
1726:10	supports	sustainable	1667:9	1711:5
1728:19	1607:22	1619:5	1668:1,7,1	target
suggestions	1614:4	swear	7	1555:14,19
1607:13	sur 1560:4	1670:24	taint	,24 1556:4
1632:9	1578:7	sympathetic	1713:19	1557:10
suggests	surchar	1721:13,17	taking	1558:24
1551:22	1685:3	sympathy	1547:6	1559:2,25
1676:7,10	surcharge	1721:21	1581:13	1561:2
1703:18	1555:20	1735:14	1584:13	1562:15,22
suitable	1557:11	1736:10	1632:23	1563:2
1561:2	1558:25	system	1651:2	1566:8
1679:14	1559:12,23	1640:18,19	1681:16	1574:1
suited	1560:7,12	1641:2	1708:8	1582:10
1730:14	1567:4,5,2	1677:2	1733:23	1584:24
summaries	2,24	ta 1644:3	talk 1565:7	1592:7
1653:4	1578:14	Tab	1575:15	1602:22
1655:5	1608:17	1599:1,10	1584:7,8	1603:7
summarize	1685:1,2	1601:12,15	1586:20	1604:11
1597:3	surcharges	table 1544:1	1630:11	1605:24
1657:11	1559:12,19	1549:20	1632:22	1606:8,15,
1670:20	1560:5,18	1550:12,24	1632:22	23 1607:11
1726:14	1578:7,11	1552:14,22	1654:21	1648:7
1729:8	1608:7	1556:1	1663:13	1685:10
summarized	sure 1554:12	1557:1,16	1672:14	1686:1,2
1735:20	1581:7	1565:8	1679:11	targeted
summary	1584:7	1566:16,19	1698:17	1620:3,9
1636:24	1595:5	,25 1567:6	1713:7	targets
1666:22	1620:25	1570:7	talked	1584:21
superior	1625:6	1574:23	1565:20	1609:12
1603:9	1626:9	1587:9,11,	1577:10	task 1729:22
support	1633:20	24 1588:25	1578:22	tax 1723:13
1606:4	1729:23	1591:22	1582:8	1728:15
1614:3	surprised	talking	1584:2	taxes
1622:7	1685:16		1663:13	1600:13
1631:16	surrounding		1679:10	1631:24
			1684:22	teaches
			1705:11	

1626:3	terms 1547:3	1736:15	1596:14	1651:2
1627:13	1555:9	territory	1621:1,12,	1657:6,7
team 1695:6	1573:15,24	1598:3,5	14	1660:17
1696:4	1575:5	test 1602:20	1634:19,24	1662:2,22
1702:23	1576:18	1607:25	1643:8,23	1666:22
team's	1581:22	1610:22	1681:15	1668:9
1668:5	1587:10	1624:3	1733:6,18,	1670:25
technical	1588:1,22	1653:15,21	20,22	1672:21
1696:15	1590:11	1654:4,5,1	thanks	1673:8,20
1707:1	1597:12	0,13,15,19	1634:15	1674:3
technique	1627:1	1670:17	1643:9	1675:10
1701:13	1659:8,19	1686:14,16	that's	1678:20
1710:4,5,2	1660:25	1699:10	1548:7,18,	1679:1
5	1662:11	1702:4,8	21 1552:9	1680:5
techniques	1664:19	1709:14	1557:15	1684:5
1670:3	1667:17	1710:7	1559:14	1685:14
1699:14	1670:8	1711:21,25	1563:20	1687:20
1702:3	1671:4,7,1	1721:6	1564:17	1688:16
1714:17	2,16,17,24	1730:20	1565:13	1689:6
technology	1672:2,19	tested	1570:11	1692:4,22
1678:16	1675:10,12	1604:16,17	1573:5,20	1706:18
1680:24	1677:1,2,4	1695:2	1578:4,13	1708:5
1724:18	,10,11,16,	1710:23	1579:2,21	1710:3
1725:13,19	25	testified	1580:20	1711:7,11
1726:11	1678:1,22,	1605:11	1581:10,19	1715:8
1727:1	25	testify	1582:16,21	1716:7,8
teens	1679:2,19	1613:22	1583:1,3,1	1718:8
