PUB (MPI)

PUB (MPI) 1-1 Reference: Quarterly Report

Please file the Corporation's quarterly report for the period ending May 31, 2014.

RESPONSE:

Please see attached.

Quarterly Financial Report

1st QUARTER

Three months ended
May 31, 2014

Manitoba Public Insurance

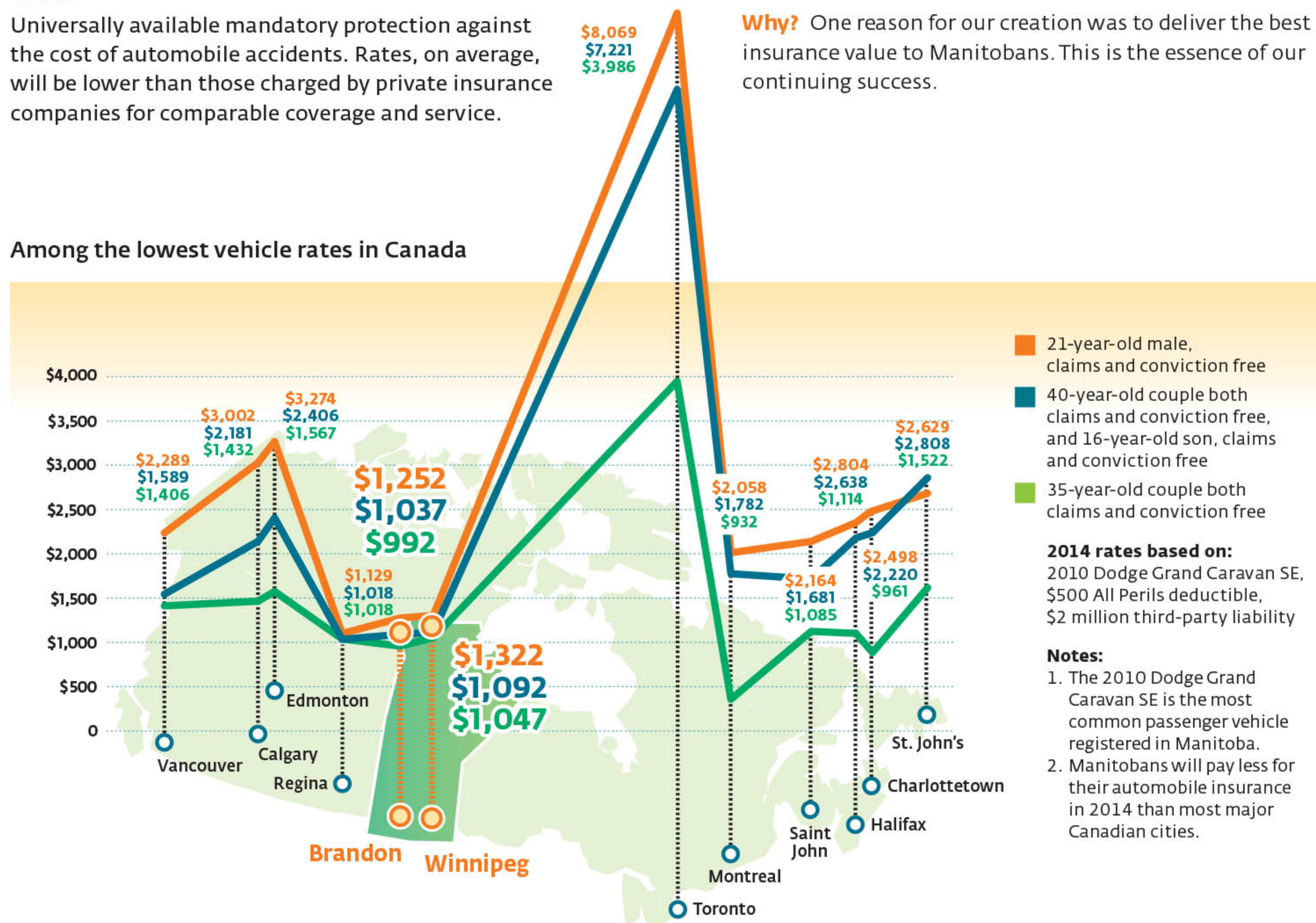
Management Discussion and Analysis

Management's discussion and analysis provides a review of the financial results and future outlook of Manitoba Public Insurance. It should be read in conjunction with the unaudited condensed interim financial statements and supporting notes for the first quarter ended May 31, 2014 included herein and the annual audited financial statements and supporting notes included in the Corporation's 2013 Annual Report. Certain information in this report may consist of forward-looking statements. These statements are based on various techniques and assumptions including predictions about future events which may not occur. Actual results could deviate significantly from the forward-looking statements.

Goal 1

Universally available mandatory protection against the cost of automobile accidents. Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

Why? One reason for our creation was to deliver the best insurance value to Manitobans. This is the essence of our continuing success.



Goal 2

The Basic plan will return at least 85 per cent of premium revenue to Manitobans in the form of claims benefits.

Why? Over the long-term, returns within this range strike the right balance. We pay back to Manitobans substantially more of their premiums than would private insurers, while keeping a sound financial footing.

Premium returned for each dollar earned

Past results for the 12 months ending

Q2 • 12/13	Q3 • 12/13	Q4 • 12/13	Q1 • 13/14	Q2 • 13/14	Q3 • 13/14	Q4 • 13/14	Q1 • 14/15
96%	95%	103%	110%	103%	104%	114%	110%

Goal 3

Manitoba Public Insurance will be a leader in automobile insurance and vehicle and driver licensing, providing Manitobans with superior products, coverage and service.

Why? By measuring key performance indicators, we can track the public's view of our performance.

Corporate Performance Index

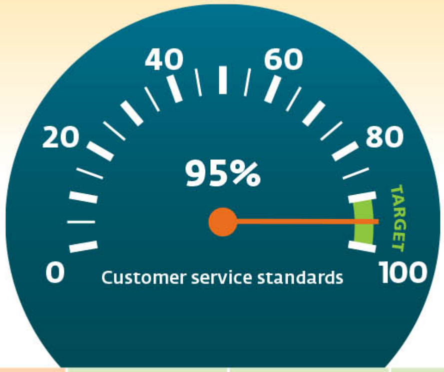
Past Results

Q2 • 12/13	Q3 • 12/13	Q4 • 12/13	Q1 • 13/14	Q2 • 13/14	Q3 • 13/14	Q4 • 13/14	Q1 • 14/15
3.6	3.7	3.6	3.6	3.5	3.7	3.6	3.5

Goal 4

Manitoba Public Insurance will provide service that is responsive, fair, courteous and convenient. Manitoba Public Insurance will meet customer service standards that are based on customer expectations.

Overall, How Often We Meet/Exceed Standards



Why? We value our customers and put their interests first. Also, Manitobans expect more from us than from private insurers, because Manitoba Public Insurance is their company. We believe their higher expectations are justified.

Past Results (in per cent)

Q2 • 12/13	Q3 • 12/13	Q4 • 12/13	Q1 • 13/14	Q2 • 13/14	Q3 • 13/14	Q4 • 13/14	Q1 • 14/15
97%	97%	95%	95%	95%	95%	94%	95%

Customer satisfaction in major operational areas

Physical Damage Claims

Past Results (in per cent)

Q2 • 12/13	Q3 • 12/13	Q4 • 12/13	Q1 • 13/14
89%	89%	90%	84%

Q2 • 13/14	Q3 • 13/14	Q4 • 13/14	Q1 • 14/15
86%	86%	87%	85%

Bodily Injury Claims

Past Results (in per cent)

Q3 • 12/13	Q1 • 13/14
79%	81%

Q3 • 13/14	Q1 • 14/15
81%	83%

Driver and Vehicle Licensing

Past Results (in per cent)

Q2 • 12/13	Q3 • 12/13	Q4 • 12/13	Q1 • 13/14
94%	93%	93%	94%

Q2 • 13/14	Q3 • 13/14	Q4 • 13/14	Q1 • 14/15
92%	91%	89%	90%

Insurance Operations Policyholder Transactions

Past Results (in per cent)

Q2 • 12/13	Q3 • 12/13	Q4 • 12/13	Q1 • 13/14
93%	93%	92%	93%

Q2 • 13/14	Q3 • 13/14	Q4 • 13/14	Q1 • 14/15
90%	89%	87%	89%

Goal 5

Retained earnings and Rate Stabilization Reserve will be maintained within established target levels.

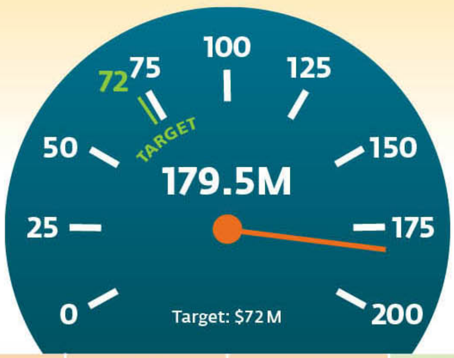
Basic Rate Stabilization Reserve

Why? Our long-term objective is to break even financially and to be financially self-sufficient. Maintaining the RSR within its target range helps us control rates when claim costs rise substantially. Manitobans deserve stable, affordable premiums over the long term.

Past Results

155.7M Q2 • 12/13	169.0M Q3 • 12/13	149.8M Q4 • 12/13	127.6M Q1 • 13/14	172.0M Q2 • 13/14	172.0M Q3 • 13/14	99.9M Q4 • 13/14	100.2 Q1 • 14/15

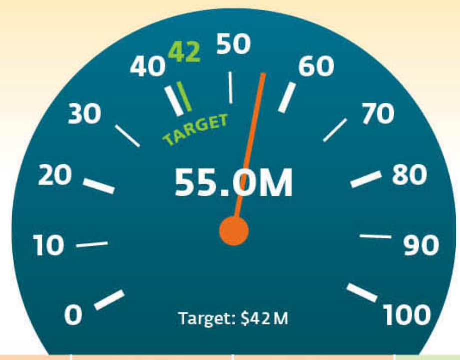
Extension Retained Earnings



Past Results

117.3M Q2 • 12/13	121.8M Q3 • 12/13	132.4M Q4 • 12/13	141.9M Q1 • 13/14
152.4M Q2 • 13/14	159.7M Q3 • 13/14	169.1M Q4 • 13/14	179.5M Q1 • 14/15

SRE Retained Earnings



Past Results

54.0M Q2 • 12/13	53.1M Q3 • 12/13	57.1M Q4 • 12/13	56.5M Q1 • 13/14
60.6M Q2 • 13/14	62.8M Q3 • 13/14	51.5M Q4 • 13/14	55.0M Q1 • 14/15

Goal 6

Manitoba Public Insurance will offer an environment and career opportunities that will encourage employees to strive for excellence. Our people will be treated with respect and fairness and their contributions will be recognized.

Why? We value our employees.

Level of Employee Satisfaction

Past Results

76 Q4 • 07/08	74 Q4 • 09/10	73 Q1 • 11/12

Goal 7

Manitoba Public Insurance will lead driver and vehicle safety initiatives that reduce risk and protect Manitobans, their streets and their neighbourhoods. Manitobans will recognize the Corporation is living its mission.

Why? Pursuing traffic safety and loss-prevention programs reflects our long standing commitment to the well-being of Manitobans and to affordable auto insurance. Manitobans have told us they support these efforts.

Past Results (in per cent)

90%	90%	88%	87%
Q4•10/11	Q4•11/12	Q4•12/13	Q4•13/14

Results of Operations

Manitoba Public Insurance reported net income of $14.2 million for the three months ended May 31, 2014 compared to net loss of $33.9 million for the same period last year. This includes net income of $0.3 million (2012 – net loss of $41.5 million) from the Basic insurance line of business. Corporate net income increased from the previous year by $48.1 million due to:

i) an increase in earned revenues of $14.0 million, offset by an increase in total expenses of $1.1 million;
ii) a decrease in claims cost of $26.6 million;
iii) a rise in investment income of $8.6 million mainly due to the $14.4 million unrealized gain on Fair Value Through Profit or Loss bonds, a $2.2 million gain on sale of Fair Value Through Profit or Loss bonds, and a $3.4 million unrealized gain on infrastructure, offset by a $11.3 million decrease in gains on the sale of equities.

At the end of the fiscal year 2012/2013, the Manitoba Public Insurance adopted the IAS 19 amendment policy whereby actuarial gains and losses on the measurement of employee future benefits is now recognized in other comprehensive income in the year in which they occurred. The Corporation adopted IAS 19R on March 1, 2013 on a retrospective basis. The adoption of IAS 19R resulted in a restatement in the comparative figures. The results for prior quarters in these interim financial statements have been restated to reflect this change.

Prior year statements have also been restated due to a change in Weighted Customer Call Centre Contact Ratio, the allocation percentage used as part of the cost allocation methodology. It was adjusted to better reflect actual call center activity.

Current Year and Last Year

Total earned revenues for the three months ended May increased from the previous year by $14.0 million. This increase is primarily attributed to motor vehicle earned revenues which increased by $11.8 million or 5.3%. The increase in earned revenues is primarily due to the growth in the number of vehicles on the road in Manitoba, and the value of these vehicles and movement of drivers down the Drivers Safety Rating scale resulted in higher premiums.

Claims costs for the three months ended May 31, 2014 decreased by $26.6 million compared to last year due primarily to a decrease of $35.7 million or 36.0% in bodily injury claims incurred, offset by an increase of $9.6 million or 8.1% in physical damage claims incurred. Claims expense and road safety and loss prevention expenses collectively decreased by $0.5 million or 1.5% from the previous year. The increase in physical damage claims incurred is primarily due to severe winter driving conditions and greater severity of claims.

Total expenses increased by $1.2 million compared to last year due primarily to an increase of $0.7 million or 3.8% in commission expenses and $0.4 million or 5.8% in premium taxes.

Retained Earnings

Retained earnings of $334.7 million (May 31, 2013 - $320.5 million) are comprised of $100.2 million for Basic insurance (May 31, 2013 - $127.6 million) and $234.5 million for non-Basic lines (May 31, 2013 - $192.9 million). Basic insurance retained earnings are comprised of the Rate Stabilization Reserve of $100.2 million. The non-Basic lines retained earnings are allocated to a capital reserve of $114.0 million and $120.5 million to retained earnings.

Outlook

The Corporation remains committed to achieving its seven Corporate goals. Actual results will be monitored, and corrective actions taken when necessary, to ensure that expected outcomes are realized.

Manitoba experienced a long winter with severe driving conditions; this has resulted in an increase in collision claims of 5.0 per cent and claims costs of 13.5 per cent. As a result, Manitoba Public Insurance is asking the Public Utilities Board (PUB) for a basic rate increase of 2.4 per cent and a rate stabilization reserve rebuilding fee of 1.0 per cent.

Overall:

- More than half of the policy holders will see a rate increase of $20 or less, or a premium decrease
- 2.4 per cent of the rate increase will be directed to Basic insurance
- 1.0 per cent will be used to replenish the Rate Stabilization Reserve (RSR) Fund
- The average vehicle premium will be $949 if the rate application is approved
- Motorcycle rates will decrease 6.1 per cent or $61 per vehicle, the average motorcycle rate will decrease to $939 from $1,000
- If approved rate changes will take effect March 1, 2015

Manitoba Public Insurance is committed to keeping rates stable over the long term. The RSR and corporate efficiencies have helped to avoid passing the full 13.5 per cent increase in claims costs on to vehicle owners.

Condensed Interim Financial Statements
Condensed Interim Statement of Financial Position

(Unaudited - in thousands of Canadian dollars)	*Notes*	May 31, 2014	February 28, 2014
Assets			
Cash and investments	*5*	**1,680,633**	1,695,988
Equity & pooled real estate funds investments	*5*	**740,604**	712,625
Investment property	*5*	**38,088**	38,312
Due from other insurance companies		**19**	4,080
Accounts receivable		**349,713**	334,137
Prepaid expenses		**129**	1,049
Deferred policy acquisition costs		**24,358**	24,742
Reinsurers' share of unearned premiums		**13,361**	61
Reinsurers' share of unpaid claims		**16,714**	24,741
Property and equipment		**122,810**	123,850
Deferred development costs		**68,166**	68,586
		3,054,595	3,028,171
Liabilities			
Due to other insurance companies		**10,457**	1,934
Accounts payable and accrued liabilities		**50,552**	63,026
Financing lease obligation		**4,410**	4,425
Unearned premiums		**503,149**	497,811
Provision for employee current benefits		**22,255**	21,800
Provision for employee future benefits		**336,866**	333,138
Provision for unpaid claims	*4*	**1,698,339**	1,708,714
		2,626,028	2,630,848
Equity			
Retained Earnings			
Basic Insurance Retained Earnings			
Rate Stabilization Reserve		**100,212**	99,878
Retained Earnings		**-**	-
		100,212	99,878
Non-Basic Retained Earnings			
Capital Reserve		**114,000**	114,000
Retained Earnings		**120,508**	106,594
		234,508	220,594
		334,720	320,472
Accumulated Other Comprehensive Income		**93,847**	76,851
Total Equity		**428,567**	397,323
		3,054,595	3,028,171

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Operations

(Unaudited - in thousands of Canadian dollars)	*Notes*	Three Months Ended May 31, 2014	May 31, 2013 Restated
Earned Revenues			
Gross premiums written		**281,011**	266,155
Premiums ceded to reinsurers		**(17,767)**	(17,461)
Net premiums written		**263,244**	248,694
(Increase) decrease in gross unearned premiums		**(30,760)**	(29,530)
Increase (decrease) in reinsurers' share of unearned premiums		**13,300**	13,005
Net premiums earned		**245,784**	232,169
Service fees & other revenue		**6,932**	6,538
The Drivers and Vehicles Act operations recovery		**6,975**	6,975
Total Earned Revenues		**259,691**	245,682
Claims Costs			
Direct claims incurred		**194,402**	218,388
Claims incurred ceded to reinsurers		**(2,699)**	(633)
Net claims incurred		**191,703**	217,755
Claims Expense		**32,728**	32,840
Loss prevention/Road safety		**2,865**	3,309
Total Claims Costs		**227,296**	253,904
Expenses			
Operating		**29,583**	29,478
Commissions		**18,493**	17,808
Premium taxes		**7,508**	7,099
Regulatory/Appeal		**728**	772
Total Expenses		**56,312**	55,157
Underwriting loss		**(23,917)**	(63,379)
Investment income	*6*	**38,165**	29,491
Net Income (Loss)		**14,248**	(33,888)

Condensed Interim Statement of Comprehensive Income (Loss)

(Unaudited - in thousands of Canadian dollars)	Three Months Ended May 31, 2014	May 31, 2013 Restated
Net income (loss) after surplus distribution	**14,248**	(33,888)
Other Comprehensive Income (Loss)		
Unrealized gains (losses) on Available for Sale assets	**20,052**	7,890
Reclassification of net realized (gains) losses related to Available for Sale assets	**(3,056)**	(1,272)
Other Comprehensive Income (Loss) for the period	**16,996**	6,618
Total Comprehensive Income (Loss)	**31,244**	(27,270)

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Changes in Equity

(in thousands of Canadian dollars)	Basic		Non-Basic			Corporate		
	Rate Stabilization Reserve (RSR)	Retained Earnings (B-RE)	Capital Reserve (NB-CR)	Retained Earnings (NB-RE)	Extension Development Fund (EDF)	Retained Earnings	Accumulated Other Comprehensive Income	Equity
Restated Balance as at March 1, 2013	149,800	19,240	72,000	117,557	6,723	365,320	64,659	429,979
Net income (loss) for the period		(41,431)	-	7,543	-	(33,888)	-	(33,888)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	6,618	6,618
Transfer between NB-RE & EDF	-	-	-	5,335	(5,335)	-	-	-
Restated Balance as at May 31, 2013	149,800	(22,191)	72,000	130,435	1,388	331,432	71,277	402,709
Balance as at March 1, 2014	99,878	-	114,000	106,594	-	320,472	76,851	397,323
Net income (loss) for the period	334	-	-	13,914	-	14,248	-	14,248
Other comprehensive income (loss) for the period	-	-	-	-	-	-	16,996	16,996
Balance as at May 31, 2014	**100,212**	**-**	**114,000**	**120,508**	**-**	**334,720**	**93,847**	**428,567**

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Cash Flows

(Unaudited - in thousands of Canadian dollars)	*Notes*	Three months ended May 31, 2014	May 31, 2013 Restated
Cash Flows from (to) Operating Activities:			
Net income after surplus distribution		14,248	(33,888)
Non-cash items:			
Depreciation of property and equipment		1,655	1,672
Amortization of deferred development costs		3,633	2,212
Amortization of bond discount and premium		467	921
(Gain) loss on sale of investments		(6,462)	(15,517)
Unrealized (gain) loss on Fair Value Through Profit or Loss bonds		(6,944)	7,524
Unrealized (gain) loss on investment in real estate		(4,051)	(6,397)
Unrealized (gain) loss on investment in infrastructure		(3,525)	(134)
Write-down of investments		-	-
		(979)	(43,607)
Net change in non-cash balances:			
Due from other insurance companies		4,061	(260)
Accounts receivable and prepaid expenses		(14,656)	(7,518)
Deferred policy acquisition costs		384	(805)
Reinsurers' share of unearned premiums and unpaid claims		(5,273)	(13,352)
Due to other insurance companies		8,523	8,614
Accounts payable and accrued liabilities		(12,473)	4,000
Unearned premiums		5,338	5,139
Provision for employee current benefits		455	788
Provision for employee future benefits		3,728	3,760
Provision for unpaid claims		(10,376)	34,492
		(20,289)	34,858
		(21,268)	(8,749)
Cash Flows from (to) Investing Activities:			
Purchase of investments		(249,656)	(576,246)
Proceeds from sale of investments		191,918	452,485
Acquisition of property and equipment net of proceeds from disposals		(616)	(1,365)
Financing lease obligation		(15)	(14)
Deferred development costs incurred		(3,213)	(8,597)
		(61,582)	(133,737)
Increase (decrease) in Cash and Short-Term Investments		(82,850)	(142,486)
Cash and short-term investments beginning of year		93,208	170,882
Cash and Short-Term Investments end of period	*5*	10,358	28,396

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1) Status of the Corporation

The Manitoba Public Insurance Corporation (the "Corporation") was incorporated as a Crown Corporation under *The Automobile Insurance Act* in 1970. In 1974, *The Automobile Insurance Act* was revised and became *The Manitoba Public Insurance Corporation Act* (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba. The address of the Corporation's registered office is 234 Donald Street, Winnipeg, Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies. For financial reporting purposes, due to the immateriality of the financial results of the discontinued general insurance operations, the operations are reported as part of the Special Risk Extension line of business. The basic universal compulsory automobile insurance line of business rates are approved by the Public Utilities Board of Manitoba.

Under *The Drivers and Vehicles Act*, the Corporation is responsible for operations pertaining to driver safety, vehicle registration and driver licensing, including all related financial, administrative and data processing services.

2) Basis of Reporting

Statement of Compliance

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of *The Manitoba Public Insurance Corporation Act* and are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Presentation

The Corporation presents its Statement of Financial Position broadly in order of liquidity.

These statements are presented in thousands of Canadian dollars except as otherwise specified.

Seasonality

The automobile insurance business, that reflects the primary business of the Corporation, is seasonal in nature. While net premiums earned are generally stable from quarter to quarter, underwriting income is typically highest in the first and second quarter of each year and lowest in the fourth quarter of each year. This is driven mainly by weather conditions which may vary significantly between quarters.

Basis of Measurement

The Corporation prepares its financial statements as a going concern, using the historical cost basis, except for financial instruments. Measurement of the financial instruments is detailed in Note 4 of the 2013 Annual Report.

Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3) Summary of Significant Accounting Policies

Refer to the 2013 Annual Audited Financial Statements for a summary outlining those accounting policies followed by the Corporation that have a significant effect on the condensed interim financial statements.

4) Provision for Unpaid Claims

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as Personal Injury Protection Plan (PIPP) and public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends, and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends, investment rates of return and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

5) Cash and Investments

Cash consists of cash net of cheques issued in excess of amounts on deposit.

Short-term investments have a total principal amount of $20.1 million (2013 – $26.0 million) comprised of provincial short-term deposits with effective interest rates of 0.92% to 0.93% (2013 - 0.92% to 0.94%), with interest receivable at varying dates.

The Corporation has an unsecured operating line of credit with its principal banker in the amount of $5.0 million (2013 - $5.0 million). There were no drawdowns against this line of credit at May 31, 2014 (2013 – nil).

Cash and Investments

(Unaudited – in thousands of Canadian dollars)

	Financial Instruments				
As at May 31, 2014	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss	Non-Financial Instruments	Total Carrying Value
Cash and short-term investments	10,358	-	-	-	10,358
Bonds					
Federal	-	-	85,276	-	85,276
Manitoba:					
Provincial	-	-	274,676	-	274,676
Municipal	-	12,548	18,702	-	31,250
Hospitals	-	-	11,328	-	11,328
Schools	-	598,132	-	-	598,132
Other provinces:					
Provincial	-	-	467,403	-	467,403
Municipal	-	-	95,148	-	95,148
Corporations	-	-	49,583	-	49,583
	-	610,680	1,002,116	-	1,612,796
Other investments	3,876	-	-	-	3,876
Infrastructure	-	-	53,603	-	53,603
Cash and investments	14,234	610,680	1,055,719	-	1,680,633
Equity investments	543,633	-	-	-	543,633
Pooled Real Estate Fund	-	-	196,971	-	196,971
Investment property	-	-	-	38,088	38,088
	557,867	**610,680**	**1,252,690**	**38,088**	**2,459,325**

(Unaudited – in thousands of Canadian dollars)

As at May 31, 2013	Financial Instruments				
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss	Non-Financial Instruments	Total Carrying Value
Cash and short-term investments	28,396	-	-	-	28,396
Bonds					
Federal	-	-	109,739	-	109,739
Manitoba:					
Provincial	-	-	260,361	-	260,361
Municipal	-	15,092	29,423	-	44,515
Hospitals	-	-	11,957	-	11,957
Schools	-	552,805	-	-	552,805
Other provinces:					
Provincial	-	-	357,134	-	357,134
Municipal	-	-	62,706	-	62,706
Corporations	-	-	45,580	-	45,580
	-	567,897	876,900	-	1,444,797
Other investments	4,022	-	-	-	4,022
Infrastructure	-	-	45,720	-	45,720
Cash and investments	32,418	567,897	922,620	-	1,522,935
Equity investments	586,476	-	-	-	586,476
Pooled Real Estate Fund	-	-	179,398	-	179,398
Investment property	-	-	-	35,881	35,881
	618,894	567,897	1,102,018	35,881	2,324,690

Fair Value Measurement

Financial instruments that are measured at fair value are classified by their level within the fair value hierarchy. The fair value hierarchy consists of three levels that are defined on the basis of the type of inputs used to measure fair value. The classification cannot be higher than the lowest level of input that is significant to the measurement:

Level 1 – Fair value is determined based on unadjusted quoted prices of identical assets in active markets. Inputs include prices from exchanges where equity and debt securities are actively traded.

Level 2 – Level 2 valuations utilize inputs other than quoted market prices included in Level 1 that are observable, directly or indirectly, for the asset. These inputs include quoted prices for similar assets in active markets and observable inputs other than quoted prices, such as interest rates and yield curves. The fair values for some Level 2 securities were obtained from a pricing service. Pricing service inputs may include benchmark yields, reported trades, broker/dealer quotes and bid/ask spreads.

Level 3 – Fair value measurements using significant inputs that are not based on observable market data are Level 3. This mainly consists of derivatives and private equity investments. In these cases prices may be determined by internal pricing models utilizing all available financial information, including direct comparison and industry sector data. For some investments, valuations are obtained annually. For periods between valuations, management assesses the validity of the valuation for current reporting purposes.

The following table presents financial instruments measured at fair value in the Statement of Financial Position, classified by level within the fair value hierarchy.

As at May 31, 2014 (in thousands of Canadian dollars)	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	**69,450**	**917,246**	**15,420**
Infrastructure	**-**	**-**	**53,603**
Pooled Real Estate Fund	**-**	**196,971**	**-**
Total FVTPL financial assets	**69,450**	**1,114,217**	**69,023**
AFS financial assets			
Cash and short term investments	**10,358**	**-**	**-**
Other investments	**-**	**-**	**3,876**
Equity investments	**543,633**	**-**	**-**
Total AFS financial assets	**553,991**	**-**	**3,876**
Total assets measured at fair value	**623,441**	**1,114,217**	**72,899**

As at May 31, 2013 (in thousands of Canadian dollars)	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	119,699	740,916	16,285
Infrastructure	-	-	45,720
Pooled Real Estate Fund	-	179,398	-
Total FVTPL financial assets	119,699	920,314	62,005
AFS financial assets			
Cash and short term investments	28,396	-	-
Other investments	-	-	4,022
Equity investments	586,476	-	-
Total AFS financial assets	614,872	-	4,022
Total assets measured at fair value	734,571	920,314	66,027

Fair value measurement of instruments included in Level 3	FVTPL		AFS	
(in thousands of Canadian dollars)	2014	2013	2014	2013
Balance at March 1	**63,469**	38,716	**3,876**	4,099
Total gains/(losses)				
Included in net income	**3,525**	134	**-**	--
Included in other comprehensive income	**-**	-	**-**	-
Purchases	**2,029**	23,155	**-**	-
Sales	**-**	-	**-**	(77)
Balance at May 31	**69,023**	62,005	**3,876**	4,022

The fair value of HTM bonds, which include schools and certain municipalities, is based on their carrying value, which approximates market value.

6) Investment Income

(in thousands of Canadian dollars)	May 31, 2014	May 31, 2013
Interest income	**12,809**	11,830
Gain (loss) on sale of Fair Value Through Profit or Loss bonds	**3,407**	1,146
Unrealized gain (loss) on Fair Value Through Profit or Loss bonds	**6,944**	(7,524)
Unrealized gain (loss) on investment property	**4,051**	6,397
Gain (loss) on infrastructure investments	**345**	147
Unrealized gain (loss) on infrastructure investments	**3,525**	134
Dividend income	**3,980**	3,377
Gain (loss) on sale of equities	**3,055**	14,371
Gain (loss) on foreign exchange	**(17)**	-
Income from investment property	**778**	830
Write-down of investments	**-**	-
Investment management fees	**(712)**	(1,217)
Total	**38,165**	29,491

7) Employee Future Benefits Expense

The total benefits costs included in expenses are as follows:

(Unaudited – in thousands of Canadian dollars)	May 31, 2014	May 31, 2013
Pension benefits	5,963	5,721
Other post-employment benefits	7	596
Total	5,970	6,317

8) Depreciation and Amortization

The total depreciation and amortization included in expenses are as follows:

(Unaudited – in thousands of Canadian dollars)	May 31, 2014	May 31, 2013
Amortization – Deferred Development	3,633	2,212
Depreciation – Property and equipment	1,655	1,672
Total	5,288	3,884

Manitoba Public Insurance Locations

Customer Service

Winnipeg
Tel: 204-985-7000

Outside Winnipeg
Tel: 800-665-2410

Deaf Access TTY/TDD
Tel: 204-985-8832

Out-of-Province Claims
Tel: 800-661-6051

Administrative Offices

Winnipeg
234 Donald Street
Box 6300
R3C 4A4

Brandon
731–1st Street
R7A 6C3

Service Locations

Winnipeg Service Centres
15 Barnes Street
40 Lexington Park
1284 Main Street
930 St. Mary's Road
125 King Edward Street East
1103 Pacific Avenue
420 Pembina Highway

cityplace
Service Centre – Main Floor
ID Verification and Data Integrity
Rehabilitation Management Centre
Serious and Long-Term Case Management Centre
Bodily Injury Centre
234 Donald Street

Physical Damage Centre
Holding Compound/Receiving
Salvage
Commercial Claims
1981 Plessis Road

Arborg
Service Centre
323 Sunset Boulevard

Beausejour
Service Centre
848 Park Avenue

Brandon
Service Centre
731–1st Street

Dauphin
Service Centre
217 Industrial Road

Flin Flon
Claim Centre
8 Timber Lane

Portage la Prairie
Claim Centre
2007 Saskatchewan Avenue West

Driver and Vehicle Licensing Centre
25 Tupper Street North

Selkirk
Service Centre
1008 Manitoba Avenue

Steinbach
Claim Centre
91 North Front Drive

Service Centre
165 Park Road West
Clearspring Village Mall, Unit 2

Swan River
Claim Centre
125-4th Avenue North

The Pas
Claim Centre
424 Fischer Avenue

Thompson
Service Centre
53 Commercial Place

Winkler
Service Centre
355 Boundary Trail

For more information contact:

Manitoba Public Insurance
Corporate Communications
Room 820, 234 Donald Street
P.O. Box 6300
Winnipeg, MB R3C 4A4

Manitoba Public Insurance

PUB (MPI) 1-2 Reference: Meeting Minutes

Please file the Corporation's Board of Directors and Audit Committee meeting minutes for 2013/14 that relate to:

a) IT Optimization/BTO Projects;

b) Gartner Scorecard and all reports to the Board related to IT Spending;

c) RSR Targets/DCAT;

d) Cost Containment; and

e) Approval of the 2015 GRA.

RESPONSE:

a), b) and d) Please refer to PUB (MPI) 1-3.

c) and e) See the attached.

MINUTES OF THE FOUR HUNDRED AND TWENTY-THIRD MEETING OF THE DIRECTORS OF THE MANITOBA PUBLIC INSURANCE CORPORATION HELD ON THE 5TH DAY OF JUNE AT 1:45 P.M AND RECONVENED ON THE 6TH DAY OF JUNE, 2014 AT 8:15 A.M. AT THE VICTORIA INN, 160 HIGHWAY #10-A NORTH, FLIN FLON, MANITOBA.

Dynamic Capital Adequacy Test (DCAT) – Basic Autopac	14-121	Ms. Reichert presented Agenda Item 4.2 "Dynamic Capital Adequacy Test (DCAT) – Basic Autopac". The four plausible risk areas are:

- Declining or sustained low interest rates;
- Declines in equity asset values;
- Claims incurred over budget; and
- Combined adverse interest rates, declining equity returns and high claims incurred.

The opinion of the Chief Actuary is the financial condition of Basic is not satisfactory due to:

i) The base rate stabilization reserve forecast is projected to fall below the Regulator's minimum rate stabilization reserve requirement in the 2014/15 and 2015/16 fiscal years; and

ii) There are adverse scenarios that cause the total equity of Basic to fall below zero after including assumed management and regulatory action.

The Chief Actuary recommends that:

i) Basic hold a minimum rate stabilization reserve of $194 million which is the largest reduction in retained earnings identified from all the plausible adverse scenarios; and
ii) Basic hold a minimum total equity of $213 million, which is based on the largest reduction in total equity identified from all plausible adverse scenarios.

Moved by Ms. Mintz and seconded by Mr. Saunders that Members approve a Basic Rate Stabilization Reserve target of $194 million as at February 28, 2014; a minimum Basic total equity target of $213 million; and a maximum Basic total equity target equal to 100% of the Basic Minimum Capital Test or $323 million.

CARRIED

2015/16 Basic Rate Stabilization Reserve	14-127	Mr. Guimond presented Agenda Item 4.1 "2015/16 Basic Rate Stabilization Reserve". An extensive discussion ensued amongst Members.

Moved by Ms. Johnson and seconded by Mr. Saunders that the Members approve the rebuilding of the Rate Stabilization Reserve in furtherance of Minute 14-108 as follows:

1. To apply an RSR Rebuilding Fee of 1% on a percentage basis to each of the proposed 2015/16 Basic Autopac rates; and

2. To communicate to the Public Utilities Board in its 2015/16 Basic General Rate Application, that if the Public Utilities Board approves a Rate Stabilization Reserve minimum target, based on the DCAT which contains an agreed to safety margin above the DCAT result, then the Board of Directors will authorize transferring some Extension and SRE excess retained earnings to increase the Basic Rate Stabilization Reserve and;

3. To return to the Board of Directors after the PUB issues its Order in the 2015/16 rate hearing to approve the amounts to be transferred.

CARRIED

2015/16 Basic Autopac Program and Rates

14-108

Ms. Reichert presented Agenda Item 4.2 "2015/16 Basic Autopac Program and Rates". An extensive presentation with substantial discussion occurred.

Moved by Mr. Paterson and seconded by Mr. Saunders that the Members approve:

A. RATE CHANGES

The application to the Public Utilities Board for 2015/16 rates for the Basic Autopac Program as set out below:

1. Classification and experience rate adjustments which result in an overall 2.4% increase to average rates for Basic Autopac written premiums.

2. As part of a plan to rebuild the RSR within four years, for the first year of the plan, an RSR Rebuilding Fee of up to 2.5% is to be applied on a percentage basis to each of the proposed 2015/16 Basic Autopac rates.

3. Rates for individual risk classifications to be adjusted based on statistically determined experience indicators.

4. Classification changes to be implemented on a revenue neutral basis.

B. CLASSIFICATION CHANGES

The following classification changes to the Basic Autopac program as of March 1, 2015 for Vehicle Rating Factors:

1. Revisions to the relationship between rates and rate group (Rate Line) for passenger vehicles, light trucks, motor homes, motorcycles, heavy trucks, trailers (over $2,500) and buses.

2. Adjustments to passenger vehicle and light truck rate groups based on the Canadian Loss Experience Automobile Rating (CLEAR) indicators, as provided by the Insurance Bureau of Canada (IBC). Adjustments will consist of an increase of one rate group for vehicles requiring an increase, and a decrease to the required CLEAR indicator for vehicles requiring a decrease.

3. Passenger vehicle and light truck rate group methodology changes:

   a. CLEAR rating recommendations from IBC for an additional five model years. For 2015/16 rate groups, CLEAR indicators will be used to determine rate groups for model years 1996 to 2015.

b. Revisions to the CLEAR injury rating matrix to accommodate the change to IBC's injury rating recommendations. IBC now provides two separate ratings, one for Ontario and one for Alberta and Atlantic provinces. As Manitoba injury benefit relativities are relatively flat between rate groups, it was decided to use the smaller range of 1 to 14 provided for Alberta and Atlantic Canada.

c. Revision of the CLEAR Collision/Comprehensive weighting for 80/20 to 81/19.

4. Annual adjustment to heavy truck rate tables.

5. Motorcycle body style corrections as provided by the Insurance Bureau of Canada.

CARRIED

PUB (MPI) 1-3 **Reference: PFT of Dan Guimond, slide 4**

Please provide an expanded Organization Chart including department level detail (e.g. Pricing & Economics) and identify the individual currently holding each position shown on the chart.

RESPONSE:

Basic insurance rates are set prospectively based on pro forma financial projections of expenses and revenues and actuarial modeling. This information request has no bearing on the reasonableness of the financial projections or actuarial modeling used to determine rates effective March 1, 2015. This is consistent with the Corporation's understanding of the PUB's mandate as stated in *The Crown Corporations Public Review and Accountability Act* and by the Court of Appeal. Considerable information of an operational nature was provided in the filing, though rate setting does not entail an operational review or audit of Manitoba Public Insurance. For these reasons, the Corporation declines to incur the additional staff effort and operating expenses associated with responding to this information request.

PUB (MPI) 1-4 Reference: Pro-Forma Scenarios

a) Please provide a restated PF.1, PF.2 and PF.3 separating the vehicle premiums from the RSR Rebuilding Fees, and separating out amounts relating to the premium deficiency reserves.

b) Using the presentation from a) above, please provide a restated PF.1, PF.2 and PF.3 with a 0.0% rate change in 2015/16 and no RSR Rebuilding Fee.

c) Using the presentation from a) above, please provide a restated PF.1, PF.2 and PF.3 with a 0.0% rate change in 2015/16 and the applied for 1.0% RSR Rebuilding Fee.

d) Using the presentation from a) above, please provide a restated PF.1, PF.2 and PF.3 with a 1.4% rate change in 2015/16 and the applied for 1.0% RSR Rebuilding Fee.

e) Using the presentation from a) above, please provide a restated PF.1, PF.2 and PF.3 with the applied for 2.4% rate change in 2015/16 and no RSR Rebuilding Fee.

f) Using the presentation from a) above, please provide a restated PF.1, PF.2 and PF.3 with the applied for 2.4% rate change in 2015/16 and a 2.0% RSR Rebuilding Fee starting in 2015/16.

RESPONSE:

a) Please refer to attachment.

b) Please refer to attachment.

c) Please refer to attachment.

d) Please refer to attachment.

e) Please refer to attachment.

f) Please refer to attachment.

Manitoba Public Insurance

Multi-year Statements

For the Years Ended February,

2015/16 - 2.4% Rate Change and 1% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015F**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Motor Vehicles	756,642	795,233	850,848	888,903	928,544	969,862
RSR Rebuilding Fee			8,549	8,925	9,317	9,727
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**896,747**	**939,042**	**982,782**	**1,027,783**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	824,709	871,017	909,913	950,442
RSR Rebuilding Fee			4,531	8,748	9,133	9,534
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**864,444**	**918,908**	**961,971**	**1,006,390**
Service Fees & Other Revenues	20,384	19,799	21,079	22,815	24,671	26,786
Total Earned Revenues	**785,053**	**820,279**	**885,523**	**941,723**	**986,641**	**1,033,176**
Net Claims Incurred	747,435	624,777	672,137	725,356	748,183	826,983
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,376**	**803,137**	**861,930**	**886,102**	**975,950**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	34,173	35,970	37,450	38,991
Premium Taxes	23,342	24,426	26,351	27,994	29,294	30,635
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,630**	**146,406**	**151,233**	**160,440**
Underwriting Income (Loss)	**(216,897)**	**(66,849)**	**(56,245)**	**(66,614)**	**(50,694)**	**(103,213)**
Investment Income	147,735	28,807	49,907	84,606	77,345	128,259
Net Income (Loss) from Operations	**(69,162)**	**(38,042)**	**(6,337)**	**17,993**	**26,651**	**25,046**

Manitoba Public Insurance

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2015/16 - 2.4% Rate Change and 1% RSR Rebuilidng Fee

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	2015P	2016P	2017P	2018P	2019P
BASIC						
Assets						
Cash and investments	1,424,341	1,309,921	1,259,116	1,350,897	1,383,624	1,487,184
Equity investments	600,483	619,956	699,482	673,811	718,685	739,054
Investment property	32,226	31,192	30,943	30,700	30,488	30,343
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	266,732	277,983	289,586	301,525
Prepaid expenses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,366,660	2,424,071	2,503,768	2,596,080	2,717,227
Liabilities						
Due to other insurance companies						
Accounts payable and accrued liabilites	1,213	1,596	1,596	1,596	1,596	1,596
Financing lease obligation	35,769	35,673	38,169	39,780	41,440	43,148
Unearned premiums and fees	2,841	3,079	3,020	2,956	2,887	2,814
Provision for employee current benefits	402,982	438,580	474,105	497,716	522,278	547,717
Provision for employee future benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for unpaid claims	235,172	249,058	262,114	276,474	291,389	306,958
	1,584,042	1,489,392	1,494,005	1,520,131	1,534,939	1,592,384
Equity	2,277,408	2,233,923	2,290,663	2,357,435	2,414,460	2,515,721
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve						
Retained Earnings	99,878	61,836	55,499	73,492	100,142	125,188
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	61,836	55,499	73,492	100,142	125,188
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,842	81,480	76,319
Total Equity	170,162	132,737	133,408	146,333	181,620	201,507
	2,447,570	2,366,660	2,424,071	2,503,768	2,596,080	2,717,228

Manitoba Public Insurance
Statement of Retained Earnings

2015/16 - 2.4% Rate Change and 1% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	61,836	55,499	73,492	100,142
Transfer from (to) Basic Retained Earnings	(49,922)	(38,042)	(6,337)	17,993	26,651	25,046
Ending Balance	**99,878**	**61,836**	**55,499**	**73,496**	**100,142**	**125,188**
Minimum RSR based on PUB rules	78,500	82,300	89,000	93,200	97,600	102,100
Maximum RSR based on PUB rules	156,900	165,700	179,300	187,800	196,500	205,600
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(38,042)	(6,337)	17,993	26,651	25,046
Retained Earnings Prior to Transfers	(49,922)	(38,042)	(6,337)	17,993	26,651	25,046
Transfer from (to) Rate Stabilization Reserve	49,922	38,042	6,337	(17,993)	(26,651)	(25,046)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 61,836**	**$ 55,499**	**$ 73,492**	**$ 100,142**	**$ 125,188**

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

2015/16 - 0% Rate Change and no RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015F**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Motor Vehicles	756,642	795,233	830,811	867,985	906,707	947,065
RSR Rebuilding Fee			-	-	-	-
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**868,161**	**909,199**	**951,628**	**995,260**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	814,090	850,513	888,508	928,097
RSR Rebuilding Fee			-	-	-	-
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**849,293**	**889,656**	**931,433**	**974,511**
Service Fees & Other Revenues	20,384	19,799	21,079	22,622	24,463	26,561
Total Earned Revenues	**785,053**	**820,279**	**870,372**	**912,278**	**955,896**	**1,001,072**
Net Claims Incurred	747,435	624,776	672,134	725,429	749,613	825,221
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,320
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,376**	**803,134**	**862,003**	**887,533**	**974,189**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	33,772	35,016	36,455	37,952
Premium Taxes	23,342	24,426	25,897	27,116	28,378	29,679
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**137,775**	**144,575**	**149,322**	**158,444**
Underwriting Income (Loss)	**(216,897)**	**(66,848)**	**(70,536)**	**(94,300)**	**(80,958)**	**(131,561)**
Investment Income	147,735	28,807	49,893	83,171	89,396	110,631
Net Income (Loss) from Operations	**(69,162)**	**(38,042)**	**(20,642)**	**(11,128)**	**8,438**	**(20,930)**

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2015/16 - 0% Rate Change and no RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015P	2016P	2017P	2018P	2019P
BASIC						
Assets						
Cash and investments	1,424,341	1,309,922	1,239,653	1,305,163	1,356,993	1,395,975
Equity investments	600,483	619,956	697,152	668,235	663,550	713,141
Investment property	32,226	31,192	30,840	30,509	30,207	29,974
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	259,908	270,859	282,150	293,761
Prepaid ex penses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,366,661	2,395,352	2,445,142	2,506,595	2,591,974
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	37,193	38,760	40,376	42,037
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	460,670	483,690	507,635	532,431
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,392	1,494,004	1,520,200	1,536,489	1,592,126
	2,277,408	2,233,923	2,276,250	2,342,459	2,400,303	2,499,065
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	61,836	41,193	30,066	38,503	17,575
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	61,836	41,193	30,066	38,503	17,575
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,619	67,793	75,334
Total Equity	170,162	132,738	119,102	102,685	106,297	92,909
	2,447,570	2,366,661	2,395,352	2,445,143	2,506,600	2,591,975

Manitoba Public Insurance
Statement of Retained Earnings

2015/16 - 0% Rate Change and no RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015P	2016P	2017P	2018P	2019P
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	61,836	41,193	30,066	38,503
Transfer from (to) Basic Retained Earnings	(49,922)	(38,042)	(20,643)	(11,127)	8,438	(20,929)
Ending Balance	**99,878**	**61,836**	**41,193**	**30,066**	**38,503**	**17,575**
Minimum RSR based on PUB rules	78,500	82,900	86,900	91,000	95,300	99,700
Maximum RSR based on PUB rules	156,900	165,600	173,500	181,700	190,200	198,900
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(38,042)	(20,643)	(11,127)	8,438	(20,929)
Retained Earnings Prior to Transfers	(49,922)	(38,042)	(20,643)	(11,127)	8,438	(20,929)
Transfer from (to) Rate Stabilization Reserve	49,922	38,042	20,643	11,127	(8,438)	20,929
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 61,836**	**$ 41,193**	**$ 30,066**	**$ 38,503**	**$ 17,575**

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

2015/16 - 0% Rate Change and 1% RSR Rebuilidng Fee

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	**2015F**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Motor Vehicles	756,642	795,233	830,811	867,985	906,707	947,065
RSR Rebuilding Fee			8,349	8,716	9,099	9,499
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**876,510**	**917,915**	**960,727**	**1,004,759**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	814,090	850,513	888,508	928,097
RSR Rebuilding Fee			4,425	8,543	8,919	9,311
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**853,718**	**898,199**	**940,352**	**983,821**
Service Fees & Other Revenues	20,384	19,799	21,079	22,680	24,525	26,628
Total Earned Revenues	**785,053**	**820,279**	**874,797**	**920,879**	**964,877**	**1,010,449**
Net Claims Incurred	747,435	624,776	672,135	725,510	748,659	826,265
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,320
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,376**	**803,135**	**862,084**	**886,578**	**975,232**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	33,889	35,295	36,745	38,256
Premium Taxes	23,342	24,426	26,030	27,372	28,645	29,958
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,024**	**145,110**	**149,880**	**159,027**
Underwriting Income (Loss)	**(216,897)**	**(66,848)**	**(66,362)**	**(86,315)**	**(71,581)**	**(123,810)**
Investment Income	147,735	28,807	49,897	83,116	76,369	125,155
Net Income (Loss) from Operations	**(69,162)**	**(38,042)**	**(16,464)**	**(3,198)**	**4,788**	**1,345**

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2015/16 - 0% Rate Change and 1% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015P	2016P	2017P	2018P	2019P
BASIC						
Assets						
Cash and investments	1,424,341	1,309,922	1,245,333	1,317,405	1,333,460	1,420,665
Equity investments	600,483	619,956	697,837	670,661	710,677	722,356
Investment property	32,226	31,192	30,870	30,565	30,291	30,085
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	261,901	272,940	284,322	296,029
Prepaid expenses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,366,661	2,403,740	2,461,948	2,532,445	2,628,256
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	37,478	39,058	40,687	42,362
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	464,594	487,786	511,912	536,896
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,392	1,494,004	1,520,282	1,535,615	1,592,298
	2,277,408	2,233,923	2,280,459	2,346,934	2,404,017	2,504,026
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	61,836	45,372	42,174	46,961	48,306
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	61,836	45,372	42,174	46,961	48,306
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,841	81,472	75,925
Total Equity	170,162	132,738	123,281	115,014	128,433	124,231
	2,447,570	2,366,661	2,403,740	2,461,949	2,532,450	2,628,257

Manitoba Public Insurance
Statement of Retained Earnings

2015/16 - 0% Rate Change and 1% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	61,836	45,372	42,174	46,961
Transfer from (to) Basic Retained Earnings	(49,922)	(38,042)	(16,464)	(3,198)	4,788	1,345
Ending Balance	**99,878**	**61,836**	**45,372**	**42,174**	**46,961**	**48,306**
Minimum RSR based on PUB rules	78,500	82,900	86,900	91,000	95,300	99,700
Maximum RSR based on PUB rules	156,900	165,600	173,500	181,700	190,200	198,900
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(38,042)	(16,464)	(3,198)	4,788	1,345
Retained Earnings Prior to Transfers	(49,922)	(38,042)	(16,464)	(3,198)	4,788	1,345
Transfer from (to) Rate Stabilization Reserve	49,922	38,042	16,464	3,198	(4,788)	(1,345)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 61,836**	**$ 45,372**	**$ 42,174**	**$ 46,961**	**$ 48,306**

Manitoba Public Insurance

Multi-year Statements

For the Years Ended February,

2015/16 - 1.4% Rate Change and 1.0% RSR Rebuilidng Fee

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	795,233	842,499	880,187	919,445	960,363
RSR Rebuilding Fee			8,466	8,838	9,226	9,632
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**888,315**	**930,239**	**973,592**	**1,018,190**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	820,284	862,474	900,994	941,132
RSR Rebuilding Fee			4,487	8,663	9,044	9,441
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**859,975**	**910,279**	**952,963**	**996,987**
Service Fees & Other Revenues	20,384	19,799	21,079	22,759	24,611	26,721
Total Earned Revenues	**785,053**	**820,279**	**881,054**	**933,038**	**977,573**	**1,023,708**
Net Claims Incurred	747,435	624,776	672,136	725,273	748,508	826,917
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,376**	**803,135**	**861,847**	**886,427**	**975,884**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	34,055	35,689	37,156	38,685
Premium Taxes	23,342	24,426	26,217	27,735	29,024	30,353
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,378**	**145,866**	**150,670**	**159,851**
Underwriting Income (Loss)	**(216,897)**	**(66,848)**	**(60,460)**	**(74,675)**	**(59,523)**	**(112,028)**
Investment Income	147,735	28,807	49,906	84,723	76,849	126,689
Net Income (Loss) from Operations	**(69,162)**	**(38,042)**	**(10,553)**	**10,048**	**17,326**	**14,662**

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2015/16 - 1.4% Rate Change and 1.0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015P	2016P	2017P	2018P	2019P
BASIC						
Assets						
Cash and investments	1,424,341	1,309,922	1,253,374	1,338,751	1,365,509	1,460,585
Equity investments	600,483	619,956	698,800	671,163	712,971	731,293
Investment property	32,226	31,192	30,913	30,645	30,408	30,238
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	264,719	275,882	287,393	299,235
Prepaid ex penses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,366,661	2,415,603	2,486,817	2,569,977	2,680,472
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	37,881	39,479	41,126	42,821
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	470,142	493,578	517,958	543,208
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,392	1,494,005	1,520,046	1,535,228	1,592,563
	2,277,408	2,233,923	2,286,411	2,352,911	2,410,117	2,511,063
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	61,836	51,283	61,332	78,657	93,319
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	61,836	51,283	61,332	78,657	93,319
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,576	81,208	76,092
Total Equity	170,162	132,738	129,192	133,907	159,866	169,411
	2,447,570	2,366,661	2,415,603	2,486,818	2,569,982	2,680,473

Manitoba Public Insurance
Statement of Retained Earnings

2015/16 - 1.4% Rate Change and 1.0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	61,836	51,283	61,332	78,657
Transfer from (to) Basic Retained Earnings	(49,922)	(38,042)	(10,553)	10,048	17,326	14,662
Ending Balance	**99,878**	**61,836**	**51,283**	**61,332**	**78,657**	**93,319**
Minimum RSR based on PUB rules	78,500	82,900	88,000	92,200	96,500	100,900
Maximum RSR based on PUB rules	156,900	165,600	175,800	184,100	192,700	201,500
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(38,042)	(10,553)	10,048	17,326	14,662
Retained Earnings Prior to Transfers	(49,922)	(38,042)	(10,553)	10,048	17,326	14,662
Transfer from (to) Rate Stabilization Reserve	49,922	38,042	10,553	(10,048)	(17,326)	(14,662)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 61,836**	**$ 51,283**	**$ 61,332**	**$ 78,657**	**$ 93,319**

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

2015/16 - 2.4% Rate Change and 0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	795,233	850,848	888,903	928,544	969,862
RSR Rebuilding Fee			-	-	-	-
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**888,198**	**930,117**	**973,465**	**1,018,057**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	824,709	871,017	909,913	950,442
RSR Rebuilding Fee			-	-	-	-
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**859,913**	**910,160**	**952,838**	**996,856**
Service Fees & Other Revenues	20,384	19,799	21,079	22,758	24,610	26,720
Total Earned Revenues	**785,053**	**820,279**	**880,992**	**932,918**	**977,448**	**1,023,576**
Net Claims Incurred	747,435	624,776	672,137	725,269	748,563	826,870
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,376**	**803,136**	**861,843**	**886,482**	**975,837**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	34,053	35,685	37,152	38,680
Premium Taxes	23,342	24,426	26,215	27,731	29,020	30,349
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,374**	**145,859**	**150,662**	**159,843**
Underwriting Income (Loss)	**(216,897)**	**(66,848)**	**(60,519)**	**(74,784)**	**(59,696)**	**(112,104)**
Investment Income	147,735	28,807	49,904	84,723	76,843	126,675
Net Income (Loss) from Operations	**(69,162)**	**(38,042)**	**(10,615)**	**9,939**	**17,147**	**14,572**

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2015/16 - 2.4% Rate Change and 0% RSR Rebuilidng Fee

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Assets						
Cash and investments	1,424,341	1,309,922	1,253,292	1,338,582	1,365,225	1,460,239
Equity investments	600,483	619,956	698,789	671,125	712,874	731,155
Investment property	32,226	31,192	30,912	30,644	30,406	30,236
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	264,691	275,853	287,362	299,203
Prepaid ex penses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,366,661	2,415,483	2,486,580	2,569,563	2,679,955
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	37,877	39,475	41,122	42,816
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	470,087	493,521	517,899	543,146
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,392	1,494,005	1,520,044	1,535,232	1,592,561
	2,277,408	2,233,923	2,286,352	2,352,848	2,410,056	2,510,994
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	61,836	51,222	61,161	78,308	92,880
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	61,836	51,222	61,161	78,308	92,880
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,572	81,204	76,083
Total Equity	170,162	132,738	129,131	133,733	159,513	168,963
	2,447,570	2,366,661	2,415,483	2,486,581	2,569,568	2,679,956

Manitoba Public Insurance
Statement of Retained Earnings

2015/16 - 2.4% Rate Change and 0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	61,836	51,222	61,161	78,308
Transfer from (to) Basic Retained Earnings	(49,922)	(38,042)	(10,615)	9,939	17,147	14,572
Ending Balance	**99,878**	**61,836**	**51,222**	**61,161**	**78,308**	**92,880**
Minimum RSR based on PUB rules	78,500	82,900	88,800	93,000	97,300	101,800
Maximum RSR based on PUB rules	156,900	165,600	177,400	185,700	194,300	203,200
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(38,042)	(10,615)	9,939	17,147	14,572
Retained Earnings Prior to Transfers	(49,922)	(38,042)	(10,615)	9,939	17,147	14,572
Transfer from (to) Rate Stabilization Reserve	49,922	38,042	10,615	(9,939)	(17,147)	(14,572)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 61,836**	**$ 51,222**	**$ 61,161**	**$ 78,308**	**$ 92,880**

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

2015/16 - 2.4% Rate Change and 2.0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	795,233	850,848	888,903	928,544	969,862
RSR Rebuilding Fee			17,098	17,850	18,634	19,453
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**905,296**	**947,966**	**992,099**	**1,037,510**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	824,709	871,017	909,913	950,442
RSR Rebuilding Fee			9,062	17,496	18,265	19,068
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**868,975**	**927,656**	**971,103**	**1,015,924**
Service Fees & Other Revenues	20,384	19,799	21,079	22,871	24,731	26,851
Total Earned Revenues	**785,053**	**820,279**	**890,054**	**950,526**	**995,834**	**1,042,776**
Net Claims Incurred	747,435	624,776	672,137	726,236	746,823	828,051
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,376**	**803,137**	**862,810**	**884,743**	**977,018**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,496	34,293	36,255	37,748	39,302
Premium Taxes	23,342	24,426	26,487	28,256	29,568	30,921
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,886**	**146,954**	**151,805**	**161,036**
Underwriting Income (Loss)	**(216,897)**	**(66,848)**	**(51,969)**	**(59,237)**	**(40,714)**	**(95,279)**
Investment Income	147,735	28,807	49,913	86,243	77,545	130,009
Net Income (Loss) from Operations	**(69,162)**	**(38,042)**	**(2,055)**	**27,006**	**36,832**	**34,730**

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2015/16 - 2.4% Rate Change and 2.0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015P	2016P	2017P	2018P	2019P
BASIC						
Assets						
Cash and investments	1,424,341	1,309,922	1,264,946	1,366,854	1,404,549	1,517,029
Equity investments	600,483	619,956	700,174	674,135	723,008	745,186
Investment property	32,226	31,192	30,974	30,757	30,571	30,449
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	268,772	280,114	291,811	303,847
Prepaid ex penses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,366,661	2,432,664	2,522,236	2,623,633	2,755,633
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	38,462	40,084	41,758	43,481
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	478,123	501,910	526,657	552,289
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,392	1,494,006	1,521,010	1,534,508	1,592,977
	2,277,408	2,233,923	2,294,974	2,362,813	2,418,726	2,521,217
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	61,836	59,781	86,787	123,619	158,349
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	61,836	59,781	86,787	123,619	158,349
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,636	81,293	76,068
Total Equity	170,162	132,738	137,690	159,424	204,912	234,417
	2,447,570	2,366,661	2,432,664	2,522,237	2,623,638	2,755,634

Manitoba Public Insurance
Statement of Retained Earnings

2015/16 - 2.4% Rate Change and 2.0% RSR Rebuilidng Fee

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015P	2016P	2017P	2018P	2019P
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	61,836	59,781	86,787	123,619
Transfer from (to) Basic Retained Earnings	(49,922)	(38,042)	(2,055)	27,006	36,832	34,730
Ending Balance	**99,878**	**61,836**	**59,781**	**86,787**	**123,619**	**158,349**
Minimum RSR based on PUB rules	78,500	82,900	88,800	93,000	97,300	101,800
Maximum RSR based on PUB rules	156,900	165,600	177,400	185,700	194,300	203,200
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(38,042)	(2,055)	27,006	36,832	34,730
Retained Earnings Prior to Transfers	(49,922)	(38,042)	(2,055)	27,006	36,832	34,730
Transfer from (to) Rate Stabilization Reserve	49,922	38,042	2,055	(27,006)	(36,832)	(34,730)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 61,836**	**$ 59,781**	**$ 86,787**	**$ 123,619**	**$ 158,349**

PUB (MPI) 1-5 Reference: Pro-Formas, R.1 Motor Vehicle Premium

a) Please provide a restated PF.1, PF.2 and PF.3 and R.1 pages 5 and 6 "Motor Vehicle Premiums Written and Earned" to reflect a volume factor of 2.0% throughout the forecast period.

b) Please provide a restated PF.1, PF.2 and PF.3 and R.1 pages 5 and 6 "Motor Vehicle Premiums Written and Earned" to reflect an upgrade factor of 2.85% throughout the forecast period.

RESPONSE:

a) Please see attached for pro forms statements with 2.4% rate increase, 1% RSR Rebuilding Fee and 2.0% volume growth factor.

b) Please see attached for pro forma statements with 2.4% rate increase, 1% RSR Rebuilding Fee and 2.85% upgrade factor.

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

2.0 % volume increase throughout the forecast period

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	**2015F**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Motor Vehicles	756,642	797,215	863,628	904,507	947,201	991,817
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**830,546**	**900,978**	**945,721**	**992,122**	**1,040,012**
Net Premiums Earned						
Motor Vehicles	741,077	770,922	832,414	885,294	927,135	970,847
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**801,530**	**867,617**	**924,436**	**970,060**	**1,017,261**
Service Fees & Other Revenues	20,384	19,799	21,092	22,843	24,716	26,851
Total Earned Revenues	**785,053**	**821,329**	**888,710**	**947,279**	**994,776**	**1,044,113**
Net Claims Incurred	747,435	624,823	672,095	725,442	747,955	827,722
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,423**	**803,095**	**862,016**	**885,875**	**976,689**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,527	34,270	36,142	37,705	39,337
Premium Taxes	23,342	24,458	26,447	28,159	29,537	30,961
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,814**	**138,822**	**146,745**	**151,731**	**161,112**
Underwriting Income (Loss)	**(216,897)**	**(65,907)**	**(53,207)**	**(61,481)**	**(42,830)**	**(93,688)**
Investment Income	147,735	28,801	49,910	86,289	77,447	129,804
Net Income (Loss) from Operations	**(69,162)**	**(37,107)**	**(3,297)**	**24,808**	**34,617**	**36,116**

Manitoba Public Insurance

Manitoba Public Insuranc
Multi-year Statements - Balance Sheet

2.0 % volume increase throughout the forecast period

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Assets						
Cash and investments	1,424,341	1,311,281	1,263,726	1,363,661	1,401,777	1,515,416
Equity investments	600,483	620,098	699,954	673,371	721,284	744,028
Investment property	32,226	31,199	30,964	30,742	30,557	30,444
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,762	267,742	279,578	291,816	304,444
Prepaid expenses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,368,642	2,430,184	2,517,728	2,619,130	2,753,454
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,741	38,314	40,008	41,759	43,566
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	439,511	476,094	500,855	526,667	553,465
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,439	1,494,010	1,520,222	1,534,802	1,592,986
	2,277,408	2,234,969	2,292,801	2,360,893	2,419,032	2,522,487
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	62,771	59,474	84,282	118,899	155,015
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	62,771	59,474	84,282	118,899	155,015
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,553	81,199	75,952
Total Equity	170,162	133,673	137,383	156,836	200,098	230,967
	2,447,570	2,368,642	2,430,184	2,517,728	2,619,130	2,753,454

Manitoba Public Insurance

Manitoba Public Insurance
Statement of Retained Earnings

2.0 % volume increase throughout the forecast period

(C$ 000s, except where noted)

		For the Years Ended February,					
		2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)							
Basic Insurance Rate Stabilization Reserve							
	Beginning Balance	149,800	99,878	62,771	59,474	84,282	118,899
	Transfer from (to) Basic Retained Earnings	(49,922)	(37,107)	(3,297)	24,808	34,617	36,116
	Ending Balance	**99,878**	**62,771**	**59,474**	**84,282**	**118,899**	**155,015**
	Minimum RSR based on PUB rules	78,500	83,100	90,100	94,600	99,300	104,100
	Maximum RSR based on PUB rules	156,900	166,000	180,000	188,900	198,100	207,600
	MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings							
	Beginning Balance	19,240	-	-	-	-	-
	Net Income (Loss) from annual operations	(69,162)	(37,107)	(3,297)	24,808	34,617	36,116
	Retained Earnings Prior to Transfers	(49,922)	(37,107)	(3,297)	24,808	34,617	36,116
	Transfer from (to) Rate Stabilization Reserve	49,922	37,107	3,297	(24,808)	(34,617)	(36,116)
	Balance of Fund	-	-	-	-	-	-
Total Basic Retained Earnings		**$ 99,878**	**$ 62,771**	**$ 59,474**	**$ 84,282**	**$ 118,899**	**$ 155,015**

Manitoba Public Insurance
Premiums Written and Earned

2.0 % volume increase throughout the forecast period

(C$ 000s, except where noted)

BASIC

	2014A	2015P	2016P	2017P	2018P	2019P
Volume Change	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%
Upgrading & Other Changes	2.17%	2.60%	2.60%	2.60%	2.60%	2.60%
Rate Change	0.00%	0.90%	2.40%	0.00%	0.00%	0.00%
Change in RSR Rebuilding Fee			1.00%			
Premiums Unearned during Year	46.05%	47.00%	47.00%	47.00%	47.00%	47.00%
Last Year Premiums Written	742,114	772,268	815,328	881,915	922,941	965,876
Volume Increase	15,584	15,445	16,307	17,638	18,459	19,318
Total Volume Written	757,699	787,713	831,635	899,553	941,400	985,194
Upgrading & Other Changes	16,442	20,481	21,623	23,388	24,476	25,615
Total With Upgrading	774,141	808,194	853,257	922,941	965,876	1,010,809
Impact of Rate Change (Excludes Volume Increases)	0	7,135	20,087	0	0	0
Impact of Change in RSR Rebuilding Fee			8,570	0	0	0
Adjustments	(1,873)	0	0	0	0	0
Total Premium Written Before Rebates	**772,268**	**815,328**	**881,915**	**922,941**	**965,876**	**1,010,809**
Fleet Rebates	(10,560)	(13,682)	(14,408)	(15,041)	(15,706)	(16,394)
Initiatives & Other Charges	(5,066)	(4,432)	(3,878)	(3,393)	(2,969)	(2,598)
Total Premiums Written	**756,642**	**797,215**	**863,628**	**904,507**	**947,201**	**991,817**
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**743,220**	**783,554**	**849,694**	**890,294**	**932,704**	**977,030**
Beginning Unearned Premium Balance	332,834	348,398	374,691	405,905	425,118	445,185
Premiums Written	756,642	797,215	863,628	904,507	947,201	991,817
Unearned Premiums during Year	348,398	374,691	405,905	425,118	445,185	466,154
Premiums Earned						
Total Net Premiums Earned	**741,077**	**770,922**	**832,414**	**885,294**	**927,135**	**970,847**

Manitoba Public Insurance
Multi-year Statements

2.85 % Upgrade increase throughout the forecast period

(C$ 000s, except where noted)	For the Years Ended February,					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	797,215	863,681	904,543	947,220	991,816
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**830,546**	**901,031**	**945,757**	**992,141**	**1,040,010**
Net Premiums Earned						
Motor Vehicles	741,077	770,922	832,442	885,338	927,162	970,855
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**801,530**	**867,646**	**924,480**	**970,087**	**1,017,269**
Service Fees & Other Revenues	20,384	19,799	21,092	22,843	24,716	26,851
Total Earned Revenues	**785,053**	**821,329**	**888,738**	**947,323**	**994,803**	**1,044,121**
Net Claims Incurred	747,435	624,823	672,094	726,367	746,925	827,844
Claims Expense	114,552	116,249	120,486	126,010	127,314	138,319
Road Safety/Loss Prevention	12,816	11,350	10,514	10,564	10,606	10,648
Total Claims Costs	**874,803**	**752,423**	**803,094**	**862,941**	**884,845**	**976,810**
Expenses						
Operating	67,982	73,568	74,791	79,063	81,043	87,298
Commissions	32,057	33,527	34,271	36,144	37,706	39,337
Premium Taxes	23,342	24,458	26,447	28,161	29,538	30,962
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,814**	**138,824**	**146,747**	**151,733**	**161,112**
Underwriting Income (Loss)	**(216,897)**	**(65,907)**	**(53,180)**	**(62,365)**	**(41,775)**	**(93,802)**
Investment Income	147,735	28,801	49,910	86,289	77,422	129,814
Net Income (Loss) from Operations	**(69,162)**	**(37,106)**	**(3,269)**	**23,924**	**35,647**	**36,012**

Manitoba Public Insurance

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

2.85 % Upgrade increase throughout the forecast period

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Assets						
Cash and investments	1,424,341	1,311,282	1,263,763	1,363,725	1,401,817	1,515,466
Equity investments	600,483	620,098	699,958	673,386	721,318	744,065
Investment property	32,226	31,199	30,964	30,742	30,558	30,444
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,762	267,754	279,586	291,820	304,444
Prepaid expenses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,368,643	2,430,238	2,517,816	2,619,209	2,753,541
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,741	38,316	40,009	41,760	43,566
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	439,512	476,119	500,872	526,676	553,464
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,489,439	1,494,009	1,521,146	1,534,695	1,593,001
	2,277,408	2,234,969	2,292,826	2,361,835	2,418,935	2,522,502
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	62,772	59,503	83,427	119,073	155,085
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	2,447,570	2,368,643	2,430,238	2,517,816	2,619,209	2,753,541

Manitoba Public Insurance
Statement of Retained Earnings

2.85 % Upgrade increase throughout the forecast period

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	62,772	59,503	83,427	119,073
Transfer from (to) Basic Retained Earnings	(49,922)	(37,106)	(3,269)	23,924	35,647	36,012
Ending Balance	**99,878**	**62,772**	**59,503**	**83,427**	**119,073**	**155,085**
Minimum RSR based on PUB rules	78,500	83,100	90,100	94,600	99,200	104,000
Maximum RSR based on PUB rules	156,900	166,000	180,000	188,900	198,100	207,600
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(37,106)	(3,269)	23,924	35,647	36,012
Retained Earnings Prior to Transfers	(49,922)	(37,106)	(3,269)	23,924	35,647	36,012
Transfer from (to) Rate Stabilization Reserve	49,922	37,106	3,269	(23,924)	(35,647)	(36,012)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 62,772**	**$ 59,503**	**$ 83,427**	**$ 119,073**	**$ 155,085**

Manitoba Public Insurance
Premiums Written and Earned

2.85 % Upgrade increase throughout the forecast period

(C$ 000s, except where noted)

BASIC	2014A	2015P	2016P	2017P	2018P	2019P
Volume Change	1.41%	1.75%	1.75%	1.75%	1.75%	1.75%
Upgrading & Other Changes	2.69%	2.85%	2.85%	2.85%	2.85%	2.85%
Rate Change	0.00%	0.90%	2.40%	0.00%	0.00%	0.00%
Change in RSR Rebuilding Fee			1.00%			
Premiums Unearned during Year	46.05%	47.00%	47.00%	47.00%	47.00%	47.00%
Last Year Premiums Written	742,114	772,268	815,329	881,967	922,978	965,895
Volume Increase	15,584	13,515	14,268	15,434	16,152	16,903
Total Volume Written	757,699	785,782	829,597	897,402	939,130	982,798
Upgrading & Other Changes	16,442	22,395	23,644	25,576	26,765	28,010
Total With Upgrading	774,141	808,177	853,241	922,978	965,895	1,010,808
Impact of Rate Change (Excludes Volume Increases)	0	7,152	20,135	0	0	0
Impact of Change in RSR Rebuilding Fee			8,591	0	0	0
Adjustments	(1,873)	0	0	0	0	0
Total Premium Written Before Rebates	**772,268**	**815,329**	**881,967**	**922,978**	**965,895**	**1,010,808**
Fleet Rebates	(10,560)	(13,682)	(14,408)	(15,041)	(15,706)	(16,394)
Initiatives & Other Charges	(5,066)	(4,432)	(3,878)	(3,393)	(2,969)	(2,598)
Total Premiums Written	**756,642**	**797,215**	**863,681**	**904,543**	**947,220**	**991,816**
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**743,220**	**783,554**	**849,747**	**890,330**	**932,723**	**977,028**
Beginning Unearned Premium Balance	332,834	348,398	374,691	405,930	425,135	445,193
Premiums Writter	756,642	797,215	863,681	904,543	947,220	991,816
Unearned Premiums during Year	348,398	374,691	405,930	425,135	445,193	466,153
Premiums Earned	**741,077**	**770,922**	**832,442**	**885,338**	**927,162**	**970,855**
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)

PUB (MPI) 1-6 Reference: Revenues

a) Why are the "Impact of Rate Change" and the "Impact of Change in RSR Rebuilding Fee Adjustments" calculated to exclude volume increases? [R.1, Page 5]

b) Why is ceded written premium not equal to ceded earned premium as forecasted for 2014/15? [R.1, Page 6]

c) How is the analysis of historical fleet rebates and surcharges affected by historical and proposed changes in average rate level? [R.1.3, Page 14]

d) To what does the Corporation attribute the decline in the fleet rebate ratio in fiscal year 2013/14? [R.1.3, Page 14]

e) "There is a strong indication that the DSR program is very close to its 'steady state' distribution of drivers on the DSR scale." [R.2, Page 21] Given this assertion, why is the forecasted distribution in DSR level 15 showing significant growth, and the forecasted distribution in DSR levels 10 to 14 showing significant decline? [R.2, Page 22]

f) "The written driver premium forecast is calculated by multiplying the policy year projected earned driver units by the driver licence premiums at each DST level." [R.2, Page 23] Why are earned driver units used to calculate written driver premiums?

g) How does the Corporation test the need for changes to service fees and other revenue sources i.e. how does the Corporation compare the cost of delivering a service with the fees collected in providing the service? [R.4, Pages 28 to 32]

h) "The motor vehicle transaction fees forecast is based on historical average growth rates" [R.4, Page 28] Given this assertion, why does the forecast growth rate vary between 0.9% and 6.5% over the forecast period? [R.4, Page 29]

i) Please provide an illustrative derivation of the projected amounts of Quarterly Financing Interest and Monthly Financing Interest. [R.4, Page 31]

RESPONSE:

a) The calculations are performed this way in order to isolate the impact of the rate increase and RSR rebuilding fee. Volume growth and vehicle upgrade occur regardless of the rate change proposed by the Corporation.

b) The ceded written and ceded earned premium amounts should match in 2014/15. The addition of the statement of financial position to the financial model required a minor adjustment to ceded premium in 2014/15 and does not impact the ceded premium in the rating years.

c) The historical fleet rebate and surcharges are impacted by actual changes in the average rate level relative to changes in the actual observed loss costs. The observed percentage of rebates, surcharges, and net rebates for the fleet program have been very stable over time and the Corporation is assuming this trend will continue in making its forecast. The Corporation believes this assumption is reasonable in light of the historical fleet experience.

d) There was a sharp increase in the claims incurred for fleets of approximately 12% in the 2012/13 policy year, which reduced the average fleet rebates paid in the 2013/14 fiscal year.

e) The statement is referring to the improved stability of the movement of drivers from one DSR level to another DSR in a given year. The main reason for the increasing number of drivers at DSR +15 is because of the initial placement of drivers on the DSR scale in 2010. At the initiation of the DSR program there was a large block of drivers placed at +10 on the DSR scale. This segment of drivers has been gradually moving up the scale and will reach DSR +15 in the 2015/16 policy year. As shown in Volume II Revenues, Appendix A – Distribution of Earned Drivers, this large segment of drivers accounts for 12.8% of units at DSR

+13 in 2013/14, then 11.09% of units at DSR +14 in 2014/15, and then results in a large increase to DSR +15 in the 2015/16 year.

The actual proportion of drivers between DSR +10 and DSR +15 remains relatively stable over the forecast period, ranging from 49.57% to 52.02% of drivers over the forecast period.

f) The *policy year* earned units (which are earned subject to staggered renewals over a two year period) are used as an approximation of the number of written units in that fiscal year.

g) When new service fees are introduced they are priced according to work effort to complete on a cost recovery principle, for example the pricing and introduction of special license plates fees was based on a review of the costs to implement and administer each new plate. Service fees are only reviewed when the associated work load changes significantly enough to warrant review.

h) Motor Vehicle Transaction fees are comprised of various types of fees (15 types). Some of these fees can fluctuate from year to year based on transaction counts and they all bring in a range of revenues, thus the variable forecasted growth.

i) Please see attached.

Financing Interest Calculations

	2013/14 (a)	2014/15	2015/16	2016/17	2017/18	2018/19
Compound Growth Rate *		10.49%	9.87%	11.53%	13.16%	13.27%
Basic %		69.31%	69.83%	70.93%	71.33%	71.73%
Quarterly Financing Interest						
Corporate	2,424	2,679	2,943	3,282	3,714	4,207
Basic	1,706	1,857	2,055	2,328	2,649	3,017
Monthly Financing Interest						
Corporate	10,338	11,423	12,550	13,996	15,839	17,941
Basic	7,277	7,918	8,764	9,927	11,297	12,868

* Compounded growth rate comprised of interest rate as well as premium growth considerations

Prior year's Corporate interest amount is multiplied by the growth rate for the current year to arrive at the current year interest.

PUB (MPI) 1-7 **Reference: PF.6, 2015/16 Comparative Statement**

a) Please explain why 80% and not 100% of IBM Data Centre Costs are transferred to Normal operations.

b) Basic Operating expenses increased by $4.9 million from last year's projection to this year's forecast. Please provide a detailed comparative schedule similar to E2.1 reflecting the changes.

RESPONSE:

a) As described in Volume II Expense, E.1 Expenses Overview, ongoing expenses transfer to normal operations upon completion of a project. The transfer of 80% of IBM Data Centre costs to normal operations during 2013/14 is reflective of the degree of project completion. This is based on the proportion (approximately 80%) of IBM servers that became operational and available for use by the Corporation. Hence an equivalent portion of the related expenses were classified as normal operations expenses. The remainder (approximately 20%) of the servers is related to the High Availability portion of the project that was still in transition in 2013/14. Therefore these expenses were classified as ongoing expenses. Once the High Availability portion of the project is completed these ongoing expenses will transfer into normal operations.

b) Refer to Volume II Expenses, Appendix 1 (page 14).

PUB (MPI) 1-8 **Reference:** **PF.4, AI.6, 2014 Basic Annual Report , p. 15, Note 24**

Please explain why the allowance for doubtful accounts on the Basic Annual Report (page 15) is $15.1 million at February 28, 2014.

RESPONSE:

The allowance for doubtful accounts amount quoted on page 15 of the Basic Annual Report is a typo at $15.1 million. The correct number is accurately reflected in note 24 (page 36) at $4.9 million.

PUB (MPI) 1-9 Reference: PFT of Dan Guimond, p. 16

Mr. Guimond has stated that "… management will not contemplate, for example, any of the following cost-cutting opportunities: … arbitrarily increase the Basic deductible to avoid claims …"

a) Under what circumstances would the Corporation consider an increase to the Basic deductible?

b) To provide context for this issue, please provide an estimate of the indicated overall change in average rate level if a $100 increase in Basic deductible was being proposed for 2015/16 (vs. +2.4% as filed).

RESPONSE:

a) The Corporation is very concerned about the current financial condition of the Basic line of business. In particular:
   - Basic has sustained net losses of approximately $70M in each of the past two years.
   - If interest rates do not rise as forecast by the five major banks and the PUB considers this to be a significant risk, then the PUB must be prepared for retained earnings to decrease by a further $16M, unless a risk tolerance adjustment is adopted. Although the Rate Application is prepared using the approach from Order 151/13, this is one assumption Mr. Guimond, in his testimony, has asked the PUB to reconsider its position on, recognizing the high risk of volatility and its impact on Basic rates. Importantly, if a risk tolerance adjustment to the interest rate forecast is not applied by the PUB, there is a very significant risk that the applied for rates are deficient by at least 1.9% (even with the 2.4% applied for).
   - Basic premiums are deficient by 2.4%, but could be deficient by over 4.0% if assumed interest rate increases do not materialize.
   - Basic's current capital level of $99.9M is deficient. Even if the Board approves the Corporation's 2015/16 rate increase of 2.4% in addition to the 1% RSR

Rebuilding Fee, the Rate Stabilization Reserve is projected to decline to a low of $62M in 2015/16 and even lower to $55M by 2016/17. The RSR will decline even further if projected interest rate increases do not materialize. The DCAT, in which the Corporation has actively collaborated with the PUB, includes an actuarial opinion of a minimum Basic capital requirement of $194 million. The Minimum Capital Test, a capital target used by private and public insurers in Canada, indicates a minimum capital requirement for Basic in excess of $300M (assuming 100% MCT score).

- The deficient Basic premiums and capital levels have resulted in a loss of rate predictability and stability for our customers.

The rate application provides concrete solutions for the PUB's consideration to ensure the Corporation and the PUB are both able to move forward and achieve the mutual objectives of both organizations. Specifically, the Corporation will address the RSR deficiency through transfers of excess retained earnings to Basic from other lines of business outside the jurisdiction of the PUB.* The PUB is asked to approve Basic rates that will put an end to the deficiency in Basic premiums.

If this approach is unsuccessful, the Corporation may consider recommending to the Government to raise the deductible. Changing coverage, and in particular, decreasing coverage, would likely be a last resort. The Corporation would recommend such an approach most reluctantly as it would have a negative impact on the ratepayers and the economy of Manitoba.

In discussing the increase to the deductible, the Corporation notes that it does not consider changes to Basic coverage as this is the exclusive purview of the Legislature of Manitoba through amendments to *The Manitoba Public Insurance Corporation Act* and regulations thereunder. The Corporation administers the universal compulsory automobile plan and implements changes as legislated by Government.

b) Please refer to the last paragraph in the above response.

*as per the sequence outlined on page 8 of Mr. Guimond's pre-filed testimony

PUB (MPI) 1-10 Reference: Interest Rate Forecasts

a) Please file a copy of each of the forecasts utilized by MPI in setting the interest rate forecast.

b) Please indicate the frequency and timing of updates to the 5 Major Banks and Global Insight interest rate forecasts used by MPI.

c) Please file the interest rate forecast eliminating the highest forecast interest rate for each quarter and provide a comparison of the results with the current proposed interest rate forecast for each of short term and long term interest rates.

RESPONSE:

a) Please find below the individual interest rates forecasts from the five Major Banks and Global Insight. In addition, find attached a copy of the individual forecasts.

Standard Interest Rate Forecast

	10 Year Canada						
	BMO NB	***CIBC***	***Global***	***RBC***	***Scotia***	***TD***	***Average***
2014 Q1	2.49%	2.51%	2.81%	2.70%	2.55%	2.65%	**2.62%**
Q2	2.66%	2.70%	2.93%	3.00%	2.75%	2.80%	**2.81%**
Q3	2.90%	2.85%	3.05%	3.20%	2.90%	3.00%	**2.98%**
Q4	3.16%	3.00%	3.12%	3.40%	3.05%	3.10%	**3.14%**
2015 Q1	3.39%	3.10%	3.19%	3.50%	3.25%	3.25%	**3.28%**
Q2	3.59%	3.35%	3.25%	3.65%	3.35%	3.35%	**3.42%**
Q3	3.78%	3.45%	3.35%	3.90%	3.50%	3.45%	**3.57%**
Q4	3.96%	3.55%	3.52%	4.10%	3.60%	3.55%	**3.71%**
2016 Q1			3.70%				**3.70%**
Q2			3.83%				**3.83%**
Q3			3.97%				**3.97%**
Q4			4.12%				**4.12%**
2017 Q1			4.32%				**4.32%**
Q2			4.50%				**4.50%**
Q3			4.62%				**4.62%**
Q4			4.62%				**4.62%**
2018 Q1			4.62%				**4.62%**
Q2			4.62%				**4.62%**
Q3			4.62%				**4.62%**
Q4			4.62%				**4.62%**

Standard Interest Rate Forecast

	T-Bill Canada						
	BMO NB	***CIBC***	***Global***	***RBC***	***Scotia***	***TD***	***Average***
2014 Q1	0.88%	0.83%	0.86%	1.00%	0.90%	0.95%	**0.90%**
Q2	0.88%	0.90%	0.89%	1.05%	0.95%	0.95%	**0.94%**
Q3	0.88%	0.95%	0.94%	1.10%	1.00%	0.95%	**0.97%**
Q4	0.88%	0.95%	0.99%	1.10%	1.05%	0.95%	**0.99%**
2015 Q1	0.88%	1.05%	1.00%	1.10%	1.10%	0.95%	**1.01%**
Q2	0.88%	1.20%	1.00%	1.35%	1.10%	1.05%	**1.10%**
Q3	1.14%	1.45%	1.08%	1.60%	1.20%	1.40%	**1.31%**
Q4	1.40%	1.70%	1.40%	1.85%	1.55%	1.40%	**1.55%**
2016 Q1			2.17%				**2.17%**
Q2			2.59%				**2.59%**
Q3			3.07%				**3.07%**
Q4			3.54%				**3.54%**
2017 Q1			4.12%				**4.12%**
Q2			4.51%				**4.51%**
Q3			4.50%				**4.50%**
Q4			4.50%				**4.50%**
2018 Q1			4.50%				**4.50%**
Q2			4.50%				**4.50%**
Q3			4.50%				**4.50%**
Q4			4.50%				**4.50%**

b) The five Major Banks and Global Insight typically update their interest rate forecasts on a monthly basis.

c) Please find below the interest rate forecasts eliminating the highest forecasted interest rate and comparison of results for short term and long term interest rates.

Standard Interest Rate Forecast

	10 Year Canada								
	BMO NB	CIBC	Global	RBC	Scotia	TD	Average	Average wo highest	Difference
2014 Q1	2.49%	2.51%	2.81%	2.70%	2.55%	2.65%	2.62%	2.58%	-0.04%
Q2	2.66%	2.70%	2.93%	3.00%	2.75%	2.80%	2.81%	2.77%	-0.04%
Q3	2.90%	2.85%	3.05%	3.20%	2.90%	3.00%	2.98%	2.94%	-0.04%
Q4	3.16%	3.00%	3.12%	3.40%	3.05%	3.10%	3.14%	3.09%	-0.05%
2015 Q1	3.39%	3.10%	3.19%	3.50%	3.25%	3.25%	3.28%	3.24%	-0.04%
Q2	3.59%	3.35%	3.25%	3.65%	3.35%	3.35%	3.42%	3.38%	-0.05%
Q3	3.78%	3.45%	3.35%	3.90%	3.50%	3.45%	3.57%	3.51%	-0.07%
Q4	3.96%	3.55%	3.52%	4.10%	3.60%	3.55%	3.71%	3.64%	-0.08%
2016 Q1			3.70%				3.70%	3.70%	0.00%
Q2			3.83%				3.83%	3.83%	0.00%
Q3			3.97%				3.97%	3.97%	0.00%
Q4			4.12%				4.12%	4.12%	0.00%
2017 Q1			4.32%				4.32%	4.32%	0.00%
Q2			4.50%				4.50%	4.50%	0.00%
Q3			4.62%				4.62%	4.62%	0.00%
Q4			4.62%				4.62%	4.62%	0.00%
2018 Q1			4.62%				4.62%	4.62%	0.00%
Q2			4.62%				4.62%	4.62%	0.00%
Q3			4.62%				4.62%	4.62%	0.00%
Q4			4.62%				4.62%	4.62%	0.00%

Standard Interest Rate Forecast

	T-Bill Canada								
	BMO NB	CIBC	Global	RBC	Scotia	TD	Average	Average wo highest	Difference
2014 Q1	0.88%	0.83%	0.86%	1.00%	0.90%	0.95%	0.90%	0.88%	-0.02%
Q2	0.88%	0.90%	0.89%	1.05%	0.95%	0.95%	0.94%	0.91%	-0.02%
Q3	0.88%	0.95%	0.94%	1.10%	1.00%	0.95%	0.97%	0.94%	-0.03%
Q4	0.88%	0.95%	0.99%	1.10%	1.05%	0.95%	0.99%	0.96%	-0.02%
2015 Q1	0.88%	1.05%	1.00%	1.10%	1.10%	0.95%	1.01%	0.97%	-0.04%
Q2	0.88%	1.20%	1.00%	1.35%	1.10%	1.05%	1.10%	1.05%	-0.05%
Q3	1.14%	1.45%	1.08%	1.60%	1.20%	1.40%	1.31%	1.25%	-0.06%
Q4	1.40%	1.70%	1.40%	1.85%	1.55%	1.40%	1.55%	1.49%	-0.06%
2016 Q1			2.17%				2.17%	2.17%	0.00%
Q2			2.59%				2.59%	2.59%	0.00%
Q3			3.07%				3.07%	3.07%	0.00%
Q4			3.54%				3.54%	3.54%	0.00%
2017 Q1			4.12%				4.12%	4.12%	0.00%
Q2			4.51%				4.51%	4.51%	0.00%
Q3			4.50%				4.50%	4.50%	0.00%
Q4			4.50%				4.50%	4.50%	0.00%
2018 Q1			4.50%				4.50%	4.50%	0.00%
Q2			4.50%				4.50%	4.50%	0.00%
Q3			4.50%				4.50%	4.50%	0.00%
Q4			4.50%				4.50%	4.50%	0.00%

PUB (MPI) 1-11 Reference: II.4.4, MUSH, Table 4.4

Please provide an update to table 4.4 including the actual results for the years 2009/10 to 2013/14.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-12 Reference: II.5.1, Table 5.1

a) Please update the Canadian equity table to include fiscal years 2009/10 to 2013/14.

b) Please update table 5.3.1 adding an additional column including the corresponding actual calendar year for S&P/TSX Canadian equity returns.

RESPONSE:

a) and b)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-13 Reference: II.6.3, US. Equity Returns

Please provide the supporting analysis for using Total Canadian equity return data for forecasting Total U.S. Equity Returns.

RESPONSE:

There is no supporting analysis for using Total Canadian equity return data for forecasting total U.S. Equity returns. Prior to the 2013 GRA, the Corporation calculated separate Canadian and U.S. equity forecasted returns. This methodology was based on using a 1.5% equity risk premium (ERP) plus the average Government 10 year bond yield for both Canada and the U.S. However, this methodology provided rates of return that were considered to be too low for the equity asset classes in the 2013 GRA application. The table below indicates the forecasted equity returns using ERP methodology. Note that the ERP methodology produced very similar resuts for the Canadian and U.S. equities over each year (i.e. within 0.1% percent).

Average Government 10 Year Bond Forecast + 1.5% ERP

	Canadian Equity (Using the Government of Canada 10 Year Bond Rate	**U.S. Equity (Using the U.S. 10 Year Treasury Rate)**
2011 GRA	6.14%	6.16%
2012 GRA	6.10%	6.10%
2013 GRA	**4.80%**	**4.70%**
2014 GRA	4.80%	4.80%
2015 GRA	5.40%	5.50%

In the 2013 GRA, the ERP methodology generated a forecasted return of 4.8% for Canadian equities and a forecasted return of 4.7% U.S. equities, which was determined to be too low. As a result, the minimum equity return methodology was developed in the 2013 GRA application. This methodology found support for a 6.2% equity return that was relatively consistent based on previous forecasted equity returns using the ERP methodology. This return also was supported on the 20 year annualized 5th percentile S&P/TSX Total return index.

In the 2014 GRA application, it was found that there was an error in calculating the mimimum equity return in the 2013 GRA application, and the 5th percentile return was 7.3% instead of the 6.2% return reported in the 2013 GRA application. Based on the PUB Order 157/12 (page 58) approving the minimum equity return methodology, and the continued reference to this same Order in PUB 151/13 (page 23 and 31), the Corporation changed the forecasted minimum equity return to be based on the 5th percentile return (7.3%) of the S&P/TSX Composite Total Return Index. However, if interest rates increase, the ERP methodology for both Canadian and U.S. equities may provide a reasonable forecast for the rate of return in future applications.

PUB (MPI) 1-14 **Reference: II.6 U.S. Equities, Table 6.1**

Please update the U.S. equity table to include fiscal years 2009/10 to 2013/14.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-15 Reference: II.8.1 Infrastructure, Table 8.1

Please update the summary table 8.1 since the inception of infrastructure investments including the actual returns on the infrastructure investments.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-16 **Reference: II.9.2 Infrastructure, Table 9.2**

a) Please update the table of pension expense, including the pension expense for fiscal years 2009/10 through 2013/14.

b) Please provide the supporting documentation for the current pension discount rate of 4.2% and the related pension expense.

RESPONSE:

a) Please refer to Volume II, Investment Income, Page 5 for the pension expense for the years 2009/10 through 2013/14. The 2012/13 pension expense disclosed is the original value; it was restated in 2013/14 to ($10,956).

b) The pension discount rate is calculated internally based on the Discount Rate Assumption Guidance from the Canadian Institute of Actuaries. The Corporation uses high quality corporate bonds rated AA or higher to calculate discount rate. As the Canadian market has a lack of corporate bonds with maturities longer than ten years, and market capitalization of at least $100 million, for maturities greater than ten years, Canadian provincial bonds rated AA can be used. A provincial-corporate spread adjustment is then applied to reflect the additional risk of AA rated corporate bonds.

   The Bloomberg Composite Rating was used to determine the rating of the bonds. The plan duration used was 16 years.

PUB (MPI) 1-17 **Reference: II.9.5 Line of Business Allocation**

a) Please file table 9.5 for each of the four years used in the rolling average and provide the calculations for a three year and four year average.

b) Please indicate how investment income allocated to Basic would change based on a four-year rolling average.

c) Please provide a full description of the negative equity anomaly.

d) Please explain why the Basic investment income allocation is kept static at 83.8% and was not changed based on forecasted changes in the balances to 2018/19 given that the balance sheet is now modeled.

RESPONSE:

a) Please refer to the attachment for table 9.5 for each of the four years used in the rolling average. Calculations for a three year and four year average are provided below.

	Fiscal Year				3 year average	4 year average
Year	2010/2011	2011/2012	2012/2013	2013/2014		
Basic	87.36%	85.10%	82.00%*	84.36%	**83.82%**	**84.71%**
	A	B	C	D	E=(B+C+D)/3	F=(A+B+C+D)/4

*Attachment shows 81.88% for 2012/2013. Difference is due to minor adjustment after forecast was completed.

b) Based on a four year average, the percentage of Investment Income allocated to Basic would be 84.71%, compared to 83.82% when using a three year average. The change in Investment income allocated to Basic would be as follows:

	2014/15	2015/16	2016/17	2017/18
	Forecast			
Corporate Total ($000s)	**34,367**	**59,541**	**100,937**	**92,275**
Basic Allocation Investment Income	29,112	50,437	85,504	78,166
% of Total (Four Year Average)	84.71%	84.71%	84.71%	84.71%
Basic Allocation Investment Income	28,807	49,907	84,606	77,345
% of Total (Three Year Average)	83.82%	83.82%	83.82%	83.82%
Change ($000s)	$305	$530	$898	$821

c) Please refer to II.9.5 for a full description of the negative equity anomaly. As noted on line 23 the anomaly is that the line of business showed a negative equity in the first of the four years used to calculate the average; whereas the business does not now have negative equity and it is not predicted to have negative equity in the future. In order to avoid forecasting at a rate that is higher due to non-representative data, the negative equity anomaly was removed.

d) The Basic investment income allocation calculation is complex. The allocation involves allocating certain general ledger balance sheet accounts by line of business using account specific allocations to determine a net equity position. This complex process cannot be reproduced in the current version of the financial model as the model does not have account level detail and assumptions would need to be made that would undermine the calculation. As a result, the allocation percentage for future periods would be an estimate. The Corporation believes the current approach produces a reasonable estimate without adding complexity to the process.

Table 9.5 for each of the four years used in the rolling average are provided below.

YEAR TO DATE FEBRUARY, 2014

Weighted Balances	Basic	Other Lines	Total
Direct Liabilities & Equities			
Unearned premiums	385,813	91,995	477,809
Unpaid claims	1,488,908	110,973	1,599,881
Retained Earnings	162,074	214,810	376,884
Accumulated Other Comprehensive Income	44,444	1,773	46,217
	2,081,238	419,552	2,500,790
Direct Assets			
Deferred Premium Acquisition Costs	4,475	23,629	28,104
Reinsurers' share of unearned premiums	6,152	1,862	8,014
Reinsurers' share of unpaid claims	26,257	7,581	33,838
Deferred Development Costs - direct	23,395	0	23,395
	60,278	33,072	93,350
Directly attributed to Line of Business	2,020,960	386,480	2,407,440
Allocated to Line of Business	(39,592)	(19,185)	(58,777)
	1,981,369	367,294	2,348,663
%	84.36%	15.64%	100.00%
Total Investment Income	147,736	27,387	175,123

YEAR TO DATE
FEBRUARY, 2013
(in 000's)

Weighted Balances	Basic	Other Lines	Total
Direct Liabilities & Equities			
Unearned premiums	255,118	58,417	313,534
Unpaid claims	928,876	73,961	1,002,837
Retained Earnings	213,062	176,211	389,273
Accumulated Other Comprehensive Income	41,004	9,489	50,494
	1,438,061	318,078	1,756,138
Direct Assets			
Deferred Premium Acquisition Costs	13,057	12,730	25,787
Reinsurers' share of unearned premiums	4,371	1,288	5,660
Reinsurers' share of unpaid claims	19,485	5,062	24,547
Deferred Development Costs - direct	23,395	0	23,395
	60,308	19,081	79,389
Directly attributed to Line of Business	1,377,753	298,997	1,676,750
Allocated to Line of Business	(10,624)	3,631	(6,993)
	1,367,129	302,628	1,669,757
%	81.88%	18.12%	100.00%
Investment Income to be Allocated	68,095	15,073	83,168
Direct Investment Income - **Note 1**		1	1
Total Investment Income	68,095	15,074	83,169

Note 1 - SRE directly attributable investment income and gains on foreign exchange for U.S. fronting deposits

YEAR TO DATE
FEBRUARY, 2012

Schedule 1

Weighted Balances	Basic	Other Lines	Total
Direct Liabilities & Equities			
Unearned premiums	382,752,694	83,679,374	466,432,067
Unpaid claims	1,362,739,885	114,619,443	1,477,359,327
Retained Earnings	225,480,574	163,416,529	388,897,103
Accumulated Other Comprehensive Income	27,866,529	4,848,767	32,715,295
	1,998,839,682	366,564,112	2,365,403,793
Direct Assets			
Deferred Premium Acquisition Costs	28,720,378	17,656,140	46,376,518
Reinsurers' share of unearned premiums	5,014,326	1,401,656	6,415,982
Reinsurers' share of unpaid claims	36,035,951	7,386,984	43,422,935
Deferred Development Costs - direct	24,379,247	0	24,379,247
	94,149,902	26,444,780	120,594,682
Directly attributed to Line of Business	1,904,689,780	340,119,331	2,244,809,111
Allocated to Line of Business	(26,182,345)	(11,449,999)	(37,632,344)
	1,878,507,435	328,669,333	2,207,176,767
%	85.11%	14.89%	100.00%
Investment Income to be Allocated	101,244,455.00	17,714,035.53	118,958,490.53
Direct Investment Income - **Note 1**		16,723.57	16,723.57
Total Investment Income	101,244,455.00	17,730,759.10	118,975,214.10

Note 1 - SRE directly attributable investment income and gains on foreign exchange for U.S. fronting deposits

YEAR TO DATE
FEBRUARY, 2011

Weighted Balances	Basic	Other Lines	Total
Direct Liabilities & Equities			
Unearned premiums	370,948,308	80,032,826	450,981,133
Unpaid claims	1,454,872,675	125,528,086	1,580,400,761
Retained Earnings	328,624,804	148,120,194	476,744,997
Accumulated Other Comprehensive Income	42,068,896	6,175,855	48,244,751
	2,196,514,682	359,856,960	2,556,371,642
Direct Assets			
Deferred Premium Acquisition Costs	29,110,353	15,241,134	44,351,487
Reinsurers' share of unearned premiums	4,674,933	1,468,438	6,143,371
Reinsurers' share of unpaid claims	37,615,471	13,680,778	51,296,249
Deferred Development Costs - direct	26,853,464	0	26,853,464
	98,254,221	30,390,351	128,644,571
Directly attributed to Line of Business	2,098,260,461	329,466,610	2,427,727,071
Allocated to Line of Business	(85,040,877)	(38,182,734)	(123,223,610)
	2,013,219,585	291,283,876	2,304,503,460
%	87.36%	12.64%	100.00%
Investment Income to be Allocated	88,077,662.01	12,743,569.04	100,821,231.05
Direct Investment Income - **Note 1**		(79,613.24)	(79,613.24)
Total Investment Income	88,077,662.01	12,663,955.80	100,741,617.81

Note 1 - SRE directly attributable investment income and gains on foreign exchange for U.S. fronting deposits

PUB (MPI) 1-18 Reference: II.1.2, pp. 13, 14, ALM Study

a) Please file the Request for Proposal for the ALM Study.

b) Please describe the current status of the ALM Study.

c) Please file the expected scope of work for the study.

RESPONSE:

a) b) and c)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-19 Reference: II.17

Please provide the most current Investment Activity & Performance Report.

RESPONSE:

Please see attachment.

Investment Activity & Performance Report

for period ending
February 28, 2014

Manitoba
Public Insurance

Investment Fund's Dollar Value and Asset Allocation Mix

at February 28, 2014

Dollar Value and Asset Allocation Mix at February 28, 2014	Market Value Plus Accrued Income		Current Actual	Target Weight	Over/Under Minimum or Maximum Weight
Cash and Short Term	**$**	**57.1**	**2.3%**	**1.0%**	
Fixed Income					
Marketable Universe Bonds	$	852.3	**34.8%**	29.0%	
Marketable Long-Term Bonds		127.5	5.2%	10.0%	
Non-Marketable Bonds		594.9	24.3%	20.0%	
Total Debt	**$**	**1,574.7**	**64.2%**	**59.0%**	
Public Equities					
Canadian	$	381.5	15.6%	15.0%	
US		138.3	5.6%	5.0%	
Total Public Equities	**$**	**519.8**	**21.2%**	**20.0%**	
Alternative Investments					
Canadian Real Estate	$	244.2	10.0%	13.0%	
Private Equity		3.9	0.2%	0.0%	
Infrastructure*		52.4	2.1%	7.0%	
Total Alternative Investments	**$**	**300.5**	**12.3%**	**20.0%**	
Total Assets:	**$**	**2,452.1**	**100.0%**	**100.0%**	

Non-marketable bonds implied market value plus accrued income at February 28, 2014 was $658.5 million.

* Infrastructure Market Value includes re-appraised market values for Infrastructure Fund and for Infrastructure Co-Investment. The market values show here do not match MPI's Feb. 28, 2014 Financial Statements as the re-appraised market values were received after the financial statements were published. The market value for Infrastructure Direct is based on the mid-point of the valuation range ($13.1 million).

- *All asset classes were within their minimum and their maximum target weights.*

Investment Fund's Dollar Value Growth and Sources of Growth ($millions)

12 Month Period to February 28, 2014

MPI Portfolio Size ($ Millions)		
Fund Value at February 28, 2014	$	2,452.1
Fund Value at February 28, 2013	$	2,351.2
Change in Fund Value*	**$**	**100.9**
*** Decomposition of the Change in Fund Value**		
Interest and Dividend Income Estimate	$	80.7
Capital Gains/(Losses) Estimate	$	107.8
Deposits, Withdrawals and Expenses Estimate	$	(87.6)
Change in Fund Value	**$**	**100.9**

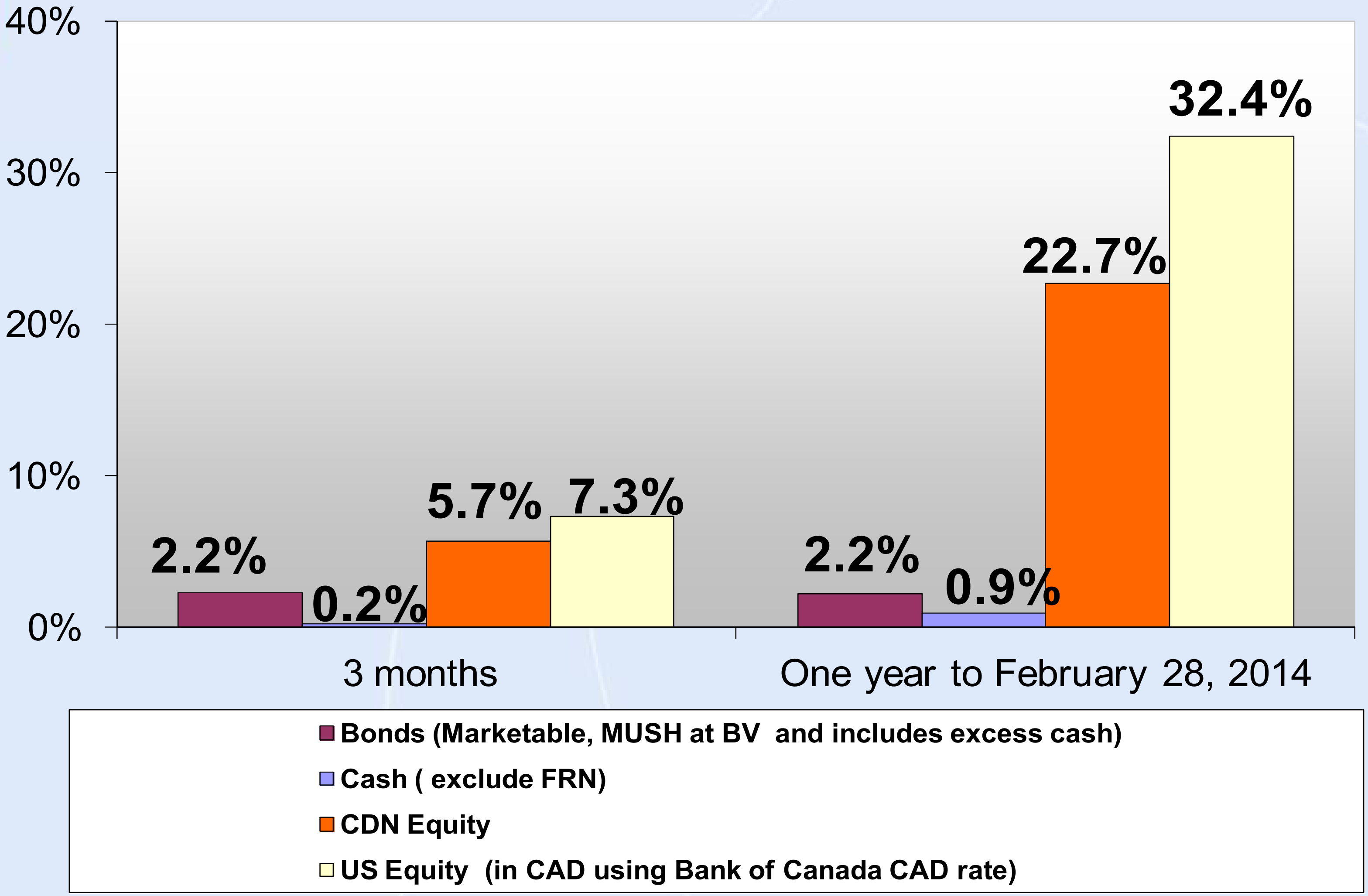
Cash Required to Fund Alternative Asset Classes

at February 28, 2014

Real Estate Allocation		
Advanced to Manager F	$	135.0
Real Estate Direct		37.7
Unrealized Gain (Loss) on Manager F		57.9
Unrealized Gain (Loss) on Real Estate Direct		13.3
Unfunded Real Estate Allocation		74.8
Target Real Estate Allocation (13% of the Fund)	**$**	**318.8**
Infrastructure Allocation		
Infrastructure Direct	$	11.0
Unrealized Gain (Loss) on Infrastructure Direct		2.1
Infrastructure Fund		24.2
Unrealized Gain (Loss) on Infrastructure Fund		3.5
Infrastructure Co-Investment		9.7
Unrealized Gain (Loss) on Infrastructure Co-Investment		1.9
Unfunded Commitment to Infrastructure Fund		5.8
Unfunded Allocation to Unspecified Infrastructure		113.4
Target Infrastructure Allocation (7% of the Fund)	**$**	**171.6**
Amount Required to Fully Fund Alternative Asset Classes		
Unfunded Real Estate Allocation required to reach 13% target	$	74.8
Infrastructure Investment required to reach 7% target		119.3
Total Amount Required to Reach Alternative Target Allocation	**$**	**194.1**

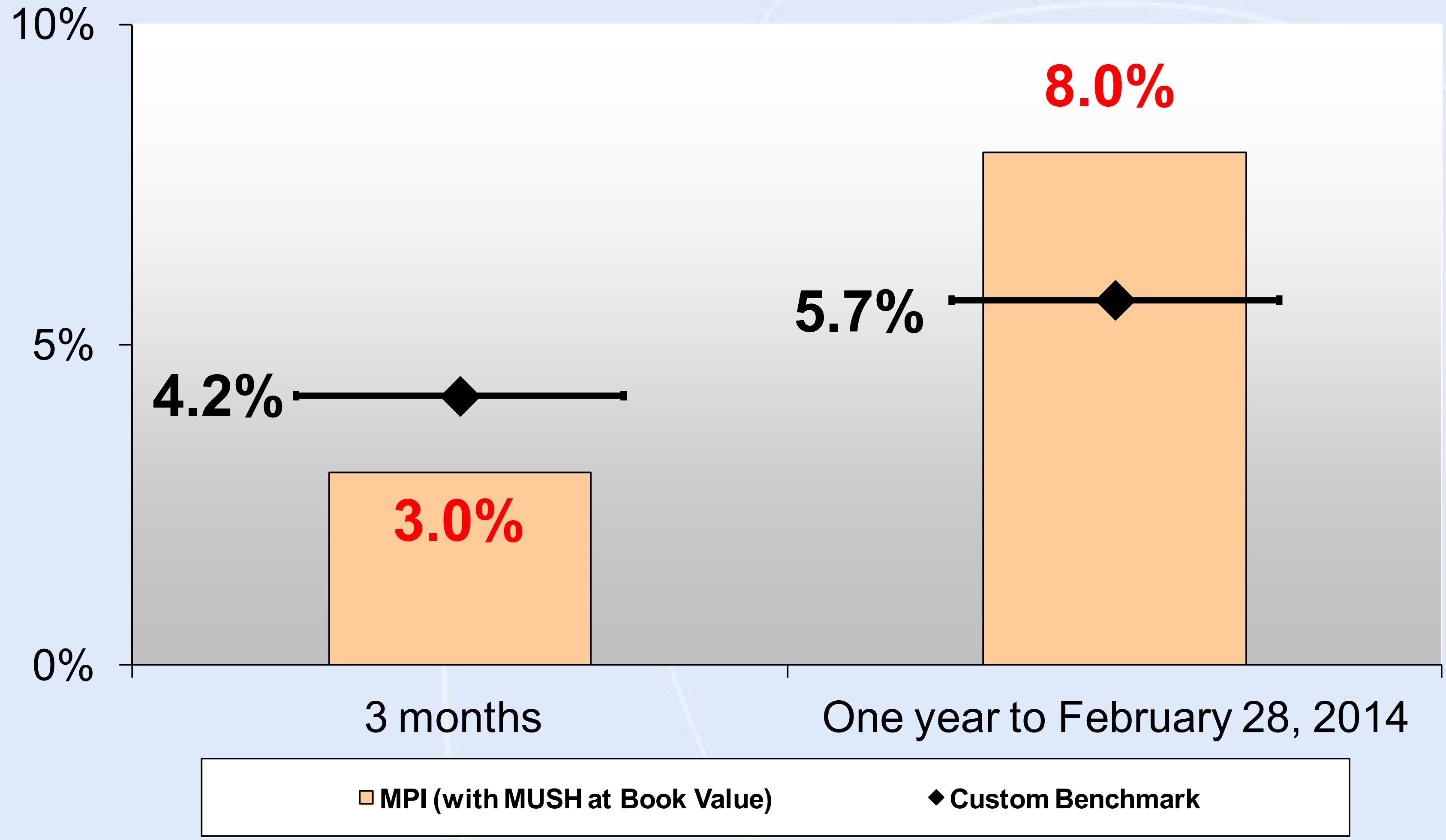
Actual Returns by Asset Class

MUSH Bonds at Book Value
at February 28, 2014



Total Fund Return

MUSH Bonds at Book Value
at February 28, 2014



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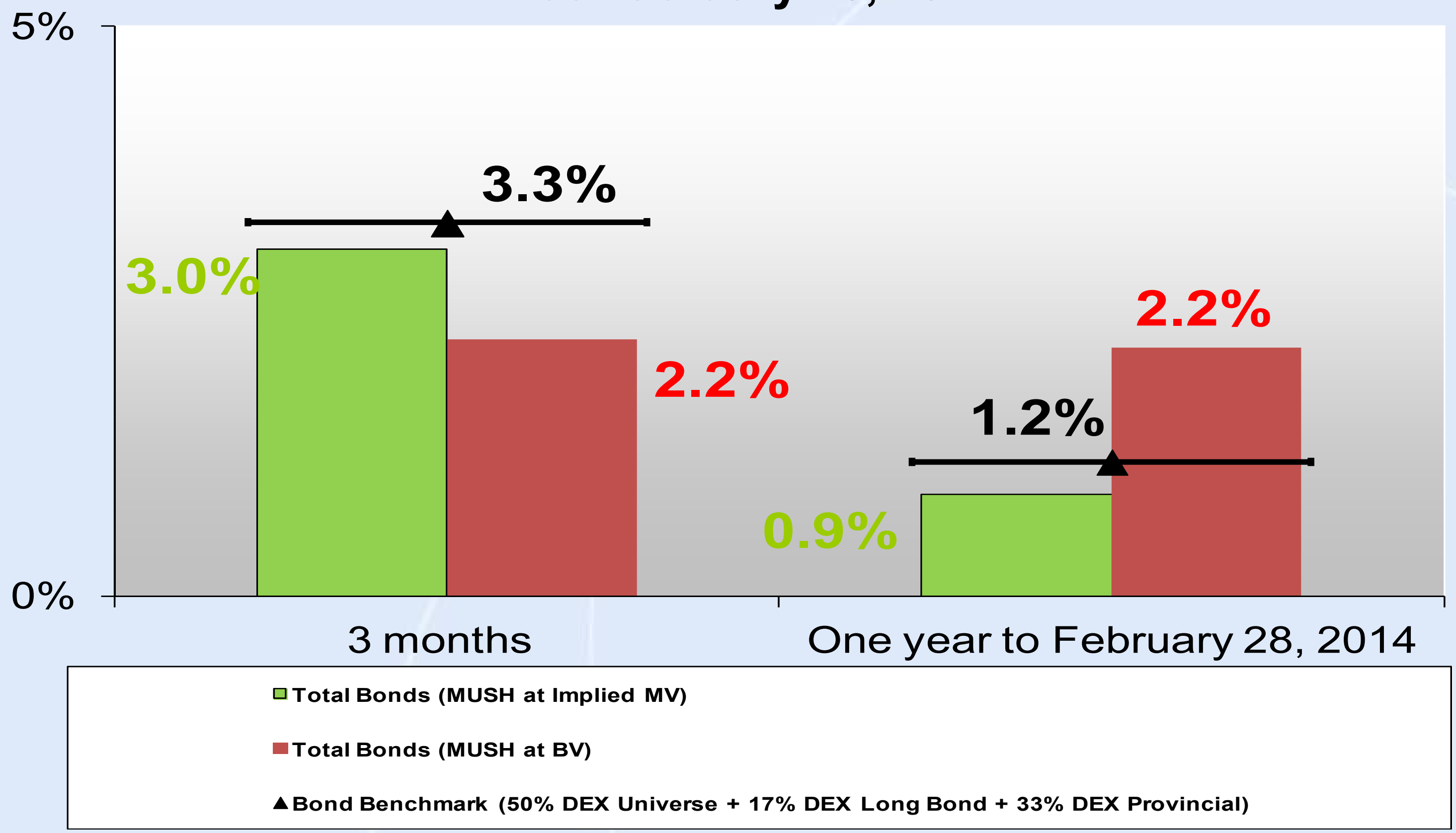
Total Bond Portfolio Return

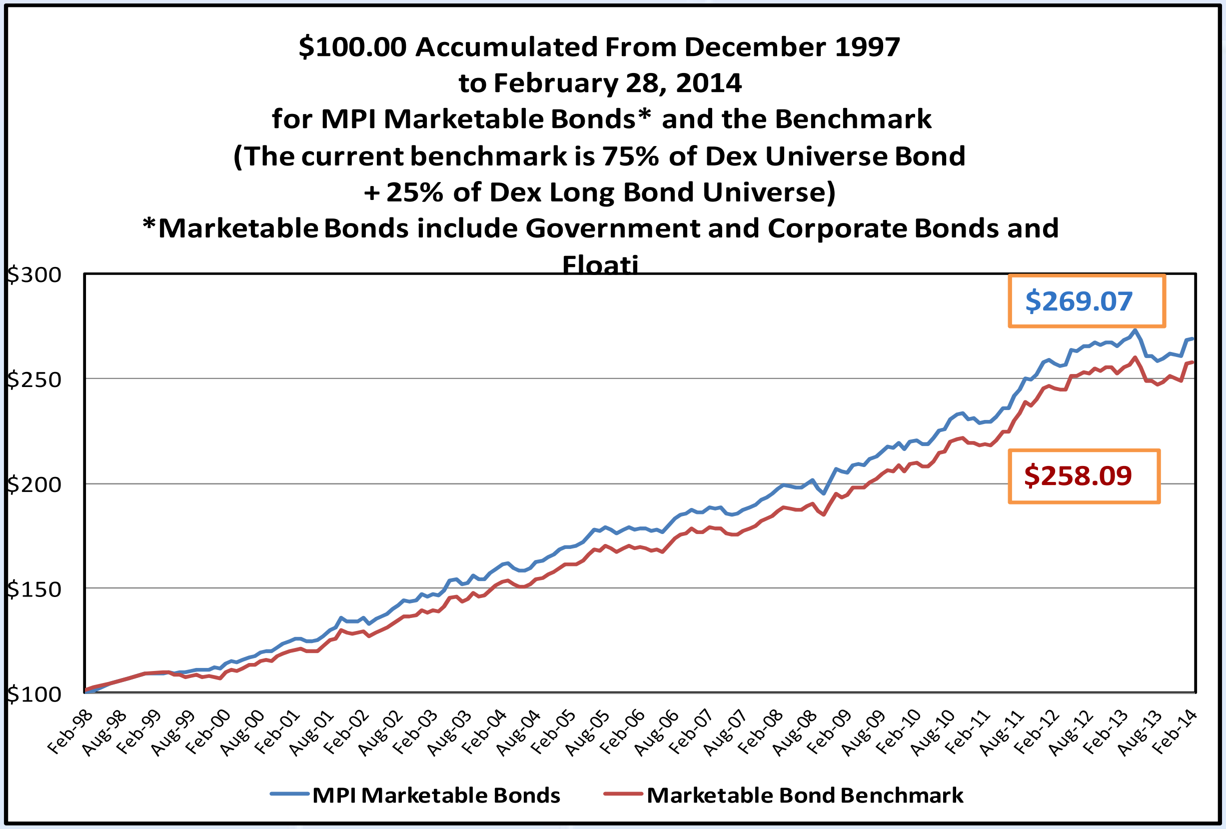
at February 28, 2014



Bond yields rose over the last 12 months and fell over the last 3 months, which increased the return for the 3 month period relative to the 12 month period. When MUSH is valued at implied market value the bond fund underperformed the benchmark by 30 bps for the year and for the quarter. When MUSH is valued at book value the bond fund outperformed the benchmark by 100 bps for the year and underperformed by 110 bps for the quarter.

Marketable Bond Returns

December 1997 to February 28, 2014



From December 1997 to February 28, 2014 marketable bonds have outperformed the benchmark by 0.27% annually.

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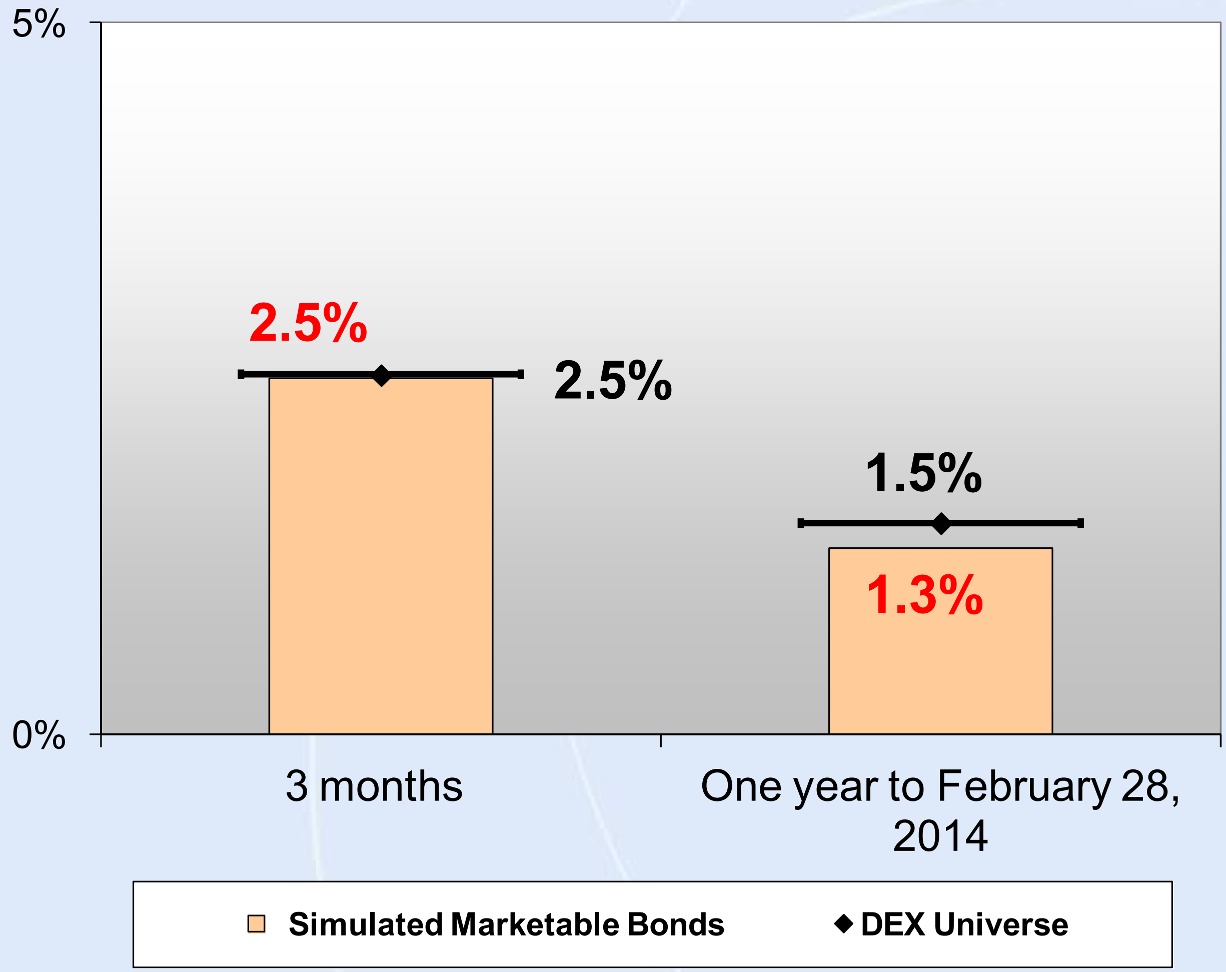
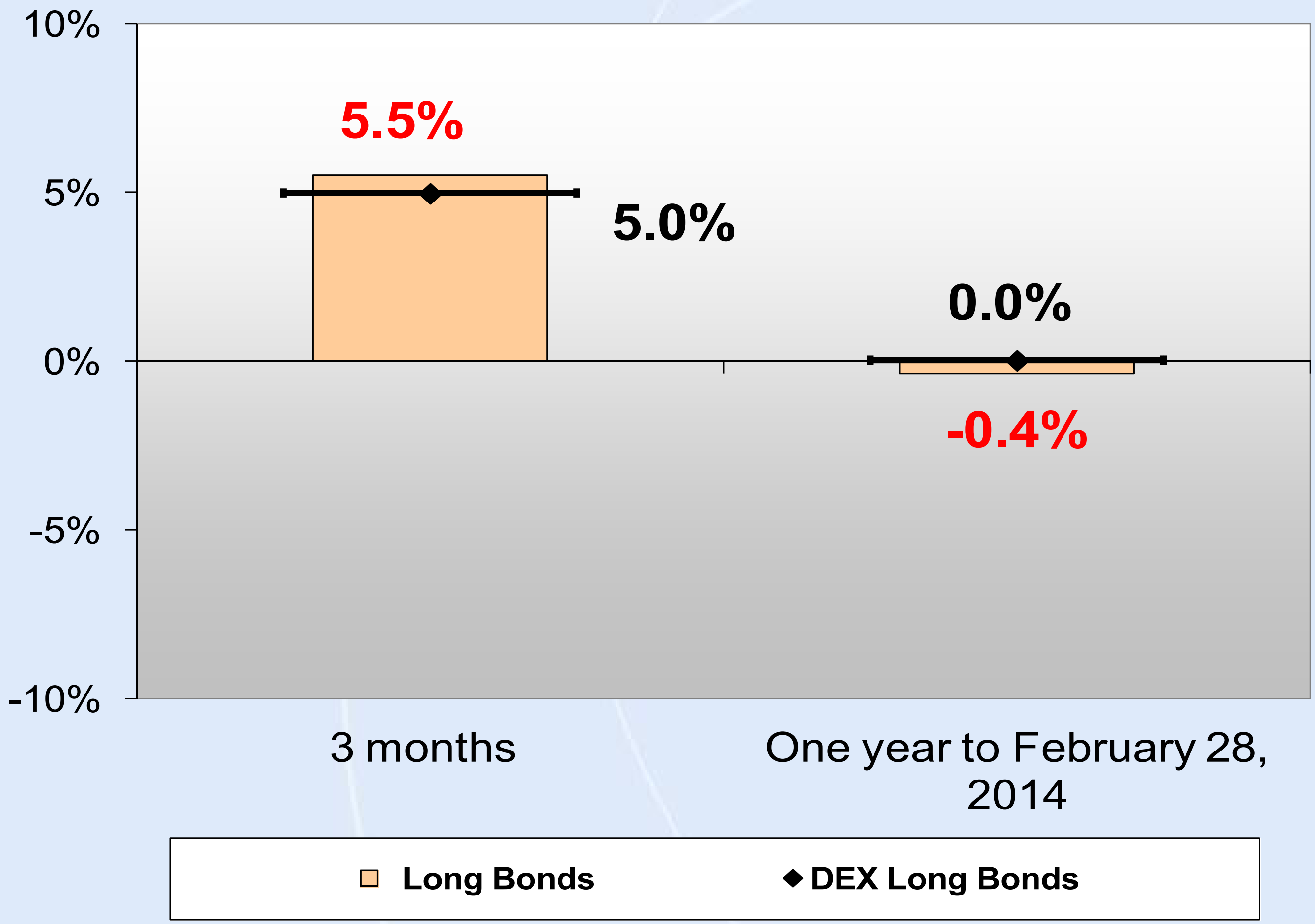
Marketable Universe Bond Returns

at February 28, 2014



Marketable Long Bond Returns

at February 28, 2014



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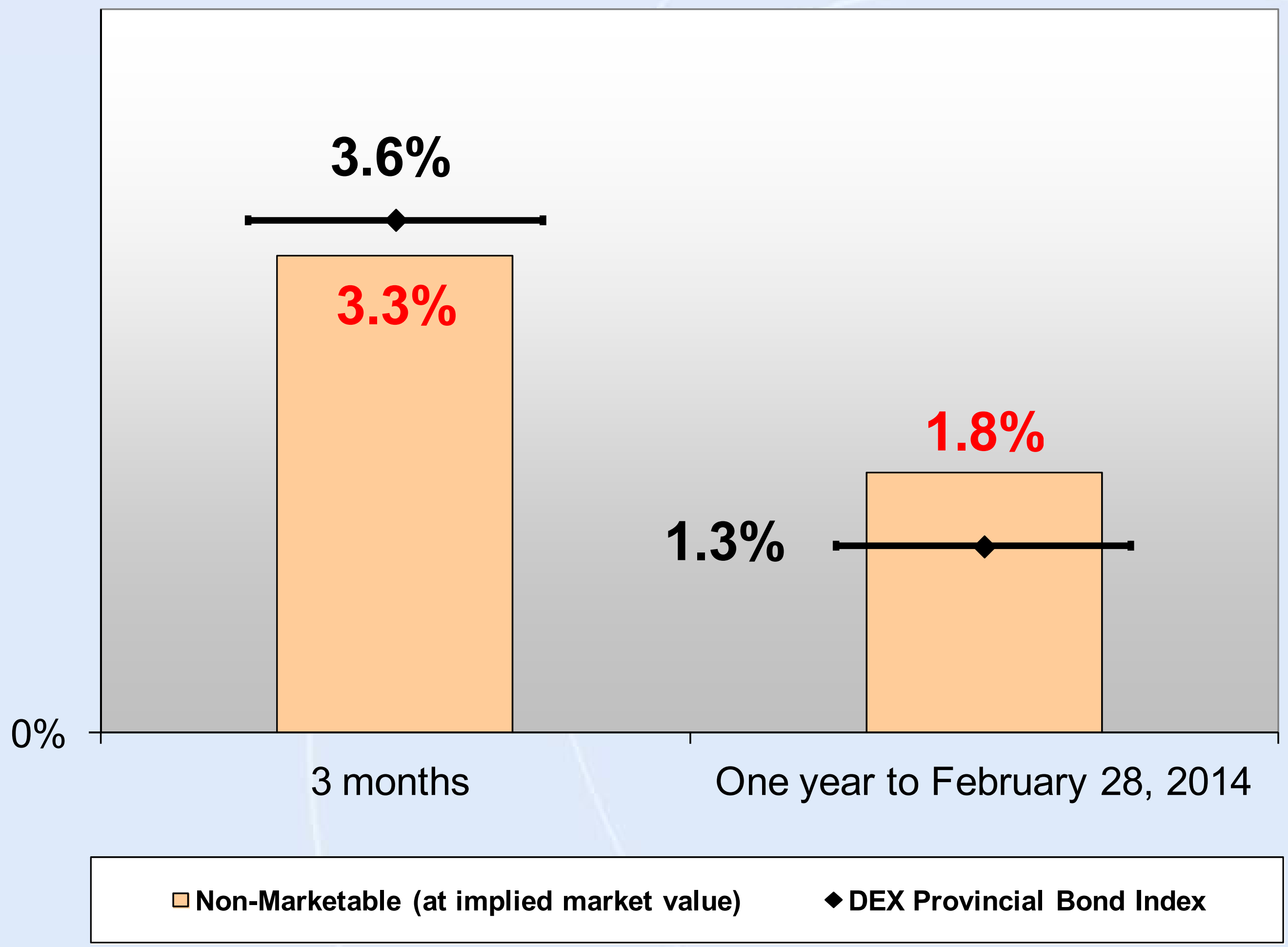
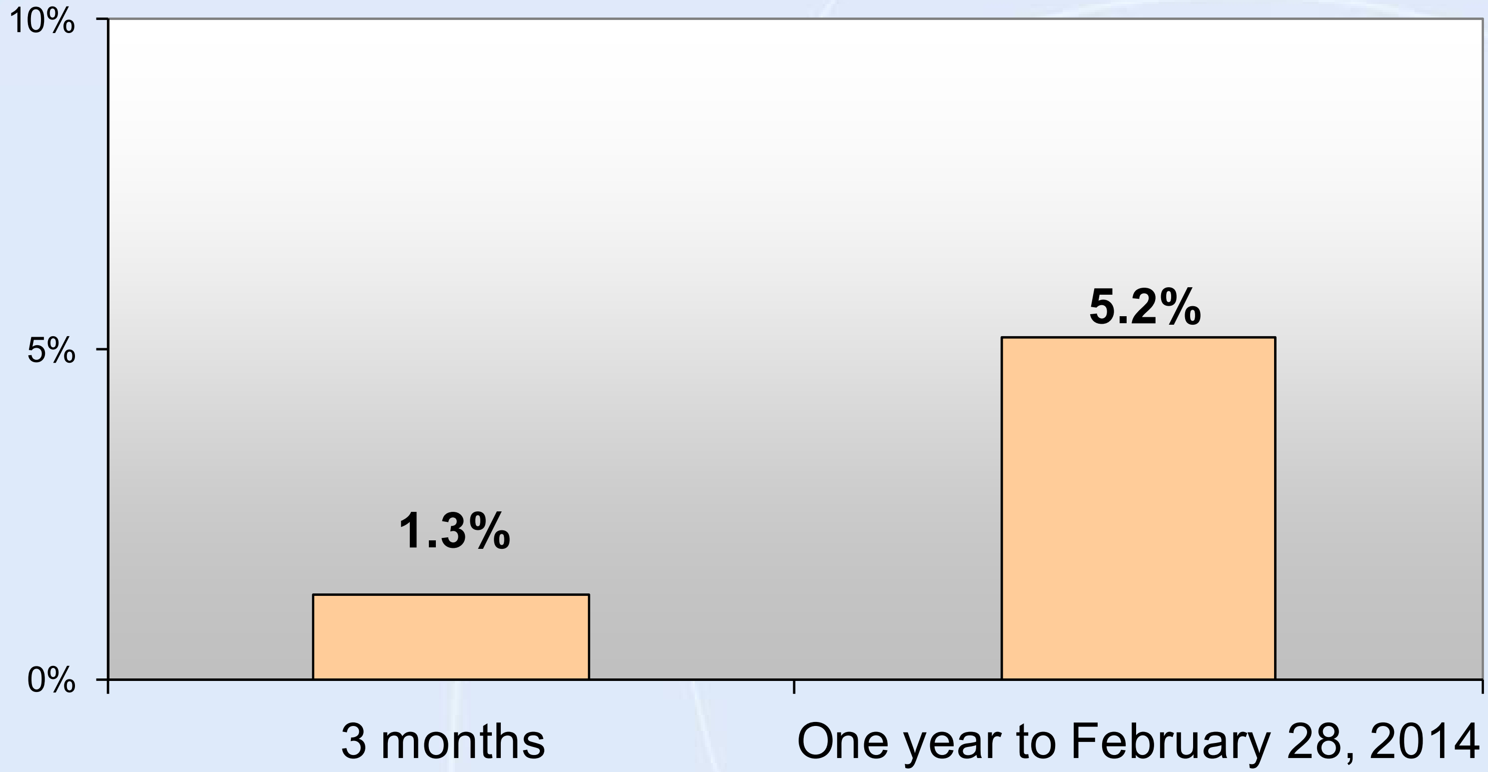
Non Marketable Bond Returns at Implied Market Value

at February 28, 2014



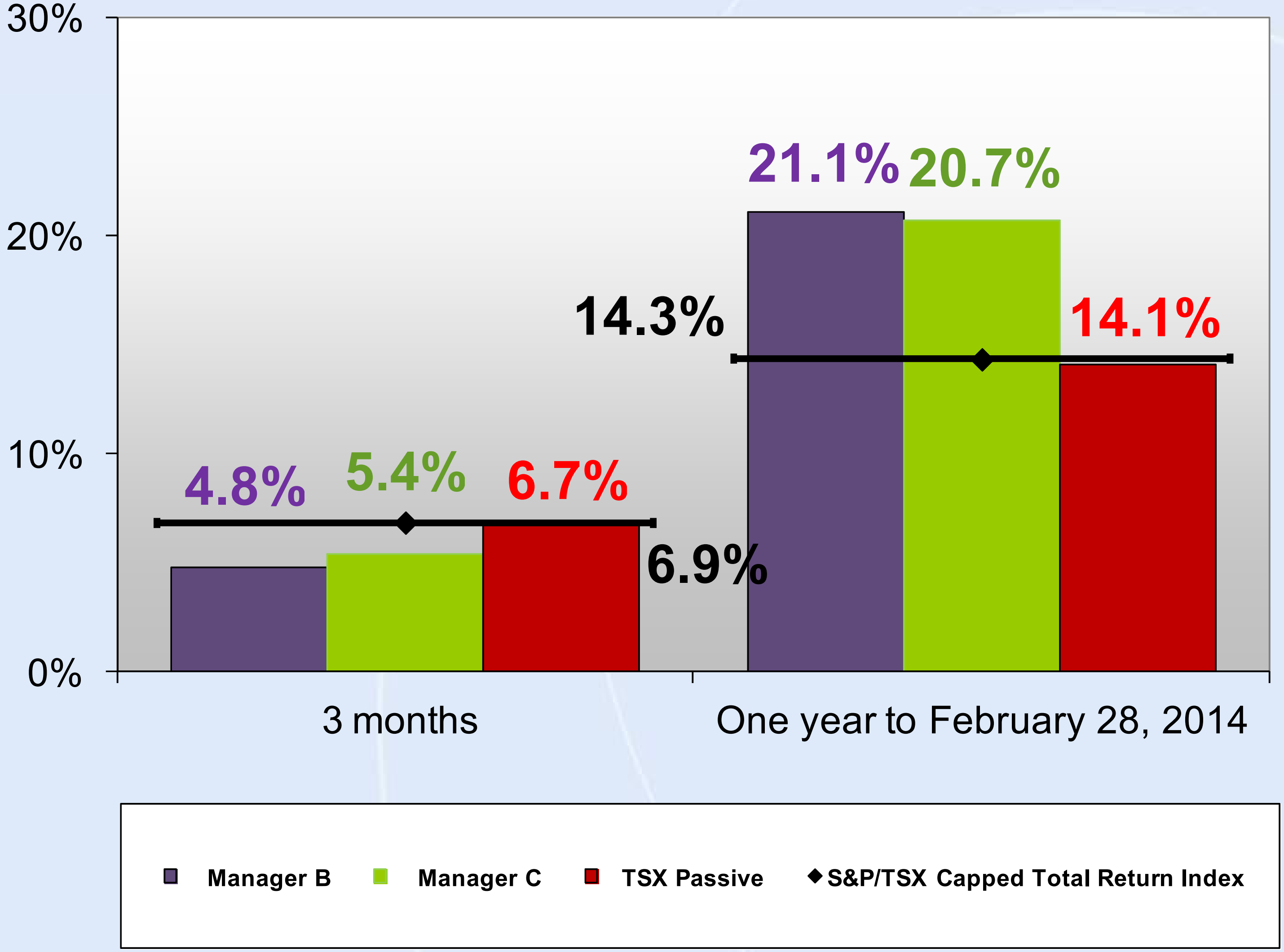
Non Marketable Bond Returns at Book Value

at February 28, 2014



Represents interest income only as bonds valued at book value are not affected by changes in interest rates (ie: no capital gains)