1644:20	1680:7,17,	testimony	3 1584:19	1722:8
tempted	21	1623:21	1585:3,4	1729:17,20
1696:17	1682:7,11	1624:6,12	1588:20	1731:13,25
ten 1550:20	1686:7	1626:22	1590:15	1733:3
1563:15,18	1687:2	testing	1591:13	1736:11,14
1595:22,23	1693:13	1602:19	1594:1	1737:8,9
1681:7	1697:8	1700:3	1595:18	themselves
1708:1	1699:24	1702:2	1600:8,21,	1626:18
tended	1700:21	tests 1702:1	22,25	1629:1
1675:20	1703:11	1711:12	1602:9	thereafter
tending	1704:13	1715:25	1608:18	1616:6
1724:14	1708:20,21	text 1569:25	1621:9	1617:20
tends 1684:3	1709:23	thank	1623:4	Therefore
tension	1710:6	1555:15	1625:13	1548:1
1647:9,12	1715:23	1561:13	1627:15,22	there's
tensions	1721:16,24	1563:5	1629:11	1546:5
1647:6	1722:21	1564:8	1630:13,14	1564:24
terge 1671:6	1723:6,7,8	1566:23	1632:1,12	1579:7,9,1
term 1683:6	1724:22	1571:23	1633:5	0 1582:1
	1725:5,11,	1572:12	1634:3	1584:15,17
	18 1726:4	1574:10	1637:6,12	1585:1,13,
	1727:2,14	1595:24	1638:12	20,21,22
	1729:9,19		1641:5	1586:1
	1730:8		1642:19	1592:11
	1732:4		1644:19	1596:11
	1733:12		1646:11	

1625:11	1639:15	1598:11,14	1570:10	1604:22
1628:2	1642:11	,17,19	1587:12	total
1631:3,21	1646:21	1600:16	today 1547:5	1552:25
1641:22,24	1649:18	1618:15	1582:16	1553:9
1642:8	1651:2	1622:5	1597:3	1554:7
1647:9	1668:20	1639:23	1624:6,12	1574:17
1650:4	1669:5	1640:19	1666:10	1598:8
1654:16	1670:13	1641:18	1690:24	1599:22
1655:1,16	1676:14,24	1672:20	1706:23	1600:7,15
1657:4,9	1706:7,8,1	1692:20,21	1708:22	1602:8,11,
1658:18	2 1715:4	three-four-	1716:7	13 1608:2
1663:17	1719:16,17	five	1718:25	1609:22
1664:12	1720:4,19,	1668:3	1737:15,17	1616:3,23
1669:3	20,21	threshold	tolerance	totalled
1675:4	1721:14,16	1607:23,24	1560:24	1612:11
1676:8	1728:17	1721:5,11	1652:12	totalling
1677:15	1731:5,23	1730:8	1692:6	1615:10
1688:22	1732:24	1732:1	1693:22	totally
1689:24	they've	1733:11	1700:1,3,9	1580:24
1691:3,14	1665:21	thriving	,22	touched
1703:18	1675:9	1585:24	1715:19	1640:5
1709:22	thicker	throughout	1717:12	tough
1710:8,18	1645:4	1557:5	1718:16	1707:25
1720:3	thir 1593:4	1604:3	tolerances	tour 1627:11
1723:10,13	third	1655:3	1695:17	towards
,15,20	1625:15	Thursday	1701:8	1673:15
1729:10,25	1628:3	1699:7	1707:13,21	1702:5
1730:2	1662:5	1737:18,21	1719:9	1717:2
1731:16,17	1665:1	TI.11 1599:1	tone 1698:3	track 1675:6
1732:22,23	1667:2,6	TI.12	tool 1632:16	tracking
1737:14,16	thirdly	1599:10	1699:17	1675:22
they'd	1612:17	TI.13	1701:7,11	1679:23
1694:23	thirt	1601:12	tools	tradeoff
they'll	1556:17	TI.15(a)	1683:15,19	1737:10
1628:19	1699:6	1601:15	1684:7	tradeoffs
1632:15	thirteen-	TI.2 1680:2	top 1587:11	1693:12
1729:22	hundred	tickets	1644:22	traditionall