Canadian Equity
Large Cap Manager Returns
at February 28, 2014



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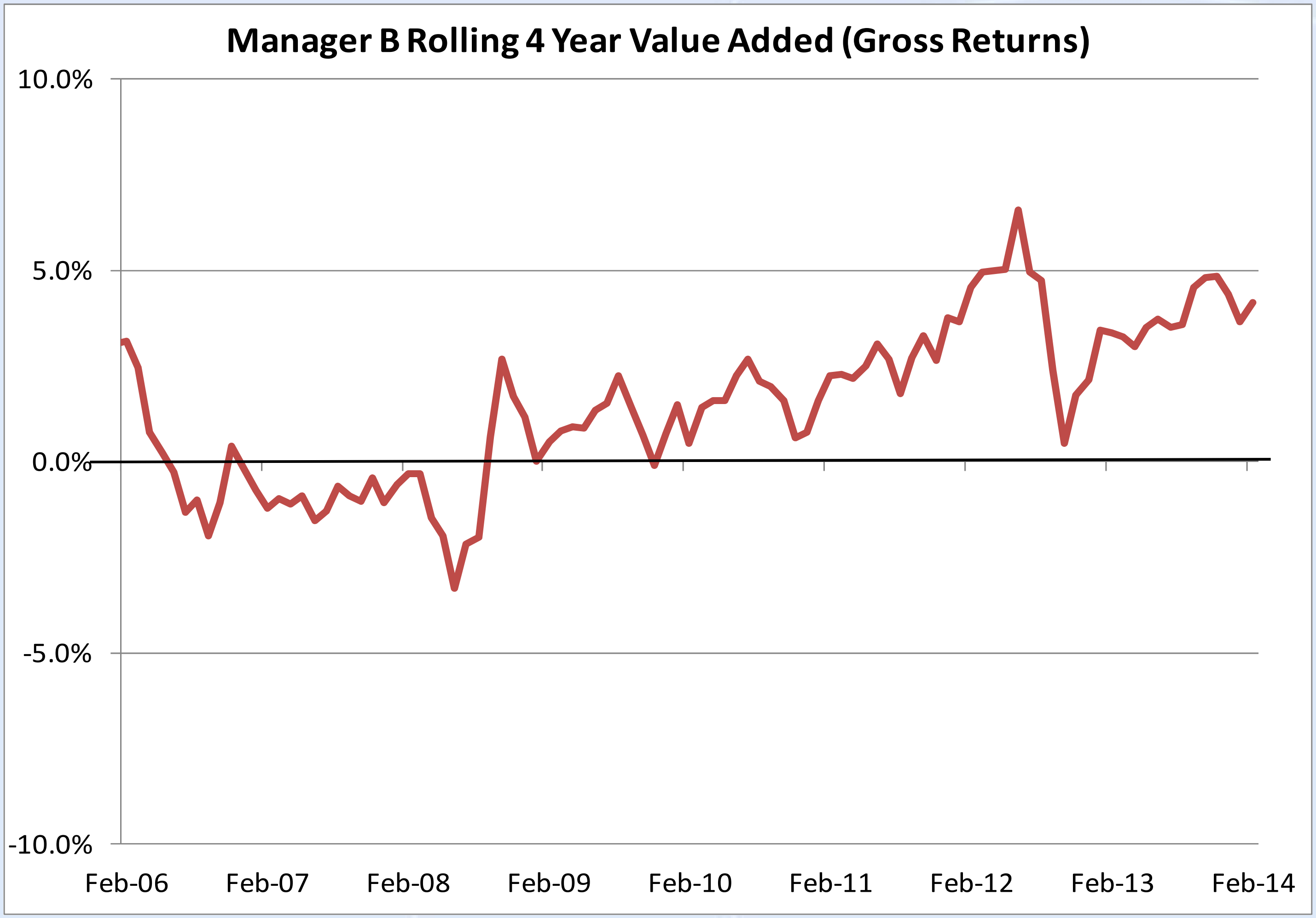
Manager B's Rolling Four Year Value Added Since February 2006 to February 2014



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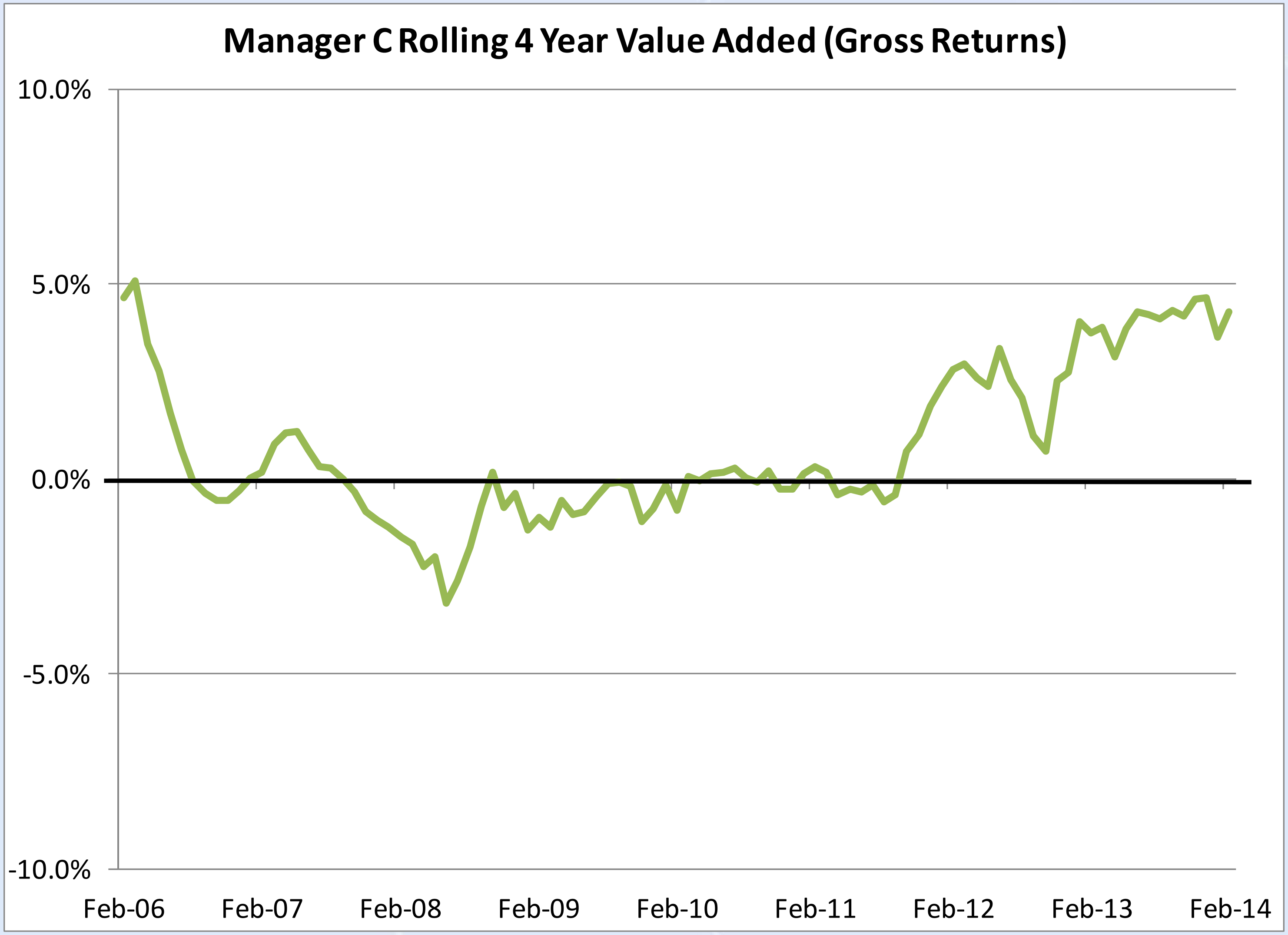
Manager C's Rolling Four Year Value Added Since February 2006 to February 2014



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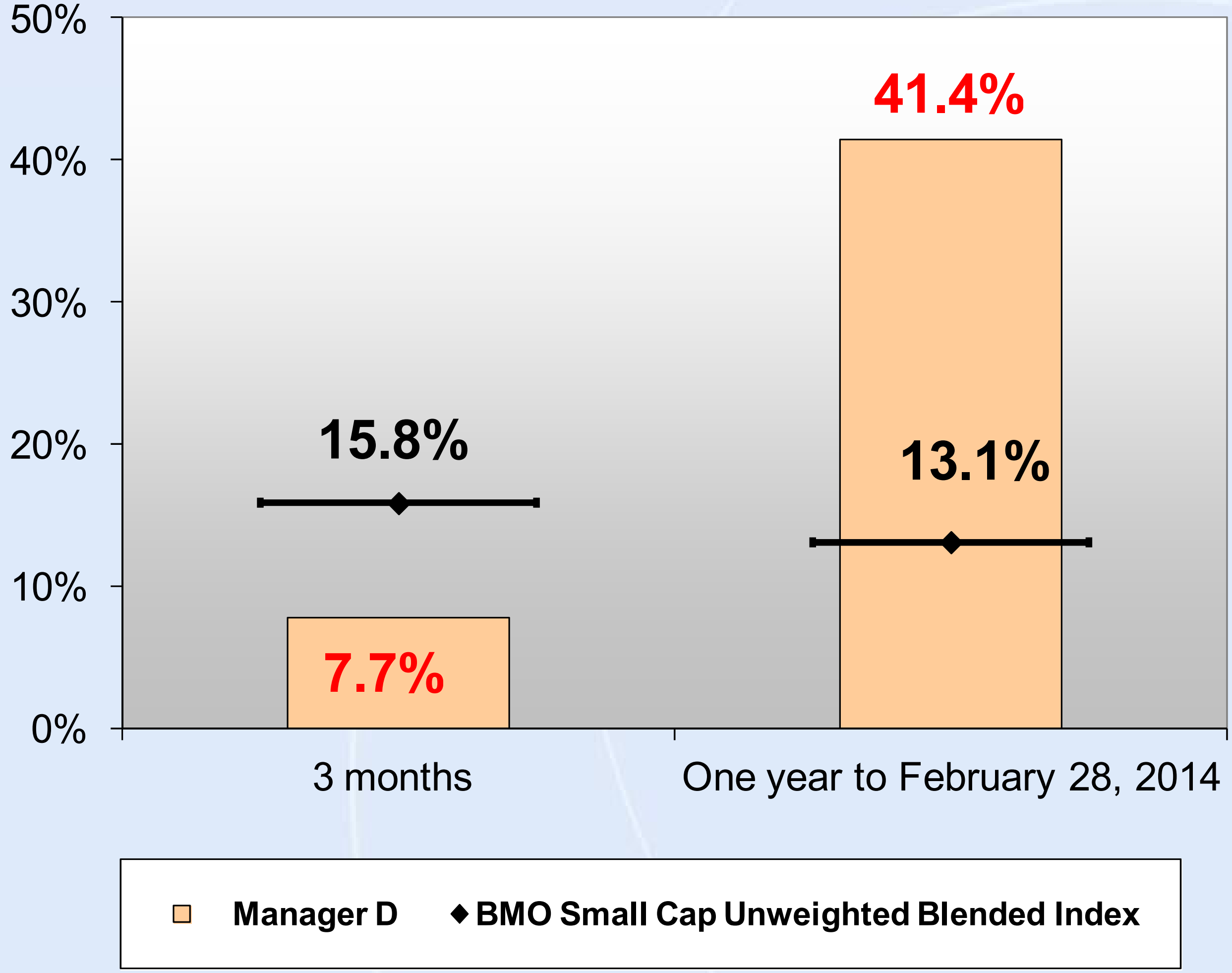
Canadian Equity
Manager D Manager Returns
at February 28, 2014



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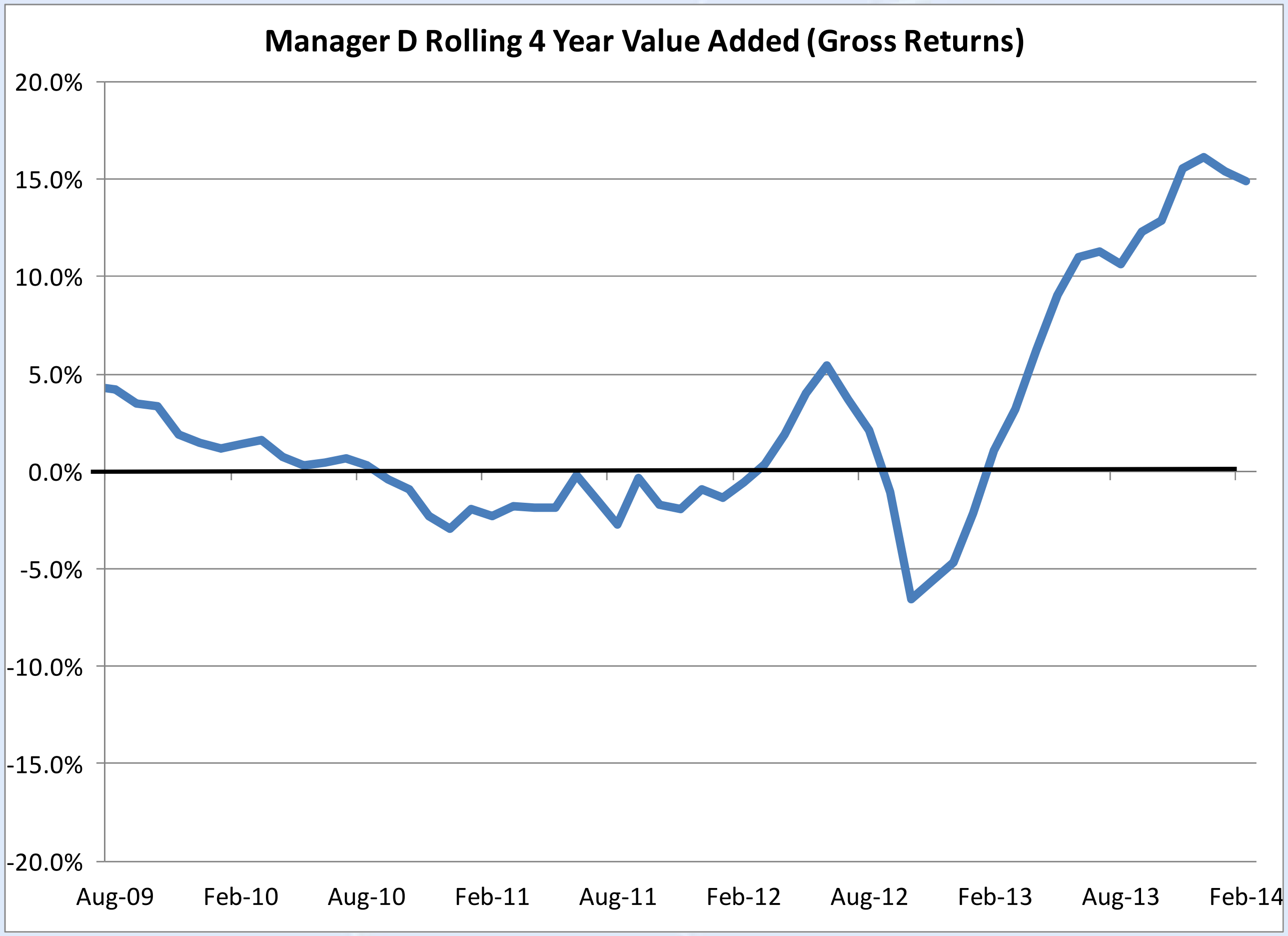
Manager D's Rolling Four Year Value Added Since August 2009 to February 2014



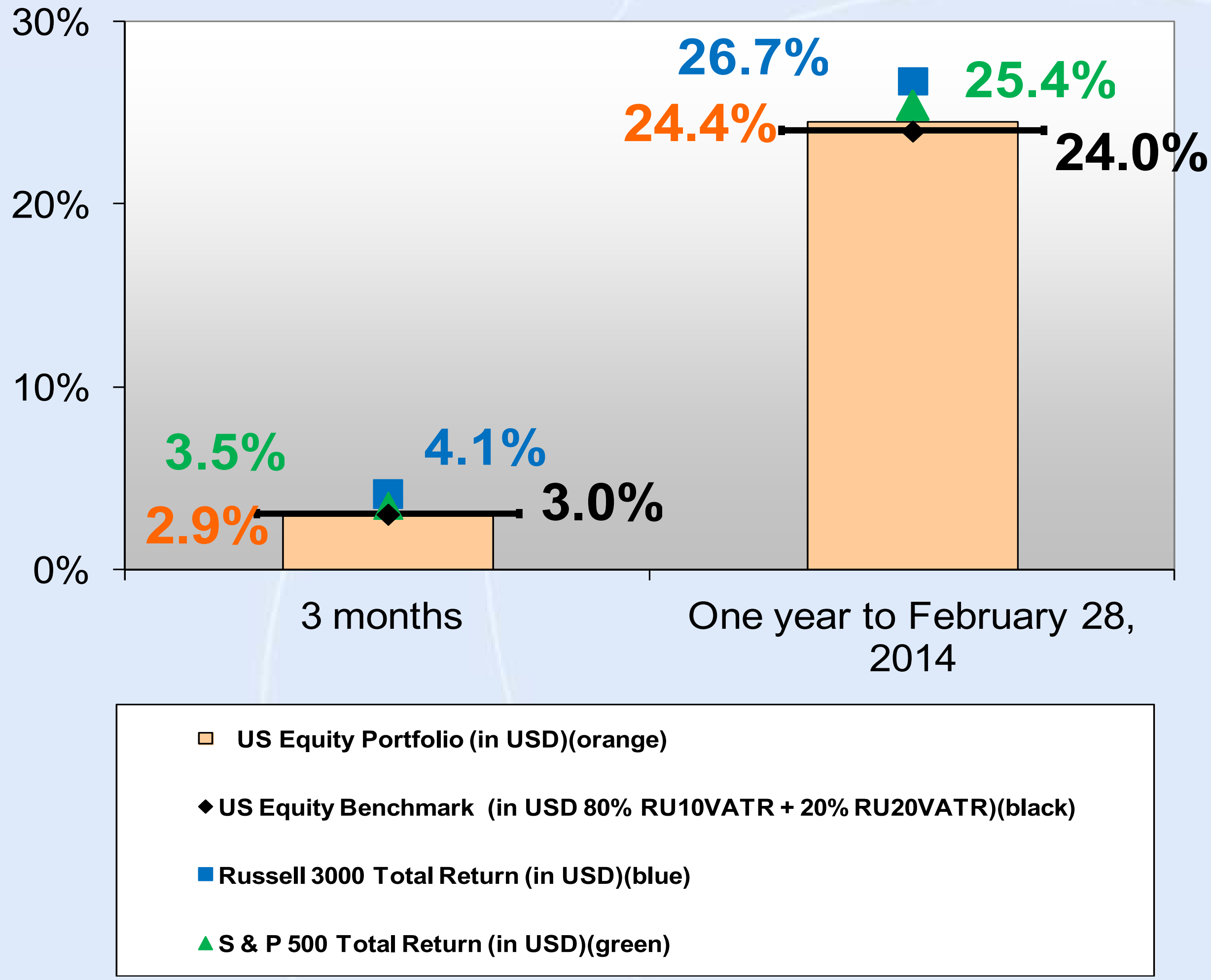
Canadian Equity Managers' Net Value Added

to February 28, 2014

Canadian Equity Managers' Net Value Added in Bps for the Last Three, Five Years, 10 Years and Since Inception and Net Dollar Value Added Since Inception Ending February 28, 2014						
Manager	**Net Value Added Since February 2011 (3 Year)**	**Net Value Added Since February 2009 (5 Year)**	**Net Value Added Since February 2004 (10 Year)**	**Net Value Added Since Inception**	**Net Dollar Value Added Estimate Since Inception ***	*** Inception Date**
Manager B	3.5%	3.6%	2.4%	4.5%	**$37,702,720**	31-Dec-98
Manager C	4.4%	3.6%	1.4%	2.1%	**22,045,035**	28-Feb-02
Manager D	23.1%	5.1%	n/a	7.0%	**$35,668,306**	1-Jun-05
Total					**$95,416,060**	

US Equity Portfolio Returns (in USD)

at February 28, 2014



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MPI Real Estate

at February 28, 2014

Real Estate Market Value and Performance at February 28, 2014

	Market Value ($millions)	3 Month Performance	Benchmark *	Out/Under Perform
Real Estate Direct	$ 51.3	0.9%	3.5%	-2.6%
Manager F	$ 192.9	2.6%	3.5%	-0.9%
Total	$ 244.2	2.2%	3.5%	-1.3%
	Market Value ($millions)	**12 Month Performance**	**Benchmark ***	**Out/Under Perform**
Real Estate Direct	$ 51.3	6.0%	11.1%	-5.1%
Manager F	$ 192.9	11.5%	11.1%	0.4%
Total	$ 244.2	10.3%	11.1%	-0.8%

Infrastructure

at February 28, 2014

Infrastructure Performance at February 28, 2014*					
		Market Value ($ Millions)	12 Month Performance IRR	Benchmark for Infrastructure CPI + 5%	Out/Under Perform
Infrastructure Co-Investment	$	11.7	26.2%	6.1%	20.1%
Infrastructure Fund	$	27.6	15.0%	6.1%	8.9%
Infrastructure Direct	$	13.1	11.3%	6.1%	5.2%
Total	$	52.4	16.1%	6.1%	10.0%

* Infrastructure performance does not match API's February 2014 report because API's market values do not include re-appraised market values which were received in April and API's performance calculation is a time weighted return while MPI's performance calculation is an internal rate of return (IRR).

** Infrastructure Co-Investment reached financial close in April 2013 and as a result it does not yet have a full 12 months of history

Equity and Fixed Income Compliance Report

Fiscal Q4 December 2013 to February 2014

Canadian Equity Managers

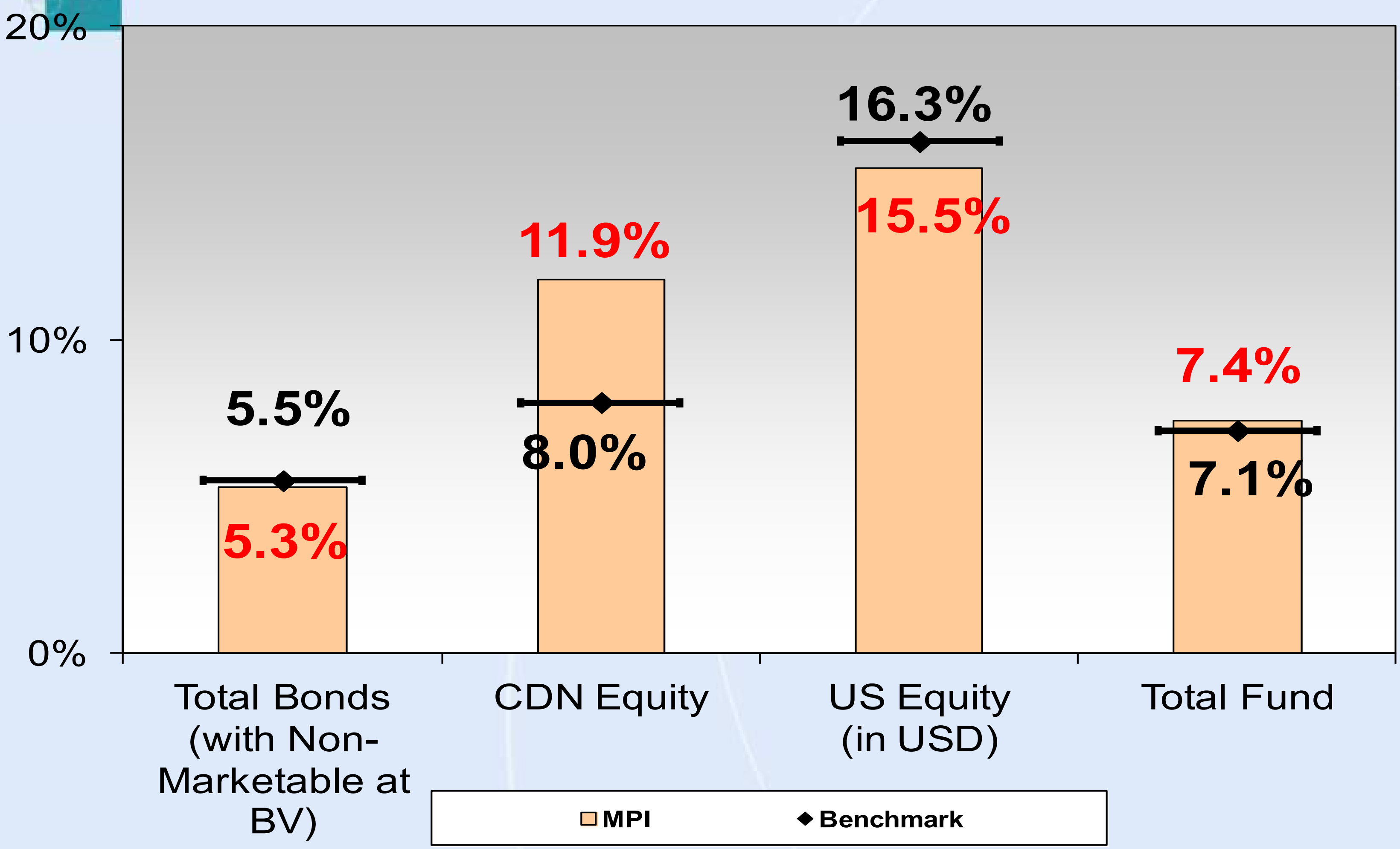
- All Canadian equity managers were in compliance during the period.
- Manager D was in compliance with the new 15% limit approved by the ICWG in October 2013 for securities with market cap beyond two times the upper-end market cap of the BMO Small Cap Index.

Fixed Income Manager

- The fixed income duration was outside of the +/- 2.0 year duration bandwidth by 0.1 years in February 2014.

4 Year Performance with MUSH Bonds at Book Value

at February 28, 2014

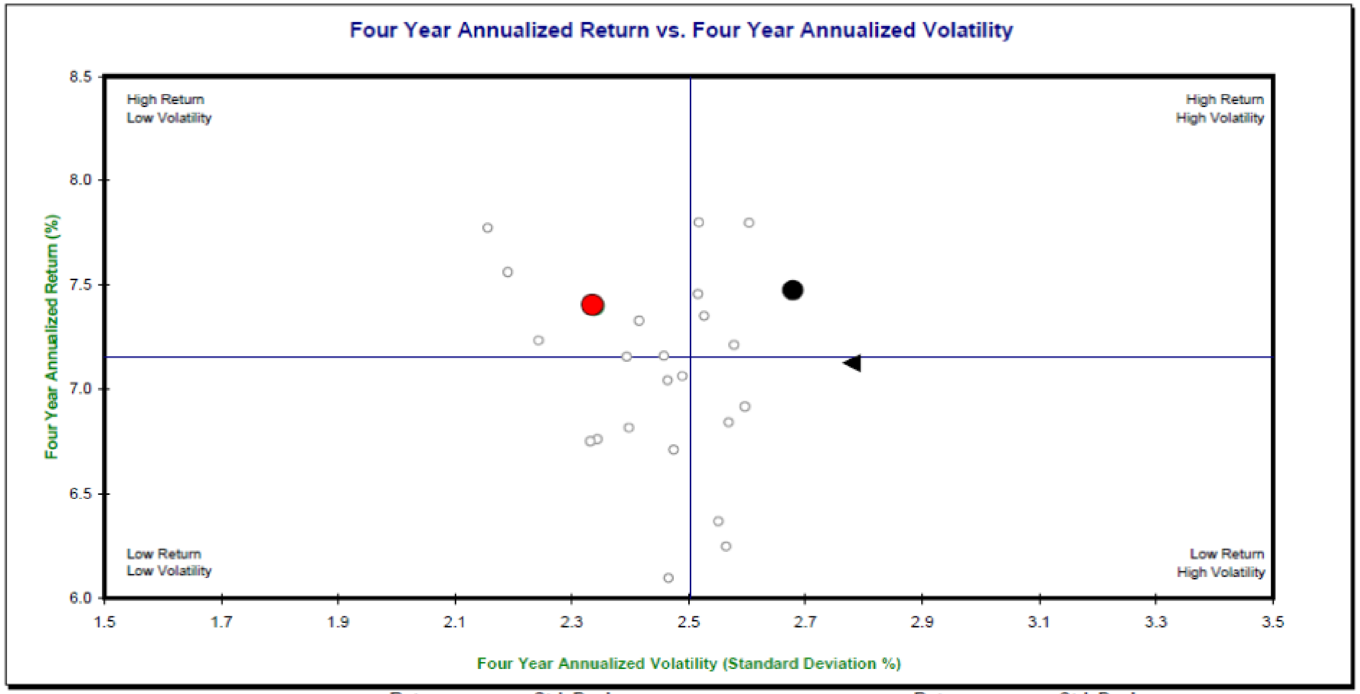


Return vs. Risk
Total Fund

As at February 28, 2014

Copyright publication of API Asset Performance Inc., 2014

MPI CUSTOM BALANCED UNIVERSE
MANITOBA PUBLIC INSURANCE



	Return	Std. Dev'n
API MEDIAN	7.2	2.5
Custom Benchmark	7.1	2.8

	Return	Std. Dev'n
MPI	7.4	2.3
1 MPI no Hdg	7.4	2.3
2 MPI w/ Imp	7.5	2.7

SHORT REPORT
Page 3 of 25

Source: API Asset Performance Inc.

PUB (MPI) 1-20 Reference: II.11

Provide an updated listing of the Corporation's impaired investments that have been written down but remain in the portfolio as of June 30, 2014.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-21 Reference: II.11 Unrealized Gains

Please provide a breakdown of the Corporation's unrealized gains by security at the end of the first quarter of the current fiscal year and comment on any significant changes since February 28, 2014.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-22

Reference: Table 1.1 - Interest Rate Scenarios, PFT of Dan Guimond, p. 16

Mr. Guimond has indicated in his Pre-Filed Testimony that if interest rates do not rise as the Banks are forecasting, MPI will incur a revenue deficiency of 1.9% or $16 million.

a) Please re-cast PF.1, PF.2, PF.3, Table 11.3 and Table 13.2.2 consistent with these concerns.

b) Please re-cast PF.1, PF.2, PF.3, Table 11.3 and Table 13.2.2 assuming a 50 basis point upward change in the currently forecast yield curve in 2014/15 and 2015/16 .

RESPONSE:

a) A lower interest rate environment will result in a lower claims discount rate and as a result higher incurred losses. As a result, the Corporation would have, on average, $16 million less in net income (or a higher loss) per year for the rating years. Refer to attachment for illustration.

b) Refer to attachment.

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

Risk adjusted low growth interest rate forecast

(C$ 000s, except where noted)	For the Years Ended February,					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	795,233	859,397	897,828	937,861	979,588
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**896,747**	**939,042**	**982,782**	**1,027,783**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	829,240	879,765	919,045	959,977
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**864,444**	**918,908**	**961,971**	**1,006,390**
Service Fees & Other Revenues	20,384	19,799	21,079	22,815	24,671	26,786
Total Earned Revenues	**785,053**	**820,279**	**885,523**	**941,723**	**986,641**	**1,033,176**
Net Claims Incurred	747,435	662,618	693,361	735,932	771,258	822,535
Claims Expense	114,552	116,249	120,612	126,258	127,685	138,715
Road Safety/Loss Prevention	12,816	11,350	10,525	10,587	10,640	10,683
Total Claims Costs	**874,803**	**790,217**	**824,497**	**872,776**	**909,584**	**971,932**
Expenses						
Operating	67,982	73,568	74,861	79,207	81,264	87,526
Commissions	32,057	33,496	34,173	35,970	37,450	38,991
Premium Taxes	23,342	24,426	26,351	27,994	29,294	30,635
Regulatory/Appeal	3,766	3,261	3,315	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,700**	**146,551**	**151,455**	**160,669**
Underwriting Income (Loss)	**(216,897)**	**(104,690)**	**(77,675)**	**(77,605)**	**(74,398)**	**(99,425)**
Investment Income	147,735	50,025	60,470	73,475	91,874	95,750
Net Income (Loss) from Operations	**(69,162)**	**(54,665)**	**(17,205)**	**(4,130)**	**17,476**	**(3,675)**

Manitoba Public Insurance

Multi-year Statements - Balance Sheet

Risk adjusted low growth interest rate forecast

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
BASIC						
Assets						
Cash and investments	1,424,341	1,330,940	1,290,370	1,314,866	1,419,250	1,458,588
Equity investments	600,483	620,147	699,812	742,634	716,988	783,669
Investment property	32,226	31,201	30,958	30,713	30,496	30,331
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	266,732	277,983	289,586	301,525
Prepaid expenses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,387,880	2,455,670	2,536,573	2,630,016	2,733,235
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	38,169	39,780	41,440	43,148
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	474,105	497,716	522,278	547,717
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,527,234	1,553,070	1,589,772	1,627,655	1,680,651
	2,277,408	2,271,765	2,349,728	2,427,075	2,507,176	2,603,987
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	45,213	28,033	23,918	41,418	37,751
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	45,213	28,033	23,918	41,418	37,751
Accumulated Other Comprehensive Income	70,284	70,902	77,909	85,580	81,422	91,496
Total Equity	170,162	116,115	105,942	109,498	122,840	129,247
	2,447,570	2,387,880	2,455,670	2,536,573	2,630,016	2,733,235

Manitoba Public Insurance
Statement of Retained Earnings

Risk adjusted low growth interest rate forecast

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	45,213	27,981	23,853	41,318
Transfer from (to) Basic Retained Earnings	(49,922)	(54,665)	(17,232)	(4,128)	17,465	(3,672)
Ending Balance	**99,878**	**45,213**	**28,008**	**23,879**	**41,355**	**37,680**
Minimum RSR based on PUB rules	78,500	82,900	89,700	93,900	98,300	102,800
Maximum RSR based on PUB rules	156,900	165,600	179,100	187,500	196,200	205,200
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(54,665)	(17,205)	(4,130)	17,476	(3,675)
Retained Earnings Prior to Transfers	(49,922)	(54,665)	(17,205)	(4,130)	17,476	(3,675)
Transfer from (to) Rate Stabilization Reserve	49,922	54,665	17,205	4,130	(17,476)	3,675
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 45,213**	**$ 28,033**	**$ 23,918**	**$ 41,418**	**$ 37,751**

Table 11.3

Difference Between2015 GRA Low Growth Interest Rates and the 2014 GRA Base

	2013/14 Actual	2014/15	2015/16	2016/17	2017/18
			Forecasted		
Short Term Interest	(27)	(366)	(1,160)	(1,485)	(763)
Marketable Bonds	*419*	*3,475*	*1,470*	*(296)*	*(351)*
MUSH	*1,192*	*1,382*	*1,451*	*1,872*	*2,690*
Long-Term Bond Income	1,611	4,858	2,921	1,576	2,340
Marketable Realized Gains/(Loss)	(795)	(6,134)	2,000	18,730	20,918
Total Fixed Income	(26,690)	(1,524)	9,067	16,226	24,176
Total Marketable Gain/Loss	(27,484)	(7,658)	11,067	34,956	45,094
Total Fixed Income	**(25,901)**	**(3,167)**	**12,828**	**35,047**	**46,670**
Canadian Equities	(306)	(1,308)	734	1,002	(1,760)
US Equities	(330)	389	642	1,030	1,002
Equity Dividends	(636)	(919)	1,376	2,033	(758)
Canadian Equities Realized Gains	*44,683*	*(6,639)*	*5,943*	*5,931*	*18,767*
US Equities Realized Gains	*13,029*	*0*	*0*	*0*	*0*
Equity Realized Gain/Loss	57,712	(6,639)	5,943	5,931	18,767
Total Equities	**57,077**	**(7,558)**	**7,319**	**7,964**	**18,009**
Real Estate (Pooled Fund)	10,572	(3,544)	(1,681)	107	113
Real Estate (CityPlace)	0	3,366	3,433	3,502	3,572
Infrastructure	(359)	(3,290)	(4,052)	(3,421)	(1,513)
Venture Capital	262	0	0	0	0
Total Alternatives	**10,474**	**(3,468)**	**(2,300)**	**188**	**2,172**
Management Fees	93	318	(42)	(287)	(389)
Pension Fund Transfer	(315)	(160)	784	689	588
Other[1]	(2,607)	0	0	0	0
Corporate Total	**38,821**	**(14,034)**	**18,590**	**43,601**	**67,048**
Basic Allocation Investment Income	33,192	(13,002)	14,683	35,806	55,485
% of Total	0.0%	-1.7%	-1.7%	-1.7%	-1.7%

[1] Other includes Investment Write-Down and Amortization of Bond Premium

Table 13.2.2
Government of Canada 10 Year Bond Rate

	BMO NB	CIBC	Global	RBC	Scotia	TD	Average	Low Growth Methodology*
2014 Q1	2.49%	2.51%	2.81%	2.70%	2.55%	2.65%	2.62%	2.52%
Q2	2.66%	2.70%	2.93%	3.00%	2.75%	2.80%	2.81%	**2.62%**
Q3	2.90%	2.85%	3.05%	3.20%	2.90%	3.00%	2.98%	2.72%
Q4	3.16%	3.00%	3.12%	3.40%	3.05%	3.10%	3.14%	**2.82%**
2015 Q1	3.39%	3.10%	3.19%	3.50%	3.25%	3.25%	3.28%	2.90%
Q2	3.59%	3.35%	3.25%	3.65%	3.35%	3.35%	3.42%	**2.98%**
Q3	3.78%	3.45%	3.35%	3.90%	3.50%	3.45%	3.57%	3.06%
Q4	3.96%	3.55%	3.52%	4.10%	3.60%	3.55%	3.71%	**3.14%**
2016 Q1			3.70%				3.70%	3.21%
Q2			3.83%				3.83%	**3.28%**
Q3			3.97%				3.97%	3.35%
Q4			4.12%				4.12%	**3.42%**
2017 Q1			4.32%				4.32%	3.50%
Q2			4.50%				4.50%	**3.57%**
Q3			4.62%				4.62%	3.64%
Q4			4.62%				4.62%	**3.71%**
2018 Q1			4.62%				4.62%	3.71%
Q2			4.62%				4.62%	**3.70%**
Q3			4.62%				4.62%	3.77%
Q4			4.62%				4.62%	**3.83%**

[3] **Low Growth Methodology:**

For the Lower Interest Rate Growth Scenario, the average interest rates are applied over 10 years instead of 5 years. To calculate, the average forecast is applied to every second and fourth quarter (see bolded rates) with linear interpolation applied to every first and third quarter.

Manitoba Public Insurance
Multi-year Statements
For the Years Ended February,

50 bps increase to 2015 GRA base in 2014/15 and 2015/16

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	2015F	2016P	2017P	2018P	2019P
BASIC						
Motor Vehicles	756,642	795,233	859,397	897,828	937,861	979,588
Drivers	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**784,740**	**828,564**	**896,747**	**939,042**	**982,782**	**1,027,783**
Net Premiums Earned						
Motor Vehicles	741,077	769,872	829,240	879,765	919,045	959,977
Drivers	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**764,670**	**800,480**	**864,444**	**918,908**	**961,971**	**1,006,390**
Service Fees & Other Revenues	20,384	19,799	21,079	22,815	24,671	26,786
Total Earned Revenues	**785,053**	**820,279**	**885,523**	**941,723**	**986,641**	**1,033,176**
Net Claims Incurred	747,435	571,713	677,765	770,280	747,157	827,906
Claims Expense	114,552	116,249	120,245	125,766	127,313	138,317
Road Safety/Loss Prevention	12,816	11,350	10,492	10,542	10,606	10,648
Total Claims Costs	**874,803**	**699,312**	**808,502**	**906,588**	**885,076**	**976,871**
Expenses						
Operating	67,982	73,568	74,652	78,918	81,043	87,298
Commissions	32,057	33,496	34,173	35,970	37,450	38,991
Premium Taxes	23,342	24,426	26,351	27,994	29,294	30,635
Regulatory/Appeal	3,766	3,261	3,314	3,380	3,447	3,516
Total Expenses	**127,147**	**134,751**	**138,491**	**146,262**	**151,233**	**160,440**
Underwriting Income (Loss)	**(216,897)**	**(13,785)**	**(61,470)**	**(111,127)**	**(49,667)**	**(104,134)**
Investment Income	147,735	3,924	56,604	114,967	77,509	129,316
Net Income (Loss) from Operations	**(69,162)**	**(9,861)**	**(4,867)**	**3,840**	**27,842**	**25,182**

Manitoba Public Insurance

Manitoba Public Insurance
Multi-year Statements - Balance Sheet

50 bps increase to 2015 GRA base in 2014/15 and 2015/16

(C$ 000s, except where noted)	*For the Years Ended February,*					
	2014A	2015P	2016P	2017P	2018P	2019P
BASIC						
Assets						
Cash and investments	1,424,341	1,285,251	1,241,428	1,364,316	1,397,108	1,502,476
Equity investments	600,483	619,727	699,390	673,112	718,093	737,493
Investment property	32,226	31,180	30,939	30,720	30,509	30,364
Due from other insurance companies	1,755	-	-	-	-	-
Accounts receivable	235,616	249,289	266,732	277,983	289,586	301,525
Prepaid expenses	731	568	568	568	568	568
Deferred policy acquisition costs	-	-	-	-	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	17,625	-	-	-	-	-
Property and equipment	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	54,685	70,701	81,714	86,063	90,579	77,606
	2,447,570	2,341,750	2,406,286	2,516,509	2,608,991	2,730,979
Liabilities						
Due to other insurance companies	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	35,769	35,673	38,169	39,780	41,440	43,148
Financing lease obligation	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	402,982	438,580	474,105	497,716	522,278	547,717
Provision for employee current benefits	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,584,042	1,436,329	1,446,569	1,517,620	1,531,402	1,589,769
	2,277,408	2,180,860	2,243,227	2,354,923	2,410,923	2,513,106
Equity						
Retained earnings						
Basic Insurance Retained Earnings						
Rate Stabilization Reserve	99,878	89,988	85,151	88,990	116,833	142,015
Retained Earnings	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-
	99,878	89,988	85,151	88,990	116,833	142,015
Accumulated Other Comprehensive Income	70,284	70,902	77,909	72,595	81,236	75,858
Total Equity	170,162	160,890	163,059	161,586	198,068	217,873
	2,447,570	2,341,750	2,406,286	2,516,509	2,608,991	2,730,979

Manitoba Public Insurance
Statement of Retained Earnings

50 bps increase to 2015 GRA base in 2014/15 and 2015/16

(C$ 000s, except where noted)

	For the Years Ended February,					
	2014A	**2015P**	**2016P**	**2017P**	**2018P**	**2019P**
RATE STABILIZATION RESERVE (RSR)						
Basic Insurance Rate Stabilization Reserve						
Beginning Balance	149,800	99,878	90,017	85,151	88,991	116,833
Transfer from (to) Basic Retained Earnings	(49,922)	(9,861)	(4,867)	3,840	27,842	25,182
Ending Balance	**99,878**	**90,017**	**85,151**	**88,991**	**116,833**	**142,015**
Minimum RSR based on PUB rules	78,500	82,900	89,700	93,900	98,300	102,800
Maximum RSR based on PUB rules	156,900	165,600	179,100	187,500	196,200	205,200
MPI RSR Target	172,000	194,000	194,000	194,000	194,000	194,000
Retained Earnings						
Beginning Balance	19,240	-	-	-	-	-
Net Income (Loss) from annual operations	(69,162)	(9,861)	(4,867)	3,840	27,842	25,182
Retained Earnings Prior to Transfers	(49,922)	(9,861)	(4,867)	3,840	27,842	25,182
Transfer from (to) Rate Stabilization Reserve	49,922	9,861	4,867	(3,840)	(27,842)	(25,182)
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 99,878**	**$ 90,017**	**$ 85,151**	**$ 88,991**	**$ 116,833**	**$ 142,015**

Table 11.3

Difference Between 2015 GRA +50 bps Scenario and the 2014 GRA Base Scenario

	2013/14 Actual	2014/15	2015/16 Forecasted	2016/17	2017/18
Short Term Interest	(27)	(366)	(1,160)	(1,485)	(658)
Marketable Bonds	*419*	*4,636*	*5,799*	*5,401*	*7,366*
MUSH	*1,192*	*1,530*	*1,256*	*1,669*	*2,962*
Long-Term Bond Income	1,611	6,166	7,055	7,070	10,328
Marketable Realized Gains/(Loss)	(795)	(53,946)	(4,667)	42,986	13,849
Total Fixed Income	(26,690)	(10,019)	6,988	20,486	22,928
Total Marketable Gain/Loss	(27,484)	(63,966)	2,321	63,472	36,777
Total Fixed Income	**(25,901)**	**(58,166)**	**8,216**	**69,057**	**46,447**
Canadian Equities	(306)	(1,308)	734	1,002	(2,483)
US Equities	(330)	389	642	1,030	1,002
Equity Dividends	(636)	(919)	1,376	2,033	(1,480)
Canadian Equities Realized Gains	*44,683*	*(6,639)*	*5,943*	*21,422*	*2,575*
US Equities Realized Gains	*13,029*	*0*	*0*	*0*	*0*
Equity Realized Gain/Loss	57,712	(6,639)	5,943	21,422	2,575
Total Equities	**57,077**	**(7,558)**	**7,319**	**23,455**	**1,095**
Real Estate (Pooled Fund)	10,572	(3,544)	(1,681)	107	113
Real Estate (CityPlace)	0	3,366	3,433	3,502	3,572
Infrastructure	(359)	(3,290)	(4,052)	(3,421)	(1,513)
Venture Capital	262	0	0	0	0
Total Alternatives	**10,474**	**(3,468)**	**(2,300)**	**188**	**2,172**
Management Fees	93	318	(42)	(287)	(389)
Pension Fund Transfer	(315)	(160)	784	689	588
Other[1]	(2,607)	0	0	0	0
Corporate Total	**38,821**	**(69,034)**	**13,978**	**93,102**	**49,911**
Basic Allocation Investment Income	33,192	(59,103)	10,816	77,299	41,120

[1] Other includes Investment Write-Down and Amortization of Bond Premium

Table 13.2.2
Government of Canada 10 Year Bond Rate

	BMO NB	CIBC	Global	RBC	Scotia	TD	Average	+ 50 Bps in 2014/15 & 2015/16
2014 Q1	2.49%	2.51%	2.81%	2.70%	2.55%	2.65%	2.62%	**3.12%**
Q2	2.66%	2.70%	2.93%	3.00%	2.75%	2.80%	2.81%	**3.31%**
Q3	2.90%	2.85%	3.05%	3.20%	2.90%	3.00%	2.98%	**3.48%**
Q4	3.16%	3.00%	3.12%	3.40%	3.05%	3.10%	3.14%	**3.64%**
2015 Q1	3.39%	3.10%	3.19%	3.50%	3.25%	3.25%	3.28%	**3.78%**
Q2	3.59%	3.35%	3.25%	3.65%	3.35%	3.35%	3.42%	**3.92%**
Q3	3.78%	3.45%	3.35%	3.90%	3.50%	3.45%	3.57%	**4.07%**
Q4	3.96%	3.55%	3.52%	4.10%	3.60%	3.55%	3.71%	**4.21%**
2016 Q1			3.70%				3.70%	3.70%
Q2			3.83%				3.83%	3.83%
Q3			3.97%				3.97%	3.97%
Q4			4.12%				4.12%	4.12%
2017 Q1			4.32%				4.32%	4.32%
Q2			4.50%				4.50%	4.50%
Q3			4.62%				4.62%	4.62%
Q4			4.62%				4.62%	4.62%
2018 Q1			4.62%				4.62%	4.62%
Q2			4.62%				4.62%	4.62%
Q3			4.62%				4.62%	4.62%
Q4			4.62%				4.62%	4.62%

PUB (MPI) 1-23 **Reference: Investment Income – Attachment B, p. 6**

Please file any analysis undertaken in support of the assertion that the probability of interest rates declining or rising is closer to being equal.

RESPONSE:

To put this question into context, the Investment Income document - Attachment B, page 6 stated the following:

> "The market yield on the Government of Canada (GoC) 10 year bond hit a low of 1.70% as of April 30, 2013… When interest rates are this low relative to expected inflation, it is reasonable to assume the probability of interest rates increasing is much higher than the probability of these rates falling… The interest rate environment has changed over the last year, where the probability of interest rates falling or rising is likely closer to being equal."

In the 2014 DCAT Report on page 43, an interest rate floor of 1.68% is used in the interest rate decline scenarios. This interest rate floor of 1.68% is based on the lowest monthly GoC 10 year bond yield from 1989 to present. Based on this floor, it is reasonable to assume that if interest rates are higher (2.43% as of February 28, 2014), then the probability of interest rates falling is likely higher compared to a scenario where interest rates are at 1.70%, which is only 0.02% higher than the historical low.

Please see pages 40 to 47 of the 2014 DCAT Report for further analysis on the probability of interest rates declining.

PUB (MPI) 1-24 **Reference:** **Investment Income – Attachment C, p. 21**

a) Please file the detailed survey and supporting information underlying the PWC Presentation.

b) Please summarize the other development considerations set out on p. 21.

RESPONSE:

a) and b)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-25 Reference: II.7A.3 Real Estate Investment Returns

a) Please provide an updated comparison between actual investment returns earned on the real estate investments since 2009/10 with the IPD Canada Annual Property Index Income Return and the proxy used in the forecast (CPI + 4%) to that provided in response to PUB/MPI I-29 (a) at the 2014 GRA.

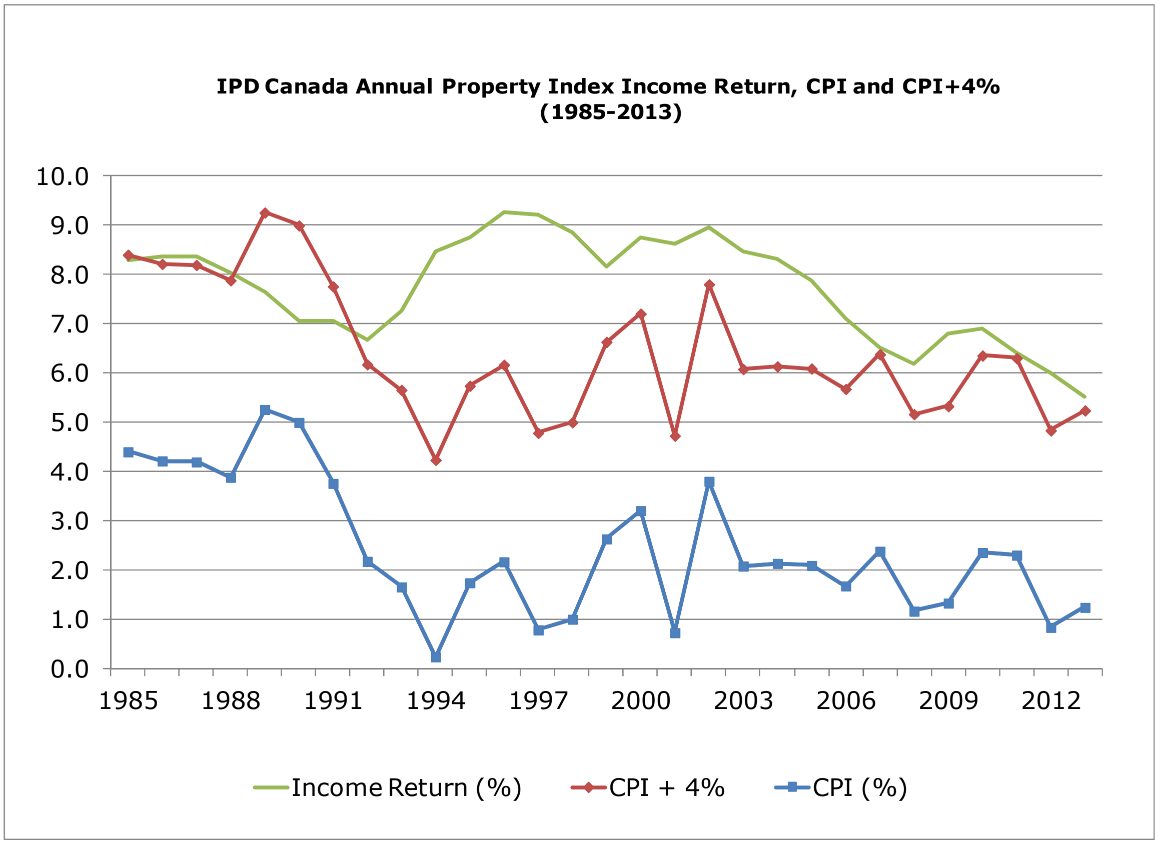
b) Please expand chart 7.3 to include the annual change in CPI and the proxy return based on CPI +4%.

RESPONSE:

a) Please see the table below for the annual MPI Combined Real Estate Investments Total Return, IPD Canada Annual Property Index Income Return, and Canadian CPI +4% for the last four calendar years (2009 calendar year returns are not available).

	MPI Combined Real Estate Investments Total Return	IPD	CPI + 4%
Annual Return to December 2010	14.8%	10.8%	6.4%
Annual Return to December 2011	14.7%	15.8%	6.3%
Annual Return to December 2012	11.3%	14.0%	4.8%
Annual Return to December 2013	10.5%	10.6%	5.2%

b) Please see below the expanded chart 7.3 including the annual change in CPI and the proxy return based on CPI +4%.


IPD Canada Annual Property Index Income Return, CPI and CPI+4%
(1985-2013)
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
1985
1988
1991
1994
1997
2000
2003
2006
2009
2012
Income Return (%)
CPI + 4%
CPI (%)

PUB (MPI) 1-26

Reference: II.8.1, Table 8.1, Infrastructure Investments

a) Please explain the reduction in market value from $76.4 million in 2013/14 at the last GRA to $60.5 million in 2014/15, a 20% decline in market value.

b) Please provide details on the current holdings of the infrastructure fund.

RESPONSE:

a) The reduction in the projected market value for infrastructure was due to the fact that our actual pace of investment was slower than projected. Therefore, during the last GRA we projected to have investments of $76.4 million at Feb. 28, 2014, but our actual infrastructure investments at Feb. 28, 2014 were valued at $51.6 million. Based on that information for this year's application we are now projecting to have investments of $60.5 million at Feb. 28, 2015.

b) See PUB (MPI) 1-3.

PUB (MPI) 1-27 **Reference: AI.11 Financial Forecast Model Test Report**

Please identify the author of the Financial Forecast Model Test Report.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-28 Reference: II.9.2 Pension

Please file a copy of the most recent Actuarial Pension Benefit Plan report (December 31, 2013).

RESPONSE:

Please see attachment.

Attachment A
Agenda C
April 4, 2014

Actuarial Valuation Report as at December 31, 2013

Pension Liabilities of Manitoba Public Insurance

(As a result of participation of its employees in the Civil Service Superannuation Act)

Submitted: March, 2014

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APPENDICES

1. PURPOSE

The purpose of this Actuarial Valuation Report (Report) is to:

- indicate the liabilities which the Manitoba Public Insurance (M.P.I.) has as at December 31, 2013 (Valuation Date), as a result of the participation of its employees in the Civil Service Superannuation Act (CSSA), and
- provide a formula which can be used to estimate the increase in these liabilities in the following 12 to 18 months after December 31, 2013.

These liabilities are an estimate of the present value of the future payments which M.P.I. is expected to make to the Civil Service Superannuation Fund (CSSF).

The liabilities have been computed on a going concern basis. This basis contemplates the continued existence of the pension plan and the funding arrangements for the benefits under the pension plan.

The guidance for the calculation of the liabilities and the preparation of this Report are the Practice-Specific Standards for Pension Plans of the Canadian Institute of Actuaries and IAS 19, Employee Benefits issued by the International Accounting Standards Committee.

2. DATA

It is anticipated no amendments will be made to the CSSA other than the contribution rate increase which is set up to increase by 2% from July 1, 2012 to January 1, 2015.

The data used in the calculations includes the portion of each pension, currently in payment or which is expected to be in payment, that M.P.I. is responsible for.

The data for all the pensions in payment and the accrued pensionable service of all employees participating in the CSSA was provided by the Civil Service Superannuation Board (Superannuation Board).

Information on the pensions and benefits paid by M.P.I. and the employee contributions for 2013 were obtained from M.P.I.

In addition, information on one pension, for which M.P.I. acts as the administrator, was also provided by M.P.I. This separate pension has been included in the liabilities reported as at December 31, 2013.

Due to time constraints, the data provided by the Superannuation Board was sent without performing their normal annual edit checks. However, the data was checked for missing information, illogical information and reconciled with the prior valuation data. A few minor changes to the data resulted from the checks made.

3. MEMBERSHIP

The data provided indicated that M.P.I. was the employer of record for the following participants:

	31-Dec-2013			31-Dec-2012		
	Males	Females	Total	Males	Females	Total
Contributors	827	1,157	1,984	832	1,196	2,028
Deferred Pensioners	69	92	161	75	105	180
Reciprocal Transfers	1	-	1	1	-	1
Pensioners & Survivors	380	360	740	364	324	688
Total	1,277	1,609	2,886	1,272	1,625	2,897

A reconciliation of the number of member records used in the calculations is shown in Appendix I.

The numbers shown for pensioners includes 64 beneficiary records as at December 31, 2013 and 59 as at December 31, 2012.

4. ASSUMPTIONS

The assumptions used in this Report and assumptions used in the last actuarial valuation report of the M.P.I. pension liabilities are shown in Appendix II.

The demographic assumptions have been developed from the accumulated experience of the CSSF. This experience is reflected in the demographic assumptions adopted for the actuarial valuations of the CSSF. Changes to these assumptions were made for the actuarial valuation of the CSSF as at December 31, 2012 (CSSF AVR 2012).

For this Report, the demographic assumptions have been continued and reflect those used for the CSSF AVR 2012, with the one exception being the salary scale component for service merit. The salary scale for service merit is 50 basis points higher and was first adopted for the 2009 actuarial valuation and has been continued in use for this Report.

The economic assumptions have been chosen by management. The specific choices are made after a review with internal staff and the actuary. The existing economic assumptions were confirmed to us on February 20, 2014 by management after management's review of the assumptions.

The demographic assumptions overall represent a reasonable best estimate basis for these assumptions. The economic assumptions, overall, represent MPI's best estimate basis for those assumptions.

5. M.P.I. SHARE OF BENEFIT PAYMENTS

The benefits expected to be paid are based on the provisions of the CSSA.

M.P.I. is expected to make payments due to:

- pensions in payment as at December 31, 2013 where M.P.I. is the last employer of record,
- pensions expected to become payable to former employees who retained the right to a deferred paid-up pension, and
- pensions and other benefits expected to become payable to existing employees as a result of service completed up to the Valuation Date.