1730:13,21	1617:17	1630:2	1663:10	y 1676:20
1737:7	thirty	tie 1687:25	1666:3	1723:9
they're	1598:17	tied 1629:25	1673:13	trailers
1550:15	1668:4	title 1570:2	1675:7,10	1597:19
1581:15	thirty-five	1645:5,13,	1677:23	training
1582:15,17	1593:4	18	topic	1627:7
1622:14	tho 1623:4	titled	1586:19	transaction
1626:17,18	1653:1	1548:6	1625:15	1597:12
1628:20	thoughtful	1552:10	1727:21	transcript
1629:21	1695:9	1559:11	topics	
1630:16,18	thousand		1622:9	
,19			Toronto	
1631:18,23				
,24				
1637:14				

1544:21	1550:20	1548:5	1662:4,11, 15 1663:19	1691:4
1605:19	1564:22	1552:5		unchanged
1608:5,18	1565:23	1570:8	twenty-one	1667:9
1636:4,14	1593:21	1645:17	1571:12	unclear
1638:12	1653:9	1646:12	twenty-three	1731:18
1640:1,21	1684:14	1654:20	1553:1	underlies
1655:19	1687:15	1665:3	1598:19	1657:8
1657:13	1717:17	1670:19	twice	underlying
1675:5	1728:10	1671:14	1623:11	1611:12
1683:8	trigger	1687:13	1631:18	understand
1687:22	1630:3	1689:21	two-sixty	1549:13
1731:20	Triggs	1703:21	1682:4	1567:10
1735:22	1543:5	turning	two-thirds	1568:19
transcripts	1684:14	1549:6	1556:18	1572:1
1685:7	tro 1695:19	1550:12	1557:23	1573:13
transfer	trouble	1560:16	type 1595:1	1580:8,14
1599:14,17	1581:17	1650:6	1676:20	1588:7,15
1640:24	1589:16	1658:10	1685:18	1590:9
1723:13	troubled	1661:15	1692:8	1594:9
transition	1560:19	1664:18	1694:15	1626:6
1609:24	troubling	1669:25	1699:15,17	1640:13
translate	1560:19	1670:16	,20	1645:6,19,
1631:11	trucks	1703:20	1724:16	20 1652:17
transparency	1640:22	1712:25	types	1654:8
1606:20	true 1579:3	tweaks	1566:17	1664:3
1607:5	1595:18	1670:7	1592:9	1683:13
1622:1	1623:1,10	twelve	1700:20	1694:13
1625:11	1648:11	1550:5	typi 1645:20	1695:11
1633:15	1694:12	1640:19	typically	1699:13
1717:25	truly	Twenties	1645:22	1706:21
1719:8	1717:19	1711:22	typo 1670:25	1711:6
1726:12	try 1589:18	1712:12		1721:7
transparent	1642:7	twenty		1724:5
1561:6	1729:5	1559:5	<hr/>	1734:21
1695:20	trying	1567:14	U	understandab
1724:15	1568:19	1574:22	ultimate	le 1693:18
tre 1700:3	1583:17	1593:7	1613:15	understandin
tremendous	1670:20	1598:16	ultimately	g 1565:21
1714:18	1675:5	1609:25	1586:11	1589:16
trend	1694:16	1637:25	1697:19	1607:4
1673:17	1717:16	1660:1,25	unable	1674:14
trending	1720:4,11,	1681:7	1613:22	1705:4
1613:10	18	1708:2	unacceptable	1706:15
1661:4	TSX 1547:21	twenty-eight	1622:24	1726:19
tribunal	1548:1	1718:8	uncertainly	understood
1654:8	1550:10	twenty-five	1669:7	1736:18
1695:24	1570:24	1597:10	uncertainty	undertake
tried	turn 1546:6	1612:21,22	1669:3,20	1588:18
		1642:25	1670:13	1591:9
		1659:16,21		1610:12,21
		1660:2,5		

1611:6	1596:10	upper	value	1649:5,6
undertaken	1720:2	1718:23	1575:15,18	1673:19
1607:4	1737:14	1719:15,21	1576:22	1674:1,2
1651:19	unlike	useful	1614:15,22	1679:15,16
1704:19	1562:7	1674:10	1632:3	vehicles
Undertaking	unpaid	1677:18	1669:14	1597:20
1561:25	1612:9	1701:7	1677:24	1598:10,11
1568:15	1614:2	1710:3	1678:12,14	,14,18,20
1593:9	unprecedente	usually	1690:22	1639:6
undertook	d 1647:8	1633:24	1717:24	1640:15
1652:2	1651:3,8,10	util 1610:17	1733:5	1641:12
underwriting	unpredicted	utilities	VaR 1718:5	venture
1613:14	1690:5	1542:3,20	variability	1615:5
unearned	unrealized	1647:2	1547:24	ver 1621:23
1614:1	1608:13	1654:12	1549:4	versus
unearned	unreasonable	utility	1551:15	1605:4
1614:2	1656:7	1638:2	1554:21	1612:22
unexpected	unreliable	1691:3	1556:8	1688:14
1602:4	1709:11	utilized	variable	1711:23
1707:17	update	1567:7	1620:8	1715:7
unforeseen	1680:22	1570:24	variance	1730:20
1623:17	1703:18	1677:18	1655:14,20	via 1546:20
unforseen	updated	utilizes	,22,23	1630:21
1605:4	1598:22	1614:17	1697:8	victims
1622:23	1602:18	utilizing	1710:1	1641:11
1623:5	1702:22	1610:18	1711:25	view 1574:19
unfortunate	upgrade	<hr/>	variety	1581:2
1635:22	1601:23	V	1568:16	1605:11
unfortunatel	upon 1546:1	valid	1621:23	1606:13
y 1636:18	1555:23	1561:10	1699:24	1618:20
unimpressive	1564:3,4	validate	1724:13	1623:8
1717:20	1596:3,4,21	1551:25	1726:17	1626:1
union	1643:15,16	1703:18	various	1646:14,18
1617:10,13	1649:15	1707:2	1550:3,22	1648:20
1659:5	1681:10,11	validated	1593:11	1650:13
unique	1701:8,9	1702:22	1598:7	1653:12
1627:9	1702:13	validity	1622:12,13	1654:12
1635:13	1705:20	1551:13	1624:9	1666:17
1678:15	1706:9	valuable	1696:6,9	1688:8
1715:5	1708:14,15	1578:6	vary 1597:25	1693:23
unit 1679:14	1709:10	1632:16	vast 1609:3	1703:25
units 1649:6	1710:21	1656:20,22	ve 1597:24	1720:14
1679:17,21	1713:10	1690:25	vehicle	1726:19
1680:3,12	1718:15	1715:5	1596:23	1731:13
unless	1728:18	valuation	1597:25	views
1546:5	1737:23	1612:3,4,8,14	1598:3,8,13	1650:21
			1622:8	1696:25
			1634:10	1721:21
			1641:13	1732:15
				vigilant

1733:4	1630:15	1564:6	1714:18	1731:22
virtue	1683:18	1568:19	1717:11,21	whose
1725:6	1696:15	1574:4	1718:5,13,	1635:15
visible	1698:8,19	1575:24	22 1730:24	widely
1620:8	1699:24	1576:8	1732:9	1632:11
vision	1711:4	1580:1,4,9	whatever	wiggle
1632:20	1724:14	1583:5,16,	1682:19	1721:21
visions	1726:18	17 1584:24	1720:23	wildlife
1729:9	weaknesses	1586:6,11,	1736:23	1619:22,23
volatile	1658:9	1621:18	whatnot	1620:3,5,1
1586:14	weariness	1625:16	1627:1	2,20
1718:10	1727:17	1626:11	1629:8	1639:21
volatility	we'd 1576:5	1631:5	wheel	1642:2,11,
1661:2	1594:9	1641:8	1629:4,21	14,24
volume	1639:8	1643:18,19	1630:18	Williams
1601:22	1680:8	1678:5,9	wherein	1543:7