At present, M.P.I. is contributing to the CSSF based on the pay-as-you-go method of funding. Under this method, no advance funding payments for the employer share of the cost of pensions are made to the CSSF. M.P.I. has, however, established a reserve against general assets which is being increased to match the increase in its pension liabilities.

Each month, M.P.I. makes payments to the CSSF to reimburse it for:

- a portion (currently about 47%) of each pension payment to retired employees,
- a portion (currently about 47%) of each pension payment to a beneficiary of a deceased pensioner or the survivor of an employee who dies in service,
- a portion of any amounts transferred to other pension plans under reciprocal agreements,
- a portion of any commuted values paid out as a result of employees terminating service or as a result of marriage breakdowns, and
- a portion of the administrative costs of operating the CSSF in respect of M.P.I. records.

Pensions in payment are indexed to 2/3 of the increases in the cost of living, provided sufficient funds exist to finance such increases. Former employees who retain a right to a deferred paid-up pension have their pensions indexed during both the deferral period and the payout period.

The employer share of each pension is based on when the pension starts. For pensions which commenced:

(a) prior to March 31, 1961, the employer is responsible for a portion of each increase in that pension and

(b) after March 31, 1961, the employer is responsible for a portion (currently about 47%) of the pension paid.

Pursuant to CSSA subsection 22(11), employer funding for employees who have service with more than one non-matching Agency shall be on a pro rata basis. This proration of the benefits assigned to an employer is based on the proration of service allocated to the employer. This proration assignment was made effective for events on or after January 1, 1998. This may decrease or increase the pension obligations in the absence of CSSA subsection 22(11). However, for enhanced benefits, it is the administrative practice to bill all of the enhanced benefits to the current employer.

6. VALUATION PROCEDURE

The projected unit credit actuarial cost method has been used to determine the accrued liabilities and the current service cost applicable to each year after the Valuation Date.

The liabilities are computed separately for each employee and each potential benefit in the future for that employee. For each benefit, we determine:

- the probability of that benefit becoming payable each year in the future based on the assumptions outlined in Appendix II,
- a discount factor which makes allowance for the interest expected to be earned between the valuation date and the date of payment to finance a portion of the future payment, and
- the amount of the future benefit. Pensions are based on service completed prior to the valuation date and projected salaries immediately prior to the event causing the pension to be paid.

The liability for each benefit for an employee is the sum of the product of these three factors for each year in the future. The sum of these liabilities obtained for all employees is the liability for that benefit in respect of employees.

The liabilities for pensioners and deferred pensioners is determined by a similar process except that the amount of payment is based on the pension in payment or the pension of record in the case of deferred pensioners.

For accounting purposes, the service-to-date pension obligations have been shown.

7. VALUATION RESULTS

The following table shows the liabilities which M.P.I. has as at December 31, 2013 and December 31, 2012 as a result of the participation of its employees and former employees in the CSSA:

Pension Liabilities with

Allowance Made for Indexing of Pensions

	After change in assumptions 31-Dec-2013	Before change in assumptions 31-Dec-2013	31-Dec-2012
Contributors	$ 155,659,000	$ 166,242,600	$ 161,874,900
Deferred Pensioners	7,845,600	8,414,200	7,894,500
Pensioners & Survivors	119,142,900	123,321,800	113,317,200
Total	$ 282,647,500	$ 297,978,600	$ 283,086,600

For this valuation, the liabilities were $75,400 more than projected. The detailed breakdown of all experience is shown in Appendix III.

The liabilities were also affected by the change made to anticipated future experience. The increase in the discount rate from 3.90% to 4.20% decreased the liabilities by $15.3 million.

The expected average remaining service life (EARSL) of employees is 13.0 years.

8. PROJECTION FORMULA FOR LIABILITIES

The application of the projection formula is shown in Appendix III.

The following formula can be used to project the estimated increase in liabilities in the 12 to 18 months after the Valuation Date:

- Add interest at the rate of 4.20% per year to the liabilities at the beginning of the period, the contributions for the period, and the benefit payments for the period. The interest addition for the contributions and the benefit payments should be prorated to recognize investment for half the period on average.
- Add employer contributions at the rate of 141.0% of the employee contributions required to be made for the period.
- Deduct the actual employer pension and benefit payments made to the CSSF for the period.

9. ACCOUNTING FOR PENSION OBLIGATIONS

A reserve against general assets has been established and is being increased to match the accrued pension liability. This reserve should eventually reflect the existence of assets in the Employer Trust Account held in the CSSF.

The pension expense for a period is equal to:

(a) the change in the reserve, plus

(b) the actual benefit payments, plus

(c) the amounts for the amortization of previous gains and losses.

The above formula takes no credit for interest that may have been earned on assets supporting the liabilities.

10. ACTUARIAL OPINION

In our opinion, for the purposes of this Report:

- The membership data is sufficient and reliable.
- The assumptions, in aggregate which have been used, are appropriate for the purpose of determining the accounting requirements of the Plan on a going concern basis.
- The method which has been used is appropriate for the purpose of determining the accounting requirements of the Plan on a going concern basis.
- There is a risk that the liabilities may be exposed to adverse demographic experience in the future (e.g. retirement, mortality, etc.).
- This Report reflects the new Canadian Institute of Actuaries (CIA) commuted value standards effective February 1, 2011.
- We are not aware of any other matters or events occurring since the completion of this Report, which will materially affect the financial position of the liabilities as at December 31, 2013.

This Report has been prepared and this opinion has been given in accordance with accepted actuarial practice.

Dated at Winnipeg, this 27th day of March, 2014.

ELLEMENT & ELLEMENT

Dennis Ellement

Dennis Ellement, F.S.A., F.C.I.A.

APPENDIX I

Summary of Data

- Reconciliation of Membership

MALES & FEMALES	ACTIVES	DEFERREDS	RECIPROCAL	PENSIONERS	SURVIVORS
Opening 31-Dec-2012	2,028	180	1	629	59
New Entrants	117	-	-	2	-
Retirements	(64)	(6)	-	70	-
Terminations - Deferred	(17)	17	-	-	-
Terminations - Refunds	(79)	(30)	-	(5)	-
Terminations - Deaths	(1)	-	-	(15)	-
Deaths - Survivors	-	-	-	(5)	5
Closing 31-Dec-2013	1,984	161	1	676	64

MALES	ACTIVES	DEFERREDS	RECIPROCAL	PENSIONERS	SURVIVORS
Opening 31-Dec-2012	832	75	1	357	7
New Entrants	56	-	-	2	-
Retirements	(24)	(3)	-	27	-
Terminations - Deferred	(5)	5	-	-	-
Terminations - Refunds	(31)	(8)	-	-	-
Terminations - Deaths	(1)	-	-	(13)	-
Deaths - Survivors	-	-	-	-	-
Closing 31-Dec-2013	827	69	1	373	7

FEMALES	ACTIVES	DEFERREDS	RECIPROCAL	PENSIONERS	SURVIVORS
Opening 31-Dec-2012	1,196	105	-	272	52
New Entrants	61	-	-	-	-
Retirements	(40)	(3)	-	43	-
Terminations - Deferred	(12)	12	-	-	-
Terminations - Refunds	(47)	(22)	-	(5)	-
Terminations - Deaths	(1)	-	-	(2)	-
Deaths - Survivors	-	-	-	(5)	5
Closing 31-Dec-2013	1,157	92	-	303	57

Contributors

CONTRIBUTORS - MALES 31-DEC-2013

MALES		Average			Number of Members in Each Years of Service Cell							
Age	Count	Age	Service	Salary	00 - 04	05 - 09	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39
15 - 19	-	-	-	$ -	-	-	-	-	-	-	-	-
20 - 24	19	23.73	1.76	43,980.58	17	2	-	-	-	-	-	-
25 - 29	72	27.94	3.63	50,421.55	47	24	1	-	-	-	-	-
30 - 34	115	32.51	4.84	58,704.61	64	42	9	-	-	-	-	-
35 - 39	125	37.42	6.85	63,372.87	55	31	35	4	-	-	-	-
40 - 44	94	42.54	9.49	67,959.29	27	20	29	16	2	-	-	-
45 - 49	105	47.66	16.52	72,997.31	10	19	18	18	15	24	1	-
50 - 54	154	52.41	19.83	75,015.60	23	18	14	15	14	36	32	2
55 - 59	102	57.30	22.52	72,601.60	7	10	14	10	9	23	18	11
60 - 64	34	61.96	20.53	71,695.26	2	5	6	6	6	1	2	6
65 - 69	6	66.12	17.74	58,695.00	-	1	-	3	2	-	-	-
70 - 74	1	70.49	35.08	65,212.00	-	-	-	-	-	-	-	1
2013 Total/Avg	827	43.98	12.73	$66,510.64	252	172	126	72	48	84	53	20
2012 Total/Avg	832	44.91	13.00	$66,523.05	287	131	133	58	64	82	61	16

CONTRIBUTORS - FEMALES 31-DEC-2013

FEMALES		Average			Number of Members in Each Years of Service Cell							
Age	Count	Age	Service	Salary	00 - 04	05 - 09	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39
15 - 19	-	-	-	$ -	-	-	-	-	-	-	-	-
20 - 24	40	23.28	1.63	39,523.62	39	1	-	-	-	-	-	-
25 - 29	135	27.70	3.29	45,377.28	101	34	-	-	-	-	-	-
30 - 34	178	32.43	4.79	51,783.03	104	59	15	-	-	-	-	-
35 - 39	141	37.58	6.57	56,688.06	59	46	34	2	-	-	-	-
40 - 44	125	42.57	8.72	57,895.77	44	33	24	15	9	-	-	-
45 - 49	184	47.58	14.94	61,028.46	30	28	35	25	34	32	-	-
50 - 54	213	52.29	21.02	58,928.97	20	24	24	24	21	45	53	2
55 - 59	104	57.10	18.96	57,939.40	14	11	21	14	7	14	10	13
60 - 64	33	61.72	20.16	58,644.04	5	4	4	5	2	3	4	6
65 - 69	4	66.61	23.90	43,833.00	1	-	-	-	-	1	2	-
70 - 74	-	-	-	-	-	-	-	-	-	-	-	-
2013 Total/Avg	1,157	42.52	11.53	$55,377.39	417	240	157	85	73	95	69	21
2012 Total/Avg	1,196	43.93	11.77	$55,951.40	468	216	154	76	102	85	69	26

Deferred Pensioners

DEFERREDS- MALES 31-DEC-2013

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	1	161.43	-	-
30 - 34	4	845.81	-	-
35 - 39	6	405.41	-	-
40 - 44	12	795.05	-	-
45 - 49	13	218.01	-	-
50 - 54	19	466.50	-	-
55 - 59	10	269.78	-	-
60 - 64	4	242.09	-	-
65 - 69	-	-	-	-
70 - 74	-	-	-	-
2013 Total/Avg	69	$ 447.56	-	$ -
2012 Total/Avg	75	$ 571.71	-	$ -

DEFERREDS- MALES 31-DEC-2012

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	2	10.36	-	-
25 - 29	5	90.79	-	-
30 - 34	3	337.87	-	-
35 - 39	7	272.77	-	-
40 - 44	10	422.58	-	-
45 - 49	12	457.44	-	-
50 - 54	25	965.75	-	-
55 - 59	8	549.08	-	-
60 - 64	3	301.60	-	-
65 - 69	-	-	-	-
70 - 74	-	-	-	-
2012 Total/Avg	75	$ 571.71	-	$ -
2011 Total/Avg	71	$ 578.17	-	$ -

DEFERREDS- FEMALES 31-DEC-2013

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	2	1,420.24	-	-
30 - 34	5	1,315.03	-	-
35 - 39	14	765.96	-	-
40 - 44	8	853.61	-	-
45 - 49	20	438.93	-	-
50 - 54	20	782.56	-	-
55 - 59	20	507.25	-	-
60 - 64	3	320.36	-	-
65 - 69	-	-	-	-
70 - 74	-	-	-	-
2013 Total/Avg	92	$ 679.39	-	$ -
2012 Total/Avg	105	$ 541.95	-	$ -

DEFERREDS- FEMALES 31-DEC-2012

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	8	59.51	-	-
30 - 34	8	254.51	-	-
35 - 39	14	253.65	-	-
40 - 44	10	263.58	-	-
45 - 49	22	741.55	-	-
50 - 54	20	1,025.88	-	-
55 - 59	21	500.07	-	-
60 - 64	2	436.26	-	-
65 - 69	-	-	-	-
70 - 74	-	-	-	-
2012 Total/Avg	105	$ 541.95	-	$ -
2011 Total/Avg	101	$ 482.95	-	$ -

- Pensions in Payment

PENSIONERS & SURVIVORS- MALES 31-DEC-2013

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	1	925.72	1	130.11
50 - 54	1	2,981.89	-	-
55 - 59	79	2,136.94	64	49.85
60 - 64	111	2,506.50	102	103.52
65 - 69	85	1,925.55	83	126.80
70 - 74	47	1,590.61	47	151.63
75 - 79	26	1,524.87	26	159.34
80 - 84	18	959.79	18	223.19
85 - 89	6	710.88	6	108.04
90 - 94	6	562.66	6	66.53
95 - 99	-		-	-
2013 Total/Avg	380	$ 1,984.06	353	$ 184.89
2012 Total/Avg	364	$ 1,933.56	322	$ 193.89

PENSIONERS & SURVIVORS- MALES 31-DEC-2012

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	1	925.71	1	-
50 - 54	1	47.31	-	-
55 - 59	84	2,074.97	59	42.31
60 - 64	100	2,523.15	92	94.95
65 - 69	83	1,800.25	77	136.05
70 - 74	37	1,718.29	36	132.62
75 - 79	27	1,386.43	26	229.13
80 - 84	20	909.30	20	233.33
85 - 89	4	1,034.89	4	197.38
90 - 94	7	496.49	7	128.22
95 - 99	-		-	-
2012 Total/Avg	364	$ 1,933.56	322	$ 193.89
2011 Total/Avg	381	$ 1,903.98	351	$ 192.33

PENSIONERS & SURVIVORS- FEMALES 31-DEC-2013

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	1	162.59	1	-
50 - 54	3	615.50	2	32.69
55 - 59	79	1,689.27	59	46.13
60 - 64	106	1,339.32	91	35.83
65 - 69	72	847.76	70	34.92
70 - 74	39	832.63	39	44.18
75 - 79	19	614.96	19	66.20
80 - 84	17	636.72	17	156.22
85 - 89	15	577.46	15	76.95
90 - 94	6	430.61	6	240.07
95 - 99	3	582.75	3	104.33
2013 Total/Avg	360	$ 1,129.01	322	$ 101.34
2012 Total/Avg	324	$ 1,054.03	287	$ 106.11

PENSIONERS & SURVIVORS- FEMALES 31-DEC-2012

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	1	$ 162.58	1	$ -
45 - 49	1	760.95	1	182.64
50 - 54	4	1,024.26	3	170.02
55 - 59	82	1,505.04	62	49.47
60 - 64	88	1,190.38	78	44.02
65 - 69	66	840.29	63	36.70
70 - 74	32	749.38	30	66.88
75 - 79	22	693.50	22	19.11
80 - 84	11	477.06	11	45.37
85 - 89	11	552.02	11	66.77
90 - 94	4	508.56	3	-
95 - 99	2	135.02	2	10.22
2012 Total/Avg	324	$ 1,054.03	287	$ 106.11
2011 Total/Avg	250	$ 1,314.27	214	$ 98.61

Notes:

1. Both the pension amounts and cost-of-living (cola) amounts shown in the above table are the total amounts paid.
2. Counts are based on the primary pensioner sex.
3. The counts shown reflect employees who are with another employer but have service that is the responsibility of Manitoba Public Insurance.

APPENDIX II

Summary of Actuarial Assumptions

		31-Dec-2013	31-Dec-2012
1.	Annual Rate of Return on the Assets of the CSSF	4.20%	3.90%
	Annual Rate of Inflation Included in Rate of Return	2.00%	same
2.	General Salary Increases (service and merit is separate and age specific)	0.00% for 0.75 years, 2.75% for 2.00 years, 2.50% thereafter	0.00% for 1.75 years, 2.75% for 2.00 years, 2.50% thereafter
3.	Annual Salary Merit Increases	increased 0.50% (2009) see TABLE	same
4.	Indexing of Pensions (2/3 of the assumed rate of inflation)	1.33%	same
5.	Annual Increase in Earnings under Canada Pension Plan	same as general salary increases	same
6.	Annual Increase in Maximum Pension under Income Tax Act	2014: $2,770.00 Indexed ≥ same as 5. above	2013: $2,696.67 Indexed ≥ 2014: same as 5. above
7.	Annual Rate of Interest Credited to Employee Contributions	2.20%	1.90%
8.	Employer's Portion of Administrative Costs - % of Employee Contributions	0.00%	same
9.	Annual Rates of Death	UP1994 Generational Mortality using Scale AA (see TABLE)	same
10.	Proportion of Employees with a Spouse	see TABLE	same
11.	Annual Rates of Termination of Service	see TABLE	same
12.	Annual Rates of Disability	see TABLE	same
13.	Annual Rates of Retirement	see TABLE	same

	Mortality – UP1994*		Termination		Disability		Retirement	
Age	Males	Females	Males	Females	Males	Females	Males	Females
20	0.03%	0.02%	10.15%	12.60%	-	-	-	-
25	0.05	0.02	6.60	9.20	-	-	-	-
30	0.08	0.03	4.63	6.88	-	-	-	-
35	0.08	0.04	3.39	5.31	0.01%	0.01%	-	-
40	0.09	0.05	2.58	4.26	0.04	0.06	-	-
45	0.12	0.07	2.06	3.64	0.09	0.13	-	-
50	0.17	0.10	1.71	3.22	0.23	0.30	-	-
55	0.29	0.20	-	-	0.66	0.76	24.86%	24.49%
60	0.56	0.42	-	-	-	-	27.10	21.45
65	1.08	0.82	-	-	-	-	100.00	100.00
70	1.72	1.30	-	-	-	-	-	-
75	2.77	1.98	-	-	-	-	-	-
80	5.14	3.53	-	-	-	-	-	-
85	8.71	6.23	-	-	-	-	-	-
90	14.82	11.56	-	-	-	-	-	-
95	23.84	19.01	-	-	-	-	-	-
100	33.24	28.96	-	-	-	-	-	-

*UP1994 Generational Mortality Projected using Scale AA (UP2020 shown).

	Service and Merit		Married Proportions	
Age	Males	Females	Males	Females
20	3.41%	3.41%	33.00%	35.00%
25	2.90	2.90	69.00	55.00
30	2.40	2.40	90.00	68.40
35	1.89	1.89	92.70	70.50
40	1.37	1.37	93.30	70.00
45	0.94	0.94	93.50	67.80
50	0.70	0.70	90.00	71.00
55	-	-	90.00	71.00
60	-	-	90.00	71.00
65	-	-	90.00	71.00

Plus allowance for use of accrued vacation in calculation of average annual salary at date of retirement: 3.45%.

APPENDIX III

Projection of M.P.I. Pension Liabilities for 2013

1.	**Actuarial Liabilities as at 31-Dec-2012**	$ 283,086,600
2.	Interest on liabilities and cash flow (3.90%)	11,112,600
3.	Current Service Cost for Active Members	12,723,000
4.	Employer Benefit Payments	(9,019,000)
5.	**Projected Liabilities as at 31-Dec-2013**	$ 297,903,200
6.	**ACTUAL LIABILITIES** as at 31-Dec-2013 before change in economic assumptions	$ 297,978,600
7.	**ACTUAL LIABILITIES** as at 31-Dec-2013 after change in economic assumptions	$ 282,647,500
	GAIN/(LOSS) due to actual experience: [5] - [6]	$ (75,400)
	GAIN/(LOSS) due to change in assumptions: [6] - [7]	15,331,100
	NET GAIN/(LOSS)	$ 15,255,700

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PUB (MPI) 1-29 Reference: II.13 Interest Rate Forecasting

a) Please discuss the merits of implementing an Olympic forecasting methodology to eliminate the high and low forecasts from each quarter.

b) Please discuss how the Corporation adjusted the forecast information prepared on a quarterly calendar basis to a fiscal year end basis. Please provide detailed calculations and a description of the process followed.

RESPONSE:

a) Please see Volume II Investment Income, Section II.1.3 on Interest Rate Methodology. The interest rate methodology used in this rate application is the simple average forecast with no further adjustments. On page 16, it states "Armstrong (2001) suggests using at least five sources when combining forecasts when possible. MPI uses 6 sources…" If Olympic forecasting was used, it would reduce the number of forecasts used to four forecasts, which is lower than the minimum recommended number of five forecasts.

b) Please see the last paragraph on page 17 of Volume II Investment Income for a description of the adjustment.

PUB (MPI) 1-30 **Reference: II.13 Appendix 1 Inflation Rate Forecast**

Please explain how the Province of Manitoba determines its CPI forecast and indicate the extent to which it utilizes any of the forecasts used by MPI.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-31 Reference: PFT of Dan Guimond, p. 21

How will the CLEAR system respond to the expected emergence of 250 new makes and models between 2014 and 2016 as the auto manufacturers respond to the pressure to meet fuel emission standards legislation with new technologies and materials?

RESPONSE:

The Corporation contacted the Insurance Bureau of Canada (IBC) directly in regards to this question. IBC stated that it is very difficult to estimate how a new feature will affect the risk of the vehicle. For that reason, they do not estimate for new features until enough vehicles are on the road to be able to compare with and without the feature.

PUB (MPI) 1-32 Reference: RM.2.2

Please provide each of the rate line regression analyses with the customary regression diagnostics and graphical representations.

RESPONSE:

For the data, diagnostics and graph, please see the attachments.

PUB 1-32 Attachment (a1)
Passenger Vehicle Rate Line Analysis Data Used.

Note:
1) 5 year unit and loss data used (ie. Loss insurance years 2009 - 2013)
2) PD losses include collision and comprehensive losses, excludes
2009 hail catastrophe losses.

Rate Group	PD Losses	Units	Minimum Bias Actual Relativity	Fitted Relativity
0	191,389.19	3,965	0.1210	0.1210
1	1,767,877.05	26,178	0.1652	0.1752
2	2,992,466.37	31,911	0.2206	0.2116
3	3,818,108.46	32,004	0.2726	0.2480
4	4,024,114.88	31,245	0.2902	0.2843
5	3,848,819.35	26,885	0.3208	0.3207
6	4,751,824.60	29,584	0.3568	0.3571
7	4,791,894.42	26,869	0.3955	0.3935
8	5,514,114.71	28,340	0.4273	0.4299
9	6,437,590.38	31,123	0.4545	0.4663
10	7,076,353.48	30,614	0.5034	0.5026
11	8,194,267.24	36,819	0.4867	0.4957
12	10,776,542.08	43,623	0.5383	0.5365
13	13,434,353.71	47,899	0.6038	0.6038
14	15,880,079.94	54,613	0.6257	0.6182
15	18,277,341.97	59,075	0.6656	0.6590
16	19,907,967.97	63,116	0.6780	0.6999
17	24,730,353.06	71,888	0.7387	0.7407
18	30,230,128.14	84,846	0.7650	0.7815
19	37,274,861.01	97,605	0.8183	0.8224
20	43,392,315.47	108,741	0.8518	0.8632
21	49,316,099.19	117,155	0.8977	0.9040
22	49,055,329.97	108,144	0.9614	0.9449
23	58,011,357.71	123,175	0.9959	0.9857
24	62,662,211.14	128,603	1.0287	1.0265
25	76,330,597.53	146,410	1.0995	1.0872
26	82,077,651.56	147,429	1.1730	1.1548
27	86,733,469.72	147,363	1.2323	1.2223
28	92,532,667.06	153,326	1.2569	1.2899
29	95,181,417.33	148,809	1.3265	1.3574
30	109,242,874.01	158,436	1.4185	1.4250
31	101,139,905.64	137,252	1.5116	1.4925
32	66,882,638.44	88,861	1.5445	1.5601
33	37,461,786.87	46,345	1.6541	1.6277
34	14,846,831.88	15,806	1.9189	1.6952
35	9,641,430.02	9,803	1.9845	1.7628

PUB 1-32 Attachment (a2)
Passenger Vehicle Property Damage Diagnostics

Part 1:

Dependent Variable:	Passenger Vehicle Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y=0.1388+0.0364x (for rate group 0-10)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.995611115
R Square	0.991241492
Adjusted R Square	0.990268324
Standard Error	0.01195555
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.14558979	0.14558979	1018.57222	1.42981E-10
Residual	9	0.001286416	0.000142935		
Total	10	0.146876206			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.138826481	0.00674384	20.58567392	7.03788E-09
X Variable 1	0.036380538	0.001139917	31.91507825	1.42981E-10

PUB 1-32 Attachment (a2)

Passenger Vehicle Property Damage Diagnostics

Part 2:

Dependent Variable:	Passenger Vehicle Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y=0.0465+0.0408x (for rate group 11-24)

Regression Statistics	
Multiple R	0.997105984
R Square	0.994220344
Adjusted R Square	0.993738705
Standard Error	0.013556154
Observations	14

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.379345441	0.379345441	2064.247969	8.42952E-15
Residual	12	0.002205232	0.000183769		
Total	13	0.381550673			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.046518339	0.016140265	2.882129806	0.013776007
X Variable 1	0.040834452	0.000898764	45.43399574	8.42952E-15

Part 3:

Dependent Variable:	Passenger Vehicle Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y=-0.6016+0.0676x (for rate group 25-33)

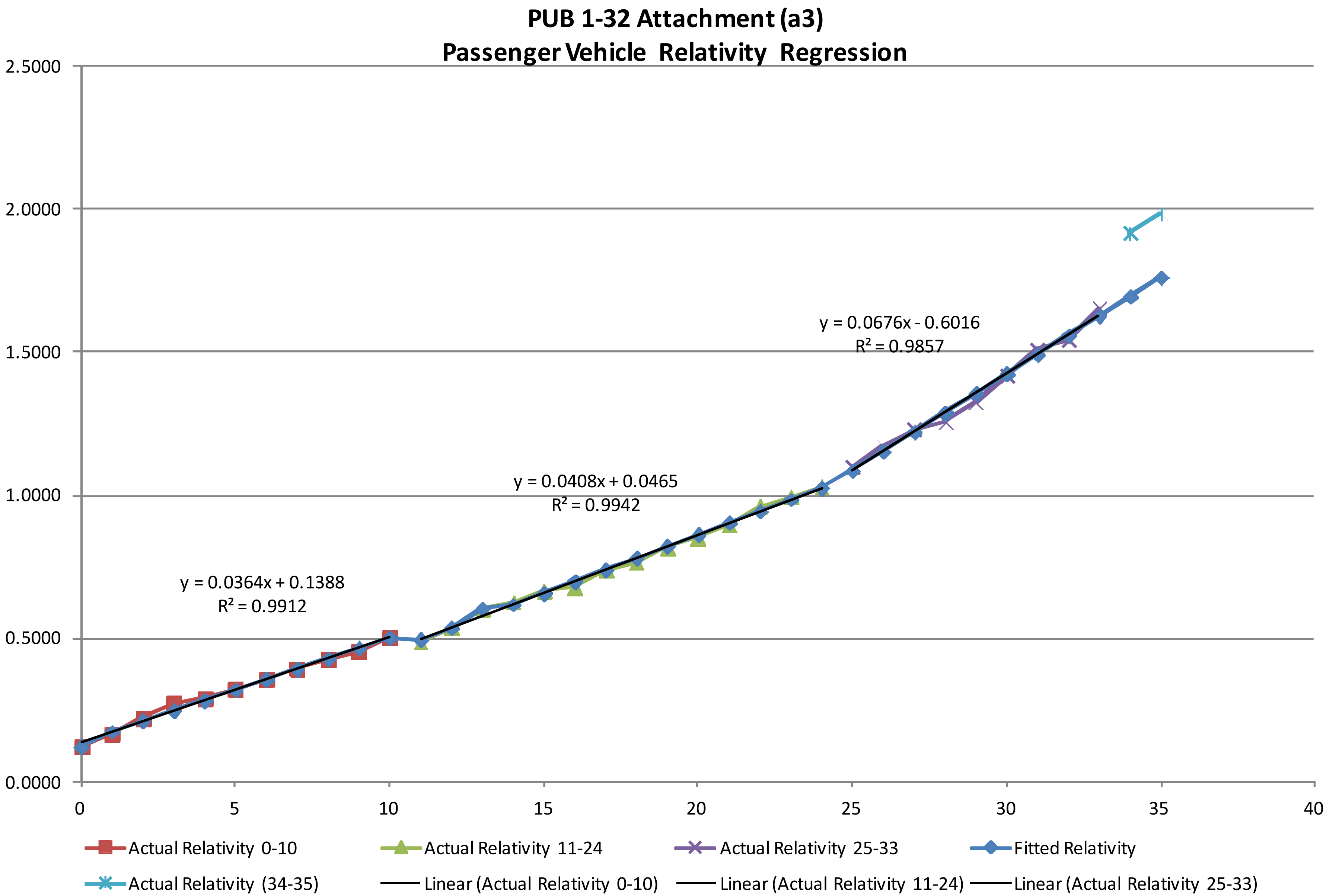
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.992820069
R Square	0.98569169
Adjusted R Square	0.983647646
Standard Error	0.02382838
Observations	9

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.27380404	0.27380404	482.2262031	1.02547E-07
Residual	7	0.003974542	0.000567792		
Total	8	0.277778582			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	-0.601595572	0.089563581	-6.716966469	0.000273149
X Variable 1	0.067552947	0.003076231	21.95964943	1.02547E-07


PUB 1-32 Attachment (a3)
Passenger Vehicle Relativity Regression
2.5000
2.0000
1.5000
1.0000
0.5000
0.0000
0
5
10
15
20
25
30
35
40
y = 0.0364x + 0.1388
R² = 0.9912
y = 0.0408x + 0.0465
R² = 0.9942
y = 0.0676x - 0.6016
R² = 0.9857
Actual Relativity 0-10
Actual Relativity 11-24
Actual Relativity 25-33
Fitted Relativity
Actual Relativity (34-35)
Linear (Actual Relativity 0-10)
Linear (Actual Relativity 11-24)
Linear (Actual Relativity 25-33)

PUB 1-32 Attachment (b1)
Light Truck Rate Line Analysis Data Used.

Note:
1) 5 year unit and loss data used (ie. Loss insurance years 2009 - 2013)
2) PD losses include collision and comprehensive losses, excludes
2009 hail catastrophe losses.

Rate Group	PD Losses	Units	Mininum Bias Actual Relativity	Fitted Relativity
0	475,460.20	21,400	0.0718	0.0718
1	5,042,471.09	90,369	0.1665	0.1633
2	2,676,773.32	29,568	0.2617	0.2307
3	1,463,300.04	14,405	0.2921	0.2893
4	1,723,366.93	15,072	0.3281	0.3391
5	1,272,213.58	9,898	0.3638	0.3801
6	1,987,724.91	14,258	0.3922	0.4123
7	2,621,660.71	15,883	0.4627	0.4357
8	2,070,139.90	13,030	0.4440	0.4503
9	2,277,860.29	13,868	0.4595	0.4561
10	2,362,631.32	13,632	0.4819	0.5001
11	2,392,659.95	12,145	0.5482	0.5317
12	2,206,375.47	10,942	0.5546	0.5633
13	4,008,290.39	18,036	0.6189	0.5949
14	2,857,412.60	11,795	0.6685	0.6265
15	2,080,325.80	9,122	0.6167	0.6581
16	3,074,493.65	12,797	0.6614	0.6897
17	3,199,088.84	11,551	0.7520	0.7213
18	3,060,936.49	11,596	0.7115	0.7529
19	3,295,451.38	10,041	0.8757	0.7845
20	4,553,471.86	16,369	0.7586	0.8586
21	5,828,733.98	16,386	0.9619	0.9174
22	6,568,565.10	18,590	0.9553	0.9762
23	8,234,077.09	21,916	1.0148	1.0350
24	10,101,227.41	24,322	1.1168	1.0938
25	12,773,342.75	30,005	1.1532	1.1525
26	13,570,824.16	28,222	1.2964	1.2113
27	17,619,426.99	38,645	1.2339	1.2701
28	17,681,161.10	35,488	1.3368	1.3289
29	18,366,265.05	35,818	1.3701	1.3877
30	41,766,222.07	72,094	1.5471	1.4464
31	48,968,519.65	79,683	1.6365	1.5052
32	38,135,767.02	63,809	1.5817	1.5640
33	25,606,463.87	44,772	1.5150	1.6228
34	9,840,498.18	17,000	1.5214	1.6816
35	12,821,939.14	18,815	1.7924	1.7403

Manitoba Public Insurance

PUB 1-32 Attachment (b2)
Light Truck Property Damage Diagnostics

Part 1:

Dependent Variable:	Light Truck Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	$y = -0.0044x^2 + 0.0806x + 0.0871$ (for rate groups 0-8)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.989408252
R Square	0.978928689
Adjusted R Square	0.805238252
Standard Error	0.021468624
Observations	9

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	0.128475157	0.042825052	139.3736775	3.0793E-05
Residual	6	0.002765411	0.000460902		
Total	9	0.131240568			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.087143087	0.017449198	4.994102649	0.002466789
X Variable 1	0.080648321	0.010171209	7.929078863	0.000213764
X Variable 2	-0.004434842	0.001223288	-3.625345043	0.011026393

PUB 1-32 Attachment (b2)
Light Truck Property Damage Diagnostics

Part 2:
Dependent Variable: Light Truck Property Damage Relativities
Independent Variable: Rate Group
Method: Least Squares
Model: y=0.184+0.0316x (for rate groups 9-20)
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.936865149
R Square	0.877716308
Adjusted R Square	0.865487939
Standard Error	0.044612564
Observations	12

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.142856494	0.142856494	71.77705346	7.10134E-06
Residual	10	0.019902808	0.001990281		
Total	11	0.162759302			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.183988743	0.055606891	3.308740002	0.007896101
X Variable 1	0.031606905	0.00373069	8.472133938	7.10134E-06

Part 3:
Dependent Variable: Light Truck Property Damage Relativities
Independent Variable: Rate Group
Method: Least Squares
Model: y=-0.317+0.0588x (for rate groups 21-35)

SUMMARY OUTPUT

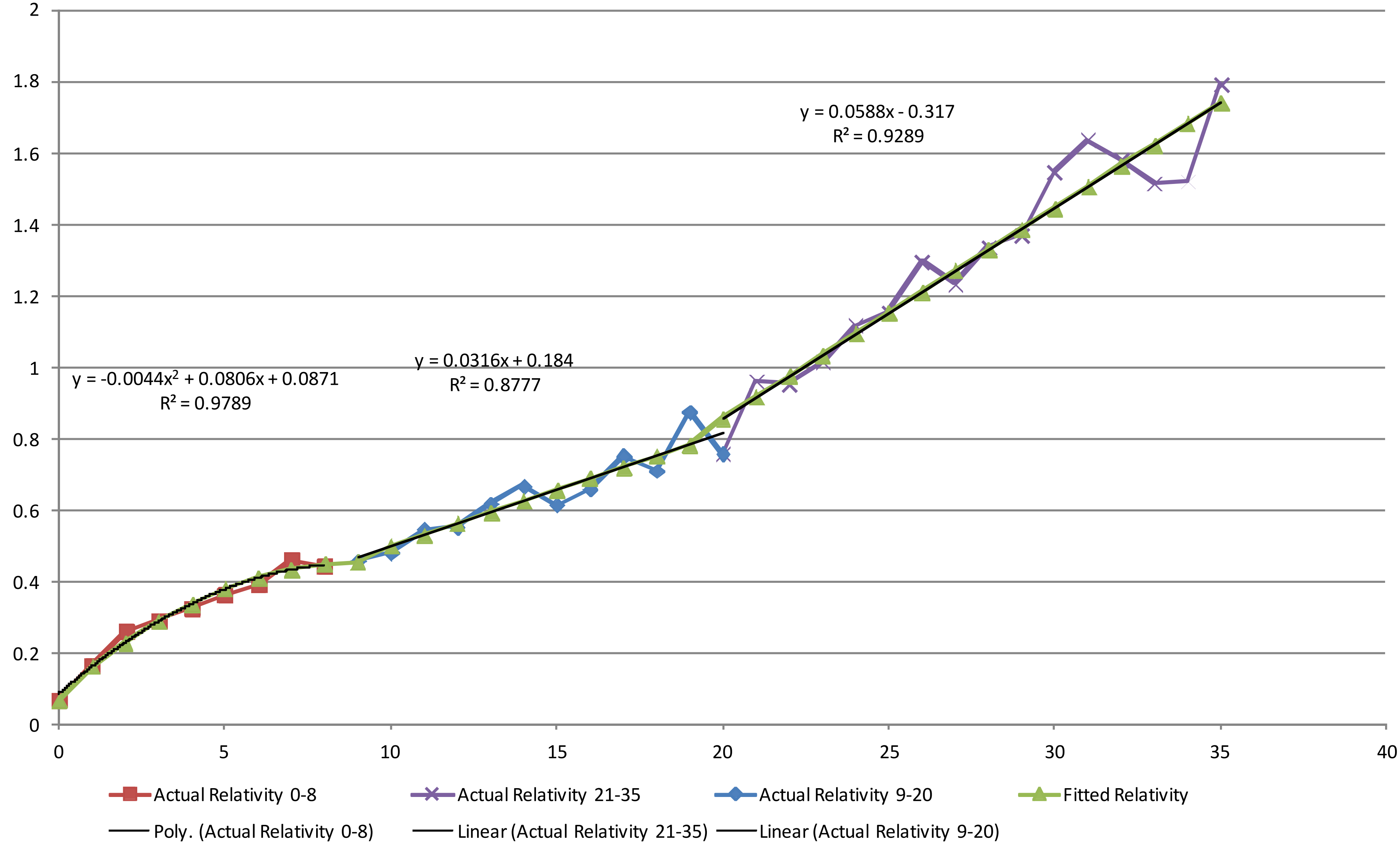
Regression Statistics	
Multiple R	0.963789746
R Square	0.928890675
Adjusted R Square	0.923811437
Standard Error	0.080147711
Observations	16

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	1.174757767	1.174757767	182.8799444	1.98872E-09
Residual	14	0.089931178	0.006423656		
Total	15	1.264688945			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	-0.316981546	0.121199789	-2.615363854	0.020359047
X Variable 1	0.058780693	0.00434662	13.52331115	1.98872E-09

PUB 1-32 Attachment (b3)
Light Truck Relativity Regression



PUB 1-32 Attachment (c1)
Heavy Truck Rate Line Analysis Data Used.

Note:
1) 5 year unit and loss data used (ie. Loss insurance years 2009 - 2013)
2) PD losses include collision and comprehensive losses, excludes
2009 hail catastrophe losses.

Rate Group	PD Losses	Units	Mininum Bias Actual Relativity	Fitted Relativity
1	4,901,559.12	63,479	0.3902	0.4186
2	608,669.11	3,669	0.6908	0.5946
3	773,043.35	3,625	0.8918	0.7707
4	887,088.54	3,626	1.0289	0.9467
5	1,082,848.64	3,575	1.2800	1.1228
6	1,007,559.55	3,466	1.2327	1.2989
7	898,181.49	3,371	1.1355	1.4749
8	1,139,252.75	3,352	1.4564	1.6510
9	1,607,234.06	3,598	1.9215	1.8270
10	1,756,299.46	3,829	1.9809	2.0031
11	1,790,799.23	3,892	2.0065	2.1791
12	2,004,765.09	3,625	2.4486	2.3552
13	1,890,992.13	3,094	2.7227	2.5312
14	1,666,679.14	2,730	2.7618	2.7073
15	1,494,131.82	2,531	2.6910	2.8833
16	1,293,226.84	2,192	2.7177	3.0594
17	589,597.56	708	3.7022	3.2354

PUB 1-32 Attachment (c2)
Heavy Truck Property Damage Diagnostics

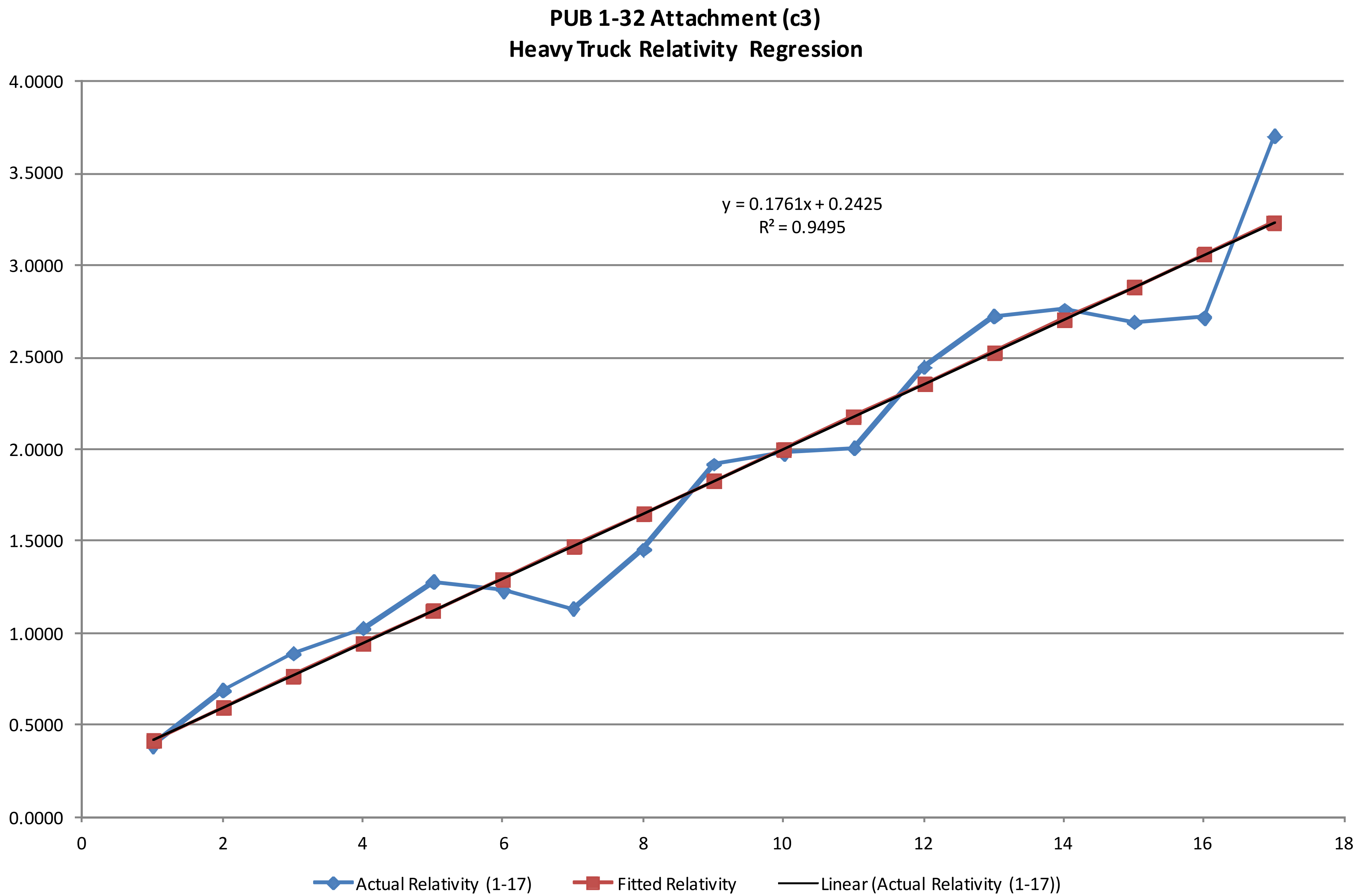
Dependent Variable:	Heavy Truck Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y = 0.2425+0.1760x (for rate groups 1-17)

Regression Statistics	
Multiple R	0.974414048
R Square	0.949482736
Adjusted R Square	0.946114919
Standard Error	0.21178981
Observations	17

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	12.64586765	12.64586765	281.9281959	3.91171E-11
Residual	15	0.672823852	0.044854923		
Total	16	13.31869151			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.242534486	0.107440898	2.257375837	0.039326576
X Variable 1	0.176053326	0.010485158	16.79071755	3.91171E-11


PUB 1-32 Attachment (c3)
Heavy Truck Relativity Regression
y = 0.1761x + 0.2425
R² = 0.9495
4.0000
3.5000
3.0000
2.5000
2.0000
1.5000
1.0000
0.5000
0.0000
0
2
4
6
8
10
12
14
16
18
Actual Relativity (1-17)
Fitted Relativity
Linear (Actual Relativity (1-17))

PUB 1-32 Attachment (d1)

Motor Home Rate Line Analysis Data Used.

Note:
1) 5 year unit and loss data used (ie. Loss insurance years 2009 - 2013)
2) PD losses include collision and comprehensive losses, excludes
2009 hail catastrophe losses.

Rate Group	PD Losses	Units	Mininum Bias Actual Relativity	Fitted Relativity
0	43,481.43	1,084	0.1119	0.1225
1	242,041.32	2,084	0.3212	0.3180
2	632,933.55	3,398	0.5165	0.5135
3	547,430.69	2,244	0.6773	0.7090
4	545,410.62	1,569	0.9623	0.9045
5	467,901.56	1,184	1.0861	1.1000
6	483,220.19	780	1.7024	1.2955
7	291,298.08	534	1.5039	1.4910
8	250,705.93	505	1.3634	1.6865
9	148,873.13	312	1.3263	1.8820
10	2,519,259.76	3,364	2.0701	2.0775

Manitoba Public Insurance

PUB 1-32 Attachment (d2)
Motor home Property Damage Diagnostics

Dependent Variable:	Motor Home Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y = 0.1225+0.1955x (for rate groups 0-5, 10)

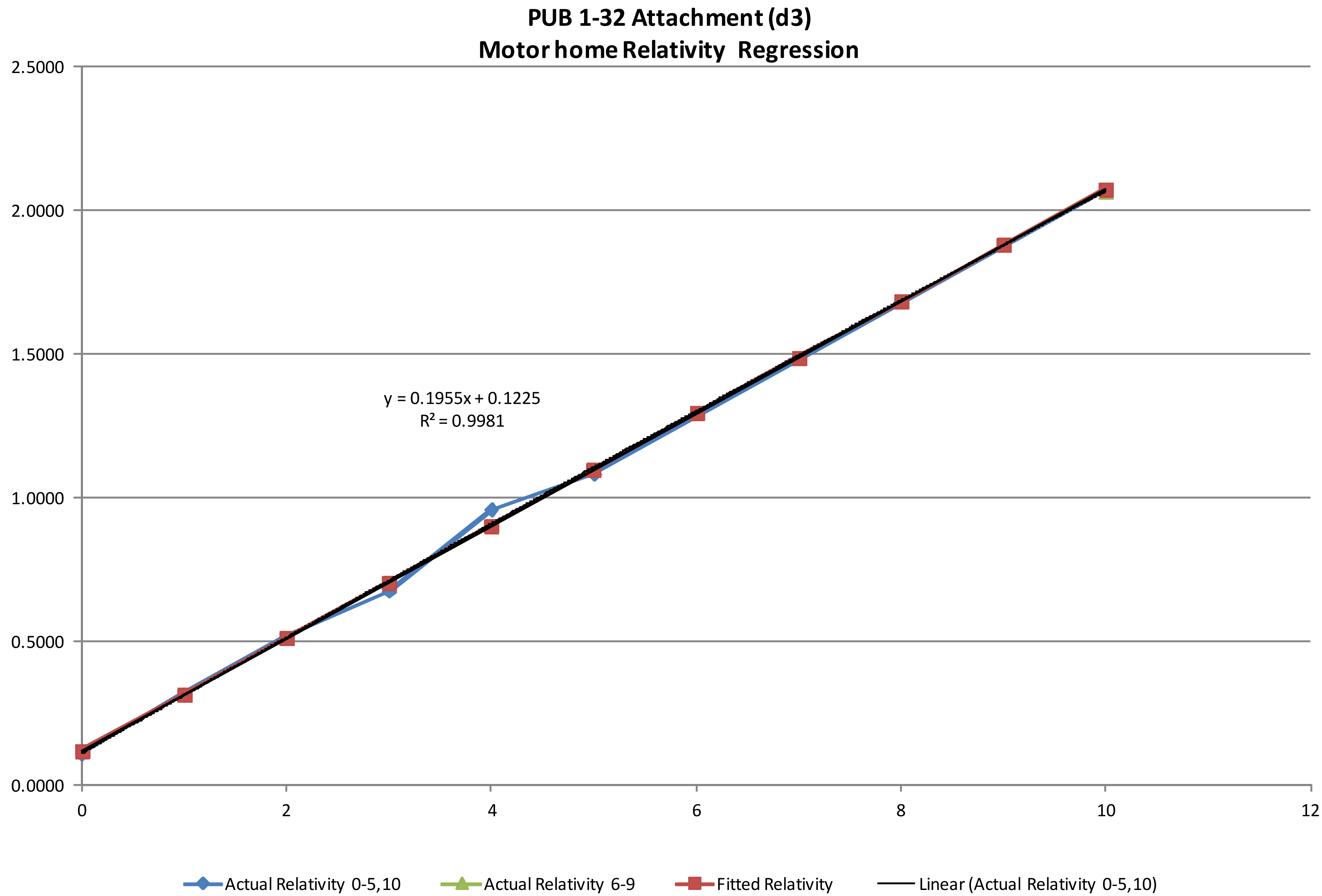
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.99906122
R Square	0.998123321
Adjusted R Square	0.997747985
Standard Error	0.030733795
Observations	7

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	2.511866683	2.511866683	2659.280858	5.18376E-08
Residual	5	0.004722831	0.000944566		
Total	6	2.516589513			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.122510737	0.01784034	6.867062966	0.001001179
X Variable 1	0.195509739	0.003791284	51.56821558	5.18376E-08


PUB 1-32 Attachment (d3)
Motor home Relativity Regression
y = 0.1955x + 0.1225
R² = 0.9981
2.5000
2.0000
1.5000
1.0000
0.5000
0.0000
0
2
4
6
8
10
12
Actual Relativity 0-5,10
Actual Relativity 6-9
Fitted Relativity
Linear (Actual Relativity 0-5,10)

PUB 1-32 Attachment (e1)

Trailer Rate Line Analysis Data Used.

Note:
1) 5 year unit and loss data used (ie. Loss insurance years 2009 - 2013)
2) PD losses include collision and comprehensive losses, excludes
2009 hail catastrophe losses.

Rate Group	PD Losses	Units	Mininum Bias Actual Relativity	Fitted Relativity
1	2,294,001.51	108,323	0.2204	0.2204
2	2,780,886.04	53,768	0.5315	0.5550
3	3,589,656.55	39,832	0.9250	0.8962
4	2,484,502.00	20,838	1.2211	1.2375
5	2,925,957.65	18,882	1.5855	1.5787
6	2,154,461.16	11,562	1.9175	1.9532
7	2,626,497.44	14,085	1.9245	2.0408
8	3,256,920.93	16,181	2.0985	2.1283
9	3,268,743.03	14,043	2.4191	2.2158
10	1,901,762.07	8,268	2.4030	2.3034
11	1,251,220.65	5,224	2.4965	2.3909
12	533,323.45	2,480	2.2516	2.4784
13	1,755,989.05	5,002	3.6209	2.5659

Manitoba Public Insurance

PUB 1-32 Attachment (e2)
Trailer Property Damage Diagnostics

Part 1:

Dependent Variable:	Trailer Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y = -0.1276+0.3413x (for rate groups 1-6)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.999572796
R Square	0.999145775
Adjusted R Square	0.998932218
Standard Error	0.020870932
Observations	6

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	2.037980627	2.037980627	4678.604955	2.73716E-07
Residual	4	0.001742383	0.000435596		
Total	5	2.039723011			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	-0.12755222	0.01942978	-6.564779402	0.002785523
X Variable 1	0.341256554	0.004989107	68.40032862	2.73716E-07

PUB 1-32 Attachment (e2)
Trailer Property Damage Diagnostics

Part 2:

Dependent Variable:	Light Truck Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y = 1.4281+0.0875x (for rate groups 6-12)

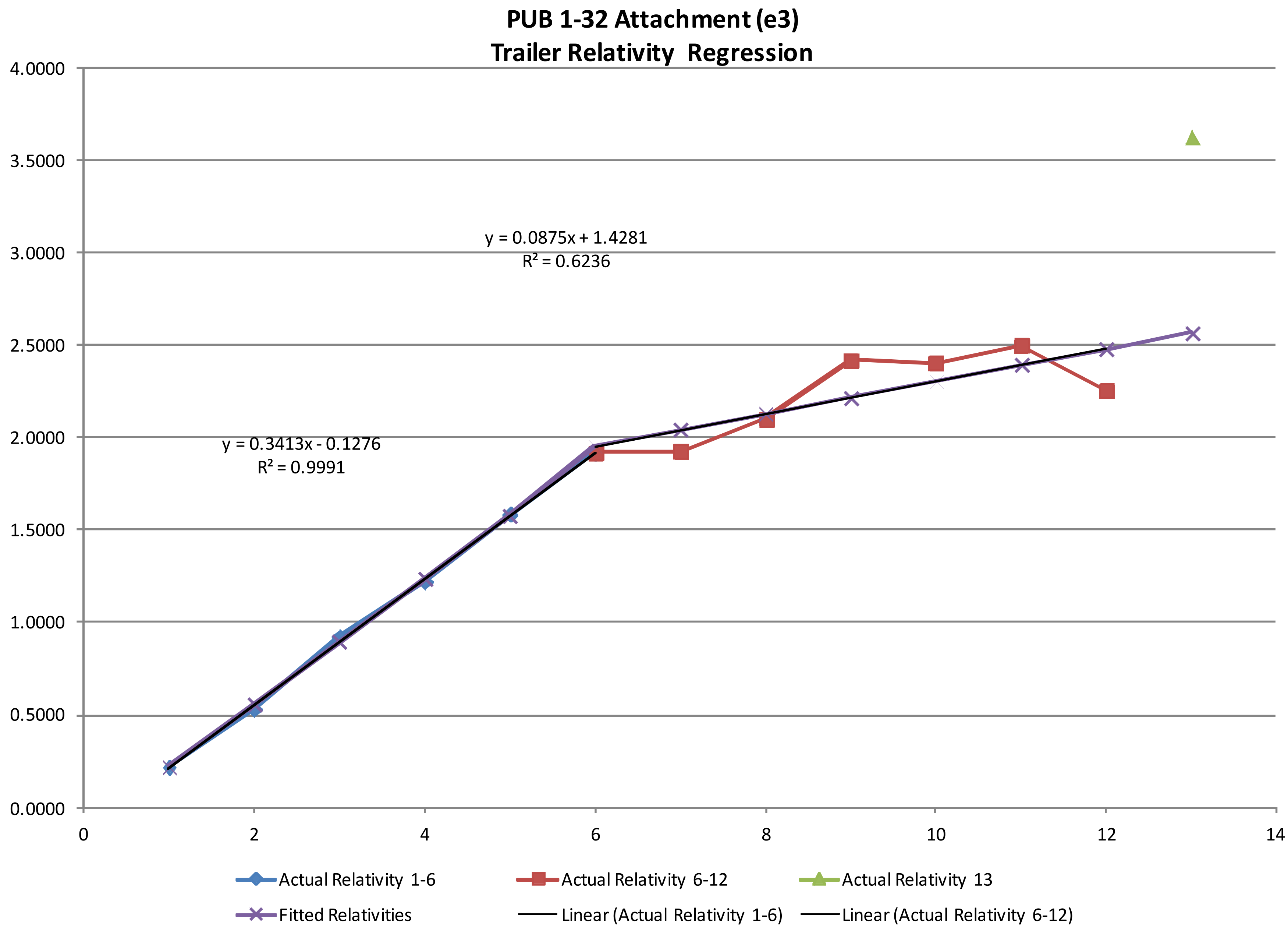
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.78967177
R Square	0.623581504
Adjusted R Square	0.548297805
Standard Error	0.160924941
Observations	7

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.214505776	0.214505776	8.283087991	0.034667538
Residual	5	0.129484183	0.025896837		
Total	6	0.343989959			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	1.428083542	0.280384373	5.093306468	0.003791532
X Variable 1	0.087526685	0.030411955	2.878035439	0.034667538


PUB 1-32 Attachment (e3)
Trailer Relativity Regression
4.0000
3.5000
3.0000
2.5000
2.0000
1.5000
1.0000
0.5000
0.0000
0
2
4
6
8
10
12
14
y = 0.0875x + 1.4281
R² = 0.6236
y = 0.3413x - 0.1276
R² = 0.9991
Actual Relativity 1-6
Actual Relativity 6-12
Actual Relativity 13
Fitted Relativities
Linear (Actual Relativity 1-6)
Linear (Actual Relativity 6-12)

PUB 1-32 Attachment (f1)

Motorcycle Collision Rate Line Analysis Data Used.

Note:
1) 5 year unit and loss data used (ie. Loss insurance years 2009 - 2013)
2) losses includes collision losses.

Rate Group	Collision Losses	Units	Mininum Bias Actual Relativity	Fitted Relativity
0	26,037.25	4,856	0.0692	0.0739
1	19,215.33	2,625	0.1144	0.1003
2	55,279.10	4,267	0.2009	0.2153
3	384,455.65	10,910	0.4232	0.4189
4	1,144,729.94	11,517	0.8419	0.8498
5	1,505,671.85	11,455	1.3284	1.2446
6	1,231,006.41	8,785	1.6232	1.6393
7	1,223,111.72	7,406	2.0062	2.0341
8	184,736.91	1,219	1.8519	2.4288
9	82,101.56	305	3.1048	2.8235

PUB 1-32 Attachment (f2)
Motorcycle Collision Diagnostics

Part 1:

Dependent Variable:	Motorcycle Collision Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	$y = 0.0443x^2 - 0.0179x + 0.0739$ (for rate groups 0-3)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.996977867
R Square	0.993964867
Adjusted R Square	-0.0181054
Standard Error	0.021165054
Observations	4

ANOVA

	df	*SS*	*MS*	*F*
Regression	3	0.073777329	0.024592443	82.34820923
Residual	1	0.00044796	0.00044796	
Total	4	0.074225288		

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.07392745	0.020629143	3.583641342	0.173239288
X Variable 1	-0.01794823	0.03312855	-0.541775285	0.683914
X Variable 2	0.044262596	0.010582527	4.182611114	0.149401756

PUB 1-32 Attachment (f2)
Motorcycle Collision Diagnostics

Part 2:

Dependent Variable:	Motorcycle Collision Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y =-0.7292+0.3947x (for rate groups 3-7)

SUMMARY OUTPUT

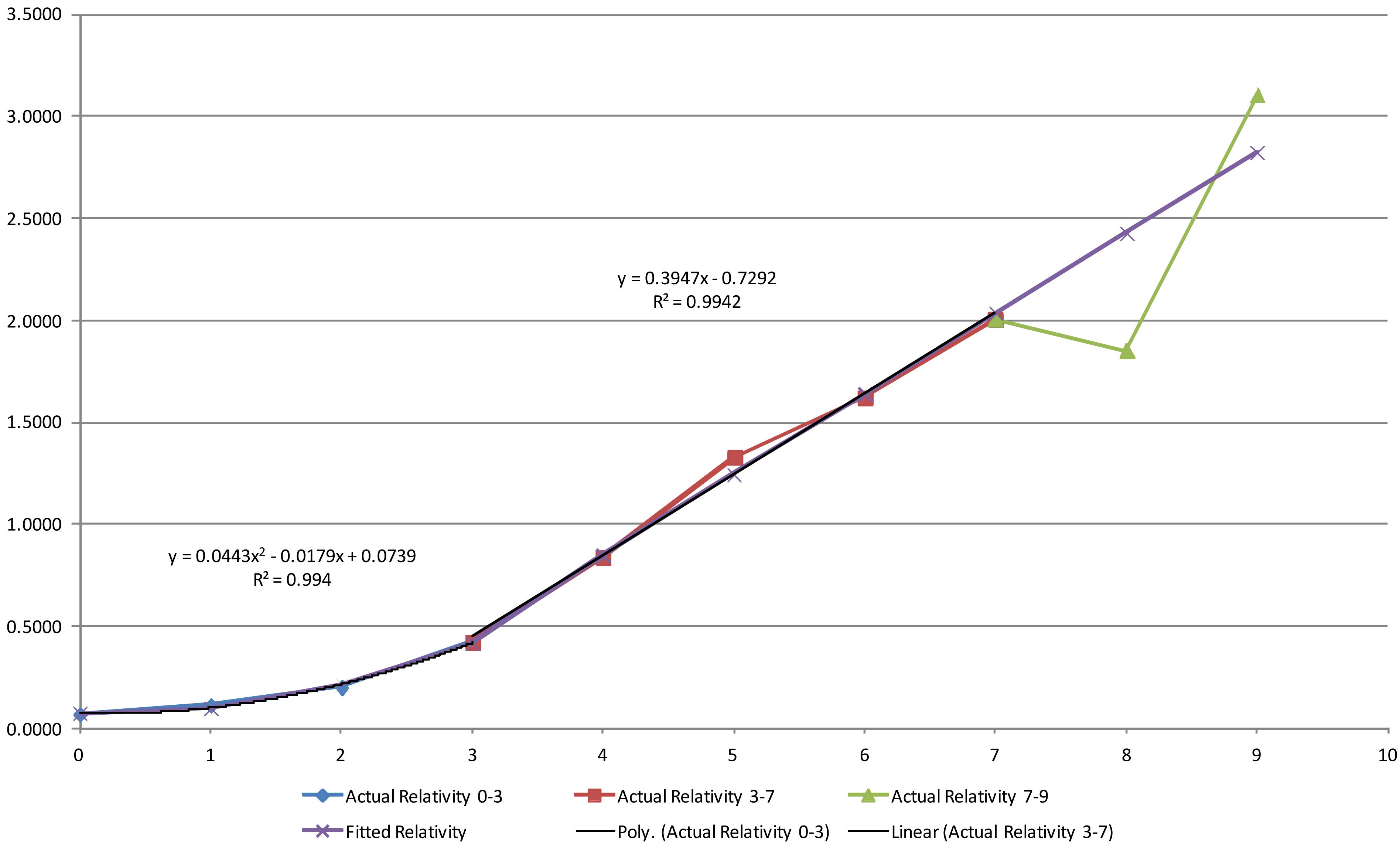
Regression Statistics	
Multiple R	0.99708123
R Square	0.994170979
Adjusted R Square	0.992227972
Standard Error	0.055185244
Observations	5

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	1.558233827	1.558233827	511.6661645	0.00018921
Residual	3	0.009136233	0.003045411		
Total	4	1.56737006			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	-0.729157585	0.090678608	-8.041120142	0.004016565
X Variable 1	0.394744706	0.017451106	22.620039	0.00018921

PUB 1-32 Attachment (f3)
Motorcycle Relativity Regression



PUB 1-32 Attachment (g1)
Bus Rate Line Analysis Data Used.

Note:
1) 10 year unit and loss data used (ie. Loss insurance years 2004 - 2013)
2) PD losses include collision and comprehensive losses, excludes
2009 hail catastrophe losses.

Rate Group	PD Losses	Units	Mininum Bias Actual Relativity	Fitted Relativity
0	152,464.75	2,403	0.2528	0.2300
1	83,161.34	1,329	0.2264	0.2444
2	78,571.23	1,005	0.3229	0.3275
3	121,539.94	1,188	0.3655	0.4106
4	46,085.94	717	0.2677	0.4937
5	205,702.53	1,121	0.6996	0.5767
6	83,818.46	547	0.6576	0.6598
7	272,534.12	1,221	0.7942	0.7429
8	707,129.58	2,549	0.9404	0.8260
9	405,304.97	1,701	0.8301	0.9091
10	443,624.17	1,701	0.9512	0.9922
11	566,992.11	1,611	1.3517	1.0753
12	201,201.83	1,159	0.7587	1.1584
13	3,616,800.76	14,473	1.4004	1.2414

PUB 1-32 Attachment (g2)
Bus Property Damage Diagnostics

Dependent Variable:	Bus Property Damage Relativities
Independent Variable:	Rate Group
Method:	Least Squares
Model:	y = 0.1613+0.0831x (for rate groups 0 - 13)

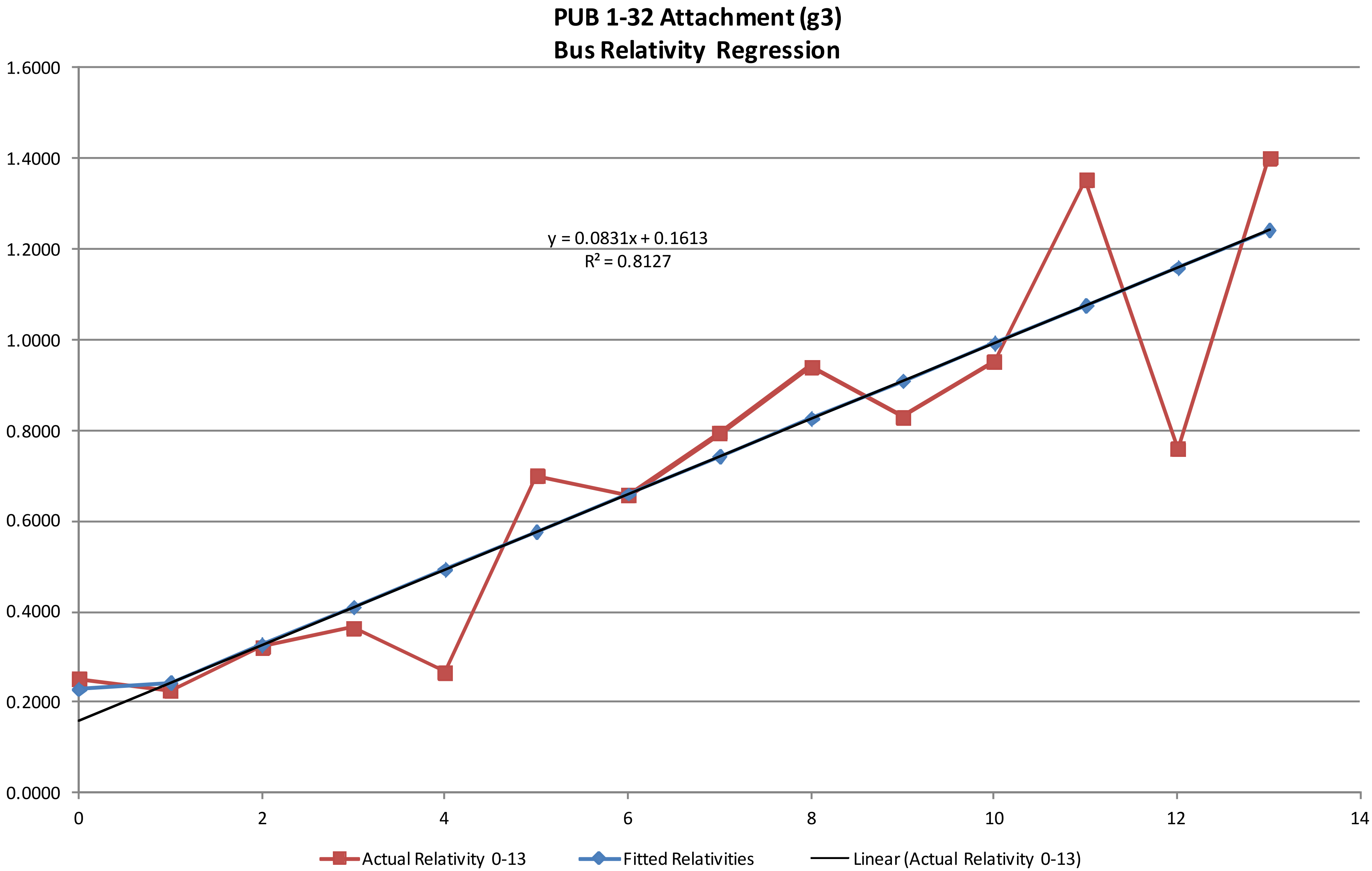
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.90150432
R Square	0.812710039
Adjusted R Square	0.797102542
Standard Error	0.173670261
Observations	14

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	1.570555493	1.570555493	52.07177355	1.06296E-05
Residual	12	0.361936317	0.03016136		
Total	13	1.93249181			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.161302249	0.088066896	1.831587763	0.091937335
X Variable 1	0.083087548	0.011514226	7.216077435	1.06296E-05


PUB 1-32 Attachment (g3)
Bus Relativity Regression
y = 0.0831x + 0.1613
R² = 0.8127
1.6000
1.4000
1.2000
1.0000
0.8000
0.6000
0.4000
0.2000
0.0000
0
2
4
6
8
10
12
14
Actual Relativity 0-13
Fitted Relativities
Linear (Actual Relativity 0-13)

PUB (MPI) 1-33 Reference: RM.4.3, p. 37

Please provide supporting analysis for the Major Class Drift assumptions, including commentary on any significant shifts from the corresponding assumptions used in the prior GRA.

RESPONSE:

Refer to the attached table.

For the 2015 GRA, we improved on the methodology to determine the drift by taking into consideration the different projected volume growth for HTA and non-HTA vehicles. This has the effect of reducing the overall drift since non-HTA vehicles, which have significantly lower average rates, were forecasted to grow at a faster pace, and thus reducing the growth in the overall average rate. The table below compares last year's drift factors to this year's drift factors.

Major Class	Prior Year	Current Year
Private Passenger	5.9%	6.4%
Commercial	4.3%	4.2%
Public	1.8%	1.7%
Motorcycles	0.6%	2.3%
Trailers	5.0%	5.2%
ORV's	0.0%	0.0%
Overall	5.6%	4.0%

Drift Calculation by Major Class

Row	Description	Notes	Overall	Major Class					
				Priv Pass	Comm	Public	Motorcycle	Trailer	ORV
[1]	2014/15 Written Premiums	[a]	770,523,834	698,095,627	29,084,200	18,945,896	12,485,273	10,997,140	915,698
[2]	Number of Vehicles	[a]	1,073,681	758,416	44,577	11,367	14,453	179,461	65,407
[3]	2014/15 Average Rate	[a]	717.65	920.47	652.45	1,666.75	863.85	61.28	14.00
[4]	Projected Volume Growth	[b]		4.01%	4.01%	4.01%	4.01%	14.35%	14.35%
[5]	2013/14 Actual Volume Growth	[c]		1.41%	1.41%	1.41%	1.41%	4.86%	4.86%
[6]	2014/15 Selected Volume Growth	[c]		1.75%	1.75%	1.75%	1.75%	6.16%	6.16%
[7]	2015/16 Selected Volume Growth	[c]		1.75%	1.75%	1.75%	1.75%	6.02%	6.02%
[8]	Number of Vehicles - Adjusted	[d]	1,142,084	788,866	46,367	11,823	15,033	205,205	74,790
[9]	Projected Drift	[e]	3.81%	6.29%	4.01%	1.52%	2.11%	5.21%	0.00%
[10]	Selected Drift	[f]		2.65%	1.70%	0.65%	0.90%	2.20%	0.00%
[11]	2014/15 Average Rate - Adjusted	[g]	744.98	978.39	678.62	1,692.13	882.10	64.47	14.00
[12]	2014/15 Written Premiums - Adjusted	[h]	850,827,204	771,817,986	31,465,708	20,006,101	13,260,658	13,229,691	1,047,060
[13]	HTA Drift per Revenue Forecast	[i]	6.17%						
[14]	HTA Drift per Rate Model	[j]	6.02%						
[15]	2014/15 Average Rate	[k]	915.30						
[16]	2014/15 Average Rate - Adjusted	[l]	970.38						
[17]	Adjust to Revenue Forecast	[m]	1.0014						
[18]	**Projected Drift - Adjusted**	**[n]**	**3.95%**	**6.44%**	**4.16%**	**1.66%**	**2.25%**	**5.21%**	**0.00%**
[19]	2014/15 Average Rate - Adjusted	[o]	746.00	979.75	679.57	1,694.49	883.33	64.47	14.00
[20]	2014/15 Written Premiums - Adjusted	[p]	851,993,057	772,893,625	31,509,560	20,033,983	13,279,139	13,229,691	1,047,060

Notes:

[a] From the Rate Model; based on the population of vehicles as at October 31, 2013; premiums reflect the approved 2014/15 rates
[b] = ((1 + [5]) ^ (4/12) * (1 + [6]) * (1 + [7]))- 1; trended from October 31, 2013 to March 1, 2016
[c] Selected based on historical volume growth for HTA and non-HTA vehicles; See Volume II, Revenues
[d] = [2] * [4]; Overall = Sum of major classes
[e] = (1 + [10]) ^ (28/12) - 1; trended from October 31, 2013 to March 1, 2016; Overall = [11] / [3] - 1
[f] Selected based on historical drift for each major class
[g] = [3] * (1 + [9]); Overall = [12] / [8]
[h] = [8] * [11]; Overall = Sum of major classes
[i] = ((1 + 2.58%) ^ (4/12) * (1 + 2.60%) ^ 2) - 1; See Volume II, Revenues
[j] = ([16] / [15]) - 1
[k] = Sum [1] / Sum [2] for HTA Units
[l] = Sum [12] / Sum [8] for HTA Units
[m] = (1 + [13]) / (1 + [14])
[n] = (1 + [9]) * [17] - 1 for HTA Units; [9] for non-HTA Units; Overall = [19] / [3] - 1
[o] = [3] * (1 + [18]); Overall = [20] / [8]
[p] = [8] * [19]; Overall = Sum of major classes

PUB (MPI) 1-34 Reference: RM Exhibit V

a) Please provide supporting rationale for the proposed rounding and the proposed lower limit of 0% for the selected pure premium trends by coverage.

b) Please provide a graphical representation of each of the pure premium trend regressions (actual vs. fitted vs. selected), and provide supporting rationale for those pure premium trend selections based on a fitted trend with an R-squared statistic below 67%.

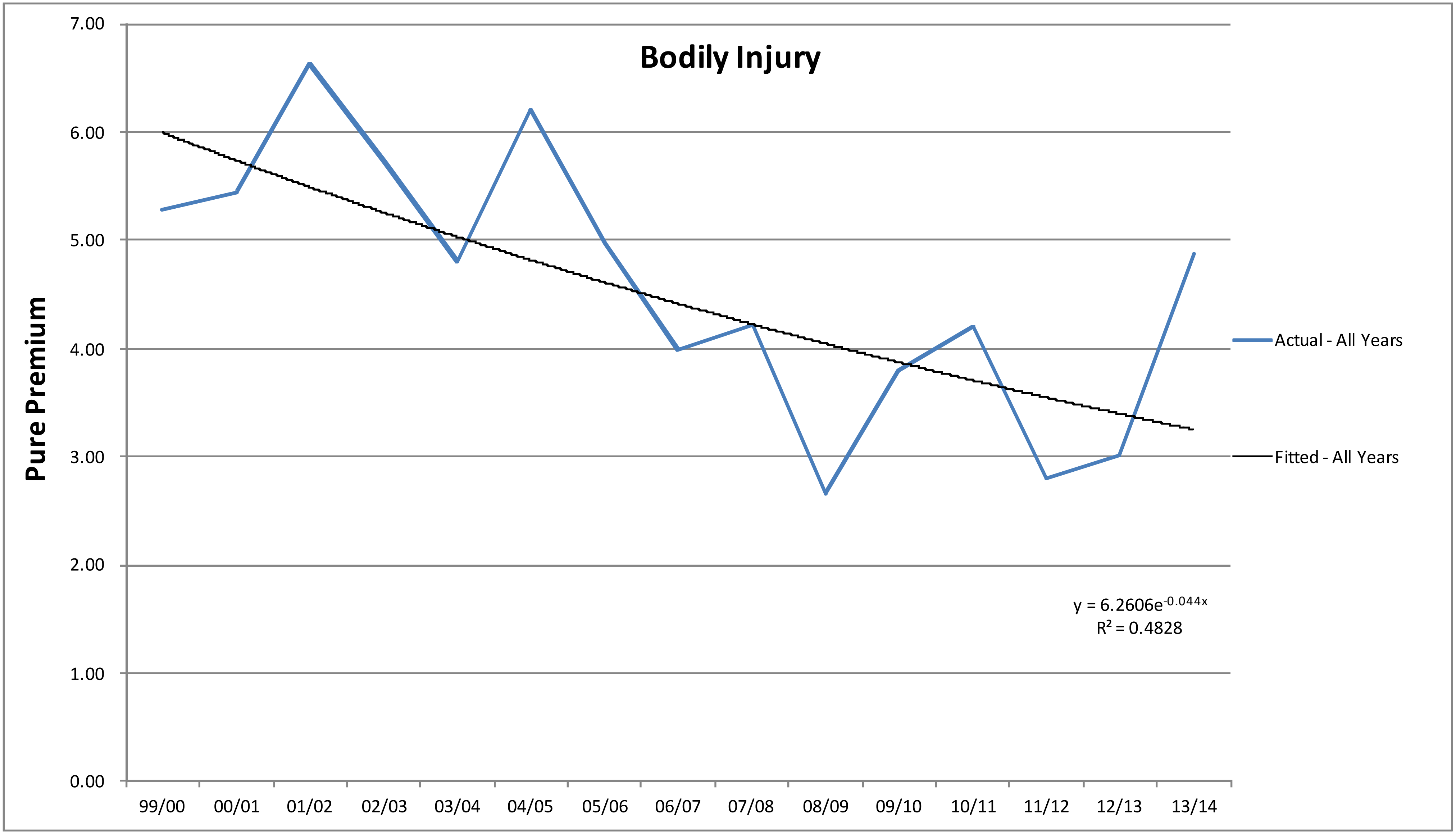
RESPONSE:

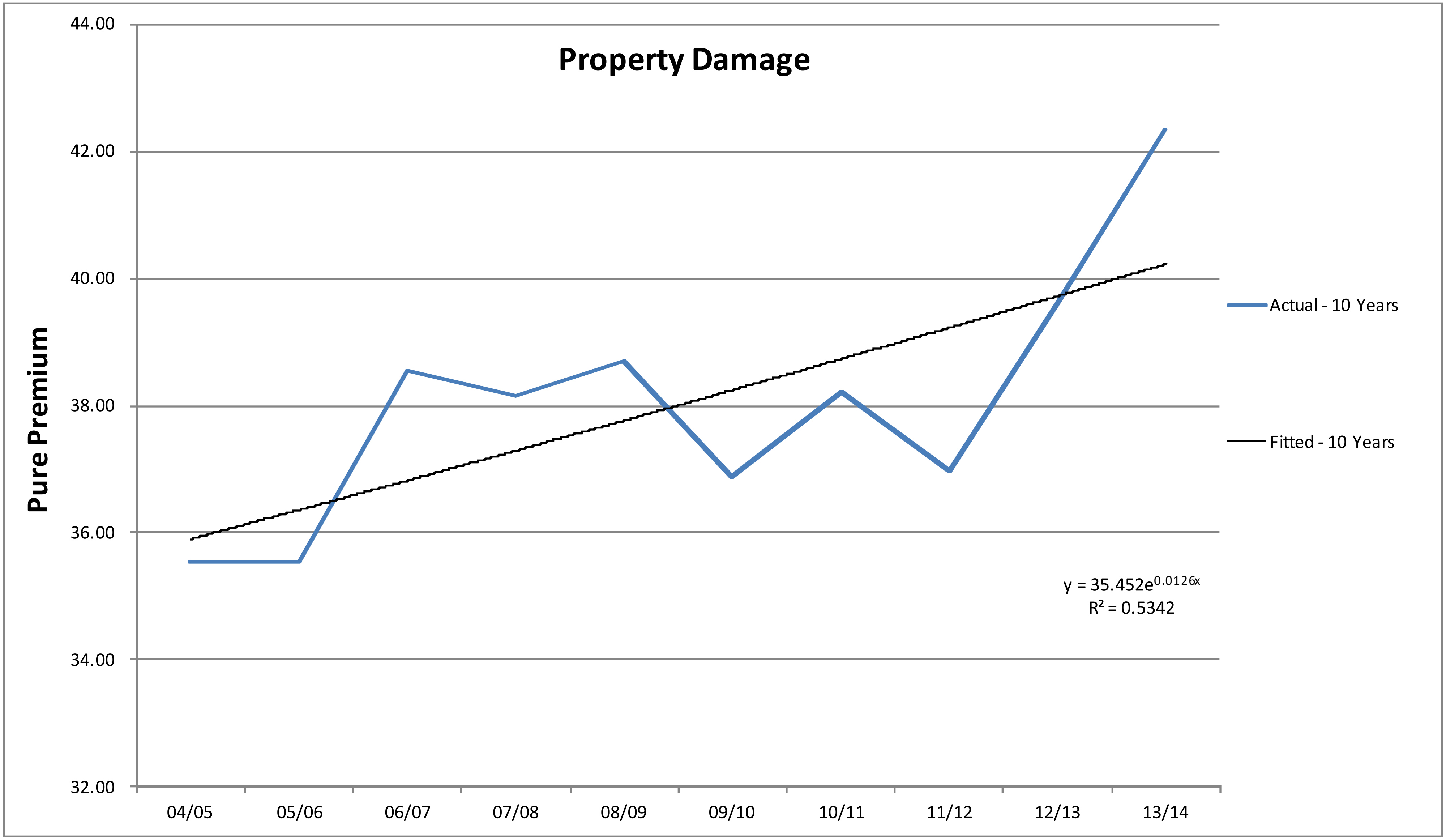
a) The proposed rounding and proposed lower limit were judgmentally selected. The proposed rounding was chosen to balance two goals – reducing year-to-year changes in the selected trend (i.e. from one GRA to the next) and recognizing the recent trend in the pure premium. The proposed lower limit is a prudent assumption that pure premiums are generally constant or increasing i.e. claims costs increase either at the same pace or faster than growth in units.

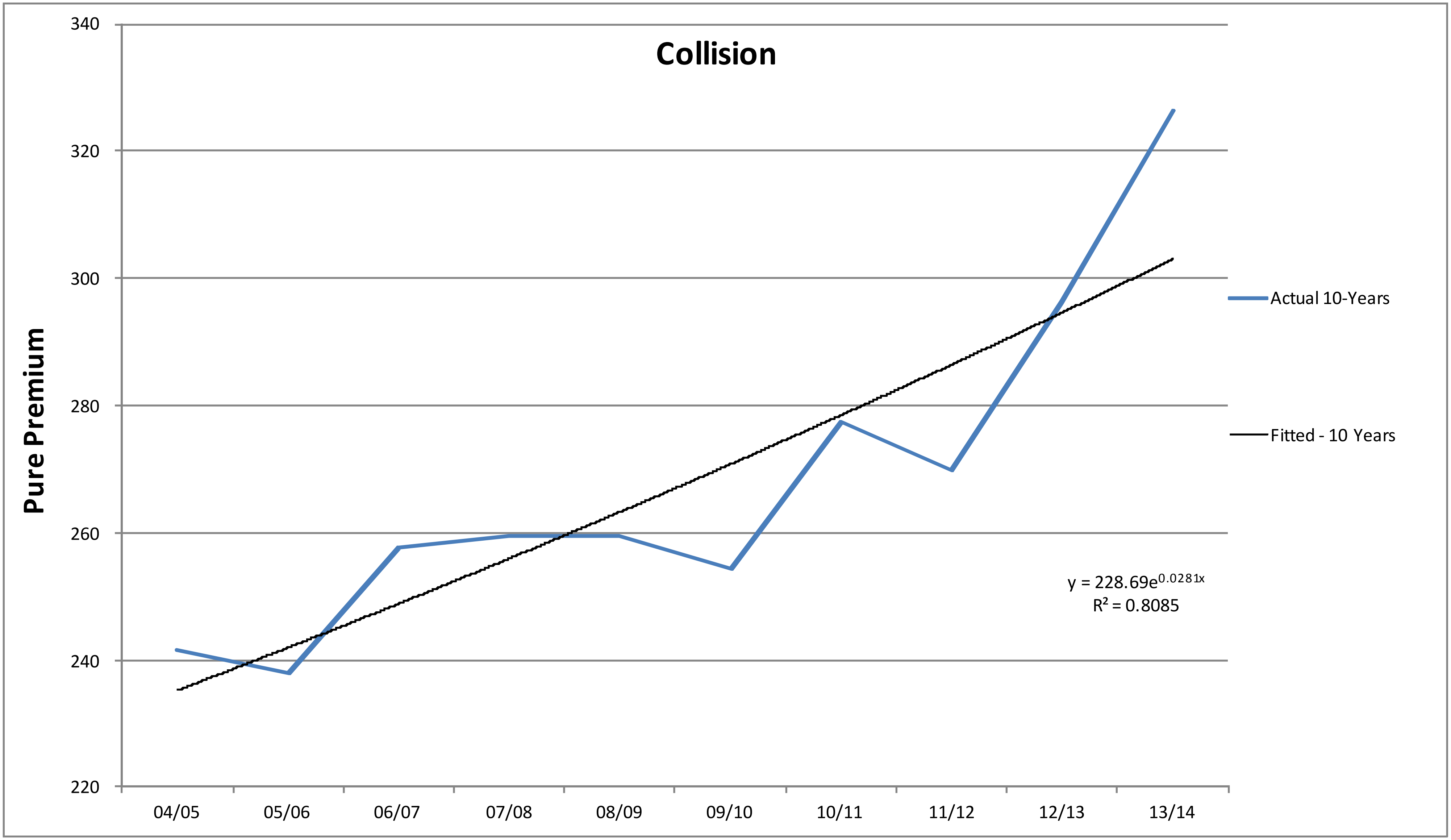
b) Refer to the attached charts.

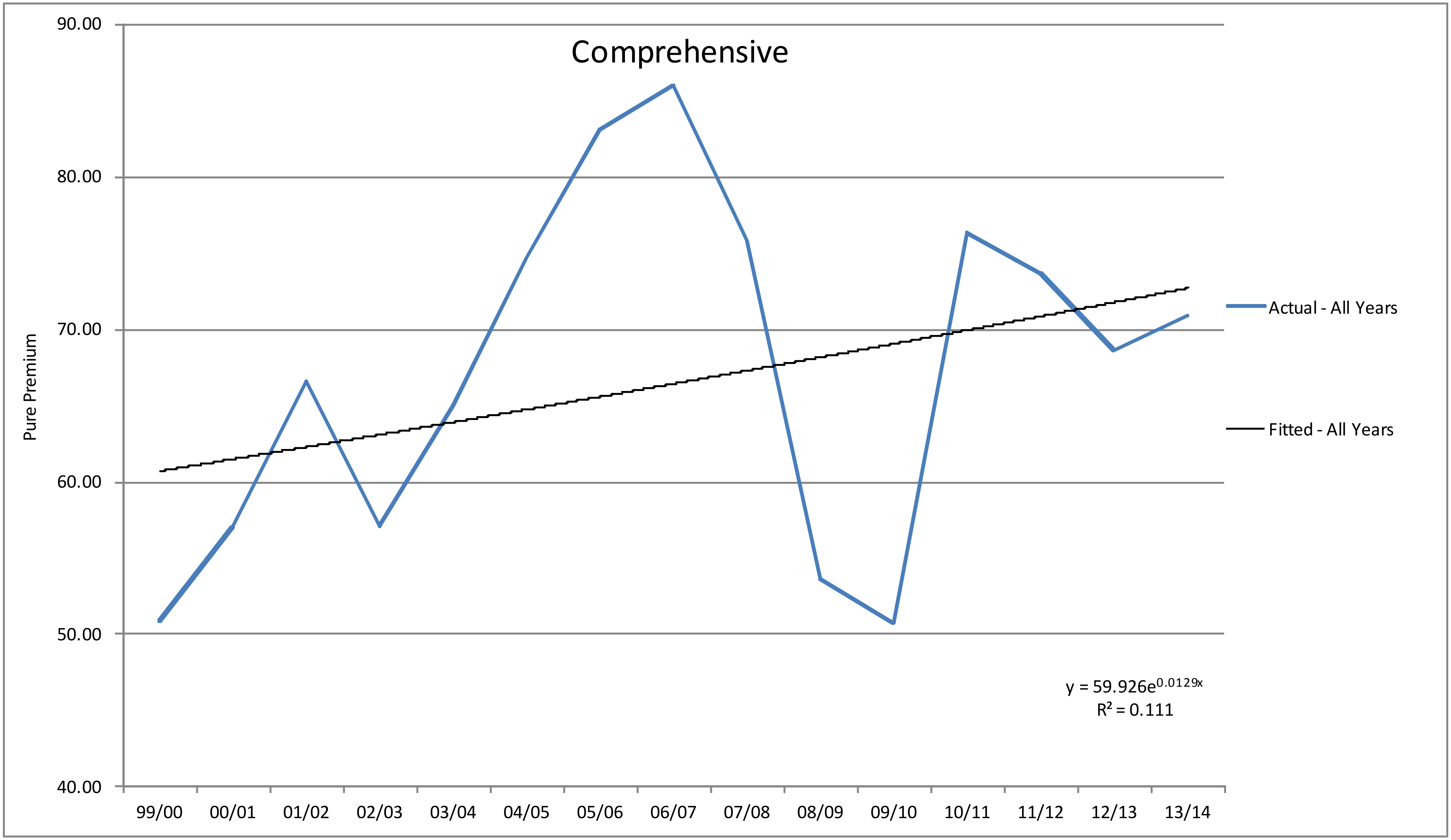
A trend (by coverage) must be selected based on the data available. For all coverages except Collision and Property Damage, we have selected the longer term trend (i.e. the all-years trend). For these coverages, even though the R-squared statistics for all years are low, they are generally higher than the R-squared statistics for the 10 most recent years. Further, for Accident Benefits coverages – AB Other (Indexed), AB Other (Non-Indexed) and AB Weekly Indemnity – the longer term trend is a better representation of the actual trend given the significant fluctuations in claims costs.

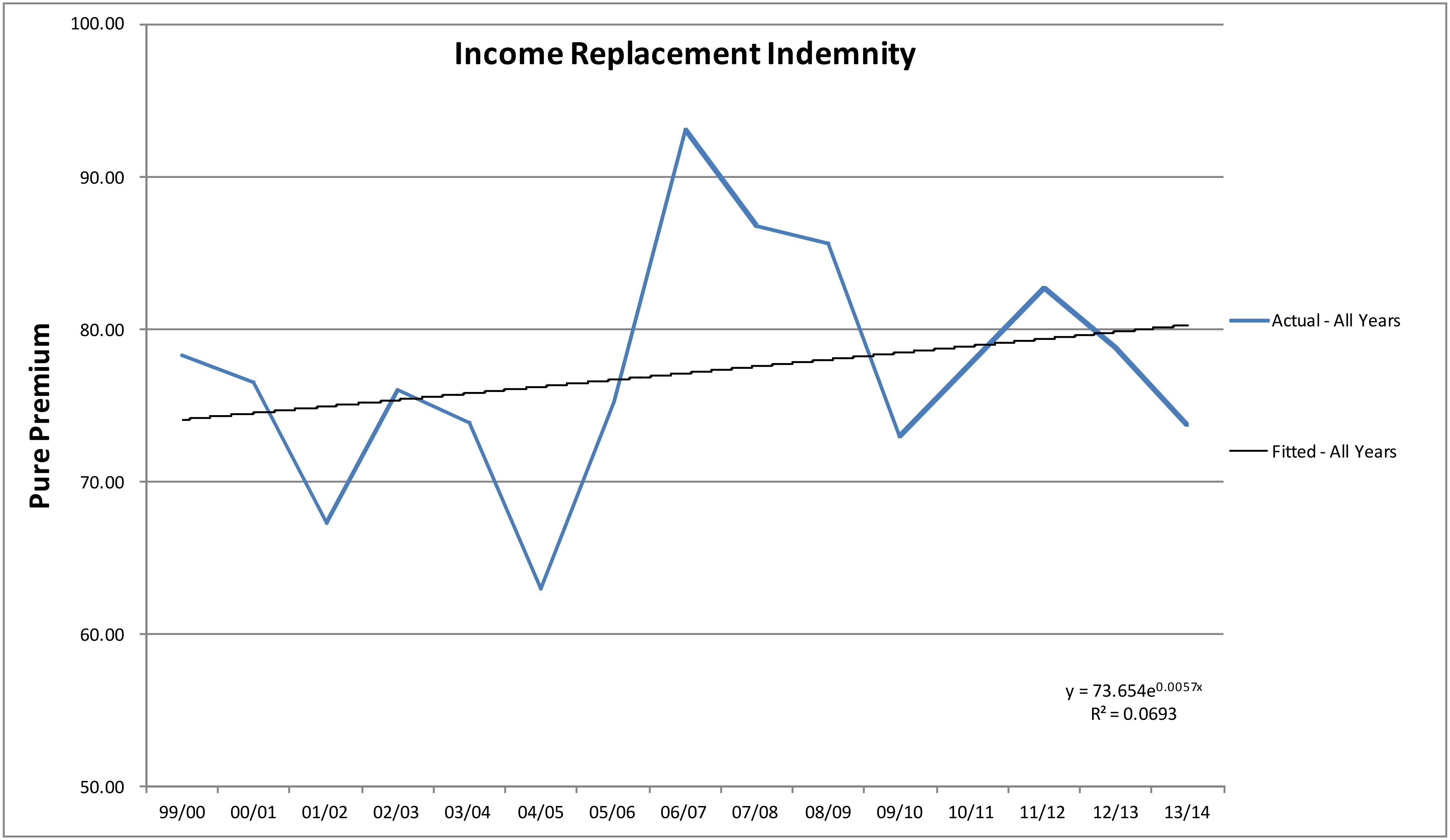
For Collision and Property Damage, we have selected the trend based on the pure premiums for the 10 most recent years. For Collision, the R-squared statistic for the 10 most recent years is high at 0.81, and the use of a more recent trend better reflects the trend going forward. The trend selection for Property Damage is unchanged from that used in the previous GRA. While the R-squared statistic for the 10 most recent years is low, the pure premiums from 06/07 to 12/13 indicate very little change in the pure premiums. As such, we have chosen to leave the trend selection unchanged since it is the lower of the two options.

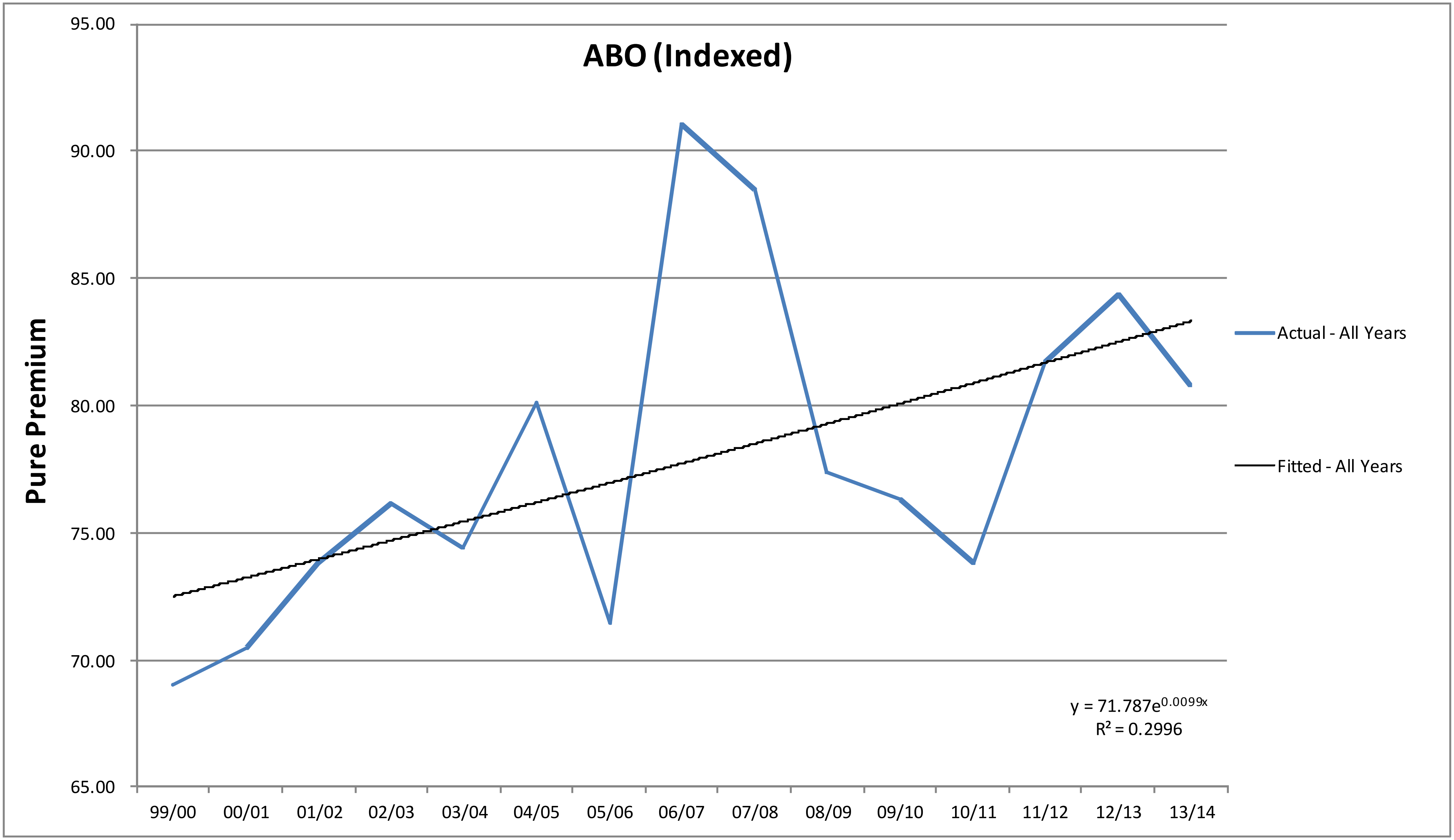

Bodily Injury
Pure Premium
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual - All Years
Fitted - All Years
y = 6.2606e-0.044x
R2 = 0.4828

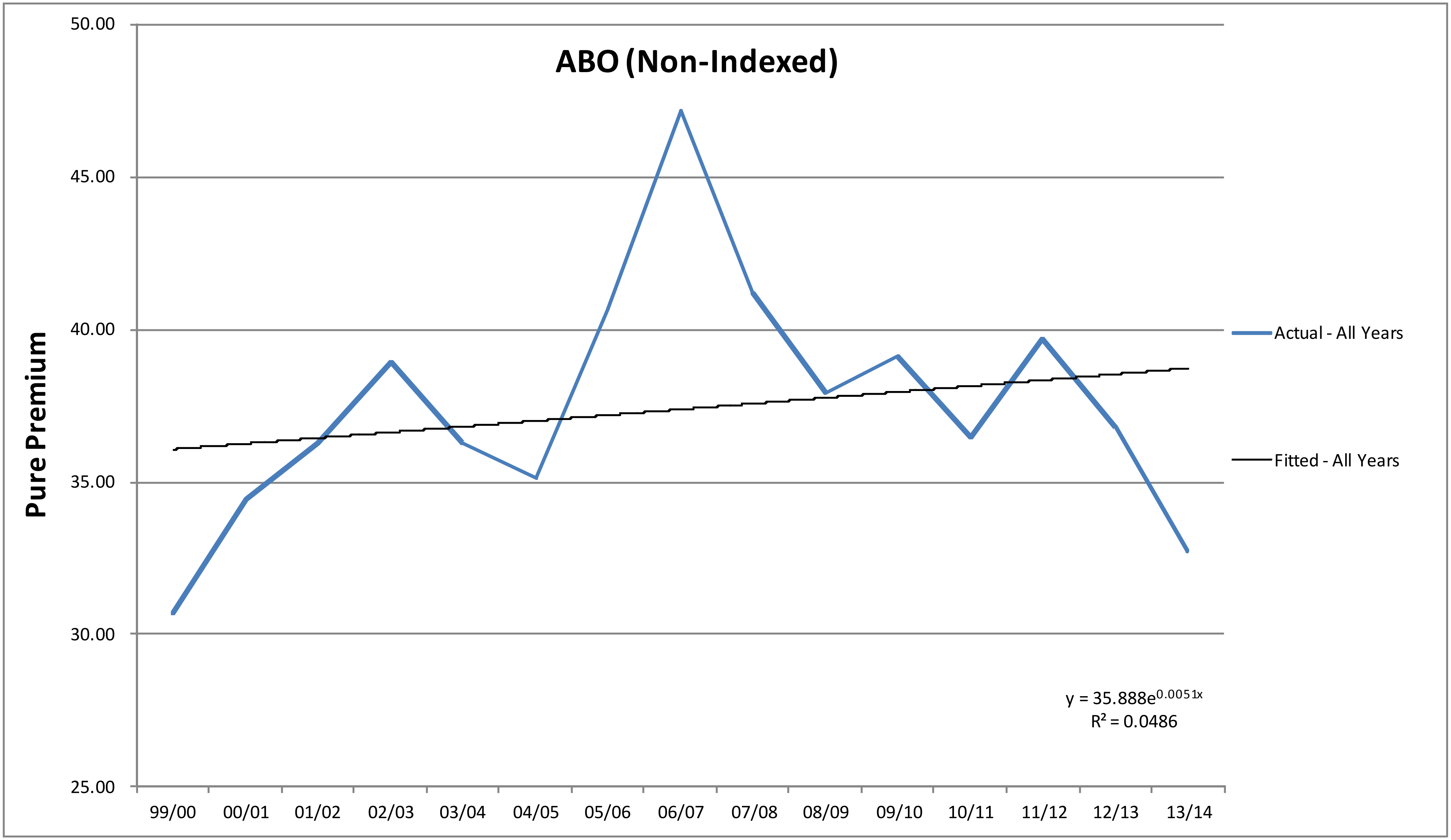

Property Damage
Pure Premium
44.00
42.00
40.00
38.00
36.00
34.00
32.00
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual - 10 Years
Fitted - 10 Years
y = 35.452e^0.0126x
R² = 0.5342


Collision
Pure Premium
340
320
300
280
260
240
220
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual 10-Years
Fitted - 10 Years
y = 228.69e^0.0281x
R² = 0.8085


Comprehensive
Pure Premium
90.00
80.00
70.00
60.00
50.00
40.00
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual - All Years
Fitted - All Years
y = 59.926e^0.0129x
R² = 0.111


Income Replacement Indemnity
Pure Premium
100.00
90.00
80.00
70.00
60.00
50.00
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual - All Years
Fitted - All Years
y = 73.654e^0.0057x
R² = 0.0693


ABO (Indexed)
Pure Premium
95.00
90.00
85.00
80.00
75.00
70.00
65.00
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual - All Years
Fitted - All Years
y = 71.787e0.0099x
R² = 0.2996


ABO (Non-Indexed)
Pure Premium
50.00
45.00
40.00
35.00
30.00
25.00
99/00
00/01
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
13/14
Actual - All Years
Fitted - All Years
y = 35.888e^0.0051x
R² = 0.0486

PUB (MPI) 1-35 Reference: AI.7

With respect to the incurred loss development factor assumptions selected for Private Passenger AB Weekly Indemnity, AB Other Indexed and AB Other Non-Indexed [RM Exhibit VI – 5, 6 and 7, respectively], please identify the sources of these assumptions, providing GRA appendix/page cross references as appropriate to the Actuary's Report as of 28 February 2014 [AI.7, Appendices E, F and G, respectively].

RESPONSE:

Refer to the attached table.

Accident Benefits - Calculation of Loss Development Factors

	Reported to Date			Estimated Ultimate Claims			Factor to Ultimate		
Insurance Year	Weekly Indemity	Other Indexed	Other Non-Ind	Weekly Indemity	Other Indexed	Other Non-Ind	Weekly Indemity	Other Indexed	Other Non-Ind
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(5)/(2)	(9)=(6)/(3)	(10)=(7)/(4)
00/01	50,900	44,984	23,093	51,278	47,241	23,093	1.0074	1.0502	1.0000
01/02	44,726	48,056	24,566	45,599	50,054	24,591	1.0195	1.0416	1.0010
02/03	52,533	50,346	26,733	52,363	52,465	26,813	0.9968	1.0421	1.0030
03/04	51,352	49,499	25,060	51,332	51,715	25,187	0.9996	1.0448	1.0051
04/05	43,808	53,899	24,528	44,373	56,391	24,705	1.0129	1.0462	1.0072
05/06	52,931	48,388	28,730	53,646	50,935	28,980	1.0135	1.0526	1.0087
06/07	66,076	62,998	33,685	67,175	65,699	34,024	1.0166	1.0429	1.0101
07/08	62,397	61,642	29,875	63,790	65,032	30,287	1.0223	1.0550	1.0138
08/09	61,947	54,489	28,040	64,369	58,201	28,518	1.0391	1.0681	1.0171
09/10	51,978	53,351	29,327	55,665	58,252	29,843	1.0709	1.0919	1.0176
10/11	55,029	51,726	27,495	60,327	57,193	28,228	1.0963	1.1057	1.0267
11/12	48,833	58,872	30,273	65,453	64,666	31,404	1.3404	1.0984	1.0374
12/13	39,446	63,109	27,252	63,923	68,418	29,857	1.6205	1.0841	1.0956
13/14	24,290	53,359	19,800	60,698	66,497	26,911	2.4988	1.2462	1.3591

Notes:
(2) & (5): Volume III, AI.7, Actuarial Report as at February 28, 2014 - Exhibit 2, Sheet 5
(3) & (6): Volume III, AI.7, Actuarial Report as at February 28, 2014 - Exhibit 2, Sheet 6
(4) & (7): Volume III, AI.7, Actuarial Report as at February 28, 2014 - Exhibit 2, Sheet 7

PUB (MPI) 1-36 Reference: RM Exhibit XII

Please provide a supplement to RM Exhibit XII showing, for each rating classification within each Major Class, a comparison of the raw (i.e., before minimum bias) current average rate relativities, the fitted (i.e., after minimum bias) current average rate relativities, and the ratio of the latter to the former.

RESPONSE:

Refer to the attached tables.

The raw current average rate relativities represent the single rating variable relativities (i.e. the relativities reflect what they would be if we only used one rating variable to differentiate rates by major class), and do not consider the interaction between rating variables.

The fitted current average rate relativities are the 'Balanced Current Relativities' as presented in Volume II, Ratemaking, Exhibit XII.

Comparison of Raw vs Fitted Current Average Rate Relativities
Major Class 1 - Private Passenger

	Classification	Current Average Rate Relativities Raw	Fitted	Fitted / Raw
Territory	1	1.0794	1.0430	0.9663
	2	0.8578	0.9207	1.0734
	3	1.0750	1.0821	1.0066
	4	1.0522	1.1057	1.0509
	5	1.2511	1.1117	0.8886
Use	All Purpose Motorhome	0.7068	0.7180	1.0157
	All Purpose Passenger Vehicle	1.1860	1.1696	0.9862
	All Purpose Truck 4540 kg or less	1.0346	1.0377	1.0029
	Antique Vehicle	0.0177	0.0180	1.0151
	Disabled Persons/Private/Business Bus	0.8035	0.8179	1.0179
	Farm Passenger Vehicle	0.6572	0.7154	1.0884
	Farming All Purpose Truck 4540 kg or less	0.6941	0.7526	1.0842
	Fishing All Purpose Truck 4540 kg or less	0.9518	1.0086	1.0596
	Pleasure Motorhome	0.4879	0.5040	1.0331
	Pleasure Passenger Vehicle	0.8389	0.8477	1.0105
	Pleasure Truck	0.6134	0.6355	1.0360

Comparison of Raw vs Fitted Current Average Rate Relativities
Major Class 2 - Commercial

	Classification	Current Average Rate Relativities Raw	Fitted	Fitted / Raw
Territory	1	1.6499	1.2805	0.7761
	2	0.7343	0.8827	1.2021
	3	1.1738	1.0693	0.9109
	4	1.0853	1.0092	0.9299
	5	1.1708	1.1985	1.0237
Use	All Purpose Snow Vehicle (HTA)	0.3411	0.2957	0.8670
	Artisan Truck	0.9560	0.9599	1.0041
	Cement/Brick/Exploration Truck	0.7128	0.7899	1.1081
	Common Carrier Vehicle Local	2.3863	1.7402	0.7292
	Common Carrier Vehicle Within City or Mun.	1.9104	1.7646	0.9237
	Common Carrier Passenger Vehicle < 161 km in Manitoba	2.1174	1.5061	0.7113
	Common Carrier Truck < 161 km in Manitoba	1.3756	1.3985	1.0166
	Common Carrier Passenger Vehicle > 161 km in Manitoba	4.1352	3.2897	0.7955
	Common Carrier Truck > 161 km in Manitoba	3.6217	3.7986	1.0489
	Dealer All Uses except Motorcycles	2.0210	1.5522	0.7680
	Dealer Moped	0.8741	0.6698	0.7663
	Dealer Motorcycle	1.5821	1.2198	0.7710
	Dealer Trailer	0.8847	0.7254	0.8199
	Driveaway Within Manitoba	0.6308	0.5923	0.9389
	Driveaway > 161 km Outside Manitoba	0.2445	0.1645	0.6727
	Farming All Purpose Truck 4541 kg or more	0.4338	0.5468	1.2605
	Fishing All Purpose Truck 4541 kg or more	0.4749	0.5932	1.2490
	Logging Truck	1.2949	1.5947	1.2315
	Other Truck	1.0503	1.1074	1.0544
	Petroleum/Chemical Truck	0.5729	0.6810	1.1887
	Repairer	0.2661	0.2056	0.7729
	Sand/Gravel Truck	0.9296	1.0755	1.1570
	Tow Truck	1.2495	1.3661	1.0933
GVW	<= 4540	1.3221	0.9557	0.7229
	4541 to 16330	0.9178	0.9348	1.0186
	> 16330	0.7681	0.9477	1.2337
	Not Applicable	1.7057	1.2716	0.7455

Comparison of Raw vs Fitted Current Average Rate Relativities
Major Class 3 - Public

		Current Average Rate Relativities		
	Classification	Raw	Fitted	Fitted / Raw
Territory	1	1.2532	1.1960	0.9543
	2	0.4539	0.6048	1.3322
	3	0.9943	0.7352	0.7394
	4	0.7024	0.7367	1.0490
	5	0.0000	0.0000	0.0000
Use	Charter Bus Local	0.4156	0.3745	0.9012
	Common Carrier Bus Within Manitoba	0.9391	0.9510	1.0126
	Common Carrier Bus > 161 km Outside Manitoba	0.3002	0.3137	1.0449
	Funeral Passenger Vehicle	0.2944	0.3763	1.2779
	Limousine All Uses Passenger Vehicle	1.4444	1.3378	0.9262
	Police/Emergency Passenger Vehicle	1.1228	1.2009	1.0695
	Police/Emergency Truck	0.5466	0.6896	1.2615
	School Bus Local	0.2068	0.2752	1.3310
	Taxi/Livery Passenger Vehicle	4.0171	4.1191	1.0254
	Transit Bus Local	1.1219	0.9905	0.8829
	U-Drive Bus	0.5780	0.8231	1.4239
	U-Drive Moped/Mobility Vehicle	0.2615	0.2235	0.8547
	U-Drive Motorhome	0.5916	0.6839	1.1560
	U-Drive Passenger Vehicle	1.0134	0.9510	0.9385
	U-Drive Truck	0.8402	0.9275	1.1039
	Wheelchair/Livery Bus (Terr 1 only)	0.9700	0.8290	0.8547
GVW	<= 4540	0.9297	1.0397	1.1183
	4541 to 16330	0.4586	0.4569	0.9962
	> 16330	0.3774	0.4527	1.1994
	Not Applicable	1.0223	1.0120	0.9899

Comparison of Raw vs Fitted Current Average Rate Relativities
Major Class 4 - Motorcycles

		Current Average Rate Relativities		
	Classification	**Raw**	**Fitted**	**Fitted / Raw**
Territory	1	0.9869	1.0622	1.0763
	2	1.0037	0.9531	0.9495
	3	0.9417	0.8274	0.8786
	4	0.9697	0.8794	0.9068
	5	1.4562	0.9673	0.6643
Body Style	Motorscooter [a]	0.3158	0.4509	1.4278
	Other	1.1258	1.0996	0.9767
	Sport	1.5943	1.7309	1.0857
	Sport-Touring	1.2197	1.1555	0.9474
	Touring	1.1584	1.0658	0.9201
Use	All Purpose	1.0072	1.2487	1.2398
	Pleasure	0.9977	0.9217	0.9238
Eng Disp	0 to 500 cc [b]	0.4359	0.6353	1.4575
	501 to 1000 cc	1.1962	1.0154	0.8489
	> 1000 cc	1.2113	1.1813	0.9753

[a] Includes Moped/Mobility Vehicle
[b] All Moped/Mobility Vehicle assumed less than or equal to 500 cc

Comparison of Raw vs Fitted Current Average Rate Relativities
Major Class 5 - Trailers

		Current Average Rate Relativities		
	Classification	Raw	Fitted	Fitted / Raw
Territory	1	0.8637	1.0022	1.1604
	2	1.1046	1.0292	0.9317
	3	0.5545	0.6378	1.1502
	4	0.4814	0.5961	1.2383
	5	0.0000	0.0000	0.0000
Use	All Purpose Trailer $2500 or less	0.1118	0.1127	1.0086
	All Purpose Trailer $2501 or more	2.1748	2.1735	0.9994

PUB (MPI) 1-37 Reference: Actuary's Report

Please provide a copy of the actuarial specialist report on the Basic actuarial valuation prepared as audit evidence in support of the audit opinion provided by PricewaterhouseCoopers LLP for the financial statements as at, and for the period ending 28 February 2014.

RESPONSE:

See attached.

Memo

To: / Location:	Patrick Green / Winnipeg
From: / Location:	Lisa Yeung / Toronto
Date:	April 29, 2014
Subject:	***Actuarial Support for Manitoba Public Insurance Corporation – Basic Insurance Only***

Background

Manitoba Public Insurance Corporation (MPIC) was incorporated as a Crown Corporation in 1970 under the Automobile Insurance Act. In 1974, the Automobile Insurance Act was revised and became the Manitoba Public Insurance Corporation Act. Under the provisions of this Act, MPIC operates an automobile insurance division and a discounted general insurance division.

On March 1, 1994, the province of Manitoba introduced the Personal Injury Protection Plan (PIPP). This plan eliminated bodily injury tort actions involving Manitoba drivers within Manitoba and increased payments under no-fault accident benefits coverage.

The Automobile Insurance division provides Universal Compulsory Automobile Insurance (Basic Insurance), Special Risk Extension Insurance and Extension Insurance coverages. The Basic Insurance package includes third party liability with a $200,000 limit, no-fault accident benefits and all perils coverage with a $500 deductible. In addition, MPIC writes optional coverage, for example increased liability limits and deductible buy-down coverage in competition with private insurers. This optional coverage is known as Extension Insurance. Other vehicle insurance coverages not offered by Basic Insurance or Extension Insurance are provided by Special Risk Extension Insurance (SRE Insurance).

On November 1, 1991, SRE Insurance was transferred from the General Insurance division to the Automobile Insurance division. The remaining portions of the General Insurance division have been in orderly run-off since 1990. All remaining portions of General Insurance division were transferred to the Automobile Insurance division under SRE in 2004.

This report is limited to Basic Insurance only.

Objective and Scope

We have been asked to provide actuarial support to the audit engagement team of MPIC as at February 28, 2014 for statutory reporting purposes to the Office of the Superintendent of Financial Institutions (OSFI). The objective of our work is to provide reasonable assurance that the policy liabilities reported by MPIC as at February 28, 2014 are fairly stated. The scope of our work relates to the examinations of the policy liabilities, namely claims liabilities, premium liabilities and other policy liabilities of MPIC on both a discounted and undiscounted basis.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Joe Cheng, a Fellow in good standing of the Canadian Institute of Actuaries (CIA), prepared the policy liabilities of MPIC. Our examination of the methods, procedures and assumptions used to evaluate the policy liabilities as at February 28, 2014 is based on the draft actuarial report from the appointed actuary received on April 16, 2014. The actuary's opinion is unqualified.

Professional Standards

For the purpose of this review, generally accepted actuarial principles and the Standards of the Canadian Institute of Actuaries (CIA) were used to evaluate the policy liabilities calculated by the actuary of MPIC, subject to any additional regulatory requirements.

These standards require a *best estimate approach* to the derivation of policy liabilities.

The Standards of Practice of the Canadian Institute of Actuaries require that policy liabilities be reported on a discounted value with appropriate provision for adverse deviations. Similarly, the current regulatory requirement is that policy liabilities must be discounted and include provisions for adverse deviations.

Valuation Results

Policy Liabilities ('000)	Annual Return	Actuary
Claims Liabilities		
Direct		1,563,319
Assumed		0
Gross		1,563,319
Ceded		17,627
Other Amounts to recover		0
Other Net Liabilities		0
Net		1,545,692
Premium Liabilities		
Gross Policy Liabilities		383,498
Net Policy Liabilities		389,958
Gross Unearned Premiums		369,234
Net Unearned Premiums		369,234
Premium Deficiency		20,724
Other Net Liabilities		0
DPAC		
Maximum Allowable DPAC		0
Unearned Commissions		

<u>We rely on the auditor to ensure that the appropriate amounts are posted in the financial statements of MPIC.</u>

pwc

Claims Liabilities

We reviewed the derivation of the claims liabilities of the company for the year ending February 28, 2014. The report of the actuary answers the requirements of the Office of the Superintendent of Financial Institutions and the valuation adheres to Accepted Actuarial Practice of the CIA. We have independently re-performed seven lines of business. These seven lines of business (including the associated ULAE reserve) represent more than 92% of the total unpaid. We have not reviewed the other lines because their volumes are relatively small. We have not independently tested the IBNR on those lines; however, nothing has come to our attention that would lead us to believe that that IBNR is not reasonable.

Based on our review, we are comfortable that the difference between PwC and AA's reserves is within the range of reasonable best estimates. Further, the selections of the loss development factors and expected loss ratios are reasonable.

Actuarial Database

The actuarial database is as at February 28, 2014 and the loss development exhibits are shown on this basis. In Appendix H of his report, the actuary showed the reconciliation of paid and outstanding claim amounts to financial controls. We rely on the auditor to ensure this reconciliation is appropriate and balances to the financial statements of the company.

Methods and Assumptions

The evaluation was performed on a gross basis for all lines of business.

To determine the IBNR, the incurred loss development method, paid loss development method, Bornhuetter-Ferguson (B/F) using ultimate premiums and incurred Loss method, B/F using ultimate premiums and paid loss method and Tabular reserve method have been used by the actuary.

The actuary usually used B/F incurred method for long tail lines and incurred or paid loss development method for short tail lines. The analysis is done on the gross basis. The net IBNR is the same as gross.

Use of October 31, 2013 Report
On page 4 of the report, the actuary states the following:

"All comments, caveats, limitations and explanations contained in our October 31, 2013 report continue to apply unless noted in this letter. This update to our previous report adds four additional months experience. We reviewed our methodologies and assumptions used in our October 31, 2013 report. The previous methodologies and assumptions used to estimate the policy liabilities remain appropriate."

Collision and Property Damage
The bulk IBNR of $13 million and $3.5 million were added to 2013 for Collision and Property Damage respectively to reflect the delay in processing.

Accident Benefits –Weekly Indemnity
Incurred triangles were restated to reflect current benefit levels. The actuary used Tabular Reserve method for 2003 and prior. Tabular reserves are selected after considering the possibility of claims turning into tabular claims after 10 years, mortality and morbidity experience, and incurred development factor. We reviewed and agreed with the IBNR that the actuary used for 2003 and prior.

Accident Benefits – Other Indexed
Incurred triangles were restated to reflect current benefit levels. Expense and excess reserves, which resulted from a new claims management system since 2010, were removed from the triangles to be consistent with the historical triangles. Since the selected unpaid based on the adjusted triangles cover expenses as well, the final IBNRs were reduced by the same amount as expense and excess reserves.

Reinsurance

On page 20 of the October 31, 2013 report, the actuary describes the reinsurance structure of MPIC. MPIC is protected by excess of loss and catastrophe reinsurance treaties.

Internal Loss Adjustment Expense

We have reviewed the derivation of the provision for ILAE associated with the settlement of unpaid losses. The appointed actuary estimates ILAE by applying the historical average ratio of expense payments to the gross paid losses to 50% of the outstanding losses and 100% of the ratio to the selected IBNR. We are satisfied the provision is reasonable.

Discount Rate

We reviewed the actuary's selection of an interest rate used to discount the policy liabilities. The discount rate used is 3.68% (net of a 0.07% investment expense reduction). We believe the approach used by the actuary is reasonable.

We ran a complete cash flow model matching the income from the investments to the future payments on claims and premium liabilities. Based on the model, the discount rate that we came up with is 3.77% (net of a 0.07% investment expense reduction). We consider the actuary's selection of the discount rate reasonable.

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Provision for Adverse Deviations (PFADs)

In Exhibit 7 of the report, the actuary presents the PFADs for each line of business. The PFADs used are listed below:

PFAD Claims Development

Line of Business	Claims Development PFAD
Bodily Injury - Basic	15.00%
Pre-PIPP	12.50%
Accident Benefits:	
Weekly Indemnity (2004 & After)	15.00%
Weekly Indemnity (prior to 2004)	10.00%
Pre-PIPP	5.00%
Other (Indexed)	15.00%
Other (Non-Indexed)	10.00%
Pre-PIPP	5.00%
Collision - Basic	7.50%
Comprehensive - Basic	7.50%
Property Damage - Basic	5.00%
ILAE	12.71%

PFAD Reinsurance

The reinsurance PFAD is 5.00% for Accident Benefits – Weekly Indemnity and Accident Benefits – Other Indexed, and 2.50% for Comprehensive.

PFAD Interest Rate

The selected interest PFAD for the total portfolio is 1.00% reflecting long tail nature of liability and relatively low risk fixed income portfolio.

We have reviewed the actuary’s selection of interest rate, claims development and reinsurance recovery PFAD margins and deem them to be reasonable.

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Variability in Estimates

As of February 28, 2014, MPIC experienced an unfavorable one year run-off of $57.9 million on a gross basis and $54.9 million on a net basis. The overall unfavorable development as a percentage of the February 2013 valuation ultimate loss is 0.8% on a gross basis and 0.8% on a net basis. We consider this to be within a reasonable range. The details are shown in Exhibit 3.

Line of Business	2013 Gross Redundancy/(Deficiency) ($000)	2013 Net Redundancy/(Deficiency) ($000)
Bodily Injury - Basic	2,636	2,636
Property Damage - Basic	(858)	(858)
Collision - Basic	(5,332)	(5,332)
Comprehensive - Basic	1,600	1,491
AB – Weekly Indemnity	(38,009)	(36,070)
AB – Other (Indexed)	(10,439)	(9,240)
AB – Other (Non-Indexed)	(7,533)	(7,533)
Total	(57,935)	(54,906)

Premium Liabilities

We re-calculated the development of the premium liabilities related to the unearned premiums. The actuary estimated the premium deficiency of $20.7 million. We are satisfied that the AA's premium liabilities are reasonable and appropriate for MPIC.

Other Net Policy Liabilities

The actuary did not mention in the report if there are any other policy liabilities. In general, other policy liabilities relate to reinsurance agreements with sliding scale commissions or adjustable premiums. We rely on the auditor to confirm that there are no other policy liabilities related to reinsurance contracts with sliding scale commissions or adjustable premiums.

Minimum Capital Test

The Minimum Capital Test is not applicable for MPIC.

Incentive Compensation

In the October 31, 2013 report, the actuary discloses the basis of his compensation, including any incentive compensation. As stated above, this disclosure is assumed to continue to apply. This disclosure is in accordance with CIA directives and guidelines communicated by the Office of the Superintendent of Financial Institutions (OSFI).

Additional Disclosure

In the October 31, 2013 report, the actuary discloses information on: Annual Reporting to the Board of Directors and Continuing Professional Development Requirements. As stated above, these disclosures are assumed to continue to apply. These disclosures are in accordance with CIA directives and OSFI guidelines.

Conclusion

The valuation, as performed by Joe Cheng for MPIC as at February 28, 2014, provides reasonable estimates of the policy liabilities of MPIC with the proviso that we rely on the auditor to verify the statements presented above.

PUB (MPI) 1-38 Reference: RM Exhibit V-2

Please discuss what consistency should be expected, and what consistency is actually evident by coverage, between the Bornhuetter-Ferguson selected loss trends in the valuation analysis, for example 3.25% for ABO Non-Indexed [AI.7, Appendix G, Page 16], vs. the combination of the selected volume factor of 1.75% [R.1.1, Page 9] with the selected pure premium trends in the ratemaking analysis, for example 0.75% for ABO Non-Indexed [RM Exhibit V-2].

RESPONSE:

The ultimate claims costs trend presented in Volume III, AI.7, Actuary's Report, will not be the same as the ultimate claims costs trend presented in Volume II Ratemaking, RM.4, Exhibit V.

The trend derived in AI.7, is based on the ultimate claims costs determined using the reported loss development method. This trend is used to derive an initial expected ultimate claims costs to be used in the Bornheutter-Ferguson analysis.

The trend derived in RM.4 is based on the final ultimate claims costs. The difference between the ultimate claims costs in AI.7 and RM.4 are a result of the following factors:

- The final ultimate claims costs depends on the method selected. The method selected could potentially be the reported loss development method, which would then result in the trend being equal. For example, the trend for Collision is 5.53% in AI.7 (Appendix C, Page 8) compared to 5.75% in RM.4; the minor difference is because of other adjustments (e.g. the bulk IBNR - discussed below). In most cases however, the method selected is not the reported loss development method. For example, with Accident Benefits Weekly Indemnity, three different methods are selected depending on the accident year – the reported Bornheutter-Ferguson method, the paid Bornheutter-Ferguson method and the tabular reserve method.

- The final ultimate claims costs may include other adjustments. For example, with Collision, a bulk IBNR of $13,000,000 was added to the IBNR for accident year 2013/14.

PUB (MPI) 1-39 Reference: AI.7

a) With respect to the Property Damage coverage, please provide supporting analysis for the $3.5 million addition to the IBNR bulk provision with respect to accident year 2013/14. [AI.7, Exhibit 4, Sheet 2]

b) With respect to the Collision coverage, please provide supporting analysis for the $13 million addition to the IBNR bulk provision with respect to accident year 2013/14. [AI.7, Exhibit 4, Sheet 3]

RESPONSE:

a) The $3.5 million was determined based on a review of the ratio of the Property Damage ultimate to the Collision ultimate. Per the table below, this ratio has exhibited a steadily decreasing trend.

Accident Year	Ultimate Losses		
	Property Damage	Collision	PD/Collision Ratio
2003	29,575	194,025	15.24%
2004	29,655	201,703	14.70%
2005	30,327	203,099	14.93%
2006	33,570	224,474	14.95%
2007	34,274	233,055	14.71%
2008	35,999	241,487	14.91%
2009	35,089	242,137	14.49%
2010	37,237	270,336	13.77%
2011	37,226	271,756	13.70%
2012	41,250	308,566	13.37%

A ratio of 13.00% was selected for accident year 2013. The derivation of the $3.5 million is presented in the table below.

(All figures in $000)	
(1) Collision Ultimate	$347,122
(2) Selected Property Damage Ultimate = 13.00% * (1)	$45,126
(3) Property Damage Reported	$36,055
(4) Property Damage Selected IBNR	$5,502
(5) Property Damage Bulk IBNR = (2) - (3) - (4)	$3,569
(6) Selected Property Damage Bulk IBNR	$3,500

b) As discussed in Volume II Claims Incurred, section CI.4, page 35, a special bulk IBNR provision for collision was added in February 2014 to properly account for the significant backlog in reported collision claims. The tables below outline the assumptions used by the Chief Actuary to assess the best estimate ultimate for 2013/14 collision claims.

Claim Counts: As shown in the table below, claim counts (with incurred >$0) in February 2014 were significantly understated. The table shows the assumed ultimate claim counts by month and relative to budget.

2013/14 Collision Claims > $0 as at Feb 28, 2014

Month	Counts to Date	Selected Ultimate	Original Forecast	% Deviation
Mar	9,828	10,256	9,157	12.0%
Apr	7,335	7,736	7,026	10.1%
May	6,863	7,270	7,315	-0.6%
Jun	6,893	7,366	7,982	-7.7%
Jul	6,660	7,186	7,574	-5.1%
Aug	6,541	7,126	7,643	-6.8%
Sep	6,366	7,079	8,047	-12.0%
Oct	7,094	7,768	8,794	-11.7%
Nov	11,577	11,023	10,404	5.9%
Dec	15,239	14,678	12,363	18.7%
Jan	13,865	14,824	13,161	12.6%
Feb	3,170	9,986	9,582	4.2%
Total	**101,431**	**112,299**	**109,049**	**3.0%**

Severity: As shown in the table below, the February 2014 severity was significantly overstated as there was a bias towards larger claims in the handling of claims. The February ultimate severity, along with the ultimate severity for all months is provided below.

2013/14 Collision Severity as at Feb 28, 2014

Month	Actual To Date	Selected Ultimate	Original Forecast	% Deviation
Mar	$2,827	$2,747	$2,711	1.3%
Apr	$2,846	$2,742	$2,672	2.6%
May	$2,929	$2,813	$2,787	0.9%
Jun	$3,084	$2,949	$2,842	3.8%
Jul	$3,270	$3,098	$2,892	7.1%
Aug	$3,398	$3,180	$2,878	10.5%
Sep	$3,368	$3,115	$2,929	6.3%
Oct	$3,423	$3,208	$3,034	5.7%
Nov	$3,320	$3,379	$3,188	6.0%
Dec	$3,223	$3,264	$2,925	11.6%
Jan	$3,219	$3,191	$2,898	10.1%
Feb	$4,063	$3,127	$2,837	10.2%
Total	**$3,202**	**$3,091**	**$2,893**	**6.9%**

Ultimate Incurred: The ultimate frequency and severity figures were multiplied together to produce the ultimate incurred forecast. This figure ($347.1 million) was then compared to the amount indicated using the existing assumptions in the October 2013 Appointed Actuary's report. The difference between these two figures ($13 million) was added as the bulk IBNR provision.

2013/14 Collision Ultimate Incurred ($000) at Feb 28, 2014

	Incurred To Date	Selected Ultimate	Original Forecast	% Deviation
Mar	$27,788	$28,175	$24,826	13.5%
Apr	$20,878	$21,214	$18,773	13.0%
May	$20,099	$20,450	$20,389	0.3%
Jun	$21,259	$21,725	$22,684	-4.2%
Jul	$21,776	$22,262	$21,907	1.6%
Aug	$22,224	$22,665	$21,994	3.1%
Sep	$21,442	$22,051	$23,571	-6.4%
Oct	$24,280	$24,921	$26,685	-6.6%
Nov	$38,436	$37,246	$33,173	12.3%
Dec	$49,118	$47,905	$36,162	32.5%
Jan	$44,626	$47,306	$38,142	24.0%
Feb	$12,880	$31,227	$27,180	14.9%
Total	**$324,806**	**$347,146**	**$315,488**	**10.0%**

PUB (MPI) 1-40 Reference: AI.7

With respect to the AB Weekly Indemnity coverage [AI.7, Appendix E]:

a) Please provide the basis of selection of each selected incurred interval loss development factor assumption, including the Tabular Reserve 120 – Ultimate factor selection. [Pages 5, 6]

b) Please discuss the rationale for each of the changes made in the selected incurred interval loss development factor assumptions (including the Tabular Reserve 120 – Ultimate factor selection), relative to the corresponding selections made as at 28 February 2013. [Page 5, 6]

c) Please specify when the Tabular Reserve table was last re-calibrated to reflect Basic experience, and the expected timing of the next such re-calibration.

d) Please provide the $ impact on the reported incurred losses and ALAE (by accident year and in total) specifically arising from the 2013 PIPP claims review.

e) Please provide documentation of the precise manner in which the Incurred Development Method analysis properly accounts for this change in case reserving practices. [Pages 5 - 9]

f) Please provide documentation of the precise manner in which the Incurred Bornhuetter-Ferguson Method analysis properly accounts for this change in case reserving practices. [Pages 10 - 11]

g) Please provide the Incurred Bornhuetter-Ferguson Method trend regression analysis with the customary regression diagnostics and a graphical representation. [Page 10]

h) Please provide the basis of selection of each selected paid interval loss development factor assumption, including the Tabular Reserve 120 – Ultimate factor selection. [Pages 13, 14]

i) Please discuss the rationale for each of the changes made in the selected paid interval loss development factor assumptions (including the Tabular Reserve 120 – Ultimate factor selection), relative to the corresponding selections made as at 28 February 2013. [Page 13, 14]

j) Please discuss how the change back to the 2011 methodology (using the higher of the incurred BF method and paid BF method for the most recent three years only) fully accounts for the 2013 PIPP claims review. [Exhibit 4, Sheet 5]

RESPONSE:

a) In general, the selected factors were unchanged from last year's selections, except for the 36-44 to 68-80 factors and the 116-ultimate factor (see Volume III AI.7, Actuary's Report as at October 31, 2013). Given that the 2013 PIPP claims review resulted in significant increases in case reserves (and therefore reported), the factors for the most recent year were not indicative of "typical" loss development, i.e. the factors provide no new information to reevaluate the prior selections. As such, we have decided to leave the prior selections unchanged, assuming that case reserves are now at the appropriate level and will develop similar to prior development.

b) Changes to the selected factors were made to the 36-44 to 68-80 factors and the 116-ultimate factor. The 116-ultimate factor was revised based on the indicated 'Latest 6 Volume Weighted' average. The other factors were revised based on the 'Simple Average of Middle 4 of Last 6' average (which excludes the most recent factor).

c) The last recalibration of the Tabular Reserve table was completed in 2005. No new recalibration is expected in the near future.

d) Refer to the table below which compares the actual reported to the budgeted reported for fiscal year 2013/14. We cannot account separately for the impact of the 2013 PIPP claims review since some of the case reserves would have been adjusted regardless of the review.