1602:8	week 1652:1	1681:2,13	1607:22	1544:14
1652:21	1659:9	1687:21	whether	1563:10,21
1667:4	weekly	1689:22	1572:18	1586:24
voluminous	1659:3,10	1692:7	1581:15	1587:4,5
1652:21	1664:19	1694:16	1606:5,7	1588:3,10,
voluntarily	1668:21	1708:17,20	1607:19	16,24
1630:16	weeks	1710:13	1610:22	1589:10,18
<hr/>	1623:21	1719:18	1625:18	1590:6,17,
W	1643:10	1720:9,11,	1633:11	25 1591:8
wage 1617:13	weight	1729:23	1641:13	1592:14
wait 1632:3	1549:9,18	1737:19	1642:17,19	1593:1
walking	weighted	we've	1647:3,9	1594:12,20
1679:18	1667:4	1550:13	1649:7	1595:4,14,
wall 1595:24	weighting	1557:1,7	1652:11	19
wasn't	1614:10	1558:16,18	1669:15	1643:20,23
1560:18	welcome	1559:5,9	1671:10	1644:21
1588:1	1647:13	1573:17	1672:1	1645:3,12
1640:2	1722:17	1578:8,21	1694:23,24	1653:9
1660:10	we'll	1579:13	1699:8	1681:14,15
1666:16	1563:19	1595:5	1713:20	1708:18,19
1679:17	1566:24	1606:10	1717:2	1709:4
1697:13	1622:10	1618:1	1722:10,25	1711:6
waste	1629:12,13	1625:5	1727:1	1720:1
1639:19	1632:3	1628:13	1729:3	1722:22
watch	1637:23	1630:7,8	1735:9	1731:15
1634:17	1637:23	1633:6,9	whole	1733:14
watching	1689:21	1637:5	1550:19	1734:1,19
1621:20	1698:16	1638:23	1601:8	willingness
1633:2	1708:10	1642:22	1637:4	1698:19
ways 1567:16	1737:17,21	1653:5	1660:11	Winnipeg
we're 1560:8	wellness	1655:4	1681:24	1542:22
	1608:22	1667:16	wholehearted	1596:8
	we're 1560:8	1676:2	ly 1707:22	1620:1,2,4
		1678:4,6	who's 1647:4	wish 1650:10
		1707:6		

1672:25	1719:24	, 22, 23		
1695:3	worse	1553:1, 5		
1698:21	1604:25	1557:16, 21		
1720:23	1712:21	1558:6		
1722:20	1715:5	1559:12		
wishes	worst	1570:1, 3		
1703:21	1589:22	1587:12		
wither	1716:23	1589:2, 12,		
1721:3	worth 1633:1	23 1590:25		
witness	worthwhile	1592:3		
1603:24	1619:2	1646:13		
1605:2	worthy	1654:5, 16		
1611:23	1630:18	1658:18		
1695:9	1640:9	1665:17		
1698:10	written	1666:12		
1722:18	1547:1	1673:12		
witnesses	1603:1	1674:19		
1733:8	1611:20, 25	1675:2, 17		
woman 1580:9	1696:5	1680:3		
wonder	1724:25	1720:2		
1670:23	1726:20	1723:1		
wondering	1727:5, 6, 1	1728:12		
1568:14	9	young		
wording	wrong	1626:25		
1590:2	1722:23	yourself		
work	wrongly	1592:21		
1619:8, 16	1631:19	you've		
1631:1, 2, 7	wrote 1615:9	1567:1, 2		
1655:12		1575:4		
1714:22	<hr/> Y <hr/>	1588:16		
1729:11	year's	1658:17		
worked	1600:17	1664:1		
1733:22	1602:21	<hr/> Z <hr/>		
workers	yellow	zero		
1669:6	1665:9	1553:10, 11		
working	yet 1609:12	1556:22		
1583:6	1616:1	1558:11, 14		
1613:17	1620:19	1559:4		
1686:3	1632:11	1572:10		
works	1642:4	1576:1, 4		
1703:22	1646:16	1617:8		
workshop	1697:17	1668:3, 4		
1731:11	yields			
world	1614:13			
1626:12, 23	you'll			
1723:13	1551:5			
worry	1552:11, 15			