Insurance Year	2013/14 Reported		
	Actual	Budget	Variance
1994	1,456,974	0	1,456,974
1995	1,607,799	0	1,607,799
1996	202,111	0	202,111
1997	1,454,284	0	1,454,284
1998	1,062,975	0	1,062,975
1999	483,300	-113,029	596,329
2000	-1,168,960	-137,824	-1,031,136
2001	1,274,066	-563,667	1,837,734
2002	755,126	-592,188	1,347,314
2003	2,521,398	-263,975	2,785,373
2004	602,861	72,232	530,628
2005	1,258,679	262,240	996,439
2006	6,113,196	274,337	5,838,860
2007	3,360,217	470,808	2,889,409
2008	8,079,512	2,841,176	5,238,336
2009	7,556,826	5,608,601	1,948,226
2010	15,320,074	9,451,906	5,868,168
2011	16,445,813	15,400,106	1,045,707
2012	13,314,128	10,741,198	2,572,930
2013	24,290,326	26,780,064	-2,489,738
Total	105,990,705	70,231,984	35,758,720

e) See the response to (a) above. No other adjustments were made since the purpose of the 2013 PIPP claims review was to ensure compliance with <u>existing</u> reserving guidelines.

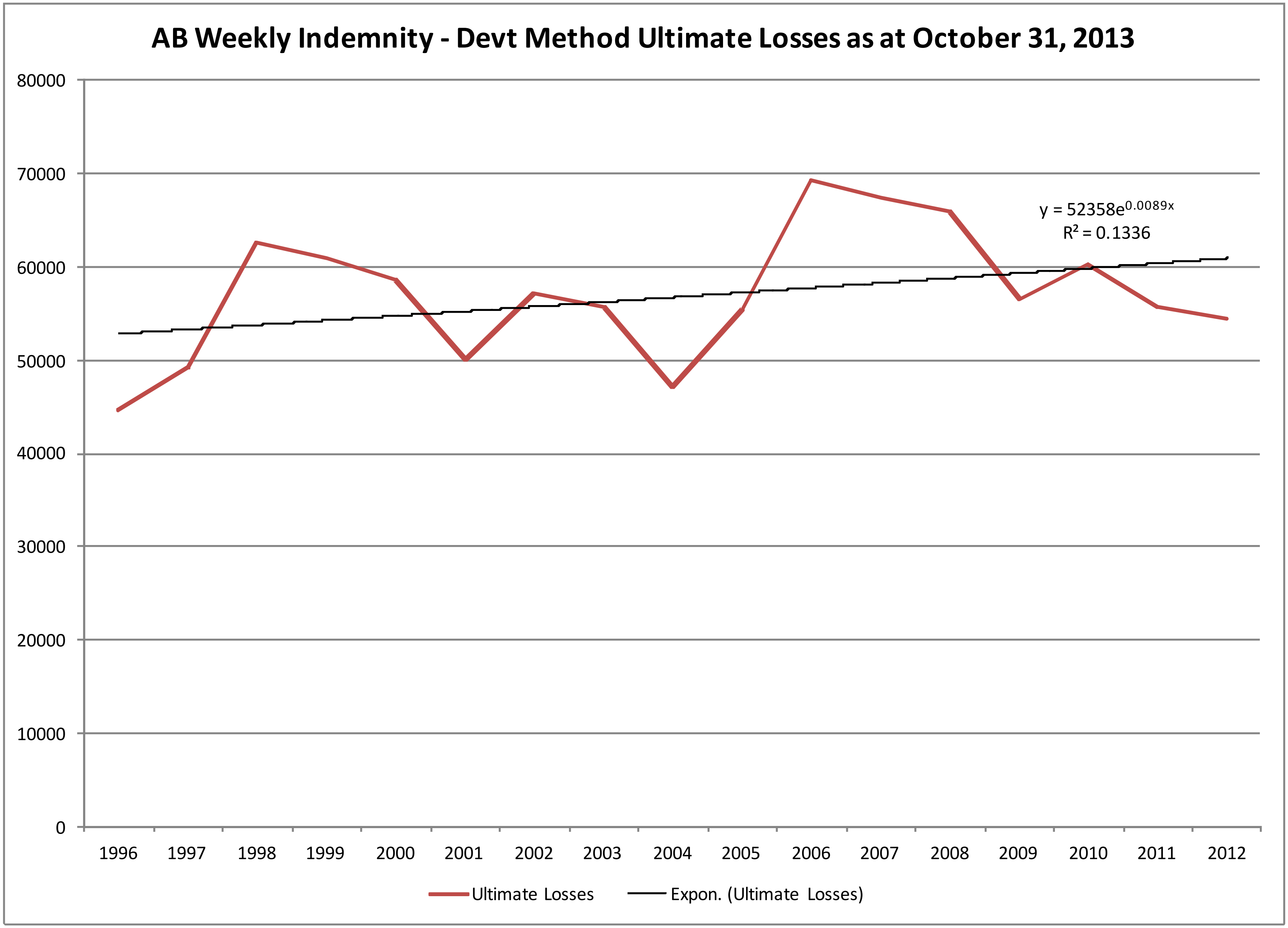
f) We did not make any changes/adjustments to the Incurred Bornhuetter-Ferguson Method analysis.

g) Refer to the attached chart.

h) In general, the selected factors were based on the indicated 'Latest 6 Volume Weighted' average. Recent observations, specifically for development periods after 56 months, indicate higher than average paid loss development. For example, per Volume III AI.7, Actuary's Report as at October 31, 2013, the average of the two most recent loss development factors for the 56-68 development was 1.125 compared to the 1.092 for all other years. Similarly, for the 68-80 development, the difference was 1.097 compared to 1.074. The selection based on the 'Latest 6 Volume Weighted' average was to balance between using a longer term average and giving more weight to recent observations.

i) Per the response to (h) above, we selected factors based on the indicated "Latest 6 Volume Weighted" average. Changes were made to the selections as at February 28, 2013 as required.

j) The change done per the Actuary's Report as of October 31, 2012 (i.e., using the higher of the incurred BF method and paid BF method for the most recent five years) was to recognize that case reserves were inadequate especially for the five most recent years, and that a major reserve review was to be undertaken. Given that the review was completed, the Actuary's Report as of October 31, 2013 reverted back to the 2011 methodology. In doing so, we recognize that case reserves are appropriate for claims that are four years and older. We continue to use the higher of method for the most recent three years to account for the difference in the IBNR indications for those years.


AB Weekly Indemnity - Devt Method Ultimate Losses as at October 31, 2013
80000
70000
60000
50000
40000
30000
20000
10000
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
y = 52358e^0.0089x
R² = 0.1336
Ultimate Losses
Expon. (Ultimate Losses)

PUB (MPI) 1-41 Reference: AI.7, Appendix F

With respect to the AB Other Indexed coverage [AI.7, Appendix F]:

a) Please provide the basis of selection of each selected incurred interval loss development factor assumption, including the 216 – Ultimate factor selection. [Pages 10, 11]

b) Please discuss the rationale for each of the changes made in the selected incurred interval loss development factor assumptions, relative to the corresponding selections made as at 28 February 2013. [Page 10, 11]

c) Please provide the $ impact on the reported incurred losses and ALAE (by accident year and in total) specifically arising from the 2013 PIPP claims review.

d) Please provide documentation of the precise manner in which the Incurred Development Method analysis properly accounts for this change in case reserving practices. [Pages 10 - 14]

e) Please provide documentation of the precise manner in which the Incurred Bornhuetter-Ferguson Method analysis properly accounts for this change in case reserving practices. [Pages 15 - 16]

f) Please provide the Incurred Bornhuetter-Ferguson Method trend regression analysis with the customary regression diagnostics and a graphical representation. [Page 15]

g) Please provide the basis of selection of each selected paid interval loss development factor assumption, including the 216 – Ultimate factor selection. [Pages 18, 19]

h) Please discuss the rationale for each of the changes made in the selected paid interval loss development factor assumptions, relative to the corresponding selections made as at 28 February 2013. [Page 18, 19]

i) Please discuss how the change back to the 2011 methodology (using the higher of the incurred BF method and paid BF method for the most recent three years only) fully accounts for the 2013 PIPP claims review. [Exhibit 4, Sheet 6]

RESPONSE:

a) Our general approach in regards to the selected factors was to leave them unchanged from last year's selections. Given that the 2013 PIPP claims review resulted in significant increases in case reserves (and therefore reported), the factors for the most recent year were not indicative of "typical" loss development i.e. the factors provide no new information to reevaluate the prior selections. As such, we have decided to leave the prior selections unchanged, assuming that case reserves are now at the appropriate level and will develop similar to prior development.

   Where selected factors were changed from last year's selections, we discuss the rationale for these changes in response to (b) below.

b) Changes made to the selected factors and the rationale for these changes are as provided in the following table. The selected factors are as presented in Volume III AI.7, Actuary's Report as at October 31, 2013.

Factor	Current Selected	Prior Selected	Rationale
20-24	1.0400	1.0200	Factors for the most recent year were not affected by the 2013 PIPP claims review; selected based on the 'Simple Average of Middle 3 of Last 5' average.
32-36	1.0100	1.0200	
36-44	1.0150	1.0125	Selected based on the 'Simple Average of Middle 3 of Last 5' average (which excludes the most recent factor).
44-56	1.0200	1.0125	Selected based on the 'Simple Average of Middle 3 of Last 5' average; equal selection for both factors.
56-68	1.0200	1.0125	
116-128	1.0040	1.0000	Smooth out the prior selected factor for 128-140.
128-140	1.0040	1.0080	
140-152	1.0000	0.9950	Selected based on the 'Simple Average of Middle 3 of Last 5' average.
152-164	0.9950	0.9900	

c) Refer to the following table which compares the actual reported to the budgeted reported for fiscal year 2013/14. We cannot account separately for the impact of the 2013 PIPP claims review since some of the case reserves would have been adjusted regardless of the review.

Insurance Year	2013/14 Reported		
	Actual	Budget	Variance
1994	-338,261	136,039	-474,300
1995	300,053	153,048	147,005
1996	-153,621	106,943	-260,564
1997	620,165	112,035	508,130
1998	398,352	102,288	296,064
1999	-250,916	104,408	-355,323
2000	-111,515	-271,724	160,209
2001	661,213	-307,058	968,271
2002	673,251	163,043	510,208
2003	624,650	85,057	539,593
2004	1,677,201	156,613	1,520,588
2005	-931,897	214,772	-1,146,669
2006	2,595,112	358,573	2,236,539
2007	2,119,508	443,561	1,675,947
2008	2,197,855	901,219	1,296,636
2009	1,039,542	1,018,953	20,590
2010	1,102,160	1,394,392	-292,232
2011	6,430,867	2,352,417	4,078,450
2012	10,856,663	3,203,160	7,653,503
2013	53,356,291	53,044,809	311,483
Total	82,866,674	63,472,547	19,394,127

d) See the response to (a) above. No other adjustments were made since the purpose of the 2013 PIPP claims review was to ensure compliance with existing reserving guidelines.

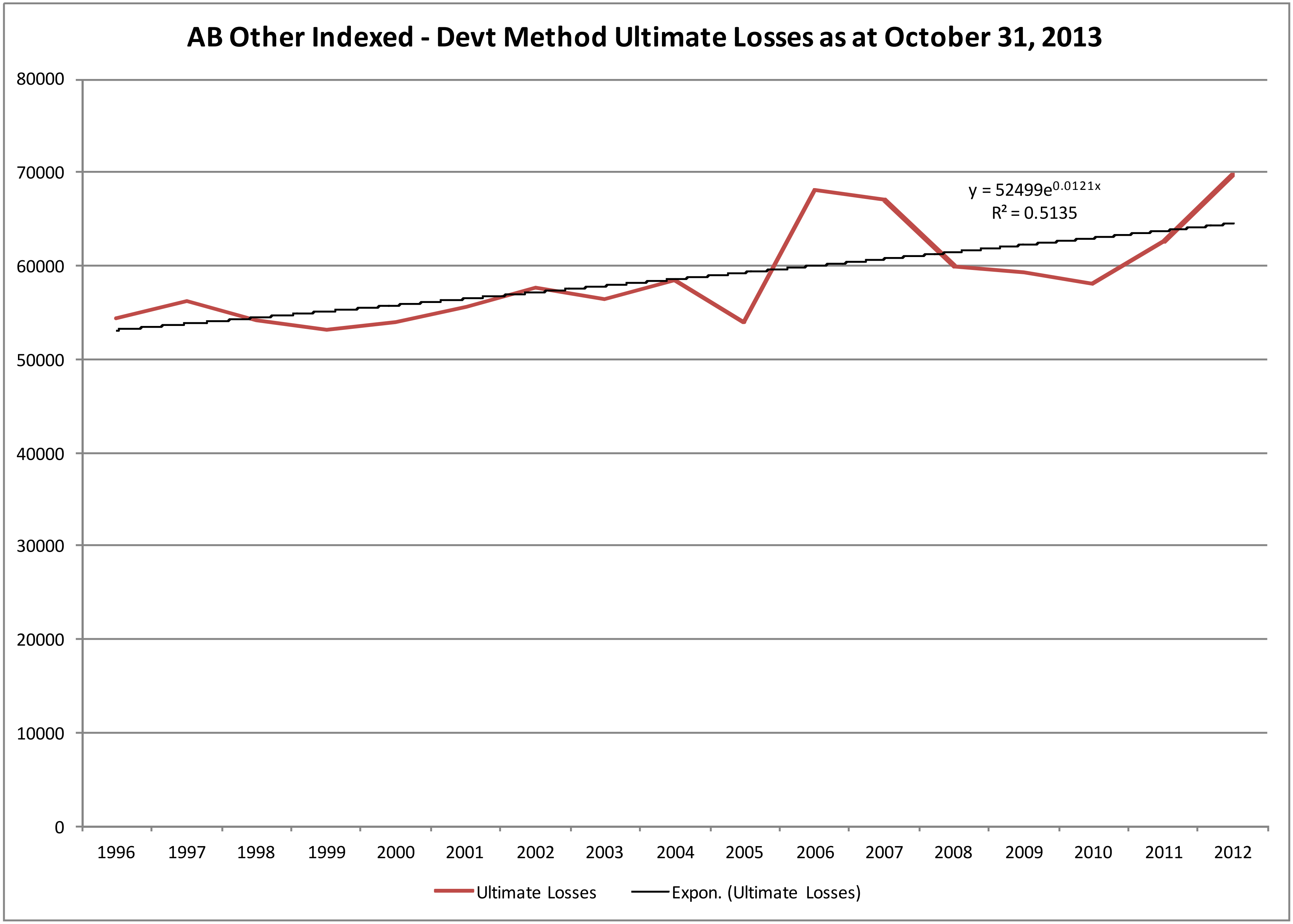
e) We did not make any changes/adjustments to the Incurred Bornhuetter-Ferguson Method analysis.

f) Refer to the attached chart.

g) In general, the selected factors were based on the indicated 'Simple Average of Middle 3 of Last 5' average. Recent observations, particularly noticeable for development periods after 36 months, indicate higher than average paid loss development. For example, per Volume III AI.7, Actuary's Report as at October 31, 2013, the average of the five most recent loss development factors for the 36-44 development was 1.072 compared to the 1.051 for the five prior years. Similarly, for the 44-56 development, the difference was 1.070 compared to 1.054. The selection based on the 'Simple Average of Middle 3 of Last 5' average was to recognize these recent observations.

h) Per the response to (g) above, we selected factors based on the indicated 'Simple Average of Middle 3 of Last 5' average. Changes were made to the selections as at February 28, 2013 as required.

i) Refer to PUB (MPI) 1-40(j).


AB Other Indexed - Devt Method Ultimate Losses as at October 31, 2013
80000
70000
60000
50000
40000
30000
20000
10000
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
y = 52499e0.0121x
R² = 0.5135
Ultimate Losses
Expon. (Ultimate Losses)

PUB (MPI) 1-42 Reference: AI.9

The cited quote from the 1992 GRA suggests that the "pure actuarial based method" is inconsistent with the Corporation's non-profit mandate, reportedly because the method does not recognize investment income on retained earnings as an offset to premium. Is this still the Corporation's position, and if so, why? [AI.9.3, Page 3]

RESPONSE:

As shown on page 1 of AI.9.4, if Basic rates are calculated per accepted actuarial practice with a 0% profit margin (i.e. "non-profit") then the Corporation required rate increase is 7.6%. It is in this context that the Corporation was of the position that the pure actuarial based method was inconsistent with the Basic non-profit mandate. This method does not recognize investment income on retained earnings as an offset to premium.

However, if the Basic rate target is determined based on break-even net income in the rating period (i.e. the current PUB approved ratemaking methodology), then the Corporation believes that Basic rates can be calculated in accordance to accepted actuarial practice and also be consistent with the Basic non-profit mandate. These rates are shown on page 6 of AI.9.4.

PUB (MPI) 1-43 Reference: AI.9

Please describe the nature and extent of the actuarial foundation for the Driver Premiums and the Vehicle Premium discounts provided under DSR, and the implied balance between the resulting aggregated Driver Premiums and aggregated Vehicle Premiums, and discuss how these matters fit within the context of Mr. Johnston's opinion that indicated rates have been derived in accordance with accepted actuarial practice in Canada. [AI.9.4, Page 4]

RESPONSE:

Per the Corporation's response to PUB(MPI) 2-24 in the 2014 Rate Application, the Corporation does not intend to review the experience under the DSR program until there are at least five to ten years of experience under the program.

Mr. Johnston has derived major classification indicated rates in accordance with accepted actuarial practice in Canada. Mr. Johnston's analysis does not include an opinion on the indicated DSR driver premiums or DSR vehicle discounts. However, the indicated rates (i) account for the revenue received from driver premium (i.e. as a reduction in the rate requirement) and (ii) are performed inclusive of DSR vehicle discounts (i.e. the revenue requirements by rating classification are actuarially sound net of vehicle discounts).

PUB (MPI) 1-44 Reference: AI.9

Please provide supporting documentation for the derivation of the "Req Rate (Bal)" values shown by Major Class and Overall. [AI.9.5, Page 8]

RESPONSE:

Required Rate (Balanced) is derived as follows:

Required Rate (Balanced) = Required Rate (Raw) * 0.9798

The adjustment factor of 0.9798 is to recognize that premiums are received throughout the 2015/16 fiscal year. So, an overall required rate (balanced) of $800.27 is required, so that when investment income is factored in on the premiums received, the overall required rate (raw) as of the average earned date is $816.76.

The factor of 0.9798 is derived assuming that premiums for the 2015/16 fiscal year are received uniformly throughout the year.

Quarter	Weight	Factor
1	25%	1.0362 = 1.0415 ^ (10.5 /12)
2	25%	1.0257 = 1.0415 ^ (7.5 /12)
3	25%	1.0154 = 1.0415 ^ (4.5 /12)
4	25%	1.0051 = 1.0415 ^ (1.5 /12)
Weighted Factor		1.0206
Reciprocal of Weighted Factor		0.9798 = 1 / 1.0206

PUB (MPI) 1-45 Reference: AI.9

Please discuss how the derivation of the estimated overall indicated rate change of +7.6% recognizes the present value of cash flows relating to the revenue at the indicated rate.

RESPONSE:

In determining the required rate (and therefore the required rate change of +7.6%) for rating year 2015/16, we considered the cash flow of all claims costs and expenses associated with the issuing of policies for the rating year. This cash flow was then discounted using the duration weighted interest rate of the Corporation's fixed income portfolio as at March 1, 2015 of 4.15%. The derivation of the discounted cash flows is presented in Exhibit 1 to Exhibit 4 of AI.9, Volume III Actuary Standards Compliance.

PUB (MPI) 1-46 Reference: AI.9

Please provide a restated version of the "Major Classification – Required Rate Changes" derivation exhibit which includes a profit provision that recognizes as a premium offset the contribution of the expected investment return on the assets supporting Basic Total Equity. [AI.9.5, Page 8]

RESPONSE:

The table below presents the derivation of the expected investment return on the assets supporting Basic Total Equity.

(All figures in $000)			
		2014/15	2015/16
Total Assets	Pro Formas, Pg 4	2,366,661	2,424,071
Total Equity	Pro Formas, Pg 4	132,738	133,408
		2015/16	2016/17
Investment Income [a]	Pro Formas, Pg 3	49,907	84,606
Investment Income from Equity [b]		2,799	4,656
Average Investment Income from Equity			3,728
Notes: [a] Investment income is assumed to be earned on the assets as at the end of the fiscal year. [b] Total Equity / Total Assets * Investment Income			

The inclusion of the average investment income from equity of $3,728,000 will result in a rate decrease of approximately 0.5% (i.e. the required overall rate increase would be 7.1% instead of 7.6%).

PUB (MPI) 1-47 Reference: AI.9

Please provide supporting documentation for the selected discount rate of 4.15%, with GRA cross-references as appropriate.

RESPONSE:

Per Volume II, Claims Incurred, Page 8, the discount rate of the Corporation's fixed income portfolio as at fiscal year-end 2014/15 is 4.15%.

PUB (MPI) 1-48 Reference: AI.9.5, p. 11

Please provide supporting rationale for choosing to discount cash flows to the end of the proposed rating year 2015/16, i.e., 28 February 2016.

RESPONSE:

The date chosen corresponds to the average earning date and average accident date for policies written in the 2015/16 rating year.

PUB (MPI) 1-49 Reference: CI.3.1

With respect to the PIPP AB Weekly Indemnity coverage:

a) Please confirm that the "Claim Count Incurred > $0" values [Page 11] are estimated ultimate claim counts by accident year. If so, please provide the supporting analysis for the derivation of these estimated ultimate claim counts. If not, please define the nature of these claim count statistics and the underlying rationale for their use in this analysis.

b) Please provide the claim count 10-year trend regression analysis with the customary regression diagnostics and a graphical representation.

c) Please provide exhibit/sheet or appendix/page cross references to the Actuary's Report as of 28 February 2014 in AI.7 for the estimated ultimate amounts by accident year as shown [Page 11].

d) Please document the derivation of the estimated ultimate severities broken down between "Claims $0-$100,000" and "Claims $250,000+" [Page 12], in particular explaining why claims between $100,001 and $250,000 are excluded, and how the possibility of distinct claim count and amount development patterns between the two groups is addressed.

e) Please provide the two claim severity 13-year trend regression analyses ("Claims $0-$100,000" and "Claims $250,000+", respectively) with the customary regression diagnostics and graphical representations.

f) Please link the projected amounts shown for "Interest Rate Impact" and "All Other Changes" by fiscal year [Page 13] to the supporting Exhibit 1/1b tables.

g) For each table comprising Exhibit 1, please provide footnotes with GRA cross-references as needed to fully document the derivation formulae and data sources underlying forecasted values, in particular making it clear how the impact of changing discount rates (as implied by the GRA's interest rate forecast) is captured.

RESPONSE:

a) The "Claim Count Incurred > $0" values are estimated ultimate claim counts by accident year. These figures are estimated by using historical development of claim counts and selecting development factors that are then applied to calculate an ultimate claim count. See attached.

b) See attached.

c) Please refer to Exhibit 2 Sheet 5 Estimated Ultimate Claims (7).

d) The estimated ultimate severities were derived by taking a 13-year history of all claims and developing each claim to ultimate. These were then grouped into two categories, small ($0 - $100,000) and large claims (greater than $250,000). These two groups were chosen as they represent the majority of the incurred and claim count overall. The average claim severity in each group by accident year is what is shown in the table [Page 12].

e) See attached.

f) The projected amounts shown for "Interest Rate Impact" are a direct result of the change in interest rate that is reflected in the change in IBNR. These amounts are calculated by assuming a flat interest rate over the forecast period. "All Other Changes" are the changes in IBNR that happen irrespective of the change in interest rate.

g) Yearly claims paid are derived from Table 1 and shown in Table 2 of Volume II Claims Incurred, Exhibit 1. A complete table of yearly claims paid are shown in the attached document. An indexation rate of 2.00% is then applied each year to reflect the growing payment amount. These paid claim amounts are then discounted by the real discount rate and shown in Table 6. Total IBNR is a total of unpaid claims, any provisions, less case reserves. Therefore, a change in the interest rate will change the discounted unpaid claims and any applicable provisions.

Accident Benefits Weekly Indemnity
Ultimate Claim Counts

Insurance Accident Year	Months Since Beginning of Accident Year																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	Ultimate
00/01	2,164	2,327	2,345	2,340	2,343	2,340	2,339	2,339	2,334	2,335	2,328	2,328	2,331	2,330	2,330	2,330	2,330	2,330	2,330	2,330
01/02	2,088	2,257	2,244	2,244	2,237	2,233	2,233	2,229	2,228	2,219	2,218	2,220	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
02/03	2,182	2,223	2,213	2,215	2,215	2,209	2,201	2,201	2,196	2,196	2,198	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196
03/04	2,060	2,132	2,123	2,114	2,116	2,107	2,103	2,106	2,107	2,107	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110
04/05	1,985	2,072	2,052	2,055	2,044	2,040	2,040	2,039	2,039	2,041	2,041	2,041	2,041	2,041	2,041	2,041	2,041	2,041	2,041	2,041
05/06	1,884	1,975	1,966	1,952	1,947	1,945	1,944	1,942	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943
06/07	2,055	2,130	2,112	2,102	2,103	2,102	2,103	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104
07/08	2,000	2,071	2,060	2,058	2,056	2,056	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054	2,054
08/09	1,750	1,892	1,891	1,881	1,882	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884
09/10	1,725	1,892	1,878	1,876	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877
10/11	1,799	1,920	1,924	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926	1,926
11/12	1,698	1,821	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830
12/13	1,880	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031
13/14	1,763	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893
14/15	1,747	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876
15/16	1,733	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861
16/17	1,719	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846
17/18	1,705	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831	1,831
18/19	1,691	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816	1,816

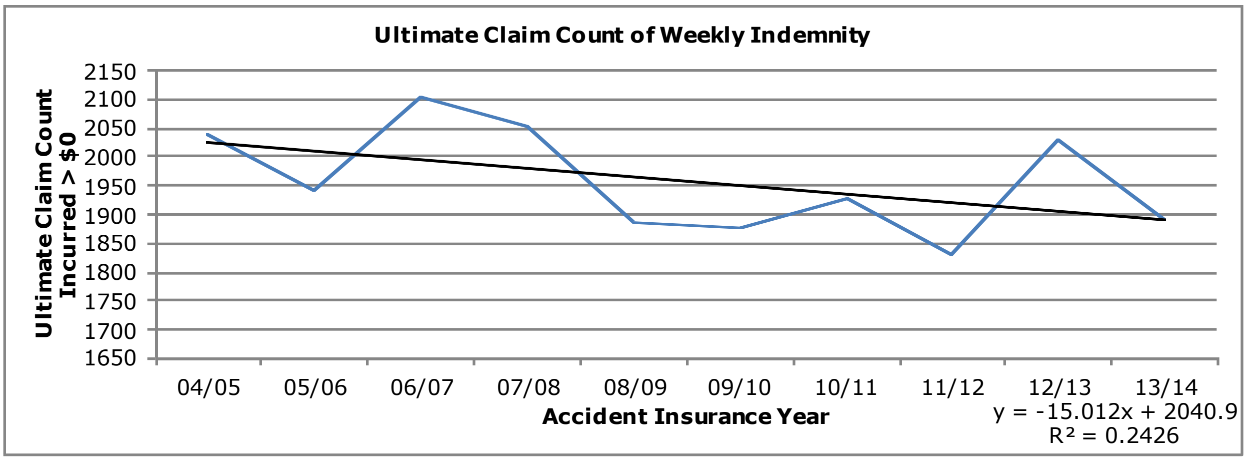
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240
3-Yr Weighted Average	1.0735	0.9998	0.9982	1.0000	1.0002	0.9997	0.9997	1.0003	1.0003	1.0006	1.0000								
5-Yr Average	1.0796	0.9988	0.9978	0.9996	0.9995	0.9994	1.0001	0.9997	0.9995										
Selected Factor	1.0735	1.0000	1.0000	1.0000	1.0000	1.0000	1.0001	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Factor to Ult	1.0735	1.0001	1.0001	1.0001	1.0001	1.0001	1.0001	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Regression Statistics	
Multiple R	0.4925
R Square	0.2426
Adjusted R Square	0.1479
Standard Error	85.1848
Observations	10

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	18592.51	18592.51	2.56	0.1481
Residual	8	58051.59	7256.45		
Total	9	76644.10			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	2160.96	129.44	16.69	0.0000	1862.46	2459.46
X Variable 1	-15.01	9.38	-1.60	0.1481	-36.64	6.61



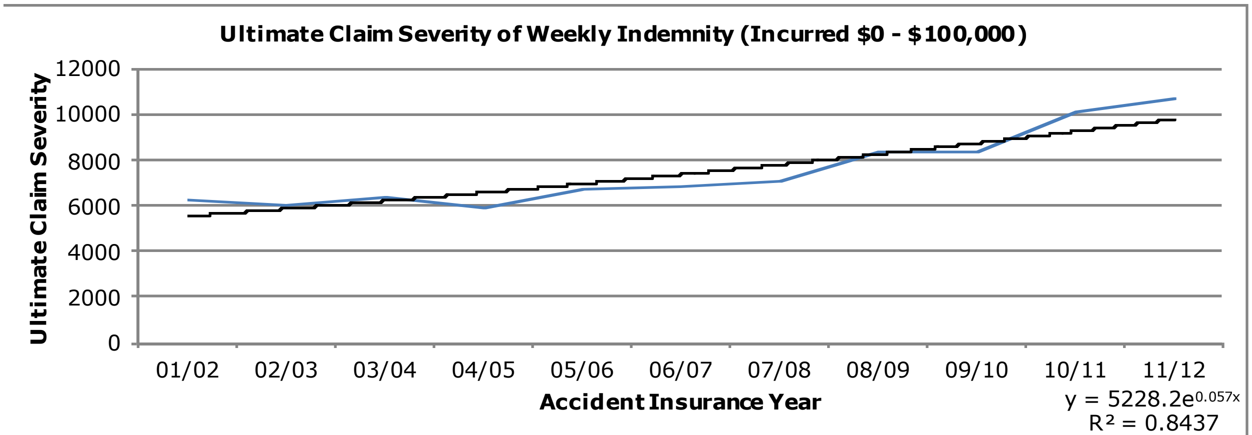
Manitoba Public Insurance

Regression Statistics	
Multiple R	0.9185
R Square	0.8437
Adjusted R Square	0.8264
Standard Error	0.0857
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.3572	0.3572	48.5926	0.0001
Residual	9	0.0662	0.0074		
Total	10	0.4234			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	8.2769	0.0936	88.4573	0.0000	8.0652	8.4886
X Variable 1	0.0570	0.0082	6.9708	0.0001	0.0385	0.0755

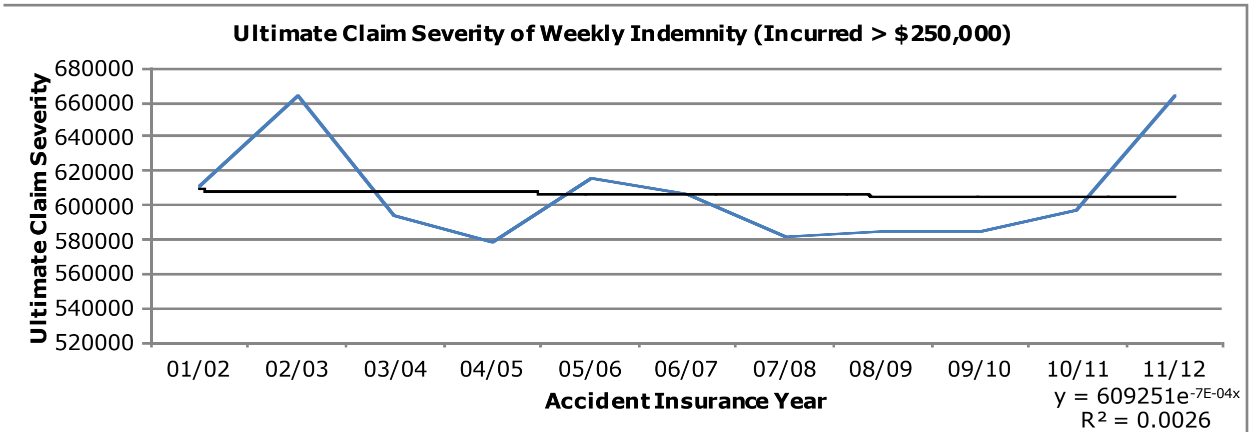


Regression Statistics	
Multiple R	0.0505
R Square	0.0026
Adjusted R Square	-0.1083
Standard Error	0.0518
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.0001	0.0001	0.0231	0.8827
Residual	9	0.0241	0.0027		
Total	10	0.0242			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	13.3237	0.0565	235.8343	0.0000	13.1959	13.4515
X Variable 1	-0.0007	0.0049	-0.1518	0.8827	-0.0119	0.0104



Manitoba Public Insurance

Accident Benefits Weekly Indemnity
Yearly Claims Paid ($000)

Insurance Accident Year	Prior to 10/11	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	Insurance Year																					
94/95 and Prior	32,769	974	1,171	1,015	1,114	858	765	680	604	611	618	625	632	639	647	654	661	669	676	684	692	700
95/96	35,512	1,224	1,048	1,623	1,190	1,216	1,087	969	862	765	774	783	792	801	810	819	828	838	847	857	866	876
96/97	22,474	650	688	997	661	648	581	519	463	412	365	370	374	378	382	387	391	396	400	405	409	414
97/98	24,677	602	695	769	926	834	750	672	600	535	476	423	427	432	437	442	447	452	457	463	468	473
98/99	28,645	1,228	1,257	1,891	1,333	1,111	1,139	1,024	917	819	730	650	577	584	590	597	604	611	617	624	632	639
99/00	28,136	925	1,418	1,163	1,246	933	956	980	880	789	705	628	559	496	502	508	513	519	525	531	537	543
00/01	28,420	1,053	1,067	960	1,073	961	882	904	927	833	746	667	594	529	470	475	480	486	491	497	502	508
01/02	23,857	919	888	1,433	1,100	924	847	777	797	817	734	657	587	524	466	414	418	423	428	433	438	443
02/03	23,910	1,270	1,534	1,502	1,498	1,189	1,139	1,044	959	983	1,007	905	811	724	646	574	510	516	522	528	534	540
03/04	23,613	1,364	1,404	1,667	1,606	1,146	1,078	1,033	947	869	891	913	820	735	657	585	521	462	468	473	478	484
04/05	18,430	1,316	1,109	962	1,150	1,088	1,074	1,010	968	887	815	835	856	769	689	616	549	488	433	438	443	448
05/06	20,986	1,836	1,517	1,765	1,696	1,302	1,248	1,232	1,158	1,110	1,018	934	957	981	882	790	706	629	560	497	503	508
06/07	20,964	2,695	2,259	2,978	2,642	1,832	1,703	1,632	1,611	1,515	1,451	1,331	1,221	1,252	1,283	1,153	1,033	923	823	732	650	657
07/08	19,428	2,842	3,159	2,978	2,594	1,759	1,596	1,483	1,421	1,402	1,319	1,264	1,159	1,064	1,090	1,117	1,004	900	804	716	637	566
08/09	16,109	4,426	3,962	3,711	2,963	2,051	1,671	1,516	1,409	1,350	1,332	1,253	1,200	1,101	1,010	1,036	1,061	954	854	763	681	605
09/10	7,997	7,924	4,127	3,304	3,034	2,480	1,656	1,349	1,224	1,137	1,090	1,075	1,012	969	889	816	836	857	770	690	616	549
10/11		9,017	10,087	5,123	4,171	3,479	1,892	1,641	1,337	1,213	1,127	1,080	1,066	1,003	960	881	808	828	849	763	684	611
11/12			8,604	9,561	5,288	3,752	2,742	2,362	2,048	1,669	1,513	1,407	1,348	1,330	1,251	1,199	1,099	1,009	1,034	1,060	952	853
12/13				9,883	10,157	5,376	2,876	2,554	2,200	1,907	1,554	1,410	1,310	1,256	1,239	1,166	1,117	1,024	940	963	987	887
13/14					9,077	9,488	3,786	2,864	2,543	2,191	1,900	1,548	1,404	1,305	1,250	1,234	1,161	1,112	1,020	936	959	983
14/15						10,046	7,460	3,916	2,962	2,631	2,266	1,965	1,601	1,452	1,350	1,293	1,276	1,200	1,150	1,054	968	992
15/16							10,427	7,473	3,923	2,967	2,635	2,270	1,968	1,604	1,454	1,352	1,295	1,278	1,203	1,152	1,056	970
16/17								10,821	7,484	3,928	2,972	2,639	2,273	1,971	1,606	1,457	1,354	1,297	1,280	1,204	1,154	1,058
17/18									11,231	7,493	3,933	2,975	2,642	2,276	1,973	1,608	1,458	1,356	1,299	1,282	1,206	1,155
18/19										11,656	7,500	3,936	2,978	2,645	2,278	1,975	1,609	1,460	1,357	1,300	1,283	1,207

Accident Benefits Weekly Indemnity
Yearly Claims Paid ($000)

Insurance Accident Year	Insurance Year																					
	31/32	32/33	33/34	34/35	35/36	36/37	37/38	38/39	39/40	40/41	41/42	42/43	43/44	44/45	45/46	46/47	47/48	48/49	49/50	50/51	51/52	52/53
94/95 and Prior	708	716	724	732	740	749	757	766	-													
95/96	886	896	906	917	927	938	948	959	970	-												
96/97	418	423	428	433	438	443	448	453	458	463	-											
97/98	479	484	489	495	501	506	512	518	524	530	536	-										
98/99	646	653	661	668	676	683	691	699	707	715	723	731	-									
99/00	549	556	562	568	575	581	588	594	601	608	615	622	629	-								
00/01	514	520	526	532	538	544	550	556	562	569	575	582	588	595	-							
01/02	448	453	458	463	468	474	479	484	490	496	501	507	513	518	524	-						
02/03	546	552	558	565	571	578	584	591	597	604	611	618	625	632	639	647	-					
03/04	489	495	500	506	512	518	524	529	536	542	548	554	560	567	573	580	586	-				
04/05	453	459	464	469	474	480	485	491	496	502	508	513	519	525	531	537	543	549	-			
05/06	514	520	526	532	538	544	550	556	563	569	576	582	589	595	602	609	616	623	630	-		
06/07	665	672	680	688	696	703	711	719	728	736	744	753	761	770	779	787	796	805	815	824	-	
07/08	572	579	585	592	599	606	612	619	626	634	641	648	655	663	670	678	686	693	701	709	717	-
08/09	538	544	550	556	562	569	575	582	588	595	602	609	616	623	630	637	644	651	659	666	674	681
09/10	489	434	439	444	449	454	459	464	470	475	480	486	491	497	503	508	514	520	526	532	538	544
10/11	544	484	430	435	440	445	450	455	460	465	471	476	481	487	492	498	504	509	515	521	527	533
11/12	762	679	604	537	543	549	555	562	568	574	581	587	594	601	608	615	622	629	636	643	650	658
12/13	795	710	633	563	500	506	511	517	523	529	535	541	547	553	560	566	573	579	586	592	599	606
13/14	883	791	707	630	561	498	504	509	515	521	527	533	539	545	551	557	564	570	577	583	590	596
14/15	1,017	914	819	731	652	580	515	521	527	533	539	545	551	557	564	570	577	583	590	596	603	610
15/16	994	1,019	915	820	733	653	581	516	522	528	534	540	546	552	558	565	571	578	584	591	597	604
16/17	971	995	1,020	917	821	734	654	582	517	523	528	534	541	547	553	559	565	572	578	585	592	598
17/18	1,059	972	996	1,021	918	822	735	655	583	517	523	529	535	541	547	554	560	566	573	579	586	592
18/19	1,156	1,060	973	997	1,022	919	823	735	655	583	518	524	530	536	542	548	554	560	567	573	580	586

Accident Benefits Weekly Indemnity
Yearly Claims Paid ($000)

Insurance Accident Year	Insurance Year											There-After	Ultimate
	53/54	54/55	55/56	56/57	57/58	58/59	59/60	60/61	61/62	62/63	63/64		
94/95 and Prior												-	54,350
95/96												-	63,733
96/97												-	37,166
97/98												-	42,031
98/99												-	55,073
99/00												-	51,640
00/01												-	51,278
01/02												-	45,599
02/03												-	52,363
03/04												-	51,332
04/05												-	44,373
05/06												-	53,646
06/07												-	67,175
07/08												-	63,790
08/09	-											-	64,369
09/10	550	-										-	55,665
10/11	539	545	-									-	60,327
11/12	665	673	680	-								-	65,453
12/13	613	620	627	634	-							-	63,923
13/14	603	610	617	624	631	-						-	60,698
14/15	617	624	631	638	645	653	-					-	61,082
15/16	611	618	625	632	639	647	654	-				-	61,553
16/17	605	612	619	626	633	640	647	655	-			-	62,023
17/18	599	606	613	620	627	634	641	648	656	-		-	62,493
18/19	593	600	606	613	620	627	634	642	649	656	-	-	62,962

PUB (MPI) 1-50 Reference: CI.3.2

With respect to the PIPP ABO Indexed coverage:

a) Please provide the claim count 5-year trend regression analysis with the customary regression diagnostics and a graphical representation.

b) Please provide the two claim severity 13-year trend regression analyses ("Claims $0-$100,000" and "Claims $250,000+", respectively) with the customary regression diagnostics and graphical representations.

RESPONSE:

a) see attached

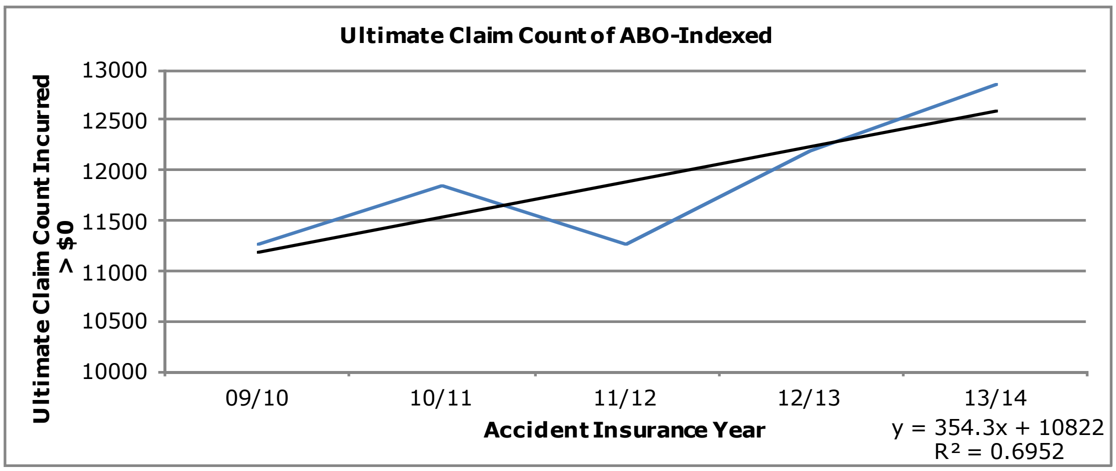
b) see attached

Regression Statistics	
Multiple R	0.8338
R Square	0.6952
Adjusted R Square	0.5936
Standard Error	428.3271
Observations	5

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	1255284.90	1255284.90	6.84	0.0793
Residual	3	550392.30	183464.10		
Total	4	1805677.20			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	6215.80	2175.63	2.86	0.0647	-708.03	13139.63
X Variable 1	354.30	135.45	2.62	0.0793	-76.76	785.36



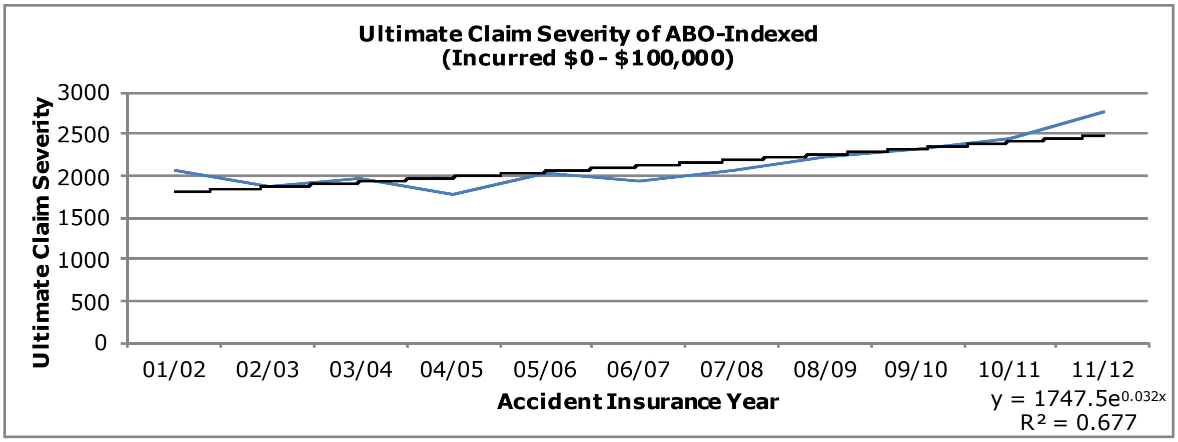
Manitoba Public Insurance

Regression Statistics	
Multiple R	0.8228
R Square	0.6770
Adjusted R Square	0.6411
Standard Error	0.0772
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.1123	0.1123	18.8604	0.0019
Residual	9	0.0536	0.0060		
Total	10	0.1659			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	7.3062	0.0842	86.7612	0.0000	7.1157	7.4967
X Variable 1	0.0320	0.0074	4.3429	0.0019	0.0153	0.0486



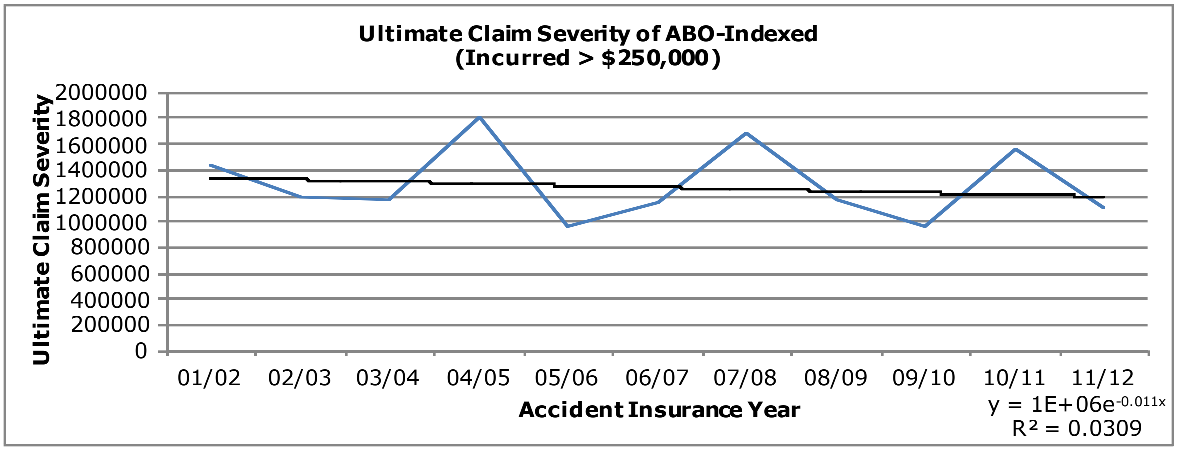
Manitoba Public Insurance

Regression Statistics	
Multiple R	0.1756
R Square	0.0309
Adjusted R Square	-0.0768
Standard Error	0.2245
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.0144	0.0144	0.2865	0.6054
Residual	9	0.4537	0.0504		
Total	10	0.4681			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	14.1776	0.2450	57.8638	0.0000	13.6233	14.7318
X Variable 1	-0.0115	0.0214	-0.5353	0.6054	-0.0599	0.0370



PUB (MPI) 1-51 Reference: CI.3.3

With respect to the PIPP ABO Non-Indexed coverage:

a) Please provide the claim count all year trend regression analysis with the customary regression diagnostics and a graphical representation.

b) Please provide the two claim severity 13-year trend regression analyses ("Claims $0-$100,000" and "Claims $250,000+", respectively) with the customary regression diagnostics and graphical representations.

RESPONSE:

a) see attached

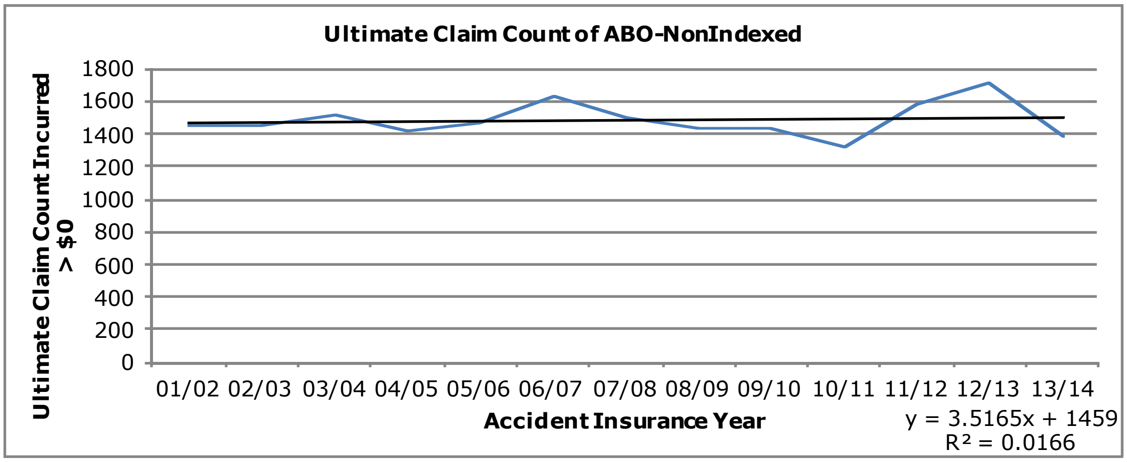
b) see attached

Regression Statistics	
Multiple R	0.1290
R Square	0.0166
Adjusted R Square	-0.0728
Standard Error	109.9556
Observations	13

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	2250.55	2250.55	0.19	0.6745
Residual	11	132992.53	12090.23		
Total	12	135243.08			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	1441.42	102.45	14.07	0.0000	1215.93	1666.91
X Variable 1	3.52	8.15	0.43	0.6745	-14.42	21.46

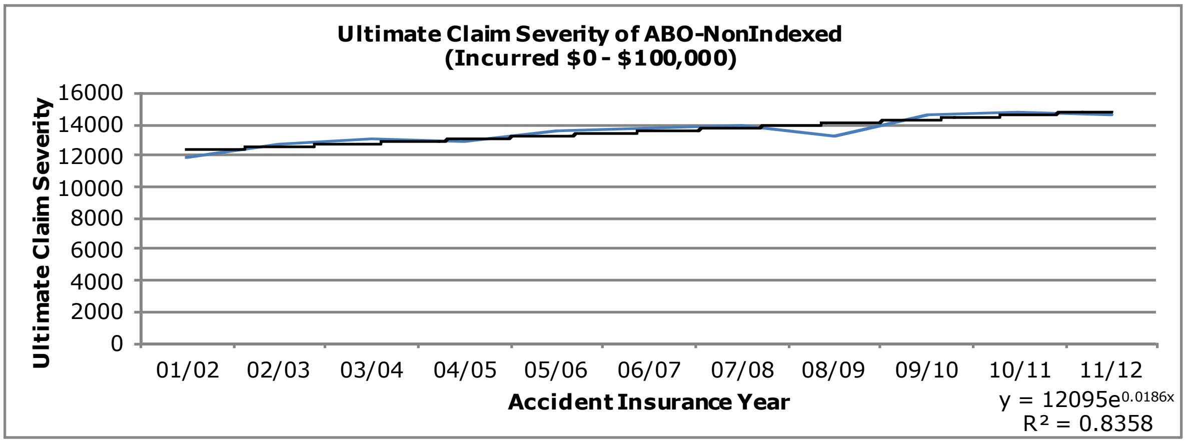


Regression Statistics	
Multiple R	0.9142
R Square	0.8358
Adjusted R Square	0.8175
Standard Error	0.0289
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.0382	0.0382	45.7964	0.0001
Residual	9	0.0075	0.0008		
Total	10	0.0457			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	9.3074	0.0315	295.4114	0.0000	9.2361	9.3786
X Variable 1	0.0186	0.0028	6.7673	0.0001	0.0124	0.0249

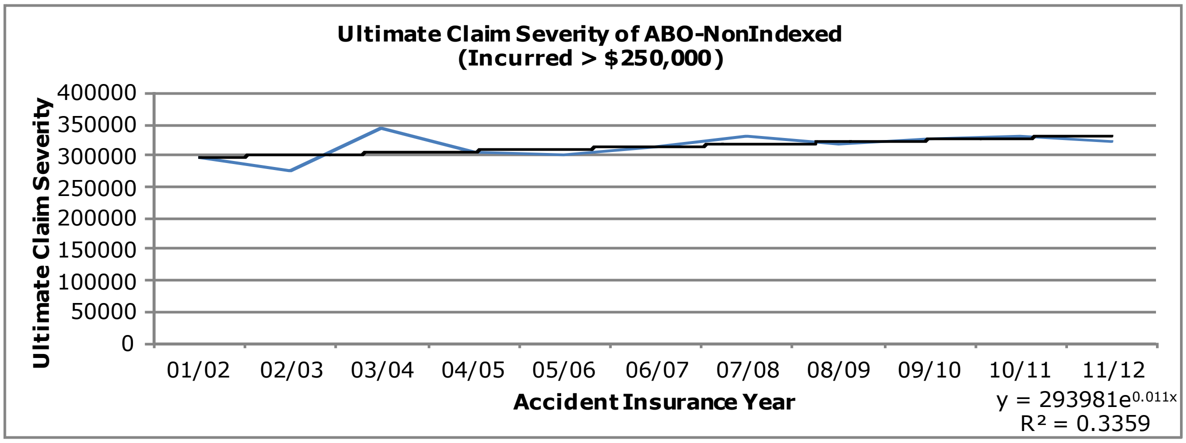


Regression Statistics	
Multiple R	0.5796
R Square	0.3359
Adjusted R Square	0.2622
Standard Error	0.0542
Observations	11

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.0134	0.0134	4.5529	0.0616
Residual	9	0.0265	0.0029		
Total	10	0.0398			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	12.5361	0.0592	211.8701	0.0000	12.4023	12.6700
X Variable 1	0.0110	0.0052	2.1338	0.0616	-0.0007	0.0227



Manitoba Public Insurance

PUB (MPI) 1-52 Reference: CI.5

With respect to the Collision coverage:

a) Please confirm that the cited "change in reserving practices" [Page 31] relates to the addition of a bulk IBNR provision of $13 million (before provision for adverse deviations) due to the backlog of unrecorded vehicle damage claims resulting from the extreme cold weather. If not, please describe the nature, timing and extent of the cited "change in reserving practices".

b) Please provide the forecasted "HTA Earned Units" for accident years 2014/15 to 2018/19 underlying the forecasted ultimate incurred amounts [Page 36], and document the derivation of the forecasted "HTA Earned Units" for accident year 2014/15 providing GRA cross-references as appropriate.

c) Please document the derivation of the accident year 2014/15 ultimate severity providing GRA cross-references as appropriate.

d) Please comment on the extent to which the Corporation believes its frequency and severity forecasts fully encompass the expected impact of "changes in vehicle technology, more complex vehicle manufacturing, and use of non-repairable components" as these types of vehicles grow in significance over time in the insured fleet of vehicles.

RESPONSE:

a) Not confirmed. The cited "change in reserving practices" relates to a minor systems issue that resulted in an overstatement of reserves as at 12 months. In December 2013 through January 2014 the Corporation was implementing the new Mitchell WorkCentre system. During this transition period there were some collision claims that were double reserved (i.e. the estimated reserve was added twice). Since this impact does not reflect a true increase in exposure, the

2013/14 ultimate severity was adjusted downward by an offsetting amount (see the severity calculation on page 34 of Volume II Claims Incurred, section CI.5)

b) Please see Volume II Revenues, section R.1.1 Volume Factor [Page 9].

c) Per Volume II Claims Incurred, section CI.5, page 34-36, the 2014/15 collision ultimate severity is projected to increase by 3.24% over the prior year's ultimate severity. The growth rate is calculated as the weighted (based on claims incurred) combination of the collision repair and the collision total loss severity growth rates derived on page 34 of CI.5.

d) The Corporation has adjusted its collision severity forecast to be more reflective of recent historical trends and expected future trends. However, we are unable to assess the level to which this forecast fully encompasses the expected impact of "changes in vehicle technology, more complex vehicle manufacturing, and use of non-repairable components". The Corporation will be watching these trends closely and will continue to update our forecasts each year based on the latest information available.

PUB (MPI) 1-53 Reference: CI.8.5, p. 54

Please provide additional supporting rationale for the assumption of no changes in the premium deficiency provision over the forecast period, in particular considering that the current GRA proposes a rate level in excess of the required rate level for the 2015/16 rating year due to the inclusion of a 1% RSR rebuilding fee.

RESPONSE:

The Corporation's financial model was not constructed to forecast changes in the premium deficiency as this calculation is very complex. On pages 23 and 24 of the 2014 DCAT report (Volume II RSR.2), the Chief Actuary noted this issue, and as a result, restated the Corporation's base forecast to include a forecast of the expected premium deficiency and/or deferred policy acquisition cost (DPAC) write-down. See PUB (MPI) 1-107.

PUB (MPI) 1-54 Reference: Recycled Parts

Please provide a table summarizing the Corporation's costs for new parts, aftermarket parts and recycled parts for vehicles repaired for the last ten years as a dollar and percentage of total parts used, in the form provided in answer to PUB/MPI I-44 at the 2011 GRA.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-55 **Reference: SM5.3, TI.5 Trend Analysis 2014 GRA**

a) Please provide an update to the trend analysis from 2010 to 2019 on a similar basis as that provided in response to PUB/MPI I-52 last year.

b) Provide the same analysis as (a) for the Corporation

c) Please re-file the table as restated in (a) above excluding expenditures on immobilizer installations, related administrative costs and BTO/BPR expenditures.

d) Please include in the trend analysis the compounded annual growth for 2009/10 through 2013/14 and 2013/14 to 2016/17.

RESPONSE:

a) to d) Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-56 Reference: E.3, Appendix 4 Expense Allocation Formulas

a) Please file the cost allocation schematic for 2015/16

b) Please provide a comparison between E.7 Appendix 2 provided at the last GRA with E.3 Appendix 4 provided this year and indicate any changes in allocators used in the cost allocation methodology.

c) Please also provide details of any changes made to the cost categories, accounting units, groupings of accounting units or purification adjustments made to the methodology since the last GRA, in particular the Driver Licensing and Control cost category and all accounting units that appear to be in last year's schematic and not this year's.

d) Please indicate whether there were any changes in the allocation of Initiatives from the last GRA.

RESPONSE:

a) Refer to the attached schedule.

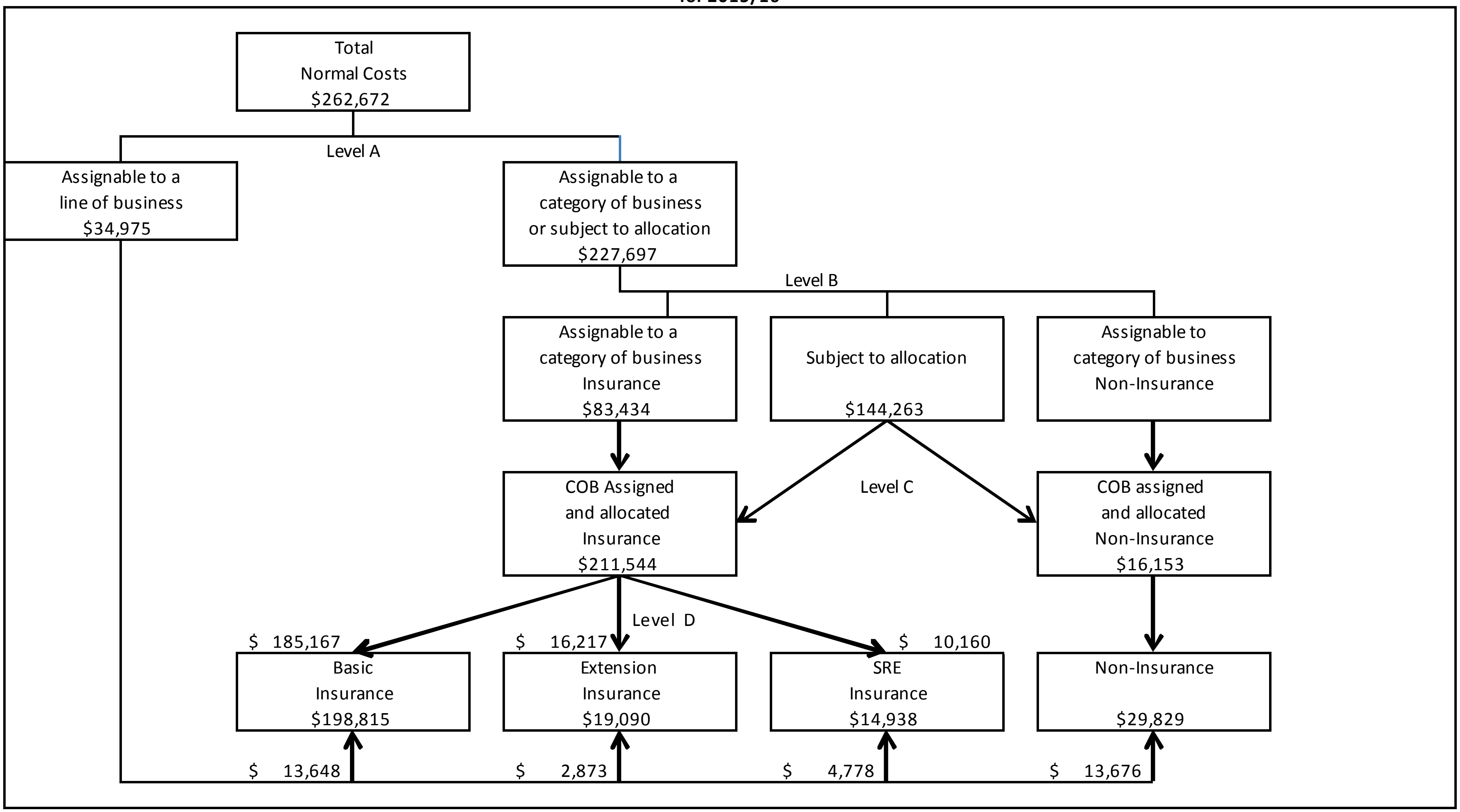
b) The detailed allocation definitions in the two appendices (E.7 Appendix 2 and E.3 Appendix 4) are the same with the exception of the methodology description for Product & Policy Management and the changes noted in part c). In the 2014 GRA, Product & Policy Management was described as 100% operating. However, it was actually split between Claims and Operating based on FTE. The description in E.3 Appendix 4 is appropriate for both 2013/14 and 2012/13.

The allocation methodology and process for the 2015 GRA is identical to that for the 2014 GRA. Allocation percentages may have changed due to the incorporation of current data. For example, the four year average Claims Incurred allocator for the 2015 GRA includes 2013/14 actual results.

c) In the 2015 GRA, any categories with no allocation to Basic (D, G, Y and Z) were removed from Appendix 2, since these allocators do not impact Basic results. The categories still exist and the methodology has not changed. The accounting units removed from the schedule in 2015 include eleven buildings under physical properties that are no longer owned or rented and unit 073 (Customer Research) which was combined with unit 058 (Corporate Strategic Analytics) in the category Product & Policy Management.

The allocation methodology for initiatives is project specific. Initiatives that were allocated in the 2014 GRA are being allocated in the same manner in the 2015 GRA. Any new initiatives will be assigned a particular allocation method that is based on those business segments benefiting from the initiative.

Manitoba Public Insurance
Cost Allocation Methodology
for 2015/16



PUB (MPI) 1-57 Reference: Expenses

a) "It should be noted that upon completion of a project, ongoing expenses will transfer into the normal operations expense grouping." [E.1, Page 6] Given this assertion, why are there forecasted amounts for Improvement Initiative Ongoing Expenses? [E.1, Page 5]

b) If the next replacement cycle for certain types of data processing equipment is scheduled to occur in 2016/17 following a three year cycle, why isn't the amount shown for 2013/14 actual in this regard elevated relative to the 2014/15 and 2015/16 forecast amounts? [E.2.1, Pages 7 and 9]

c) Please indicate when the last furniture and equipment refresh was made and provide a comparison with the level of expenditures then with those forecast for 2017P.

d) "The amortization of deferred development project costs starts on March 1st of the year after the project is ***completed***." "For projects that are ***still in progress***, the amortization of deferred development expenses are forecasted as part of ongoing expense related to improvement initiatives and are not included as normal operating expenses." [E.2.1, Page 10] Please reconcile and explain these two statements?

RESPONSE:

a) The ongoing expenses included in the forecast are related to projects that are still in progress or expected to be in progress during the forecast years (for a list of current projects, please see Volume II Expenses, section E 4.2, page 26). Only when a project has been completed will the ongoing expenses related to that project be transferred into the normal operations classification grouping. Where a project has an estimated completion date in the forecast period, forecasted ongoing expenses are not transferred to forecasted normal operations. This transfer occurs only when a project is actually completed.

b) The previous equipment refresh purchases were made prior to the 2013/14 fiscal year, taking advantage of favourable pricing and model availability. The equipment was installed in the latter part of 2012/13.

c) The latest furniture and equipment refresh occurred with the purchase of equipment in 11/12 and installation of said equipment spread over the 12/13 and 13/14 fiscal years. Going forward, the Corporation will be proceeding with the 16/17 refresh as indicated.

d) For forecasting purposes, all amortization expenses relating to deferred development are still classified as an ongoing expense in the year after completion if the project was in progress at the start of the forecast period. Once the project has been completed the amortization expenses are reclassified and transferred into normal operations. As mentioned in the answer to part a), this transfer occurs only when the project is actually completed.

PUB (MPI) 1-58

Reference: Expenses E.1 Overview Appendix 9 PUB/MPI I-80 (a) Attachment 2014 GRA

a) Please detail the costs incurred related to the Mainframe decommissioning and advise of to what extent those costs have been allocated to Basic.

b) Please explain the increase in ongoing IBM Data Centre expenses in 2012/13 and 2013/14 and why these one-time date conversion expenditures were not capitalized.

c) Please explain the differentiation between data processing IBM Data Centre expenditures and ongoing annual IBM Data Centre expenses.

d) Please explain why the annual IBM Data Centre expenditure appears to have increased from that forecast last year for the years 2014/15 through 2017/18.

RESPONSE:

a) Please refer to PUB (MPI) 1-68 (c) from the 2014 GRA. The Corporation's position regarding the allocation of this project has not changed.

b) The ongoing IBM Data Centre expenses relate to the cost of IBM managing the Corporation's Data Centre off site. The one time conversion costs were in fact capitalized within the IT Optimization project.

c) Please refer to PUB (MPI) 1-7 a).

d) The forecast made for the 2014 GRA was based on the best available information at the time. The forecast was revised in the 2015 GRA as the costs became better understood and more accurate projections could be developed.

PUB (MPI) 1-59 Reference: E.2.1 Corporate Normal Operating Expenses

a) Please update the table to include fiscal years 1999/2000 through 2012/13.

b) Please provide additional columns indicating the compound annual growth rate for 2009/10 through 2013/14, 2013/14 to 2016/17 and 2016/17 to 2018/19.

c) Please provide a similar analysis in (a) for Basic Normal operations.

d) Please provide a summary of the details of Special Services and Other expenses for 2013/14 and a forecast for the years 2014/15, 2015/16 and 2016/17.

e) Please provide a schedule reflecting (a) and (b) for total Corporate operations.

f) Please provide a schedule on the same basis as (c) for total Basic operations.

g) Please refile (a) to include Initiative Implementation and Initiative Ongoing expenditures.

h) Please file Basic expenses on a similar basis as that provided in CAC/MPI I-6 (2014 GRA) for the years 2012/13 through 2016/17.

RESPONSE:

a) to h)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-60

Reference: **Expenses, Appendix 1, Appendix 9, PF.6, PF.7 – Data Processing Costs, E.4.2**

a) Please reconcile for 2015/16 the $29.6 million in Corporate data processing costs on Appendix 1 with the data processing costs of $20.4 million included in Appendix 9.

b) Please provide a detailed comparison of the Basic Initiative Implementation expenses for 2015/16 and 2016/17 forecast last year with that forecast this year by project.

c) Please provide detailed support for the provisions for future project expenses of $2,397,000 for 2015/16 and $3,195,000 for 2016/17 [E.4.2].

RESPONSE:

a) The Information Technology Costs included in Volume II Expenses – Appendix 9 show the Corporate Information Technology (CIT) normal operating costs only and should be compared to the normal operation column on Appendix 1.

b) Please refer to PUB (MPI) 1-74 (a).

c) Please refer to PUB (MPI) 1-74 (b).

PUB (MPI) 1-61 Reference: Expenses Appendix 1 pp. 5 & 8 - Merchant Fees

a) Please provide the current merchant fee rates and the proposed revised rates and explain the basis for the expectation of an increase in merchant fee rates.

b) Please provide the determination of merchant fee costs for 2014/15 and the two test years.

c) Please explain why 2013/14 is affected by an "anticipated" increase in merchant fee rates.

RESPONSE:

a) Current merchant fee rates are as follows:

VISA Merchant Fees (includes 8% card brand fee)

Type of Transaction	Type of Card		
	Consumer	**Corporate**	**Premium**
Electronic Transactions	1.730%	2.080%	1.851%
Standard Transactions	1.840%	2.180%	2.040%
Recurring Transactions	1.680%	2.020%	1.880%

MasterCard Merchant Fees (includes 7.7% card brand fee)

Type of Transaction	Type of Card			
	Consumer	**Corporate**	**Premium**	**World Elite**
Electronic Transactions	1.757%	2.167%	2.167%	2.417%
Standard Transactions	1.887%	2.167%	2.297%	2.817%

Debit transaction fee - $0.0782

The card brand fee increased during the year - from .06% to .08% (VISA) and from .064% to .077% (MCard). These mid-year increases experienced in 2013/14 were extended to a full year for 2014/15. There are no proposed revised rates, merely the annualizing of the mid-year increases experienced in 2013/14.

There are shifts in customers' payment preferences that impact merchant fees, (i.e. from basic consumer credit cards), which trigger a lower merchant fee, to premium credit cards, which offer more benefits to the consumer, but trigger a higher merchant fee; and the customers' shift in payment preference from debit to credit.

b) The determination of merchant fees for 2014/15 were based on a review of actual spend in 2013/14 and as mentioned above, the full year impact of rate increases. The forecast years include the impact of CPI growth.

c) The increases in the card brand fees were anticipated, but not in sufficient lead time to afford revision of the original forecasted amounts.

PUB (MPI) 1-62

Reference: Expenses Appendix 9, PUB/MPI 2-33 (2014 GRA)

a) Please provide the Information Technology Costs Table in Appendix 9 broken down between Normal operations, Initiative implementation and Initiative ongoing expenses.

b) Please update the schedule of IT expenses to include the years 2005/06 through 2008/09 and include two columns providing the compound annual growth rate for 2005/06 to 2013/14 and 2013/14 through 2018/19.

c) Please update the corporate capital IT schedule as in (a) above, and include a column on the right of total capital costs by project.

RESPONSE:

a) The table on pages 40 and 41 of Volume II Expenses – Appendix 9 shows normal operations and ongoing expenses related to IT costs. The first part of the table is normal operations expenses. Ongoing expenses are shown as a separate section on page 41. Implementation expenses are shown on pages 24 and 25 of the Expenses section of Volume II of the 2015 GRA.

b) Please refer to PUB(MPI) 1-3.

c) Refer to E.4.2 in the Expenses section of Volume II of the 2015 GRA for capital costs by project.

PUB (MPI) 1-63 **Reference: SM.2 Benchmarking pp. 12, 19, AI.12**

a) Please provide a description of each of the productivity factors that are being developed to assess cost containment measures [SM.2, p. 12].

b) In table format, please file a 5-year historical analysis of each of the metrics provided in AI.12 for the fiscal years 2009/10 through 2013/14 and those forecast through 2016/17, including all relevant data to determine the ratios. Please comment on the internal trends.

c) Please file a copy of any reports, presentations or customized analyses provided by the Ward Group to the Corporation's management since the last GRA, including the Trend Analysis Report referenced.

d) Please provide the composition of the Canadian Personal Auto Group, Canadian Benchmark Group and US Personal Auto Group.

RESPONSE:

a) to d)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-64

Reference: SM5.2 Benchmarking p. 19, AI.12, CAC/MPI I-5 2014 GRA

Please file an update to CAC/MPI I-5 from the 2014 GRA, providing operational, claims costs and premium historical statistics similar to TI.5 Part 1 & 2 from the 2013 GRA.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-65 **Reference: CAC/MPI 1-20 2014 GRA, AI.12**

a) Please provide an update to CAC/MPI I-20 (2014 GRA).

b) Please reconcile the claims/claims employee ratio per CAC/MPI I-20 (2014 GRA) with that reported in 1.2.3 Reported Claim per Claims FTE for 2010 through 2012.

c) Please reconcile the claims expense per claims ratio provided in response to CAC/MPI I-20 at 2014 GRA with that presented in 1.2.2.

RESPONSE:

a) to c)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-66 **Reference:** **AI.12 1.1 – Corporate Comparison**

Please provide a Corporate Performance benchmarking comparison with SGI for 2012 and 2013 (from publicly available information if required) relative to the operational efficiency metrics listed by MPI.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-67 Reference: Benchmarking

a) Is it practical to provide benchmarking of the Corporation's claims handling practices by reference to the disability duration guidelines and rehabilitation plans built on leading industry practices as provided to staff? [SM.1, Page 21]

b) Is it practical to produce benchmarking vs. Basic operations for SGI and ICBC? [SM.2, Page 16]

c) With respect to the Operational Efficiency Measures employed, it is practical to develop any of these metrics for Basic operations only? [SM.2, Page 17]

RESPONSE:

a) to c)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-68 Reference: Compensation Expense p. 16 &17

a) Please provide supporting calculations for the vacancy provision in 2015/16.

b) Please file a headcount analysis indicating where the Corporation targets reducing its staffing levels.

c) Please provide a schedule providing the estimated current number of staff that are eligible for retirement, the assumed retirement pattern for the years 2014/15, 2015/16 and 2016/17 and discuss the proposed salary savings to be realized.

d) Please extend the Corporate Annual Salary Changes – Normal Operations schedule to include forecast years, 2014/15 through 2016/17.

RESPONSE:

a) The vacancy provision for 2015/16 is based on the average vacancy rate of approximately 75 staff at an average compensation rate (salaries and benefits).

b) Management will undertake a careful analysis of each vacated position to assess the value to the Corporation and will look to eliminate up to 30 positions. The 30 positions have not yet been determined.

c) Any proposed salary savings to be realized regarding retirements are factored into the overall 1.75% step on scale increase; i.e., it is assumed that 50% of staff are at top of scale and will not receive an additional increment – this would include staff that is near or at retirement.

d) Information to support the salary forecast is located in Volume II, Expenses, pages 11-15.

PUB (MPI) 1-69 Reference: 2 Expenses E2.1.2, Appendix 3 Staffing Levels

a) Please provide the detailed Normal Operations budget for 2014/15

b) Please provide the same level of detail in Appendix 3 for staffing levels of Implementation operations, segregating between MPI employees and contractors.

c) Please explain how MPI has adjusted its salary expense for rate setting purposes to counter this persistent under budget variance.

RESPONSE:

a) The normal operations budget on a corporate basis is located on page 7 of Volume II Expenses and again in comparison to last year's forecast in Expenses Appendix 1 on page 7. Appendix 1, page 7 also provides the Basic normal operations budget for 2014/15.

b) & c) Staffing levels do not include contract staff. Expenses Appendix 1 provides the total amounts forecasted for compensation related to Improvement Initiatives allocated to Basic projects. Similar to normal operations, a vacancy allowance is netted in this budget amount to allow for variances in actual activity. You will notice that in the 2014 GRA, compensation was not separately forecasted for improvement initiatives, this was rectified this GRA.

PUB (MPI) 1-70 Reference: E.2.1.2 Corporate Staff Levels, p. 15

Please provide an updated staffing comparison (actual versus budget or forecast) from 2005/06 through 2018/19 including Normal Operations and Initiative staffing levels, both with and without contractors.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-71 **Reference:** **Expenses pp. 12, 13 – Compensation**

a) Please provide the staffing analysis in support of the assumption that for forecasting purposes 50% of the staff are eligible for step increases in light of the hiring freeze currently in place.

b) Please file the detail of payroll in a similar format to TI.8 from the 2013 GRA for the fiscal years 2011/12 to 2016/17.

c) Please refile the Compensation and Salary analysis from Expenses p. 12 including fiscal years 2011/12 to 2016/17.

RESPONSE:

a) The hiring freeze is not related to the percentage of staff eligible for steps in scale. Per the collective agreement, each in scope position has an associated pay grade that has six salary levels or steps. Annual pay increments move staff from one salary step to the next, other than when a staff member has reached the highest step for the pay grade. For forecasting purposes, the Corporation has estimated that 50% of staff is eligible for salary increments.

   The hiring freeze affects only the number of staff. The number of staff is independent of what proportion is eligible for salary increments.

b) In the current year application, the Corporation took a much more in-depth approach to discussing and explaining the compensation increases. Information is provided in various locations throughout the application, predominately in Volume II Expenses.

   Specifically with respect to the old TI.8 schedule, please find the relevant information in Volume II Expenses, sections E.2.1.1 and E.2.1.3.

c) Refer to the attachment. Fiscal years 2012/13 and on are provided. Fiscal years 2010/11 and 2011/12 are not provided as these years include pension valuation adjustments which make the comparison to current years irrelevant.

Manitoba Public Insurance
Compensation and Salary Analysis

CORPORATE COMPENSATION CHANGES - NORMAL OPERATIONS

(C$ 000s, except where noted)	2013A (Restated) *	2014A	Change	%	2015P	Change	%	2016P	Change	%	2017P	Change	%
Gross Salaries	122,928	124,546	1,618		128,073	3,527		134,093	6,020		139,412	5,319	
Vacancy Allowance	(4,651)	(4,851)	(200)		(5,981)	(1,130)		(6,250)	(269)		(6,507)	(257)	
Total Net Salaries	**118,277**	**119,695**	**1,418**	1.20%	**122,092**	**2,397**	2.00%	**127,843**	**5,751**	4.71%	**132,905**	**5,062**	3.96%
Overtime	2,317	3,030	713		2,192	(838)		2,295	103		2,386	91	
Benefits	27,821	27,533	(288)		27,868	335		28,843	975		30,049	1,206	
H & E Tax	2,526	2,503	(23)		2,684	181		2,810	126		2,925	115	
Compensation	150,941	152,761	**1,820**	1.21%	154,836	**2,075**	1.36%	161,791	**6,955**	4.49%	168,265	**6,474**	4.00%
% Change in compensation			1.21%			1.36%			4.49%			4.00%	
Basic Allocation. %	74.71%	73.48%	-1.23%		74.28%	0.80%		74.84%	0.56%		74.59%	-0.25%	
Basic Total	112,768	112,249	(519)	-0.46%	115,012	2,763	2.46%	121,083	6,071	5.28%	125,509	4,426	3.66%

	2013A	2014A	Change	2015P	Change	2016P	Change	2017P	Change
Prior Year Balance			122,928		124,546		128,073		134,093
Economic	1.45%	0.00%	-	1.15%	1,432	2.75%	3,522	2.38%	3,191
Steps in scale	1.05%	1.75%	2,151	1.75%	2,180	1.75%	2,241	1.75%	2,347
Other Salary Acct adjustments			266		1,000		500		-
OOS salary adjustment (no increment)					(330)				
Staff Changes (Adj reclassses, add-del, vacancy allowance)			(799)		(315)		(243)		(219)
FTE Reduction (7 FTE @ $63.5k)					(440)				
			124,546		128,073		134,093		139,412

* Restated for the impact of IAS 19 Employee Benefits, specifically the movement of the pension adjustment out of compensation into Other Comprehensive Income

PUB (MPI) 1-72 Reference: Expenses Appendix 3 2013/14 Reorganization

a) Please explain the reason for and timing of the reorganization which saw the elimination of the Claims Control and Safety Operations Department in 2013/14. Please provide a schedule indicating where the staff from that department was reassigned.

b) Please explain how the re-organization has impacted the cost allocations between Basic and the other lines of business.

RESPONSE:

a) and b)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-73 **Reference: E.4.1 p. 23 – Capitalized Payroll**

Please provide a schedule of total salaries and benefits and the portion of internal payroll costs capitalized in each of the years 2005/06 through 2018/19.

RESPONSE:

Internal payroll costs are not capitalized by the Corporation; they are considered implementation expenses and are expensed as incurred.

PUB (MPI) 1-74 **Reference: E.4.1 Appendices 7, 8 Project costs**

a) Please provide a budget comparison of BTO/BPR projects by major component this year with the budget provided last year for 2013/14, 2014/15 and 2015/16 in similar format to PUB I-58 (b) Attachment at the last GRA.

b) Please provide any supporting calculations for the provisions for projects, by project, for 2015/16 to 2018/19.

c) Please file Information Technology Costs including the compound annual growth rate for 2009/10 to 2013/14 and 2013/14 to 2018/19.

RESPONSE:

a) Refer to attachment a).

b) The provision for future project expenses is a management forecast of project expenses that have yet to be formalized. The Corporation is committed to continual improvements in service and efficiency through the application of technology. As such, it is to be expected that projects will be undertaken in the future and adequate provision for these projects should be included in the forecast.

c) The Information Technology Costs are included in Volume II Expenses – Appendix 9 (pages 38 to 43). They have been resubmitted in Attachment c) with compound growth rates.

Manitoba Public Insurance
Project Costs - Capital Expenditures

Basic	2013/14			2014/15			2015/16		
	2014 GRA	2015 GRA - Actual	Difference	2014 GRA	2015 GRA	Difference	2014 GRA	2015 GRA	Difference
Deferred Development									
IT Optimization	3,251	1,967	1,284	1,115	3,153	(2,038)	-	1,208	(1,208)
Physical Damage Re-Engineering	12,298	10,272	2,026	15,973	16,115	(142)	14,010	14,134	(124)
Disaster Recovery	5,292	9,202	(3,910)	-	-	-	-	-	-
HRMS	1,167	2,371	(1,204)	-	979	(979)	-	-	-
HRMS TM10	-	-	-	-	1,198	(1,198)		-	-
Predictive Analytics	-	-	-	-	679	(679)		-	-
Legal Management	-	-	-	-	949	(949)		-	-
BI3 Fineos Upgrade	-	257	(257)	-	1,172	(1,172)		-	-
Other/ Provision	2,344	-	2,344	7,003	1,090	5,913	7,003	4,793	2,210
Total Deferred Development	24,352	24,069	283	24,091	25,335	(1,244)	21,013	20,135	878
Capital Expenditures									
IT Optimization	3,112	-	3,112	-	-	-	-	-	-
Physical Damage Re-Engineering	184	-	184	211	213	(2)	220	222	(2)
Legal Management	-	-	-	-	314	(314)		-	-
Information Security Strategy & Road Map	-	-	-		20	(20)		-	-
Other / Provision	-	-	-	389	-	389	389	399	(10)
Total Capital Expenditures	3,296	-	3,296	600	547	53	609	621	(12)
Implementation Expense									
IT Optimization	462	168	294	-	461	(461)	-	115	(115)
Physical Damage Re-Engineering	191	435	(244)	893	901	(8)	1,508	1,522	(14)
Disaster Recovery	-	91	(91)	-	-	-	-	-	-
HRMS	-	299	(299)	-	60	(60)	-	-	-
Legal Management	-	-	-	-	334	(334)			-
BI3 Fineos Upgrade	-	33	(33)	-	85	(85)			-
Information Security Strategy & Road Map	-	-	-	-	1,824	(1,824)			-
PIPP Mediation	-	626	(626)	-	506	(506)	-	-	-
Other / Provision	1,468	1,006	462	545	491	54	-	2,396	(2,396)
	2,121	2,658	(537)	1,438	4,662	(3,224)	1,508	4,033	(2,525)
Total	29,769	26,727	3,042	26,129	30,544	(4,415)	23,130	24,789	(1,659)

Note: The 2013/14 Implementation Expense of $2,851 provided in E.4.1 Appendix 7 of the 2015 rate application has been restated in this table to $2,658.

Information Technology Costs (Corporate)
For 2009/10 to 2018/19
($ in thousands)

Summary	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	2015/16 Projected	2016/17 Projected	2017/18 Projected	2018/19 Projected	Compound Annual Growth Rate 09/10-13/14	Compound Annual Growth Rate 13/14-18/19
Total IT Operating Expenses (including amortization/depreciation)	29,162	36,689	40,980	50,075	56,272	57,599	55,293	60,085	63,696	79,185	17.9%	7.1%
Deferred Development Costs	20,869	11,079	7,308	19,820	29,819	28,857	22,993	18,971	21,175	15,172	9.3%	-12.6%
Data Processing Equipment	1,766	1,485	2,618	2,131	1,155	1,651	1,783	2,139	2,015	2,000	-10.1%	11.6%
Total IT Capital	22,635	12,564	9,926	21,951	30,974	30,508	24,776	21,110	23,190	17,172	8.2%	-11.1%

As projects are completed, IT Operating Expenses will increase with the resulting amorization and depreciation relating to these projects.
The large IT Capital expenditures in earlier years impacts the IT Operating Expenses in current and future years.
IT Capital expenditures are forecasted to decrease in future years.

PUB (MPI) 1-75

Reference: **E4.2 p. 24,**
Physical Damage Reengineering AI.10 pp. 4, 8

a) Please provide a detailed description and supporting calculations in respect of the anticipated savings of $13.3 million in operating and claims incurred related to the PDR project.

b) Please file a detailed budget in support of the $65.5 million PDR project cost and provide a comparison of the budget established in the Project Charter with the actual and forecast expenditures on the project found in E.4.2.

c) Please provide a comparison to the $56.4 million budgeted for the project last year (PUB/MPI 2-33 Attachment) and explain the reason for the increase.

d) Please describe the nature of expenditures being expensed on the Physical Damage Re-engineering project.

e) Please provide details of each contract issued, by consultant, and amount of contract related to the PDR.

RESPONSE:

a) Please see PUB (MPI) 1-3.

b) Please see PUB (MPI) 1-3.

c) The $56.4 million budget stated in PUB (MPI) 2-23 from the 2013 General Rate Application was the deferred development aspect of the project budget, not the entire project budget of $65.5 million.

d) The expenses on the PDR program incurred to date are associated with the following categories:

- Compensation
- Travel
- Training
- Miscellaneous

e) Manitoba Public Insurance has not issued contracts with individual consultants for the PDR program. The Corporation secures labour through various Master Services Agreements that cannot be disclosed.

PUB (MPI) 1-76 **Reference: PUB/MPI I-62 p. 2, 2014 GRA**

Please explain what concerns were raised by Gartner related to MPI's tendering process and describe the current IT tendering process.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-77 Reference: E.4.1 Project costs – Basic Expenses, pp. 23, 26

a) Please provide a detailed breakdown by cost element of implementation expenses by improvement initiative projects for 2013/14 to 2018/19.

b) Please provide a detailed breakdown by cost element of ongoing expenses by improvement initiative projects for 2013/14 to 2018/19.

RESPONSE:

a) Refer to attachment A for 2013/14 information. Refer to page 26 of the 2015 Rate Application, Volume II Expenses, section E.4.2 Total Capital Expenditures, Multi-year Capital table, for the breakdown of 2014/15 to 2018/19.

b) Refer to attachment B.

Manitoba Public Insurance
Basic Implementation Expenses

Basic Project:	2014A
Physical Damage Re-Engineering	
Deferred Development Costs	10,272
Capital Expenditures	-
Implementation Expense	435
Total	10,707
IT Optimization	
Deferred Development Costs	1,967
Capital Expenditures	-
Implementation Expense	168
Total	2,101
Disaster Recovery	
Deferred Development Costs	9,202
Capital Expenditures	-
Implementation Expense	91
Total	9,293
HRMS - Phase 1 & 2	
Deferred Development Costs	2,261
Capital Expenditures	-
Implementation Expense	299
Total	2,560
HRMS - Phase 3 & 4	
Deferred Development Costs	110
Capital Expenditures	-
Implementation Expense	-
Total	110
PIPP Mediation	
Deferred Development Costs	-
Capital Expenditures	-
Implementation Expense	626
Total	626
BI3 / Fineos Upgrade	
Deferred Development Costs	257
Capital Expenditures	-
Implementation Expense	33
Total	290
Other Initiatives	
Deferred Development Costs	-
Capital Expenditures	-
Implementation Expense	1,006
Total	1,006
Total	
Deferred Development Costs	24,069
Capital Expenditures	-
Implementation Expense	2,658
TOTAL BASIC	26,727

Note: Implementation expenses presented in the E.4.1 Project Costs table included $834 in other initiatives (Auto Theft Suppression & Talent Management)

Manitoba Public Insurance
Basic Ongoing Expenses

Basic

Project:	2014A	2015P	2016P	2017P	2018P	2019P
Physical Damage Re-Engineering						
Deferred Development Amortization	-	-	-	-	-	9,325
Capital Depreciation	-	84	147	160	112	51
Ongoing Expenses	-	-	-	-	-	-
Total	-	84	147	160	112	9,376
IT Optimization						
Deferred Development Amortization	-	-	-	3,307	3,307	3,307
Capital Depreciation	-	1,219	491	245	-	-
Ongoing Expenses	5,650	1,348	1,348	1,348	1,348	1,348
Total	5,650	2,567	1,839	4,900	4,655	4,655
HRMS - Phase 3 & 4						
Deferred Development Amortization	-	-	196	196	196	196
Capital Depreciation	-	-	-	-	-	-
Ongoing Expenses	-	-	-	-	-	-
Total	-	-	196	196	196	196
Provision for Future Projects						
Deferred Development Amortization	-	-	-	959	3,035	5,272
Capital Depreciation	-	-	67	266	533	732
Ongoing Expenses	-	-	-	-	-	-
Total	-	-	67	1,225	3,568	6,004
BI3 / Fineos Upgrade						
Deferred Development Amortization	-	-	469	469	469	469
Capital Depreciation	-	-	-	-	-	-
Ongoing Expenses	-	-	-	-	-	-
Total	-	-	469	469	469	469
Other						
Deferred Development Amortization	-	-	1,077	1,077	1,163	1,163
Capital Depreciation	-	55	116	131	87	26
Ongoing Expenses	-	15	236	214	1,415	1,274
Total	-	70	1,429	1,422	2,665	2,463
Total						
Deferred Development Amortization	-	-	1,742	6,008	8,170	19,732
Capital Depreciation	-	1,358	821	802	732	809
Ongoing Expenses	5,650	1,363	1,584	1,562	2,763	2,622
Total	**5,650**	**2,721**	**4,147**	**8,372**	**11,665**	**23,163**

PUB (MPI) 1-78 **Reference:** **E.4.2 Information Security Strategy & Roadmap**

Please file the Project Charter and total capital, implementation and ongoing costs related to this project.

RESPONSE:

The project was created to align MPI security standards with a framework that is compliant with ISO 27001 and ISO 27002. MPI will not be providing project details due to the sensitivity of security protocols.

Please refer to the 2015 GRA E.4.2 Total Capital Expenditures Page 24 for project costs.

PUB (MPI) 1-79 **Reference:** **Gartner Scorecard**
PUB/MPI 2-23, 2014 GRA
AI.12 Appendix 4

a) Please file an update to the response to Gartner's recommendations provided at PUB/MPI 1-62 last year, for activities that were acted upon or were being evaluated last year and please provide a description of the actions and the financial and operational impact of those actions.

b) Please provide a new schedule detailing all recommendations made by Gartner in this year's Scorecard, the status of each recommendation and the Corporation's comments.

c) For any recommendations that were made and not accepted by MPI last year or this year, please summarize the reasons for not implementing the recommendation.

RESPONSE:

a) to c)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-80 Reference: AI.12 Appendix 4 Gartner 2014 Scorecard

Gartner indicates that MPI has increased its IT base and as a result should experience an increase in IT "run rate" costs. Gartner has identified $19.5 million in IT spending that will impact future IT Costs. Please indicate what MPI is budgeting for increased annual IT operating costs related to the new IT infrastructure.

RESPONSE:

Please see response to PUB (MPI) 1-74 c).

PUB (MPI) 1-81

Reference: AI.12 Appendix 4 Gartner 2014 Scorecard pp. 11, 12

Gartner observes that IT staffing is above the peer group and insurance industry averages and that staffing should decline given the transition to third party service providers. Please indicate the current IT staffing level (MPI and Contractors) and the expenses that MPI expects to incur over the next five years.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-82 Reference: PUB/MPI I-76 2014 GRA, Expenses Appendix 1

Please provide a detailed breakdown by cost category of Basic Claims, operating and road safety expenses for the years 2009/10 through 2018/19 and provide the compound annual growth rate for 2009/10 to 2013/14, 2013/14 to 2016/17 and 2016/17 to 2019/20.

RESPONSE:

The information on the breakdown of the Basic expenses into the cost categories are provided in Volume II Pro Formas, pages 6, 8, 10 and 12.

To break these allocations down further into expense categories does not provide a useful comparison year over year. Costs are accumulated at the corporate level and allocated to Basic via the allocation process (standard allocators for normal operations and by project for improvement initiatives based on purpose of project). The costs are then further allocated to the cost categories of claims, operating, and road safety. As a result detailed breakdown by cost category shows an allocation of an allocation and is not comparable year over year. The key comparison year over year is outlined in Volume II Expenses – Appendix 1.

PUB (MPI) 1-83 Reference: Information Technology Expenses – Appendix 9

Please update the IT Corporate costs schedule and delineate the costs paid to external parties versus those incurred internally and include compounded annual growth rates from 2009/10 through 2013/14 and 2013/14 through 2018/19.

RESPONSE:

Compensation costs are the only internally incurred costs in respect of Information Technology Expenses. All other expenses and costs are paid to external parties. Refer to PUB (MPI) 1-74 c) attachment for the compounded annual growth rates.

PUB (MPI) 1-84 Reference: OV.15 IFRS

a) Please file any internal or external reports prepared subsequent to the August 2013 Deloitte report on IFRS 9 and/or IFRS 4.

b) Please indicate whether there has been any evolution of MPI's considerations on the elections available under IFRS 9 and/or IFRS 4 and whether MPI continues to intend to consult with the Board in advance of any decisions.

RESPONSE:

a) No internal or external reports have been prepared on IFRS 9 or IFRS 4 subsequent to the August 2013 Deloitte report.

b) The Corporation continues to monitor developments in IFRS 9 and IFRS 4. The Corporation will evaluate the decisions required as part of the management of the business.

PUB (MPI) 1-85 Reference: PFT of Dan Guimond

Mr. Guimond has stated at Slide 9 that "Predictable and clear criteria for RSR rebuilding & rebating is needed."

a) With two proposed criteria for establishing the lower bound for the RSR target level, one based on the RSR balance and the other based on the Total Equity balance, how does the Corporation propose that the two criteria will work together to define a lower bound for the RSR target level?

b) What are the proposed criteria for establishing the proposed increase or decrease of the RSR rebuilding fee for a given rating year?

c) What are the proposed criteria for establishing the proposed size of the RSR rebate for a given rating year?

d) Please provide the supporting argument and rationale for adoption of a 100% MCT ratio (vs. some other level of MCT ratio) for defining the upper bound for the RSR target level.

e) For reference purposes, please describe the nature and extent of the reliance on the MCT for Basic RSR target level setting purposes currently in use by SGI and ICBC.

RESPONSE:

a) In preparing the 2014 DCAT report, the Chief Actuary believed it was necessary to address both the indicated RSR target (i.e., existing capital target used by the Board) and the total equity target (i.e., the target which is more consistent with accepted actuarial practice and which was a recommended improvement to the DCAT report by both the Appointed Actuary and the PUB Actuary) to aid the Board in the Corporation's proposed transition to a DCAT risk-based capital target.

If the Board wishes to continue using the DCAT to determine the RSR as the capital target, then the Corporation's recommendation is to maintain a minimum RSR of $194 million, but to still consider the balance in AOCI before making decisions on rebates and RSR rebuilding fees. Alternatively, if the Board wishes to move to a total equity based target, which is also consistent with the upper MCT target, then the Corporation recommends a minimum total equity of $213 million.

b) In any given rating year there will be numerous different circumstances, projections, financial implications, and considerations, including the amount of the actuarially indicated rate increase/decrease. Any criteria would be specific to that rating year. The criteria for the GRA for rates effective March 1, 2015, have been set out in this application which is before the PUB.

c) See b) above

d) See Volume II RSR section, page 10.

e) See Volume II RSR section, page 10.

PUB (MPI) 1-86 **Reference: Volume III, 2013 Annual Report p. 25, Corporate Strategic Plan p. 15**

MPI has indicated that it will transfer excess funds from the competitive lines, dependent on the Board's Order relative to the RSR Target methodology. In last year's Annual Report and this year's Corporate Strategic Plan MPI has reflected retained earnings targets of $32 million for Extension and $35 million for SRE. In this year's Annual Report, MPI has restated the target for Extension to be $72 million and the SRE target to be $42 million.

a) Please reconcile the RSR Targets for the three lines of business set out on Page 15 of the Corporate Strategic Plan with the current targets indicated in the Annual Report.

b) Please explain why MPI increased the target for the Extension line of business by 55% or $40 million, to $72 million.

c) Please explain why MPI increased the target for the SRE line of business by 14%, or $5 million.

d) Please provide a description of the basis for setting the retained earnings target levels for Extension and SRE.

RESPONSE:

a) The Corporate Strategic Plan contains the Basic RSR balance at the end of the 3rd quarter of 2013/14 whereas the annual report reflects the RSR balance as at February 28, 2014.

b), c) and d) Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-87 Reference: PFT, p. 19

Please provide the Corporation's definitions of the terms "Road Safety" and "Loss Prevention" and the source of each definition.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-88 Reference: Expenses - Appendix 6

Please identify which line items the Corporation characterizes as Road Safety expenses and which line items the Corporation characterizes as Loss Prevention expenses, with reasons for each characterization.

RESPONSE:

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-89 Reference: SM.1.3.3, p. 28

The Corporation has provided examples of its current loss prevention strategies.

a) Are there other loss prevention strategies being undertaken by the Corporation?

b) If so, what are those strategies and what are the corresponding savings to the Corporation?

RESPONSE:

a) and b)

Please refer to PUB(MPI) 1-3.

PUB (MPI) 1-90 **Reference:** **Expenses - Appendix 6, SM.3, Attachment B**

a) Please provide a forecast of Road Safety and Loss Prevention expenses at the same level of detail found at Expenses - Appendix 6 through the outlook period.

b) Please advise of why there is no material increase to the overall budget being forecast through the outlook period, either for existing or new programs.

c) Please provide a detailed Road Safety and Loss Prevention budget for 2014/15 by specific program and compare that to 2013/14 actual spending.

d) Please explain the reasons for reductions in spending in 2013/14 for Occupant Safety Strategies and Motorcycle Safety Education and Program Evaluation.

e) Please advise of why the Road Safety Programming budget is to fall by approximately $500,000, or almost 1/3.

RESPONSE:

a) Refer to the attachment.

b) As noted in Volume I SM.3 Road Safety, Attachment B; excluding auto crime funding, total road safety funding will increase $408,000 through the outlook period.

c) Refer to the attachment.

d) Lower spending on Occupant Safety and Motorcycle Safety in 2013/14 related primarily to reductions in advertising costs.

e) The decrease in the road safety programming budget for 2014/15 (shown in Volume I Road Safety, section SM.3.5) is due almost entirely to a reduction in departmental operating expenses resulting from the organizational changes in the road safety department as addressed in Volume I Road Safety, section SM.3.6.1.

APPROVED BUDGETS AND ACTUALS
ROAD SAFETY AND LOSS PREVENTION PROGRAM COSTS
($ in thousands)

BASIC'S SHARE	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
Driver Education and Improvement	3,520	3,605	3,664	3,716	3,790
Impaired Driving Prevention Strategies	1,090	1,115	1,134	1,150	1,174
Speed Management Strategies	297	305	309	314	319
Occupant Safety Education Strategies	325	333	339	344	351
Auto-Crime Prevention Strategies	2,509	1,444	1,347	1,148	974
Motorcycle Safety Education	105	108	110	111	113
Vulnerable Road User Education Strategies	215	221	224	228	232
Safety Programming Other	405	415	422	427	436
Safety Grants and Sponsorships	288	295	300	305	311
Road Safety Production and Advertising	356	365	370	376	384
Program Evaluation	18	18	19	19	19
Cell Phone/Distracted Driver Advertising	246	252	256	260	265
Driver Education On-Line Curriculum	-	-	-	-	-
Other	-	-	-	-	-
Total	**9,374**	**8,476**	**8,494**	**8,398**	**8,368**

Note: Other than Auto-Crime Prevention Strategies, Road Safety/Loss Prevention costs are forecasted to increase 2% each year in keeping with the standard forecasted expense increase.

APPROVED BUDGETS AND ACTUALS
ROAD SAFETY AND LOSS PREVENTION PROGRAM COSTS
($ in thousands)

BASIC'S SHARE	2013/14 Actual	2014/15 Forecast	Increase (Decrease)
Driver Education and Improvement	3,200	3,520	320
Impaired Driving Prevention Strategies	932	1,090	158
Speed Management Strategies	357	297	(60)
Occupant Safety Education Strategies	123	325	202
Auto-Crime Prevention Strategies	4,007	2,509	(1,498)
Motorcycle Safety Education	67	105	38
Vulnerable Road User Education Strategies	255	215	(40)
Safety Programming Other	314	405	91
Safety Grants and Sponsorships	317	288	(29)
Road Safety Production and Advertising	466	356	(110)
Program Evaluation	5	18	13
Cell Phone/Distracted Driver Advertising	592	246	(346)
Driver Education On-Line Curriculum	-	-	-
Other	-	-	-
Total	**10,635**	**9,374**	**(1,261)**

PUB (MPI) 1-91 Reference: Anti-Theft Initiatives, SM.3

For the years 2009/10 through 2013/14 (actual) and that forecast for 2014/15 through 2018/19, please provide the annual spending on all aspects on the anti-theft initiative including the immobilizer program, support of the specialized auto theft prosecution team, support of the Winnipeg Police Service, WATSS and all other anti-theft initiatives delivered either internally or by external parties for which the Corporation has extended financial support as set out in PUB/MPI I-63 [sic] last year.

RESPONSE:

Refer to attachment. Please note that the reference above is from 2013 GRA. The question that was part of the 2014 GRA was PUB(MPI) 1-88.

Manitoba Public Insurance
Auto Crime Prevention Strategies - Basic's Share
($ in thousands)

Strategy	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Projected	2015/16 Projected	2016/17 Projected	2017/18 Projected	2018/19 Projected
Immobilizer Project	13,739	6,091	3,387	2,516	2,225	1,215	945	840	635	450
Theft Suppression	907	727	724	746	803	807	-	-	-	-
Other:										
Winnipeg Police Auto Theft	613	650	636	693	708	270	276	281	285	291
Auto Crime Strategies	4	2	6	14	7	6	6	6	6	7
HTA-Antitheft	-	-	-	-	-	-	-	-	-	-
AutoTheft Countermeasures	259	302	269	221	264	211	217	220	222	226
Total	15,522	7,772	5,022	4,190	4,007	2,509	1,444	1,347	1,148	974

PUB (MPI) 1-92 Reference: SM.3.6.5, p. 22

The Corporation has stated that it is investigating the potential uses of certain emerging vehicle technologies. Please describe each of the emerging technologies and the extent to which these technologies have been implemented in other jurisdictions, to the Corporation's knowledge. What is the status of the Corporation's investigation with respect to each technology, and when are the results of each investigation expected to be available?

RESPONSE:

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-93 Reference: E.4.3.1, p. 28

a) Please confirm that Phase I of the HSDE program redevelopment is completed and that the ADTSEA report filed last year represents the Phase I report. If the ADTSEA report filed last year does not represent the Phase I report, please identify the report and file a copy.

b) Please advise of when Phase II of the HSDE program redevelopment will commence, with the issuance of a Request for Proposal by the Corporation.

c) Last year the Corporation advised the Board (PUB/MPI I-95(b)) that the formative evaluation of the HSDE program completed by Northport & Associates helped to inform the Corporation's review and redesign of the program. Do each of the recommendations made by Northport & Associates (Attachment B to PUB/MPI I-95 last year) continue to be implemented by the Corporation? If not, why not?

RESPONSE:

a) to c)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-94 Reference: SM.3.6.5, p. 21

a) Last year the Corporation advised the Board (PUB/MPI I-95(c)) that it expected to receive the final AAA Foundation for Traffic Safety summative evaluation report before the end of 2013, subject to change based on the timing to complete evaluations in other participating jurisdictions. Please advise of when the release of the report is expected and the reasons for the delay.

b) Please advise of the cost to the Corporation for the AAA Foundation for Traffic Safety summative evaluation.

c) Please advise of why the Corporation did not conduct its own summative analysis as ordered by the Board in Order 151/13.

RESPONSE:

a) to c)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-95 Reference: OV.9, p. 23

What education and awareness efforts is the Corporation undertaking that are different than those which it has undertaken in the past?

RESPONSE:

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-96 Reference: SM.3.2, p. 7

Please advise of what changes were made to the Road Safety Calendar and how those changes are expected to enhance awareness and expand enforcement programs.

RESPONSE:

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-97 Reference: SM.3.3, p. 9

a) Please advise of the depth of the analysis conducted by the Corporation relative to collision and claims data.

b) Please confirm whether this analysis was conducted by the Corporation in previous years.

c) If not, please advise of the source of the change in circumstance that has enabled the Corporation to commence conducting this analysis.

RESPONSE:

a) to c)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-98 Reference: SM.6.14

a) The Board ordered that the Corporation file an independent review of its current Road Safety portfolio with a view to optimizing the portfolio. Why has the Corporation not done so?

b) The Board ordered that the Corporation file an independent review of the optimal size of its Road Safety budget. Why has the Corporation not done so?

RESPONSE:

a) and b)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-99 Reference: SM.3.6.1, p. 13

The Corporation has advised that its Road Safety delivery function has been integrated into its broader Community Relations portfolio for greater alignment of programming and better leveraging of sponsorship opportunities.

a) From which portfolio were Road Safety matters handled previously, and did that portfolio liaise with Community Relations?

b) Is the "new Road Safety Manager" reflective of a new position within the Corporation or has a new individual been hired to fulfill an existing role?

c) Are the two analyst positions reflective of new positions within the Corporation or have new individuals been hired to fulfill in existing roles?

RESPONSE:

a) to c)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-100 Reference: SM.3.6.2, p. 14

a) What external firm retained has been retained by the Corporation and what is the anticipated cost of that retainer?

b) Please file the proposal of the successful firm and advise of whether the work plan in the proposal has since changed.

c) How will the work of the external firm interplay with the work of the Road Safety Manager and the two analysts referenced above?

d) How far has the external firm progressed with its analysis to date and when is the work anticipated to be completed?

e) The timeline provided at Attachment C will result in the research & analysis for a given year not being available for that year's GRA process, and the Corporation's priorities being identified concurrently with the Board's Order being issued. Can the timeline be revised such that the Board can see the completion of the research & analysis within the GRA process and have the opportunity for input into the priorities being identified?

f) Please confirm that RACI stands for "responsible, accountable, consulted and informed".

RESPONSE:

a) to f)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-101 Reference: SM.3.6.3, pp. 16 and 19

a) Please advise of whether Attachments D and E were prepared for the GRA filing, or for another primary purpose.

b) Please describe the function of an automated license plate reader, including why it is advantageous, and please advise of the cost of the device.

RESPONSE:

a) and b)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-102 Reference: SM.3.6.4, p. 20

a) Please advise of any other examples of the Corporation's new and innovative approaches to target key audiences about Road Safety (aside from the social media strategy and distracted driving simulator referenced).

b) Please advise of when the social media strategy will be implemented and what action items that strategy will include.

c) Please advise of whether the distracted driver simulator will be incorporated into the existing HSDE program. If not, how will the simulator be made available to teen audiences?

RESPONSE:

a) to c)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-103 Reference: SM.3.7, p. 24

a) Please advise of whether the Corporation:

(i) engages in any further discussion with the stakeholders to whom data is communicated regarding ideas or plans for changes to collision "hotspots";

(ii) monitors changes in data over time relative to collision "hotspots";

(iii) identifies common characteristics as between collision "hotspots";

(iv) considers specific strategies relative to each of the three categories of vulnerable road users for the purposes of improving safety.

b) Please advise of why locations of fatalities are not included in claims data, and whether the Corporation has plans to change that practice.

c) Please advise of why the locations of collisions in rural areas of Manitoba are not tracked by the Corporation.

d) Please advise of whether the Corporation records and tracks the locations of claims arising from road conditions including potholes. If so, please file that data for the last five years.

RESPONSE:

a) to d)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-104

Please clarify or correct the table provided summarizing the "DCAT Restated Base Forecast" [RSR.1 Page 6].

RESPONSE:

The corrected table is shown below:

DCAT Adverse Scenarios before Management Action:
Retained Earnings (in $millions)

	2014/15	2015/16	2016/17	2017/18	2018/19
Combined Scenario: Interest Rates, Equities, Claims Incurred	$72	($17)	($83)	($153)	($221)
Sustained Low Interest Rates	$72	($15)	($85)	($126)	($179)
Equity Decline	$72	$72	$72	$85	$72
High Loss Ratio	$72	$10	$0	$72	$29
DCAT Base Forecast	$72	$85	$98	$141	$154

PUB (MPI) 1-105

Please provide supporting rationale for why the proposed 100% MCT ratio upper target is an RSR target (excluding Accumulated Other Comprehensive Income), rather than a Total Equity target[RSR.1 Pages 10, 11].

RESPONSE:

The Corporation agrees that 100% MCT is a Total Equity target, rather than an RSR target.

PUB (MPI) 1-106

Please provide supporting analysis and rationale for the proposed 100% level for the MCT ratio as an RSR upper target [RSR.1 Pages 10, 11].

RESPONSE:

The Corporation's rationale for the proposed 100% MCT is as stated on page 10 and 11 of Volume II Rate Stabilization Reserve, RSR.1 and repeated below.

The Corporation is proposing that a 100% MCT ratio be used as the upper RSR target for the following reasons:

- The DCAT-based methodology, which was developed in collaboration with the PUB advisors and interveners, would be used to determine the appropriate minimum RSR level for the Basic program. By using the DCAT methodology for the minimum RSR requirement, the Corporation is still not proposing that the MCT be used to determine the minimum RSR. The Corporation believes that this approach addresses the concerns about whether the MCT should be used to determine the minimum capital requirements for a public automobile insurer.

- By establishing the RSR upper target at 100% MCT the Board has an objective measure in place that is comparable to other automobile insurers (both public and private) in Canada.

- The upper RSR target gives the Corporation and the Board a more flexible range above the minimum DCAT-based RSR target for which to provide rate stability and make decisions about potential RSR rebates.

PUB (MPI) 1-107

Please identify and justify all significant differences in modeling assumptions between the GRA Basic forecast [PF.1 to PF.3] and the DCAT Base Scenario [RSR.2 Exhibit 1a to 1c]. Which forecast represents the Corporation's best estimate projection of Basic operations?

RESPONSE:

The only difference between the GRA Basic forecast and the DCAT Base Scenario is the adjustment for premium deficiency and DPAC write-downs as described in the 2014 DCAT Report, page 23. For the GRA base forecast, the Corporation assumes a constant level of premium adequacy over the forecast period, which in general, is a reasonable assumption for the Basic program. This forecasting assumption also ensures that net income in the rating period is not impacted by changes to the premium deficiency / DPAC calculation, which in the Corporation's opinion, would not be appropriate to include in the calculation of break-even rates. For example, an assumed $10 million recovery in deficient premiums in the rating period should not result in the Corporation asking for a rate decrease to offset this $10 million recovery in deficient premiums (again resulting in deficient premiums – i.e. a circular calculation).

For DCAT purposes the Chief Actuary determined it was necessary to modify the premium deficiency and DPAC write-down calculation in order to make the DCAT projections consistent with the assumptions used in the GRA base forecast (i.e. if all of the forecast assumptions from the GRA base scenario materialize, then it would be reasonable to expect a change in the premium deficiency and DPAC write-down). The restated base forecast in the DCAT is the best estimate of projected operations.

PUB (MPI) 1-108

Please identify and discuss the significance of the main driving forces behind the increase in the Corporation's proposed RSR lower target of $172 million from the 2013 DCAT up to $194 million from the 2014 DCAT [RSR.2 Page 25]. Please include commentary on the reasonableness of the magnitude of this shift from one DCAT to the next, and how indicative this might be of the expected stability in proposed RSR lower targets going forward.

RESPONSE:

The most significant benefit of a DCAT-based RSR target is that the indication reacts to changes in the risk level for the Basic program. The changes to this year's DCAT target are driven mainly by changes to the Corporation's base forecast assumptions, rather than by changes to the actual risk factors themselves. The key changes are outlined below:

- The Corporation increased its forecasted total return on equity assets from 6.2% in the 2014 GRA to 7.3% in the 2015 GRA. Although there were no material changes made to the modeling of equity returns in the DCAT analysis, the Corporation's risk of being under budget on investment income has increased because it is forecasting higher equity returns in its base forecast.

- The Corporation changed its forecasted interest rates in the 2015 GRA to reflect the average of the banks' forecasts. This revised interest rate forecast is much more aggressive (i.e. assumes a faster rate of increase in interest rates) than that used in the 2014 GRA. By utilizing more aggressive forecasting assumptions, there is a corresponding increase in the risk of a net loss (relative to the base forecast) if these assumptions do not materialize.

It is important that the Board understand that more aggressive forecasting assumptions in the base forecast should (and do) result in an increase in the DCAT risk-based target.

PUB (MPI) 1-109

Please provide a restated Exhibit 1 a, 1 b and 1 c, separating the vehicle premiums from the RSR Rebuilding Fees, and separating out amounts relating to the premium deficiency reserves [RSR.2 Exhibit 1].

RESPONSE:

Refer to the response for PUB (MPI) 1-4(a) for the separation of vehicle premiums and RSR Rebuliding Fees. Premium deficiency reserves can be found in Volume II Rate Stabilization Reserve, section RSR.2 Exhibit 1f.

PUB (MPI) 1-110

Please provide a restated Exhibit 1 a, 1 b and 1 c, assuming 0.0% RSR rebuilding fees, and separating out amounts relating to the premium deficiency reserves [RSR.2 Exhibit 1].

RESPONSE:

Refer to the response for PUB (MPI) 1-4 (e) for the restated exhibits with 0% RSR rebuilding fees and separation of vehicle premiums and RSR fees. Refer to the response for PUB (MPI) 1-109 for premium deficiency reserves.

PUB (MPI) 1-111

Please discuss the reasonableness of the assumed 0.0% rate changes in 2016/17 and beyond as best estimate assumptions considering Basic's break-even mandate [RSR.2 Page 22 and SM.4 Page 8].

RESPONSE:

As per the restated base forecast on page 5 of the 2014 DCAT report, the Corporation anticipates making average net income of approximately $23 million per fiscal year over the 2016/17 to 2018/19 period. However, the 1.0% RSR Rebuilding Fee, which is assumed to be in-force over the entire period, accounts for approximately $10 million per year of this net income. Therefore, the average net income, net of the RSR rebuilding fee, is approximately $13 million per year.

In theory, the Corporation would apply for an approximately 1.5% rate decrease in 2016/17 if these results materialized exactly. However, the Corporation’s base forecast (i.e. business plan) and the DCAT report have assumed no rate changes after the 2015/16 year. The Chief Actuary believes this assumption is reasonable for DCAT purposes.

PUB (MPI) 1-112

Please discuss the reasonableness of the assumed steady 1.0% RSR Rebuilding Fee in 2016/17 and beyond as best estimate assumptions considering the forecasted level of Basic RSR and Total Equity [RSR.2 Page 22, PF.2].

RESPONSE:

Per the restated base forecast on page 24 of the 2014 DCAT report, the Total Equity of Basic is expected to increase to $202 million by 2018/19 if the base forecast assumptions materialize. Given that this amount is still below the Corporation's current proposed minimum Total Equity target of $213 million, it is reasonable to assume that the rebuilding fee is required for the entire period.

PUB (MPI) 1-113

Please provide the supporting analysis for the assumed "Change in the Premium Deficiency or Deferred Policy Acquisition Cost Write Down - Impact on Net Income" [RSR.2 Page 24].

RESPONSE:

Please see Volume II Rate Stabilization Reserve, section RSR.2 Exhibit 1f.

PUB (MPI) 1-114

Please provide the supporting analysis of "Historical Total Returns on the S&P/TSX by Percentile and Return Period (Cumulative)" and the distribution fitting process underlying the "Selected Adverse Scenarios by Percentile and Return Period (Cumulative)" [RSR.2 Pages 29 and 30].

RESPONSE:

Please find attached the supporting analysis.

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
1/31/1957	11.73%			
2/28/1957	3.43%			
3/29/1957	-0.97%			
4/30/1957	4.49%			
5/31/1957	11.98%			
6/28/1957	6.58%			
7/31/1957	-3.27%			
8/30/1957	-10.82%			
9/30/1957	-11.70%			
10/31/1957	-16.20%			
11/29/1957	-9.41%			
12/31/1957	-20.58%			
1/31/1958	-17.90%	-8.27%		
2/28/1958	-15.37%	-12.46%		
3/31/1958	-15.63%	-16.45%		
4/30/1958	-19.83%	-16.23%		
5/30/1958	-18.85%	-9.13%		
6/30/1958	-14.94%	-9.34%		
7/31/1958	-8.38%	-11.38%		
8/29/1958	3.02%	-8.12%		
9/30/1958	14.42%	1.04%		
10/31/1958	24.72%	4.52%		
11/28/1958	22.44%	10.92%		
12/31/1958	31.25%	4.23%		
1/30/1959	29.65%	6.44%	18.93%	
2/27/1959	31.95%	11.68%	15.51%	
3/31/1959	27.07%	7.21%	6.17%	
4/30/1959	29.14%	3.53%	8.18%	
5/29/1959	24.21%	0.80%	12.87%	
6/30/1959	22.06%	3.82%	10.66%	
7/31/1959	21.54%	11.36%	7.71%	
8/31/1959	13.85%	17.29%	4.60%	
9/30/1959	4.94%	20.07%	6.03%	
10/30/1959	3.83%	29.50%	8.53%	
11/30/1959	2.80%	25.87%	14.03%	
12/31/1959	4.59%	37.27%	9.01%	
1/29/1960	-2.78%	26.04%	3.48%	15.62%
2/29/1960	-6.66%	23.17%	4.24%	7.82%
3/31/1960	-5.99%	19.46%	0.79%	-0.19%
4/29/1960	-8.45%	18.23%	-5.21%	-0.96%
5/31/1960	-5.89%	16.89%	-5.14%	6.22%
6/30/1960	-8.84%	11.27%	-5.36%	0.87%
7/29/1960	-14.59%	3.81%	-4.89%	-8.00%
8/31/1960	-4.07%	9.22%	12.52%	0.35%
9/30/1960	-4.20%	0.53%	15.02%	1.57%
10/31/1960	-4.20%	-0.52%	24.07%	3.97%
11/30/1960	0.03%	2.83%	25.91%	14.06%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
12/30/1960	1.78%	6.45%	39.71%	10.95%
1/31/1961	12.65%	9.51%	41.98%	16.56%
2/28/1961	20.30%	12.29%	48.16%	25.40%
3/31/1961	22.55%	15.22%	46.40%	23.52%
4/28/1961	30.41%	19.39%	54.19%	23.61%
5/31/1961	29.19%	21.58%	51.01%	22.55%
6/30/1961	33.30%	21.52%	48.32%	26.16%
7/31/1961	38.63%	18.41%	43.91%	31.85%
8/31/1961	32.00%	26.64%	44.18%	48.53%
9/29/1961	36.55%	30.81%	37.28%	57.07%
10/31/1961	37.34%	31.57%	36.62%	70.39%
11/30/1961	36.23%	36.27%	40.09%	71.53%
12/29/1961	32.75%	35.11%	41.31%	85.46%
1/31/1962	22.37%	37.84%	34.01%	73.73%
2/28/1962	19.14%	43.32%	33.77%	76.52%
3/30/1962	16.74%	43.07%	34.51%	70.92%
4/30/1962	8.63%	41.66%	29.70%	67.49%
5/31/1962	-2.30%	26.22%	18.78%	47.54%
6/29/1962	-9.19%	21.06%	10.35%	34.70%
7/31/1962	-8.62%	26.69%	8.21%	31.51%
8/31/1962	-7.76%	21.77%	16.81%	33.00%
9/28/1962	-10.65%	22.01%	16.89%	22.66%
10/31/1962	-9.74%	23.96%	18.76%	23.31%
11/30/1962	-5.52%	28.71%	28.76%	32.36%
12/31/1962	-7.09%	23.33%	25.53%	31.28%
1/31/1963	0.09%	22.48%	37.97%	34.13%
2/28/1963	-3.71%	14.72%	38.00%	28.81%
3/29/1963	-0.66%	15.98%	42.13%	33.63%
4/30/1963	7.05%	16.28%	51.64%	38.83%
5/31/1963	18.59%	15.87%	49.69%	40.87%
6/28/1963	22.06%	10.85%	47.77%	34.70%
7/31/1963	16.02%	6.02%	46.99%	25.54%
8/30/1963	14.00%	5.16%	38.82%	33.17%
9/30/1963	23.27%	10.14%	50.40%	44.08%
10/31/1963	22.32%	10.40%	51.63%	45.26%
11/29/1963	12.32%	6.13%	44.58%	44.62%
12/31/1963	15.60%	7.40%	42.57%	45.11%
1/31/1964	13.12%	13.22%	38.55%	56.07%
2/28/1964	15.94%	11.64%	33.01%	60.00%
3/31/1964	16.93%	16.16%	35.61%	66.20%
4/30/1964	15.64%	23.78%	34.46%	75.35%
5/29/1964	17.73%	39.61%	36.41%	76.22%
6/30/1964	22.00%	48.92%	35.24%	80.28%
7/31/1964	28.26%	48.81%	35.99%	88.53%
8/31/1964	26.55%	44.27%	33.08%	75.67%
9/30/1964	28.08%	57.88%	41.07%	92.64%
10/30/1964	27.50%	55.96%	40.77%	93.33%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
11/30/1964	29.29%	45.22%	37.21%	86.92%
12/31/1964	25.43%	45.00%	34.71%	78.83%
1/29/1965	28.98%	45.90%	46.04%	78.71%
2/26/1965	29.53%	50.18%	44.61%	72.28%
3/31/1965	23.59%	44.52%	43.57%	67.61%
4/30/1965	22.09%	41.18%	51.12%	64.16%
5/31/1965	17.74%	38.60%	64.37%	60.60%
6/30/1965	9.89%	34.06%	63.64%	48.61%
7/30/1965	6.27%	36.30%	58.14%	44.52%
8/31/1965	9.64%	38.75%	58.18%	45.91%
9/30/1965	6.93%	36.96%	68.82%	50.85%
10/29/1965	8.45%	38.27%	69.13%	52.66%
11/30/1965	4.99%	35.74%	52.47%	44.06%
12/31/1965	6.68%	33.81%	54.69%	43.72%
1/31/1966	5.23%	35.73%	53.53%	53.68%
2/28/1966	3.11%	33.55%	54.85%	49.10%
3/31/1966	2.64%	26.86%	48.33%	47.36%
4/29/1966	1.15%	23.49%	42.80%	52.86%
5/31/1966	-1.96%	15.43%	35.89%	61.16%
6/30/1966	4.67%	15.02%	40.33%	71.29%
7/29/1966	4.04%	10.56%	41.81%	64.52%
8/31/1966	-5.94%	3.13%	30.51%	48.78%
9/30/1966	-9.71%	-3.45%	23.66%	52.43%
10/31/1966	-9.49%	-1.85%	25.14%	53.07%
11/30/1966	-7.47%	-2.85%	25.61%	41.09%
12/30/1966	-7.07%	-0.86%	24.36%	43.76%
1/31/1967	-4.62%	0.37%	29.46%	46.44%
2/28/1967	-1.28%	1.79%	31.85%	52.87%
3/31/1967	3.45%	6.18%	31.23%	53.44%
4/28/1967	4.63%	5.84%	29.21%	49.42%
5/31/1967	4.19%	2.15%	20.26%	41.58%
6/30/1967	7.49%	12.51%	23.63%	50.83%
7/31/1967	12.80%	17.36%	24.71%	59.96%
8/31/1967	20.34%	13.19%	24.11%	57.06%
9/29/1967	25.76%	13.56%	21.42%	55.53%
10/31/1967	16.14%	5.11%	13.99%	45.34%
11/30/1967	19.87%	10.92%	16.46%	50.57%
12/29/1967	18.09%	9.74%	17.08%	46.85%
1/31/1968	7.39%	2.43%	7.79%	39.03%
2/29/1968	1.72%	0.43%	3.55%	34.12%
3/29/1968	-3.95%	-0.64%	1.99%	26.05%
4/30/1968	2.51%	7.26%	8.49%	32.45%
5/31/1968	5.49%	9.90%	7.75%	26.86%
6/28/1968	8.22%	16.32%	21.76%	33.80%
7/31/1968	4.25%	17.59%	22.34%	30.01%
8/30/1968	8.24%	30.26%	22.52%	34.33%
9/30/1968	11.17%	39.81%	26.24%	34.98%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
10/31/1968	19.79%	39.13%	25.92%	36.56%
11/29/1968	21.19%	45.27%	34.43%	41.13%
12/31/1968	22.45%	44.59%	34.38%	43.35%
1/31/1969	29.22%	38.76%	32.36%	39.28%
2/28/1969	28.69%	30.91%	29.24%	33.25%
3/31/1969	35.98%	30.62%	35.12%	38.68%
4/30/1969	28.30%	31.52%	37.61%	39.19%
5/30/1969	32.86%	40.14%	46.01%	43.16%
6/30/1969	12.57%	21.82%	30.94%	37.06%
7/31/1969	6.79%	11.33%	25.58%	30.65%
8/29/1969	9.24%	18.24%	42.29%	33.84%
9/30/1969	3.57%	15.13%	44.79%	30.74%
10/31/1969	3.53%	24.02%	44.04%	30.37%
11/28/1969	2.33%	24.01%	48.65%	37.55%
12/31/1969	-0.81%	21.45%	43.42%	33.29%
1/30/1970	-7.02%	20.15%	29.03%	23.07%
2/27/1970	0.16%	28.89%	31.12%	29.44%
3/31/1970	-2.93%	32.00%	26.79%	31.16%
4/30/1970	-13.86%	10.53%	13.30%	18.54%
5/29/1970	-24.19%	0.72%	6.24%	10.69%
6/30/1970	-16.68%	-6.21%	1.50%	9.10%
7/31/1970	-7.55%	-1.28%	2.92%	16.09%
8/31/1970	-9.64%	-1.30%	6.84%	28.57%
9/30/1970	-4.89%	-1.50%	9.50%	37.71%
10/30/1970	-8.89%	-5.67%	13.00%	31.24%
11/30/1970	-7.25%	-5.09%	15.02%	37.88%
12/31/1970	-3.57%	-4.35%	17.12%	38.31%
1/29/1971	3.27%	-3.98%	24.08%	33.24%
2/26/1971	0.52%	0.68%	29.56%	31.80%
3/31/1971	4.56%	1.50%	38.02%	32.57%
4/30/1971	13.15%	-2.52%	25.06%	28.20%
5/31/1971	22.74%	-6.95%	23.63%	30.41%
6/30/1971	27.46%	6.20%	19.55%	29.38%
7/30/1971	20.10%	11.03%	18.56%	23.60%
8/31/1971	16.32%	5.10%	14.81%	24.27%
9/30/1971	7.29%	2.04%	5.68%	17.48%
10/29/1971	3.18%	-5.99%	-2.67%	16.60%
11/30/1971	1.61%	-5.75%	-3.56%	16.87%
12/31/1971	8.01%	4.16%	3.31%	26.50%
1/31/1972	14.17%	17.90%	9.63%	41.67%
2/29/1972	18.34%	18.96%	19.15%	53.33%
3/31/1972	10.75%	15.80%	12.41%	52.85%
4/28/1972	13.35%	28.26%	10.49%	41.76%
5/31/1972	17.78%	44.56%	9.60%	45.60%
6/30/1972	14.14%	45.48%	21.21%	36.45%
7/31/1972	18.52%	42.34%	31.59%	40.52%
8/31/1972	24.90%	45.28%	31.27%	43.40%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
9/29/1972	27.53%	36.82%	30.13%	34.77%
10/31/1972	31.29%	35.46%	23.43%	27.78%
11/30/1972	36.10%	38.28%	28.26%	31.25%
12/29/1972	27.38%	37.58%	32.68%	31.60%
1/31/1973	19.09%	35.97%	40.41%	30.56%
2/28/1973	13.12%	33.87%	34.57%	34.78%
3/30/1973	17.14%	29.73%	35.65%	31.67%
4/30/1973	11.17%	26.01%	42.58%	22.83%
5/31/1973	4.33%	22.88%	50.83%	14.34%
6/29/1973	7.02%	22.15%	55.69%	29.72%
7/31/1973	10.92%	31.46%	57.88%	45.96%
8/31/1973	3.93%	29.80%	50.98%	36.43%
9/28/1973	10.20%	40.54%	50.78%	43.40%
10/31/1973	21.69%	59.76%	64.84%	50.19%
11/30/1973	1.60%	38.28%	40.50%	30.32%
12/31/1973	0.27%	27.73%	37.96%	33.04%
1/31/1974	0.79%	20.04%	37.05%	41.53%
2/28/1974	5.40%	19.23%	41.10%	41.83%
3/29/1974	1.21%	18.55%	31.30%	37.28%
4/30/1974	-4.12%	6.59%	20.82%	36.71%
5/31/1974	-6.05%	-1.98%	15.44%	41.70%
6/28/1974	-9.06%	-2.68%	11.08%	41.59%
7/31/1974	-12.87%	-3.35%	14.54%	37.56%
8/30/1974	-20.20%	-17.07%	3.58%	20.48%
9/30/1974	-30.70%	-23.63%	-2.61%	4.49%
10/31/1974	-28.53%	-13.04%	14.17%	17.80%
11/29/1974	-24.98%	-23.77%	3.74%	5.41%
12/31/1974	-25.93%	-25.72%	-5.39%	2.19%
1/31/1975	-15.84%	-15.17%	1.02%	15.34%
2/28/1975	-15.85%	-11.30%	0.34%	18.74%
3/31/1975	-14.40%	-13.37%	1.48%	12.38%
4/30/1975	-3.84%	-7.80%	2.50%	16.18%
5/30/1975	5.12%	-1.24%	3.04%	21.35%
6/30/1975	10.01%	0.04%	7.06%	22.19%
7/31/1975	8.04%	-5.86%	4.42%	23.76%
8/29/1975	18.79%	-5.21%	-1.49%	23.04%
9/30/1975	23.24%	-14.60%	-5.88%	20.02%
10/31/1975	7.45%	-23.21%	-6.55%	22.68%
11/28/1975	21.28%	-9.01%	-7.55%	25.82%
12/31/1975	18.48%	-12.24%	-12.00%	12.10%
1/30/1976	11.43%	-6.22%	-5.47%	12.57%
2/27/1976	12.00%	-5.75%	-0.66%	12.38%
3/31/1976	11.64%	-4.44%	-3.29%	13.28%
4/30/1976	11.77%	7.48%	3.05%	14.56%
5/31/1976	9.40%	15.01%	8.05%	12.73%
6/30/1976	4.77%	15.25%	4.81%	12.17%
7/30/1976	4.61%	13.02%	-1.52%	9.23%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
8/31/1976	5.72%	25.59%	0.22%	4.15%
9/30/1976	10.26%	35.89%	-5.83%	3.78%
10/29/1976	11.29%	19.59%	-14.53%	4.00%
11/30/1976	-1.75%	19.16%	-10.60%	-9.17%
12/31/1976	11.02%	31.54%	-2.56%	-2.30%
1/31/1977	0.57%	12.07%	-5.68%	-4.93%
2/28/1977	-1.24%	10.61%	-6.92%	-1.89%
3/31/1977	2.13%	14.01%	-2.41%	-1.23%
4/29/1977	-2.73%	8.71%	4.54%	0.23%
5/31/1977	-3.94%	5.09%	10.47%	3.79%
6/30/1977	3.13%	8.04%	18.85%	8.08%
7/29/1977	3.58%	8.36%	17.08%	2.01%
8/31/1977	0.90%	6.68%	26.72%	1.12%
9/30/1977	2.69%	13.23%	39.54%	-3.30%
10/31/1977	3.26%	14.93%	23.49%	-11.75%
11/30/1977	16.68%	14.64%	39.04%	4.31%
12/30/1977	10.71%	22.91%	45.63%	7.87%
1/31/1978	5.20%	5.81%	17.90%	-0.78%
2/28/1978	4.65%	3.36%	15.76%	-2.59%
3/31/1978	9.34%	11.67%	24.67%	6.71%
4/28/1978	14.23%	11.10%	24.18%	19.41%
5/31/1978	20.84%	16.07%	26.99%	33.49%
6/30/1978	14.71%	18.30%	23.94%	36.34%
7/31/1978	21.30%	25.65%	31.44%	42.01%
8/31/1978	28.88%	30.04%	37.48%	63.31%
9/29/1978	34.71%	38.33%	52.53%	87.97%
10/31/1978	31.37%	35.66%	50.98%	62.23%
11/30/1978	30.96%	52.81%	50.13%	82.09%
12/29/1978	29.72%	43.61%	59.44%	88.91%
1/31/1979	42.47%	49.88%	50.74%	67.97%
2/28/1979	44.44%	51.16%	49.28%	67.20%
3/30/1979	44.43%	57.92%	61.28%	80.05%
4/30/1979	43.71%	64.15%	59.66%	78.45%
5/31/1979	41.04%	70.42%	63.70%	79.10%
6/29/1979	50.42%	72.54%	77.94%	86.42%
7/31/1979	36.59%	65.69%	71.63%	79.54%
8/31/1979	44.23%	85.88%	87.55%	98.29%
9/28/1979	42.83%	92.40%	97.58%	117.86%
10/31/1979	36.03%	78.70%	84.53%	105.37%
11/30/1979	40.15%	83.54%	114.16%	110.41%
12/31/1979	44.77%	87.80%	107.90%	130.82%
1/31/1980	56.41%	122.83%	134.43%	135.77%
2/29/1980	65.43%	138.94%	150.06%	146.95%
3/31/1980	28.06%	84.95%	102.23%	106.54%
4/30/1980	31.63%	89.16%	116.07%	110.16%
5/30/1980	35.58%	91.22%	131.06%	121.95%
6/30/1980	32.99%	100.03%	129.46%	136.63%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
7/31/1980	47.38%	101.31%	144.19%	152.95%
8/29/1980	36.49%	96.87%	153.71%	156.00%
9/30/1980	34.56%	92.18%	158.89%	165.85%
10/31/1980	47.88%	101.16%	164.26%	172.88%
11/28/1980	47.17%	106.25%	170.11%	215.17%
12/31/1980	30.13%	88.40%	144.39%	170.55%
1/30/1981	14.23%	78.67%	154.55%	167.80%
2/27/1981	3.45%	71.13%	147.17%	158.68%
3/31/1981	35.02%	72.90%	149.71%	173.05%
4/30/1981	28.21%	68.76%	142.52%	177.03%
5/29/1981	24.94%	69.39%	138.90%	188.67%
6/30/1981	19.00%	58.25%	138.03%	173.05%
7/31/1981	6.51%	56.97%	114.41%	160.08%
8/31/1981	1.93%	39.13%	100.68%	158.62%
9/30/1981	-13.38%	16.56%	66.48%	124.26%
10/30/1981	-14.45%	26.50%	72.08%	126.07%
11/30/1981	-12.79%	28.34%	79.87%	135.55%
12/31/1981	-10.25%	16.80%	69.09%	119.35%
1/29/1982	-16.35%	-4.44%	49.46%	112.94%
2/26/1982	-20.05%	-17.30%	36.82%	97.61%
3/31/1982	-28.81%	-3.88%	23.09%	77.78%
4/30/1982	-29.74%	-9.92%	18.58%	70.40%
5/31/1982	-32.61%	-15.81%	14.15%	60.99%
6/30/1982	-39.16%	-27.60%	-3.72%	44.82%
7/30/1982	-34.13%	-29.84%	3.40%	41.23%
8/31/1982	-22.02%	-20.51%	8.49%	56.48%
9/30/1982	-10.38%	-22.36%	4.46%	49.20%
10/29/1982	1.40%	-13.26%	28.27%	74.49%
11/30/1982	-3.72%	-16.04%	23.56%	73.17%
12/31/1982	5.54%	-5.27%	23.27%	78.46%
1/31/1983	19.74%	0.17%	14.42%	78.96%
2/28/1983	31.77%	5.35%	8.98%	80.28%
3/31/1983	42.62%	1.54%	37.09%	75.56%
4/29/1983	58.81%	11.58%	43.06%	88.31%
5/31/1983	66.43%	12.15%	40.12%	89.97%
6/30/1983	86.93%	13.73%	35.34%	79.98%
7/29/1983	83.01%	20.55%	28.39%	89.23%
8/31/1983	60.33%	25.02%	27.44%	73.94%
9/30/1983	62.18%	45.35%	25.91%	69.41%
10/31/1983	38.36%	40.30%	20.02%	77.48%
11/30/1983	43.84%	38.48%	20.77%	77.73%
12/30/1983	35.49%	42.99%	28.34%	67.02%
1/31/1984	26.32%	51.25%	26.53%	44.53%
2/29/1984	20.19%	58.38%	26.62%	30.99%
3/30/1984	14.70%	63.58%	16.46%	57.24%
4/30/1984	3.03%	63.62%	14.96%	47.40%
5/31/1984	-4.36%	59.17%	7.26%	34.00%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
6/29/1984	-5.67%	76.34%	7.28%	27.66%
7/31/1984	-10.17%	64.41%	8.29%	15.34%
8/31/1984	-0.02%	60.29%	24.99%	27.41%
9/28/1984	-0.40%	61.53%	44.77%	25.41%
10/31/1984	3.71%	43.50%	45.50%	24.47%
11/30/1984	-3.34%	39.03%	33.86%	16.73%
12/31/1984	-2.39%	32.25%	39.57%	25.27%
1/31/1985	9.08%	37.78%	64.98%	38.01%
2/28/1985	11.22%	33.68%	76.15%	40.83%
3/29/1985	13.81%	30.54%	86.17%	32.54%
4/30/1985	17.70%	21.27%	92.59%	35.31%
5/31/1985	27.39%	21.83%	102.76%	36.63%
6/28/1985	26.68%	19.50%	123.38%	35.90%
7/31/1985	34.59%	20.91%	121.28%	45.76%
8/30/1985	22.47%	22.44%	96.31%	53.08%
9/30/1985	13.98%	13.53%	84.11%	65.01%
10/31/1985	17.76%	22.13%	68.98%	71.35%
11/29/1985	24.91%	20.74%	73.67%	67.20%
12/31/1985	25.07%	22.07%	65.39%	74.56%
1/31/1986	13.36%	23.65%	56.19%	87.02%
2/28/1986	13.84%	26.61%	52.18%	100.53%
3/31/1986	20.57%	37.22%	57.39%	124.47%
4/30/1986	20.75%	42.13%	46.44%	132.55%
5/30/1986	17.74%	49.98%	43.44%	138.72%
6/30/1986	17.38%	48.69%	40.26%	162.19%
7/31/1986	8.99%	46.70%	31.78%	141.18%
8/29/1986	10.73%	35.61%	35.58%	117.37%
9/30/1986	16.72%	33.03%	32.50%	114.89%
10/31/1986	17.11%	37.91%	43.03%	97.90%
11/28/1986	9.89%	37.27%	32.68%	90.85%
12/31/1986	8.95%	36.26%	33.00%	80.20%
1/30/1987	21.39%	37.61%	50.10%	89.60%
2/27/1987	26.20%	43.67%	59.79%	92.06%
3/31/1987	26.32%	52.30%	73.33%	98.81%
4/30/1987	24.20%	49.97%	76.52%	81.87%
5/29/1987	21.47%	43.01%	82.18%	74.23%
6/30/1987	24.65%	46.31%	85.34%	74.83%
7/31/1987	41.15%	53.85%	107.07%	86.02%
8/31/1987	35.52%	50.05%	83.77%	83.73%
9/30/1987	34.50%	56.98%	78.92%	78.21%
10/30/1987	2.02%	19.48%	40.70%	45.92%
11/30/1987	0.47%	10.41%	37.92%	33.31%
12/31/1987	5.88%	15.36%	44.27%	40.82%
1/29/1988	-6.18%	13.89%	29.10%	40.82%
2/29/1988	-5.82%	18.86%	35.32%	50.50%
3/31/1988	-8.83%	15.16%	38.85%	58.02%
4/29/1988	-7.53%	14.84%	38.67%	63.22%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
5/31/1988	-9.18%	10.32%	29.89%	65.46%
6/30/1988	-5.18%	18.20%	38.74%	75.75%
7/29/1988	-13.63%	21.91%	32.88%	78.84%
8/31/1988	-14.94%	15.27%	27.63%	56.31%
9/30/1988	-12.94%	17.10%	36.67%	55.77%
10/31/1988	16.39%	18.75%	39.07%	63.77%
11/30/1988	14.50%	15.05%	26.43%	57.92%
12/30/1988	11.08%	17.61%	28.14%	60.26%
1/31/1989	22.51%	14.94%	39.52%	58.16%
2/28/1989	15.45%	8.74%	37.23%	56.23%
3/31/1989	11.93%	2.05%	28.90%	55.42%
4/28/1989	12.61%	4.13%	29.33%	56.16%
5/31/1989	18.43%	7.56%	30.65%	53.82%
6/30/1989	13.46%	7.59%	34.11%	57.42%
7/31/1989	22.11%	5.46%	48.87%	62.25%
8/31/1989	26.51%	7.60%	45.82%	61.46%
9/29/1989	24.49%	8.39%	45.78%	70.15%
10/31/1989	19.70%	39.33%	42.14%	66.46%
11/30/1989	24.08%	42.07%	42.74%	56.86%
12/29/1989	21.37%	34.82%	42.75%	55.53%
1/31/1990	6.17%	30.07%	22.03%	48.13%
2/28/1990	6.98%	23.51%	16.32%	46.80%
3/30/1990	5.38%	17.95%	7.53%	35.83%
4/30/1990	-4.57%	7.46%	-0.63%	23.41%
5/31/1990	0.03%	18.46%	7.59%	30.68%
6/29/1990	-2.41%	10.73%	5.00%	30.88%
7/31/1990	-7.11%	13.43%	-2.03%	38.28%
8/31/1990	-13.50%	9.42%	-6.93%	26.13%
9/28/1990	-16.94%	3.41%	-9.97%	21.09%
10/31/1990	-18.48%	-2.42%	13.58%	15.88%
11/30/1990	-17.09%	2.87%	17.79%	18.35%
12/31/1990	-14.80%	3.41%	14.87%	21.62%
1/31/1991	-8.24%	-2.57%	19.36%	11.98%
2/28/1991	-2.38%	4.43%	20.56%	13.55%
3/29/1991	-0.17%	5.20%	17.75%	7.35%
4/30/1991	8.00%	3.06%	16.06%	7.32%
5/31/1991	3.09%	3.11%	22.11%	10.91%
6/28/1991	1.87%	-0.59%	12.80%	6.96%
7/31/1991	3.50%	-3.86%	17.40%	1.40%
8/30/1991	9.39%	-5.38%	19.70%	1.82%
9/30/1991	11.58%	-7.32%	15.38%	0.45%
10/31/1991	18.62%	-3.30%	15.75%	34.72%
11/29/1991	13.68%	-5.75%	16.95%	33.91%
12/31/1991	12.02%	-4.56%	15.84%	28.67%
1/31/1992	14.11%	4.71%	11.18%	36.20%
2/28/1992	7.38%	4.82%	12.13%	29.46%
3/31/1992	1.30%	1.13%	6.57%	19.29%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
4/30/1992	0.30%	8.33%	3.37%	16.41%
5/29/1992	-1.13%	1.93%	1.95%	20.74%
6/30/1992	1.11%	3.00%	0.52%	14.05%
7/31/1992	0.60%	4.12%	-3.28%	18.10%
8/31/1992	0.01%	9.41%	-5.37%	19.72%
9/30/1992	0.67%	12.32%	-6.71%	16.15%
10/30/1992	-1.88%	16.38%	-5.12%	13.57%
11/30/1992	-1.52%	11.96%	-7.18%	15.17%
12/31/1992	-1.43%	10.41%	-5.93%	14.18%
1/29/1993	-5.08%	8.32%	-0.60%	5.53%
2/26/1993	-0.55%	6.79%	4.24%	11.51%
3/31/1993	8.96%	10.38%	10.19%	16.12%
4/30/1993	16.51%	16.86%	26.21%	20.44%
5/31/1993	18.37%	17.04%	20.65%	20.68%
6/30/1993	20.83%	22.17%	24.45%	21.45%
7/30/1993	18.86%	19.57%	23.76%	14.96%
8/31/1993	25.35%	25.36%	37.14%	18.62%
9/30/1993	24.61%	25.44%	39.96%	16.25%
10/29/1993	31.32%	28.85%	52.84%	24.60%
11/30/1993	30.95%	28.96%	46.60%	21.55%
12/31/1993	32.55%	30.65%	46.35%	24.69%
1/31/1994	41.56%	34.37%	53.33%	40.71%
2/28/1994	31.67%	30.94%	40.60%	37.26%
3/31/1994	23.35%	34.41%	36.16%	35.93%
4/29/1994	15.55%	34.62%	35.03%	45.84%
5/31/1994	14.16%	35.13%	33.61%	37.73%
6/30/1994	3.93%	25.58%	26.97%	29.35%
7/29/1994	7.87%	28.21%	28.98%	33.49%
8/31/1994	7.64%	34.92%	34.94%	47.61%
9/30/1994	11.69%	39.18%	40.11%	56.33%
10/31/1994	3.23%	35.57%	33.01%	57.78%
11/30/1994	0.24%	31.26%	29.27%	46.96%
12/30/1994	-0.18%	32.31%	30.42%	46.09%
1/31/1995	-9.69%	27.85%	21.35%	38.48%
2/28/1995	-4.54%	25.69%	25.00%	34.22%
3/31/1995	2.03%	25.86%	37.13%	38.92%
4/28/1995	2.71%	18.67%	38.27%	38.68%
5/31/1995	5.31%	20.22%	42.30%	40.70%
6/30/1995	15.17%	19.69%	44.63%	46.23%
7/31/1995	13.08%	21.97%	44.98%	45.85%
8/31/1995	6.35%	14.47%	43.49%	43.51%
9/29/1995	6.54%	19.00%	48.28%	49.27%
10/31/1995	6.41%	9.85%	44.26%	41.54%
11/30/1995	16.62%	16.90%	53.08%	50.75%
12/29/1995	14.53%	14.33%	51.54%	49.37%
1/31/1996	26.60%	14.34%	61.86%	53.64%
2/29/1996	22.45%	16.90%	53.92%	53.07%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
3/29/1996	17.90%	20.30%	48.39%	61.68%
4/30/1996	23.03%	26.36%	46.00%	70.11%
5/31/1996	20.61%	27.01%	44.99%	71.63%
6/28/1996	13.93%	31.22%	36.37%	64.78%
7/31/1996	9.23%	23.51%	33.23%	58.36%
8/30/1996	16.41%	23.80%	33.26%	67.04%
9/30/1996	19.37%	27.17%	42.04%	77.00%
10/31/1996	28.32%	36.54%	40.95%	85.11%
11/29/1996	31.86%	53.77%	54.14%	101.84%
12/31/1996	28.35%	46.99%	46.73%	94.49%
1/31/1997	25.53%	58.92%	43.53%	103.18%
2/28/1997	27.36%	55.96%	48.89%	96.04%
3/31/1997	20.04%	41.53%	44.41%	78.13%
4/30/1997	18.44%	45.71%	49.65%	72.92%
5/30/1997	24.05%	49.62%	57.56%	79.87%
6/30/1997	30.05%	48.18%	70.65%	77.36%
7/31/1997	42.15%	55.26%	75.57%	89.38%
8/29/1997	30.92%	52.41%	62.09%	74.47%
9/30/1997	35.43%	61.66%	72.23%	92.37%
10/31/1997	24.37%	59.58%	69.81%	75.30%
11/28/1997	10.13%	45.21%	69.34%	69.75%
12/31/1997	14.98%	47.57%	69.01%	68.71%
1/30/1998	11.55%	40.02%	77.28%	60.10%
2/27/1998	17.13%	49.18%	82.68%	74.39%
3/31/1998	31.31%	57.63%	85.85%	89.62%
4/30/1998	30.35%	54.39%	89.94%	95.08%
5/29/1998	20.80%	49.86%	80.74%	90.33%
6/30/1998	16.22%	51.15%	72.21%	98.33%
7/31/1998	2.36%	45.51%	58.93%	79.72%
8/31/1998	-15.03%	11.24%	29.50%	37.72%
9/30/1998	-18.96%	9.76%	31.01%	39.58%
10/30/1998	-7.78%	14.69%	47.16%	56.60%
11/30/1998	-1.01%	9.02%	43.75%	67.63%
12/31/1998	-1.58%	13.16%	45.23%	66.33%
1/29/1999	2.07%	13.86%	42.93%	80.95%
2/26/1999	-9.55%	5.94%	34.93%	65.23%
3/31/1999	-11.26%	16.53%	39.88%	64.92%
4/30/1999	-6.96%	21.28%	43.64%	76.71%
5/31/1999	-8.35%	10.72%	37.35%	65.65%
6/30/1999	-3.27%	12.42%	46.20%	66.58%
7/30/1999	3.87%	6.32%	51.13%	65.08%
8/31/1999	28.12%	8.86%	42.53%	65.92%
9/30/1999	25.93%	2.05%	38.21%	64.98%
10/29/1999	18.75%	9.51%	36.19%	74.76%
11/30/1999	20.46%	19.25%	31.33%	73.16%
12/31/1999	31.71%	29.63%	49.04%	91.29%
1/31/2000	27.95%	30.60%	45.69%	82.88%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
2/29/2000	46.78%	32.76%	55.49%	98.05%
3/31/2000	45.48%	29.10%	69.53%	103.50%
4/28/2000	35.14%	25.73%	63.89%	94.10%
5/31/2000	37.10%	25.65%	51.79%	88.30%
6/30/2000	47.41%	42.59%	65.72%	115.52%
7/31/2000	48.87%	54.63%	58.28%	124.99%
8/31/2000	63.42%	109.38%	77.91%	132.92%
9/29/2000	50.97%	90.11%	54.07%	108.66%
10/31/2000	34.41%	59.61%	47.19%	83.05%
11/30/2000	18.63%	42.90%	41.46%	55.79%
12/29/2000	7.41%	41.47%	39.23%	60.08%
1/31/2001	11.20%	42.28%	45.23%	62.01%
2/28/2001	-10.47%	31.42%	18.86%	39.22%
3/30/2001	-18.61%	18.41%	5.08%	37.98%
4/30/2001	-13.94%	16.30%	8.20%	41.05%
5/31/2001	-10.67%	22.47%	12.25%	35.59%
6/29/2001	-23.11%	13.35%	9.64%	27.43%
7/31/2001	-25.10%	11.51%	15.82%	18.55%
8/31/2001	-33.30%	9.01%	39.66%	18.67%
9/28/2001	-33.12%	0.96%	27.14%	3.04%
10/31/2001	-27.46%	-2.50%	15.77%	6.77%
11/30/2001	-14.51%	1.41%	22.16%	20.93%
12/31/2001	-12.57%	-6.09%	23.69%	21.73%
1/31/2002	-16.63%	-7.29%	18.62%	21.08%
2/28/2002	-3.91%	-13.97%	26.27%	14.21%
3/29/2002	4.88%	-14.64%	24.18%	10.20%
4/30/2002	-1.99%	-15.65%	13.99%	6.06%
5/31/2002	-4.64%	-14.82%	16.78%	7.03%
6/28/2002	-6.11%	-27.80%	6.42%	2.94%
7/31/2002	-12.65%	-34.57%	-2.60%	1.17%
8/30/2002	-9.13%	-39.39%	-0.95%	26.91%
9/30/2002	-8.07%	-38.52%	-7.19%	16.88%
10/31/2002	-7.68%	-33.03%	-9.99%	6.88%
11/29/2002	-9.97%	-23.04%	-8.70%	9.98%
12/31/2002	-12.44%	-23.45%	-17.77%	8.30%
1/31/2003	-12.53%	-27.08%	-18.91%	3.76%
2/28/2003	-12.52%	-15.94%	-24.74%	10.47%
3/31/2003	-17.60%	-13.58%	-29.67%	2.32%
4/30/2003	-12.33%	-14.08%	-26.05%	-0.07%
5/30/2003	-8.59%	-12.83%	-22.13%	6.75%
6/30/2003	-0.27%	-6.37%	-28.00%	6.13%
7/31/2003	12.10%	-2.08%	-26.66%	9.19%
8/29/2003	15.91%	5.32%	-29.75%	14.81%
9/30/2003	22.45%	12.57%	-24.72%	13.65%
10/31/2003	26.84%	17.10%	-15.06%	14.17%
11/28/2003	21.99%	9.82%	-6.11%	11.37%
12/31/2003	26.72%	10.96%	-2.99%	4.20%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
1/30/2004	32.20%	15.63%	-3.60%	7.20%
2/27/2004	36.51%	19.43%	14.75%	2.74%
3/31/2004	37.73%	13.49%	19.02%	-3.13%
4/30/2004	27.40%	11.68%	9.46%	-5.79%
5/31/2004	24.88%	14.15%	8.85%	-2.76%
6/30/2004	24.48%	24.14%	16.55%	-10.38%
7/30/2004	18.57%	32.92%	16.10%	-13.04%
8/31/2004	13.50%	31.55%	19.53%	-20.27%
9/30/2004	18.85%	45.54%	33.79%	-10.52%
10/29/2004	16.13%	47.30%	35.99%	-1.36%
11/30/2004	16.92%	42.63%	28.41%	9.77%
12/31/2004	14.48%	45.07%	27.03%	11.06%
1/31/2005	9.90%	45.28%	27.08%	5.95%
2/28/2005	11.95%	52.83%	33.70%	28.47%
3/31/2005	13.93%	56.92%	29.30%	35.60%
4/29/2005	15.72%	47.43%	29.24%	26.67%
5/31/2005	16.21%	45.12%	32.66%	26.50%
6/30/2005	18.04%	46.93%	46.53%	37.58%
7/29/2005	25.47%	48.77%	66.77%	45.68%
8/31/2005	29.66%	47.16%	70.57%	54.99%
9/30/2005	29.34%	53.72%	88.24%	73.04%
10/31/2005	19.13%	38.34%	75.47%	62.00%
11/30/2005	22.02%	42.67%	74.04%	56.69%
12/30/2005	24.13%	42.10%	80.08%	57.68%
1/31/2006	32.18%	45.26%	92.03%	67.97%
2/28/2006	23.14%	37.86%	88.20%	64.64%
3/31/2006	28.43%	46.32%	101.53%	66.06%
4/28/2006	32.73%	53.60%	95.68%	71.54%
5/31/2006	24.65%	44.86%	80.89%	65.36%
6/30/2006	19.64%	41.23%	75.80%	75.32%
7/31/2006	15.92%	45.44%	72.45%	93.32%
8/31/2006	15.65%	49.95%	70.19%	97.25%
9/29/2006	9.23%	41.28%	67.92%	105.62%
10/31/2006	21.67%	44.95%	68.32%	113.51%
11/30/2006	20.63%	47.19%	72.10%	109.94%
12/29/2006	17.26%	45.55%	66.63%	111.16%
1/31/2007	11.84%	47.82%	62.45%	114.76%
2/28/2007	14.43%	40.91%	57.75%	115.35%
3/30/2007	11.42%	43.10%	63.04%	124.56%
4/30/2007	12.72%	49.62%	73.14%	120.58%
5/31/2007	22.73%	52.98%	77.78%	122.00%
6/29/2007	22.73%	46.84%	73.33%	115.75%
7/31/2007	20.13%	39.26%	74.72%	107.17%
8/31/2007	15.95%	34.10%	73.87%	97.34%
9/28/2007	22.81%	34.15%	73.51%	106.22%
10/31/2007	21.43%	47.74%	76.00%	104.39%
11/30/2007	10.01%	32.70%	61.92%	89.32%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
12/31/2007	9.83%	28.79%	59.86%	83.01%
1/31/2008	3.46%	15.70%	52.93%	68.07%
2/29/2008	6.75%	22.15%	50.42%	68.40%
3/31/2008	4.00%	15.88%	48.83%	69.56%
4/30/2008	6.58%	20.14%	59.47%	84.54%
5/30/2008	7.40%	31.80%	64.29%	90.93%
6/30/2008	6.75%	31.01%	56.75%	85.03%
7/31/2008	0.62%	20.88%	40.12%	75.81%
8/29/2008	3.51%	20.03%	38.81%	79.98%
9/30/2008	-14.40%	5.13%	14.84%	48.53%
10/31/2008	-31.35%	-16.64%	1.43%	20.83%
11/28/2008	-30.27%	-23.29%	-7.47%	12.91%
12/31/2008	-33.00%	-26.42%	-13.72%	7.10%
1/30/2009	-31.77%	-29.41%	-21.06%	4.35%
2/27/2009	-38.20%	-34.03%	-24.52%	-7.05%
3/31/2009	-32.42%	-29.72%	-21.69%	0.57%
4/30/2009	-30.70%	-26.14%	-16.74%	10.51%
5/29/2009	-26.99%	-21.59%	-3.77%	19.95%
6/30/2009	-25.69%	-20.67%	-2.64%	16.48%
7/31/2009	-17.73%	-17.22%	-0.56%	15.27%
8/31/2009	-18.22%	-15.34%	-1.84%	13.52%
9/30/2009	0.51%	-13.96%	5.66%	15.42%
10/30/2009	15.74%	-20.55%	-3.52%	17.39%
11/30/2009	27.75%	-10.91%	-2.00%	18.21%
12/31/2009	35.05%	-9.52%	-0.62%	16.53%
1/29/2010	31.73%	-10.12%	-7.01%	4.00%
2/26/2010	47.60%	-8.79%	-2.63%	11.41%
3/31/2010	42.15%	-3.94%	-0.10%	11.32%
4/30/2010	34.73%	-6.64%	-0.49%	12.17%
5/31/2010	16.67%	-14.82%	-8.52%	12.27%
6/30/2010	11.95%	-16.80%	-11.19%	9.00%
7/30/2010	11.68%	-8.13%	-7.56%	11.06%
8/31/2010	12.73%	-7.81%	-4.57%	10.66%
9/30/2010	11.60%	12.16%	-3.98%	17.92%
10/29/2010	19.45%	38.25%	-5.09%	15.24%
11/30/2010	16.29%	48.56%	3.60%	13.96%
12/31/2010	17.61%	58.83%	6.41%	16.87%
1/31/2011	25.48%	65.29%	12.78%	16.68%
2/28/2011	24.84%	84.26%	13.86%	21.55%
3/31/2011	20.41%	71.15%	15.66%	20.29%
4/29/2011	17.22%	57.94%	9.44%	16.65%
5/31/2011	20.39%	40.47%	2.55%	10.14%
6/30/2011	20.87%	35.32%	0.56%	7.35%
7/29/2011	13.37%	26.60%	4.15%	4.80%
8/31/2011	9.91%	23.90%	1.33%	4.89%
9/30/2011	-3.55%	7.63%	8.18%	-7.40%
10/31/2011	-0.83%	18.46%	37.10%	-5.88%

	1 Year S&P Composite TR Index	2 Year S&P Composite TR Index	3 Year S&P Composite TR Index	4 Year S&P Composite TR Index
11/30/2011	-3.33%	12.41%	43.61%	0.14%
12/30/2011	-8.71%	7.36%	45.00%	-2.86%
1/31/2012	-5.65%	18.39%	55.96%	6.41%
2/29/2012	-8.15%	14.67%	69.25%	4.59%
3/30/2012	-9.76%	8.66%	54.46%	4.38%
4/30/2012	-9.37%	6.24%	43.14%	-0.81%
5/31/2012	-14.19%	3.31%	20.54%	-12.00%
6/29/2012	-10.25%	8.48%	21.45%	-9.75%
7/31/2012	-7.22%	5.18%	17.46%	-3.37%
8/31/2012	-3.60%	5.96%	19.44%	-2.32%
9/28/2012	9.17%	5.29%	17.50%	18.09%
10/31/2012	4.47%	3.60%	23.76%	43.23%
11/30/2012	3.35%	-0.09%	16.18%	48.43%
12/31/2012	7.19%	-2.15%	15.08%	55.42%
1/31/2013	5.01%	-0.92%	24.32%	63.77%
2/28/2013	4.58%	-3.94%	19.92%	76.99%
3/31/2013	6.11%	-4.24%	15.30%	63.89%
4/30/2013	4.53%	-5.26%	11.06%	49.63%
5/31/2013	13.34%	-2.74%	17.10%	36.62%
6/28/2013	7.90%	-3.17%	17.04%	31.04%
7/31/2013	10.45%	2.48%	16.17%	29.74%
8/30/2013	9.27%	5.34%	15.78%	30.51%
9/30/2013	7.12%	16.94%	12.79%	25.87%
10/31/2013	11.00%	15.96%	15.00%	37.37%
11/29/2013	12.95%	16.73%	12.84%	31.22%
12/31/2013	12.99%	21.11%	10.56%	30.03%
1/31/2014	11.41%	16.99%	10.38%	38.50%
2/28/2014	14.34%	19.58%	9.84%	37.12%
3/31/2014	15.97%	23.05%	11.05%	33.71%
4/30/2014	21.29%	26.79%	14.91%	34.71%

1 Year Return	Logistic	LogLogistic	Normal	Weibull	Laplace	ExtValue	xtValueMin	Triang	Uniform	Expon	Levy
Rankings By Fit Statistic [11 Valid Fits]											
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11
Bayesian (BIC)	#1	#3	#2	#4	#5	#6	#7	#8	#9	#10	#11
Chi-Sq Statistic	#3	#1	#2	#4	#5	#6	#7	#8	#9	#10	#11
K-S Statistic	#2	#3	#1	#4	#5	#6	#7	#8	#10	#9	#11
A-D Statistic	#2	#3	#1	#4	#5	#6	#7	#8	#9	#10	#11
Information Criteria											
Akaike (AIC)	-395.808	-394.262	-392.613	-381.871	-346.385	-303.632	-196.536	-187.565	327.0298	421.4271	1038.245
Bayesian (BIC)	-386.758	-380.695	-383.563	-368.305	-337.335	-294.582	-187.486	-173.999	336.0799	430.4771	1047.296
Chi-Squared Test											
Chi-Sq Statistic	22.1744	17.9593	20.2849	23.1192	64.907	86.7093	112.7994	199.8634	712.436	859.3837	1703.424
Anderson-Darling Test											
A-D Statistic	0.5072	0.5681	0.4558	1.3362	3.4892	8.8924	14.9363	37.1704	118.3052	127.3875	190.3556
Kolmogorov-Smirnov Test											
K-S Statistic	0.0219	0.0237	0.021	0.0292	0.0628	0.0731	0.0948	0.1884	0.3428	0.3292	0.4784

2 Year Return	LogLogistic	Gamma	Logistic	Weibull	ExtValue	Normal	Laplace	Triang	xtValueMin	Expon	Uniform	Levy
Rankings By Fit Statistic [12 Valid Fits]												
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12
Bayesian (BIC)	#1	#2	#3	#5	#4	#6	#7	#8	#9	#10	#11	#12
Chi-Sq Statistic	#3	#1	#4	#5	#6	#2	#7	#9	#8	#10	#11	#12
K-S Statistic	#2	#1	#3	#4	#5	#6	#7	#9	#8	#10	#11	#12
A-D Statistic	#1	#2	#3	#4	#6	#5	#7	#9	#8	#10	#11	#12
Information Criteria												
Akaike (AIC)	30.1523	33.3175	49.5514	55.5093	56.6924	68.0821	83.5803	258.4992	348.2689	692.5762	790.073	1286.434
Bayesian (BIC)	43.6652	46.8304	58.5659	69.0222	65.707	77.0966	92.5948	272.012	357.2835	701.5908	799.0876	1295.448
Chi-Squared Test												
Chi-Sq Statistic	33.2456	26.8846	37.0917	38.7189	50.1095	32.6538	71.4852	216.8994	216.4556	682.9497	789.5325	1391.234
Anderson-Darling Test												
A-D Statistic	0.6429	0.8672	1.7927	2.7186	3.1696	3.0269	5.1808	52.2325	26.5963	109.3707	156.3602	176.8692
Kolmogorov-Smirnov Test												
K-S Statistic	0.0319	0.0286	0.0398	0.0416	0.0479	0.0613	0.0739	0.2261	0.1287	0.3132	0.3942	0.4522

3 Year Return	LogLogistic	ExtValue	Pearson5	Lognorm	InvGauss	Gamma	Weibull	Logistic	Laplace	Normal	Triang	xtValueMin	Expon	Uniform	Levy
Rankings By Fit Statistic [15 Valid Fits]															
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
Bayesian (BIC)	#2	#1	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
Chi-Sq Statistic	#5	#4	#1	#2	#3	#6	#8	#7	#10	#9	#11	#12	#13	#14	#15
K-S Statistic	#1	#3	#2	#4	#5	#6	#9	#7	#8	#10	#12	#11	#13	#14	#15
A-D Statistic	#1	#4	#2	#3	#5	#6	#9	#7	#8	#10	#12	#11	#13	#15	#14
Information Criteria															
Akaike (AIC)	257.5925	261.34	262.5393	264.4843	266.7733	271.1385	305.077	319.3416	336.6831	376.0748	451.1107	731.1136	739.0457	927.564	1317.431
Bayesian (BIC)	271.051	270.3185	275.9978	277.9428	280.2318	284.597	318.5355	328.32	345.6615	385.0532	464.5692	740.092	748.0241	936.5424	1326.409
Chi-Squared Test															
Chi-Sq Statistic	41.0452	38.0331	31.7078	34.8705	36.9036	42.0994	61.753	58.5151	93.5301	79.3735	210.6988	343.5301	500.3825	727.1145	1147.371
Anderson-Darling Test															
A-D Statistic	0.7085	1.3154	1.0798	1.205	1.3608	1.6417	4.9219	3.483	4.045	8.7854	48.4428	41.952	84.8529	168.2823	153.5862
Kolmogorov-Smirnov Test															
K-S Statistic	0.0304	0.0385	0.038	0.0405	0.0433	0.0474	0.0685	0.055	0.0614	0.0881	0.2221	0.1781	0.2626	0.3933	0.4159

4 Year Return	InvGauss	Gamma	Lognorm	Pearson5	ExtValue	Weibull	LogLogistic	Logistic	Normal	Laplace	Triang	Expon	xtValueMin	Uniform	Levy
Rankings By Fit Statistic [15 Valid Fits]															
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
Bayesian (BIC)	#1	#2	#3	#5	#4	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15
Chi-Sq Statistic	#1	#2	#3	#4	#6	#5	#7	#8	#9	#10	#11	#12	#13	#14	#15
K-S Statistic	#2	#1	#3	#4	#5	#7	#6	#8	#10	#9	#12	#13	#11	#15	#14
A-D Statistic	#2	#1	#3	#4	#5	#7	#6	#8	#9	#10	#12	#13	#11	#15	#14
Information Criteria															
Akaike (AIC)	443.8277	444.4659	445.7226	448.5735	450.8851	466.3456	467.6186	560.2283	583.211	595.6551	619.0536	806.3697	890.484	1124.619	1319.308
Bayesian (BIC)	457.2308	457.869	459.1257	461.9766	459.8267	479.7487	481.0217	569.1699	592.1526	604.5967	632.4567	815.3113	899.4256	1133.561	1328.25
Chi-Squared Test															
Chi-Sq Statistic	26.5276	29.135	30.8988	31.6656	42.862	38.5675	47.9233	112.2638	118.1687	153.9049	179.8252	314.8712	340.7147	665.1012	777.6779
Anderson-Darling Test															
A-D Statistic	0.4497	0.407	0.5563	0.7115	1.0317	1.9153	1.4889	6.3935	9.4303	10.5333	49.6547	62.7596	33.7654	198.0619	136.0976
Kolmogorov-Smirnov Test															
K-S Statistic	0.0292	0.0239	0.0318	0.0346	0.0369	0.043	0.0418	0.0707	0.0908	0.0902	0.2126	0.2268	0.174	0.4132	0.3937

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Please provide the supporting analysis of "Historical Declines in Long-Term Bond Yields (1956 to April 2014)" and the distribution fitting process underlying the "Selected Adverse Scenarios by Percentile and Period (Cumulative)" [RSR.2 Page 42].

RESPONSE:

Please find attached the supporting analysis.

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
1/31/1957	0.84%			
2/28/1957	0.70%			
3/29/1957	0.59%			
4/30/1957	0.52%			
5/31/1957	0.72%			
6/28/1957	0.82%			
7/31/1957	0.67%			
8/30/1957	0.55%			
9/30/1957	0.43%			
10/31/1957	0.22%			
11/29/1957	-0.08%			
12/31/1957	-0.15%			
1/31/1958	-0.23%	0.61%		
2/28/1958	0.01%	0.71%		
3/31/1958	-0.01%	0.58%		
4/30/1958	-0.09%	0.43%		
5/30/1958	-0.40%	0.32%		
6/30/1958	-0.21%	0.61%		
7/31/1958	-0.19%	0.48%		
8/29/1958	-0.20%	0.35%		
9/30/1958	-0.02%	0.41%		
10/31/1958	0.28%	0.50%		
11/28/1958	0.71%	0.63%		
12/31/1958	0.81%	0.66%		
1/30/1959	0.74%	0.51%	1.35%	
2/27/1959	0.74%	0.75%	1.45%	
3/31/1959	0.85%	0.84%	1.43%	
4/30/1959	0.90%	0.81%	1.33%	
5/29/1959	1.09%	0.69%	1.41%	
6/30/1959	1.02%	0.81%	1.63%	
7/31/1959	0.93%	0.74%	1.41%	
8/31/1959	1.16%	0.96%	1.51%	
9/30/1959	1.20%	1.18%	1.61%	
10/30/1959	0.92%	1.20%	1.42%	
11/30/1959	0.74%	1.45%	1.37%	
12/31/1959	0.82%	1.63%	1.48%	
1/29/1960	0.91%	1.65%	1.42%	2.26%
2/29/1960	0.69%	1.43%	1.44%	2.14%
3/31/1960	0.47%	1.32%	1.31%	1.90%
4/29/1960	0.43%	1.33%	1.24%	1.76%
5/31/1960	0.27%	1.36%	0.96%	1.68%
6/30/1960	-0.01%	1.01%	0.80%	1.62%
7/29/1960	0.09%	1.02%	0.83%	1.50%
8/31/1960	-0.49%	0.67%	0.47%	1.02%
9/30/1960	-0.69%	0.51%	0.49%	0.92%
10/31/1960	-0.23%	0.69%	0.97%	1.19%
11/30/1960	0.02%	0.76%	1.47%	1.39%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
12/30/1960	-0.14%	0.68%	1.49%	1.34%
1/31/1961	-0.32%	0.59%	1.33%	1.10%
2/28/1961	-0.34%	0.35%	1.09%	1.10%
3/31/1961	-0.13%	0.34%	1.19%	1.18%
4/28/1961	-0.08%	0.35%	1.25%	1.16%
5/31/1961	-0.03%	0.24%	1.33%	0.93%
6/30/1961	-0.07%	-0.08%	0.94%	0.73%
7/31/1961	-0.14%	-0.05%	0.88%	0.69%
8/31/1961	0.17%	-0.32%	0.84%	0.64%
9/29/1961	0.21%	-0.48%	0.72%	0.70%
10/31/1961	-0.14%	-0.37%	0.55%	0.83%
11/30/1961	-0.42%	-0.40%	0.34%	1.05%
12/29/1961	-0.38%	-0.52%	0.30%	1.11%
1/31/1962	-0.27%	-0.59%	0.32%	1.06%
2/28/1962	-0.14%	-0.48%	0.21%	0.95%
3/30/1962	-0.32%	-0.45%	0.02%	0.87%
4/30/1962	-0.43%	-0.51%	-0.08%	0.82%
5/31/1962	-0.18%	-0.21%	0.06%	1.15%
6/29/1962	0.35%	0.28%	0.27%	1.29%
7/31/1962	0.48%	0.34%	0.43%	1.36%
8/31/1962	0.42%	0.59%	0.10%	1.26%
9/28/1962	0.37%	0.58%	-0.11%	1.09%
10/31/1962	0.18%	0.04%	-0.19%	0.73%
11/30/1962	0.18%	-0.24%	-0.22%	0.52%
12/31/1962	0.17%	-0.21%	-0.35%	0.47%
1/31/1963	0.08%	-0.19%	-0.51%	0.40%
2/28/1963	0.17%	0.03%	-0.31%	0.38%
3/29/1963	0.23%	-0.09%	-0.22%	0.25%
4/30/1963	0.21%	-0.22%	-0.30%	0.13%
5/31/1963	-0.05%	-0.23%	-0.26%	0.01%
6/28/1963	-0.34%	0.01%	-0.06%	-0.07%
7/31/1963	-0.32%	0.16%	0.02%	0.11%
8/30/1963	-0.12%	0.30%	0.47%	-0.02%
9/30/1963	-0.27%	0.10%	0.31%	-0.38%
10/31/1963	-0.02%	0.16%	0.02%	-0.21%
11/29/1963	0.07%	0.25%	-0.17%	-0.15%
12/31/1963	0.08%	0.25%	-0.13%	-0.27%
1/31/1964	0.12%	0.20%	-0.07%	-0.39%
2/28/1964	0.06%	0.23%	0.09%	-0.25%
3/31/1964	0.16%	0.39%	0.07%	-0.06%
4/30/1964	0.24%	0.45%	0.02%	-0.06%
5/29/1964	0.27%	0.22%	0.04%	0.01%
6/30/1964	0.25%	-0.09%	0.26%	0.19%
7/31/1964	0.10%	-0.22%	0.26%	0.12%
8/31/1964	-0.05%	-0.17%	0.25%	0.42%
9/30/1964	0.10%	-0.17%	0.20%	0.41%
10/30/1964	0.07%	0.05%	0.23%	0.09%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
11/30/1964	-0.04%	0.03%	0.21%	-0.21%
12/31/1964	-0.15%	-0.07%	0.10%	-0.28%
1/29/1965	-0.21%	-0.09%	-0.01%	-0.28%
2/26/1965	-0.14%	-0.08%	0.09%	-0.05%
3/31/1965	-0.19%	-0.03%	0.20%	-0.12%
4/30/1965	-0.19%	0.05%	0.26%	-0.17%
5/31/1965	-0.09%	0.18%	0.13%	-0.05%
6/30/1965	-0.05%	0.20%	-0.14%	0.21%
7/30/1965	0.06%	0.16%	-0.16%	0.32%
8/31/1965	0.12%	0.07%	-0.05%	0.37%
9/30/1965	0.11%	0.21%	-0.06%	0.31%
10/29/1965	0.21%	0.28%	0.26%	0.44%
11/30/1965	0.29%	0.25%	0.32%	0.50%
12/31/1965	0.37%	0.22%	0.30%	0.47%
1/31/1966	0.45%	0.24%	0.36%	0.44%
2/28/1966	0.58%	0.44%	0.50%	0.67%
3/31/1966	0.52%	0.33%	0.49%	0.72%
4/29/1966	0.55%	0.36%	0.60%	0.81%
5/31/1966	0.49%	0.40%	0.67%	0.62%
6/30/1966	0.50%	0.45%	0.70%	0.36%
7/29/1966	0.46%	0.52%	0.62%	0.30%
8/31/1966	0.59%	0.71%	0.66%	0.54%
9/30/1966	0.43%	0.54%	0.64%	0.37%
10/31/1966	0.34%	0.55%	0.62%	0.60%
11/30/1966	0.51%	0.80%	0.76%	0.83%
12/30/1966	0.36%	0.73%	0.58%	0.66%
1/31/1967	0.19%	0.64%	0.43%	0.55%
2/28/1967	0.03%	0.61%	0.47%	0.53%
3/31/1967	-0.10%	0.42%	0.23%	0.39%
4/28/1967	-0.04%	0.51%	0.32%	0.56%
5/31/1967	0.11%	0.60%	0.51%	0.78%
6/30/1967	0.21%	0.71%	0.66%	0.91%
7/31/1967	0.14%	0.60%	0.66%	0.76%
8/31/1967	0.05%	0.64%	0.76%	0.71%
9/29/1967	0.44%	0.87%	0.98%	1.08%
10/31/1967	0.65%	0.99%	1.20%	1.27%
11/30/1967	0.50%	1.01%	1.30%	1.26%
12/29/1967	0.78%	1.14%	1.51%	1.36%
1/31/1968	0.94%	1.13%	1.58%	1.37%
2/29/1968	1.08%	1.11%	1.69%	1.55%
3/29/1968	1.43%	1.33%	1.85%	1.66%
4/30/1968	1.06%	1.02%	1.57%	1.38%
5/31/1968	1.25%	1.36%	1.85%	1.76%
6/28/1968	0.75%	0.96%	1.46%	1.41%
7/31/1968	0.61%	0.75%	1.21%	1.27%
8/30/1968	0.44%	0.49%	1.08%	1.20%
9/30/1968	0.41%	0.85%	1.28%	1.39%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
10/31/1968	0.47%	1.12%	1.46%	1.67%
11/29/1968	0.54%	1.04%	1.55%	1.84%
12/31/1968	0.76%	1.54%	1.90%	2.27%
1/31/1969	0.62%	1.56%	1.75%	2.20%
2/28/1969	0.48%	1.56%	1.59%	2.17%
3/31/1969	0.31%	1.74%	1.64%	2.16%
4/30/1969	0.67%	1.73%	1.69%	2.24%
5/30/1969	0.51%	1.76%	1.87%	2.36%
6/30/1969	0.88%	1.63%	1.84%	2.34%
7/31/1969	1.03%	1.64%	1.78%	2.24%
8/29/1969	1.10%	1.54%	1.59%	2.18%
9/30/1969	1.21%	1.62%	2.06%	2.49%
10/31/1969	0.99%	1.46%	2.11%	2.45%
11/28/1969	1.20%	1.74%	2.24%	2.75%
12/31/1969	1.03%	1.79%	2.57%	2.93%
1/30/1970	1.15%	1.77%	2.71%	2.90%
2/27/1970	0.93%	1.41%	2.49%	2.52%
3/31/1970	0.71%	1.02%	2.45%	2.35%
4/30/1970	0.75%	1.42%	2.48%	2.44%
5/29/1970	0.75%	1.26%	2.51%	2.62%
6/30/1970	0.59%	1.47%	2.22%	2.43%
7/31/1970	0.39%	1.42%	2.03%	2.17%
8/31/1970	0.47%	1.57%	2.01%	2.06%
9/30/1970	0.07%	1.28%	1.69%	2.13%
10/30/1970	0.12%	1.11%	1.58%	2.23%
11/30/1970	-0.65%	0.55%	1.09%	1.59%
12/31/1970	-1.34%	-0.31%	0.45%	1.23%
1/29/1971	-1.64%	-0.49%	0.13%	1.07%
2/26/1971	-1.28%	-0.35%	0.13%	1.21%
3/31/1971	-1.17%	-0.46%	-0.15%	1.28%
4/30/1971	-1.07%	-0.32%	0.35%	1.41%
5/31/1971	-0.85%	-0.10%	0.41%	1.66%
6/30/1971	-0.79%	-0.20%	0.68%	1.43%
7/30/1971	-0.42%	-0.03%	1.00%	1.61%
8/31/1971	-0.85%	-0.38%	0.72%	1.16%
9/30/1971	-0.91%	-0.84%	0.37%	0.78%
10/29/1971	-1.23%	-1.11%	-0.12%	0.35%
11/30/1971	-0.94%	-1.59%	-0.39%	0.15%
12/31/1971	-0.43%	-1.77%	-0.74%	0.02%
1/31/1972	0.06%	-1.58%	-0.43%	0.19%
2/29/1972	0.05%	-1.23%	-0.30%	0.18%
3/31/1972	0.48%	-0.69%	0.02%	0.33%
4/28/1972	0.30%	-0.77%	-0.02%	0.65%
5/31/1972	-0.04%	-0.89%	-0.14%	0.37%
6/30/1972	0.15%	-0.64%	-0.05%	0.83%
7/31/1972	0.00%	-0.42%	-0.03%	1.00%
8/31/1972	0.29%	-0.56%	-0.09%	1.01%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
9/29/1972	0.49%	-0.42%	-0.35%	0.86%
10/31/1972	0.55%	-0.68%	-0.56%	0.43%
11/30/1972	0.52%	-0.42%	-1.07%	0.13%
12/29/1972	0.56%	0.13%	-1.21%	-0.18%
1/31/1973	0.43%	0.49%	-1.15%	0.00%
2/28/1973	0.31%	0.36%	-0.92%	0.01%
3/30/1973	0.06%	0.54%	-0.63%	0.08%
4/30/1973	0.12%	0.42%	-0.65%	0.10%
5/31/1973	0.38%	0.34%	-0.51%	0.24%
6/29/1973	0.29%	0.44%	-0.35%	0.24%
7/31/1973	0.24%	0.24%	-0.18%	0.21%
8/31/1973	0.38%	0.67%	-0.18%	0.29%
9/28/1973	0.26%	0.75%	-0.16%	-0.09%
10/31/1973	0.34%	0.89%	-0.34%	-0.22%
11/30/1973	0.56%	1.08%	0.14%	-0.51%
12/31/1973	0.58%	1.14%	0.71%	-0.63%
1/31/1974	0.59%	1.02%	1.08%	-0.56%
2/28/1974	0.53%	0.84%	0.89%	-0.39%
3/29/1974	0.89%	0.95%	1.43%	0.26%
4/30/1974	1.42%	1.54%	1.84%	0.77%
5/31/1974	1.19%	1.57%	1.53%	0.68%
6/28/1974	1.72%	2.01%	2.16%	1.37%
7/31/1974	1.90%	2.14%	2.14%	1.72%
8/30/1974	2.02%	2.40%	2.69%	1.84%
9/30/1974	1.95%	2.21%	2.70%	1.79%
10/31/1974	1.60%	1.94%	2.49%	1.26%
11/29/1974	1.23%	1.79%	2.31%	1.37%
12/31/1974	1.07%	1.65%	2.21%	1.78%
1/31/1975	0.55%	1.14%	1.57%	1.63%
2/28/1975	0.43%	0.96%	1.27%	1.32%
3/31/1975	0.28%	1.17%	1.23%	1.71%
4/30/1975	0.23%	1.65%	1.77%	2.07%
5/30/1975	-0.20%	0.99%	1.37%	1.33%
6/30/1975	-0.58%	1.14%	1.43%	1.58%
7/31/1975	-0.29%	1.61%	1.85%	1.85%
8/29/1975	-0.45%	1.57%	1.95%	2.24%
9/30/1975	0.05%	2.00%	2.26%	2.75%
10/31/1975	0.13%	1.73%	2.07%	2.62%
11/28/1975	0.71%	1.94%	2.50%	3.02%
12/31/1975	0.72%	1.79%	2.37%	2.93%
1/30/1976	0.99%	1.54%	2.13%	2.56%
2/27/1976	1.10%	1.53%	2.06%	2.37%
3/31/1976	0.92%	1.20%	2.09%	2.15%
4/30/1976	0.30%	0.53%	1.95%	2.07%
5/31/1976	0.61%	0.41%	1.60%	1.98%
6/30/1976	0.47%	-0.11%	1.61%	1.90%
7/30/1976	0.03%	-0.26%	1.64%	1.88%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
8/31/1976	-0.15%	-0.60%	1.42%	1.80%
9/30/1976	-0.56%	-0.51%	1.44%	1.70%
10/29/1976	-0.24%	-0.11%	1.49%	1.83%
11/30/1976	-0.76%	-0.05%	1.18%	1.74%
12/31/1976	-1.02%	-0.30%	0.77%	1.35%
1/31/1977	-0.77%	0.22%	0.77%	1.36%
2/28/1977	-0.65%	0.45%	0.88%	1.41%
3/31/1977	-0.56%	0.36%	0.64%	1.53%
4/29/1977	-0.49%	-0.19%	0.04%	1.46%
5/31/1977	-0.55%	0.06%	-0.14%	1.05%
6/30/1977	-0.63%	-0.16%	-0.74%	0.98%
7/29/1977	-0.67%	-0.64%	-0.93%	0.97%
8/31/1977	-0.67%	-0.82%	-1.27%	0.75%
9/30/1977	-0.55%	-1.11%	-1.06%	0.89%
10/31/1977	-0.39%	-0.63%	-0.50%	1.10%
11/30/1977	-0.08%	-0.84%	-0.13%	1.10%
12/30/1977	0.30%	-0.72%	0.00%	1.07%
1/31/1978	0.54%	-0.23%	0.76%	1.31%
2/28/1978	0.53%	-0.12%	0.98%	1.41%
3/31/1978	0.34%	-0.22%	0.70%	0.98%
4/28/1978	0.37%	-0.12%	0.18%	0.41%
5/31/1978	0.46%	-0.09%	0.52%	0.32%
6/30/1978	0.51%	-0.12%	0.35%	-0.23%
7/31/1978	0.47%	-0.20%	-0.17%	-0.46%
8/31/1978	0.59%	-0.08%	-0.23%	-0.68%
9/29/1978	0.54%	-0.01%	-0.57%	-0.52%
10/31/1978	0.78%	0.39%	0.15%	0.28%
11/30/1978	0.80%	0.72%	-0.04%	0.67%
12/29/1978	0.91%	1.21%	0.19%	0.91%
1/31/1979	0.76%	1.30%	0.53%	1.52%
2/28/1979	0.82%	1.35%	0.70%	1.80%
3/30/1979	0.74%	1.08%	0.52%	1.44%
4/30/1979	0.44%	0.81%	0.32%	0.62%
5/31/1979	0.45%	0.91%	0.36%	0.97%
6/29/1979	0.50%	1.01%	0.38%	0.85%
7/31/1979	0.67%	1.14%	0.47%	0.50%
8/31/1979	0.99%	1.58%	0.91%	0.76%
9/28/1979	1.23%	1.77%	1.22%	0.66%
10/31/1979	1.68%	2.46%	2.07%	1.83%
11/30/1979	1.40%	2.20%	2.12%	1.36%
12/31/1979	1.64%	2.55%	2.85%	1.83%
1/31/1980	2.31%	3.07%	3.61%	2.84%
2/29/1980	2.94%	3.76%	4.29%	3.64%
3/31/1980	3.54%	4.28%	4.62%	4.06%
4/30/1980	2.35%	2.79%	3.16%	2.67%
5/30/1980	1.74%	2.19%	2.65%	2.10%
6/30/1980	1.56%	2.06%	2.57%	1.94%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
7/31/1980	2.48%	3.15%	3.62%	2.95%
8/29/1980	2.25%	3.24%	3.83%	3.16%
9/30/1980	2.60%	3.83%	4.37%	3.82%
10/31/1980	2.06%	3.74%	4.52%	4.13%
11/28/1980	2.07%	3.47%	4.27%	4.19%
12/31/1980	1.35%	2.99%	3.90%	4.20%
1/30/1981	0.83%	3.14%	3.90%	4.44%
2/27/1981	0.47%	3.41%	4.23%	4.76%
3/31/1981	0.03%	3.57%	4.31%	4.65%
4/30/1981	3.06%	5.41%	5.85%	6.22%
5/29/1981	3.54%	5.28%	5.73%	6.19%
6/30/1981	3.74%	5.30%	5.80%	6.31%
7/31/1981	4.75%	7.23%	7.90%	8.37%
8/31/1981	4.37%	6.62%	7.61%	8.20%
9/30/1981	4.68%	7.28%	8.51%	9.05%
10/30/1981	3.44%	5.50%	7.18%	7.96%
11/30/1981	1.31%	3.38%	4.78%	5.58%
12/31/1981	2.60%	3.95%	5.59%	6.50%
1/29/1982	2.98%	3.81%	6.12%	6.88%
2/26/1982	1.63%	2.10%	5.04%	5.86%
3/31/1982	1.58%	1.61%	5.15%	5.89%
4/30/1982	-0.32%	2.74%	5.09%	5.53%
5/31/1982	-0.24%	3.30%	5.04%	5.49%
6/30/1982	1.00%	4.74%	6.30%	6.80%
7/30/1982	-1.45%	3.30%	5.78%	6.45%
8/31/1982	-2.81%	1.56%	3.81%	4.80%
9/30/1982	-4.18%	0.50%	3.10%	4.33%
10/29/1982	-4.03%	-0.59%	1.47%	3.15%
11/30/1982	-2.14%	-0.83%	1.24%	2.64%
12/31/1982	-3.58%	-0.98%	0.37%	2.01%
1/31/1983	-3.66%	-0.68%	0.15%	2.46%
2/28/1983	-3.21%	-1.58%	-1.11%	1.83%
3/31/1983	-3.36%	-1.78%	-1.75%	1.79%
4/29/1983	-3.57%	-3.89%	-0.83%	1.52%
5/31/1983	-3.42%	-3.66%	-0.12%	1.62%
6/30/1983	-4.47%	-3.47%	0.27%	1.83%
7/29/1983	-3.59%	-5.04%	-0.29%	2.19%
8/31/1983	-1.62%	-4.43%	-0.06%	2.19%
9/30/1983	-1.72%	-5.90%	-1.22%	1.38%
10/31/1983	-0.90%	-4.93%	-1.49%	0.57%
11/30/1983	-0.38%	-2.52%	-1.21%	0.86%
12/30/1983	0.33%	-3.25%	-0.65%	0.70%
1/31/1984	-0.36%	-4.02%	-1.04%	-0.21%
2/29/1984	0.60%	-2.61%	-0.98%	-0.51%
3/30/1984	1.36%	-2.00%	-0.42%	-0.39%
4/30/1984	2.13%	-1.44%	-1.76%	1.30%
5/31/1984	2.63%	-0.79%	-1.03%	2.51%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
6/29/1984	2.25%	-2.22%	-1.22%	2.52%
7/31/1984	1.38%	-2.21%	-3.66%	1.09%
8/31/1984	0.55%	-1.07%	-3.88%	0.49%
9/28/1984	0.87%	-0.85%	-5.03%	-0.35%
10/31/1984	0.45%	-0.45%	-4.48%	-1.04%
11/30/1984	0.01%	-0.37%	-2.51%	-1.20%
12/31/1984	-0.36%	-0.03%	-3.61%	-1.01%
1/31/1985	-0.54%	-0.90%	-4.56%	-1.58%
2/28/1985	-0.10%	0.50%	-2.71%	-1.08%
3/29/1985	-1.13%	0.23%	-3.13%	-1.55%
4/30/1985	-1.81%	0.32%	-3.25%	-3.57%
5/31/1985	-3.17%	-0.54%	-3.96%	-4.20%
6/28/1985	-2.93%	-0.68%	-5.15%	-4.15%
7/31/1985	-2.50%	-1.12%	-4.71%	-6.16%
8/30/1985	-2.10%	-1.55%	-3.17%	-5.98%
9/30/1985	-1.67%	-0.80%	-2.52%	-6.70%
10/31/1985	-1.46%	-1.01%	-1.91%	-5.94%
11/29/1985	-1.47%	-1.46%	-1.84%	-3.98%
12/31/1985	-1.60%	-1.96%	-1.63%	-5.21%
1/31/1986	-0.89%	-1.43%	-1.79%	-5.45%
2/28/1986	-2.34%	-2.44%	-1.84%	-5.05%
3/31/1986	-2.39%	-3.52%	-2.16%	-5.52%
4/30/1986	-2.18%	-3.99%	-1.86%	-5.43%
5/30/1986	-1.24%	-4.41%	-1.78%	-5.20%
6/30/1986	-1.46%	-4.39%	-2.14%	-6.61%
7/31/1986	-1.55%	-4.05%	-2.67%	-6.26%
8/29/1986	-1.63%	-3.73%	-3.18%	-4.80%
9/30/1986	-1.51%	-3.18%	-2.31%	-4.03%
10/31/1986	-1.19%	-2.65%	-2.20%	-3.10%
11/28/1986	-1.08%	-2.55%	-2.54%	-2.92%
12/31/1986	-0.83%	-2.43%	-2.79%	-2.46%
1/30/1987	-1.55%	-2.44%	-2.98%	-3.34%
2/27/1987	-0.86%	-3.20%	-3.30%	-2.70%
3/31/1987	-0.56%	-2.95%	-4.08%	-2.72%
4/30/1987	0.50%	-1.68%	-3.49%	-1.36%
5/29/1987	0.40%	-0.84%	-4.01%	-1.38%
6/30/1987	0.36%	-1.10%	-4.03%	-1.78%
7/31/1987	0.87%	-0.68%	-3.18%	-1.80%
8/31/1987	1.28%	-0.35%	-2.45%	-1.90%
9/30/1987	1.69%	0.18%	-1.49%	-0.62%
10/30/1987	0.68%	-0.51%	-1.97%	-1.52%
11/30/1987	1.24%	0.16%	-1.31%	-1.30%
12/31/1987	1.11%	0.28%	-1.32%	-1.68%
1/29/1988	0.80%	-0.75%	-1.64%	-2.18%
2/29/1988	0.51%	-0.35%	-2.69%	-2.79%
3/31/1988	1.15%	0.59%	-1.80%	-2.93%
4/29/1988	0.54%	1.04%	-1.14%	-2.95%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
5/31/1988	0.46%	0.86%	-0.38%	-3.55%
6/30/1988	0.35%	0.71%	-0.75%	-3.68%
7/29/1988	0.19%	1.06%	-0.49%	-2.99%
8/31/1988	0.21%	1.49%	-0.14%	-2.24%
9/30/1988	-0.68%	1.01%	-0.50%	-2.17%
10/31/1988	-0.08%	0.60%	-0.59%	-2.05%
11/30/1988	-0.18%	1.06%	-0.02%	-1.49%
12/30/1988	0.02%	1.13%	0.30%	-1.30%
1/31/1989	0.44%	1.24%	-0.31%	-1.20%
2/28/1989	0.94%	1.45%	0.59%	-1.75%
3/31/1989	0.36%	1.51%	0.95%	-1.44%
4/28/1989	-0.17%	0.37%	0.87%	-1.31%
5/31/1989	-0.53%	-0.07%	0.33%	-0.91%
6/30/1989	-0.53%	-0.18%	0.18%	-1.28%
7/31/1989	-0.80%	-0.61%	0.26%	-1.29%
8/31/1989	-1.03%	-0.82%	0.46%	-1.17%
9/29/1989	-0.55%	-1.23%	0.46%	-1.05%
10/31/1989	-0.59%	-0.67%	0.01%	-1.18%
11/30/1989	-0.52%	-0.70%	0.54%	-0.54%
12/29/1989	-0.67%	-0.65%	0.46%	-0.37%
1/31/1990	-0.14%	0.30%	1.10%	-0.45%
2/28/1990	0.09%	1.03%	1.54%	0.68%
3/30/1990	0.42%	0.78%	1.93%	1.37%
4/30/1990	1.35%	1.18%	1.72%	2.22%
5/31/1990	1.01%	0.48%	0.94%	1.34%
6/29/1990	1.12%	0.59%	0.94%	1.30%
7/31/1990	1.16%	0.36%	0.55%	1.42%
8/31/1990	1.21%	0.18%	0.39%	1.67%
9/28/1990	1.63%	1.08%	0.40%	2.09%
10/31/1990	1.61%	1.02%	0.94%	1.62%
11/30/1990	0.90%	0.38%	0.20%	1.44%
12/31/1990	0.82%	0.15%	0.17%	1.28%
1/31/1991	0.18%	0.04%	0.48%	1.28%
2/28/1991	-0.75%	-0.66%	0.28%	0.79%
3/29/1991	-1.03%	-0.61%	-0.25%	0.90%
4/30/1991	-1.63%	-0.28%	-0.45%	0.09%
5/31/1991	-0.95%	0.06%	-0.47%	-0.01%
6/28/1991	-0.36%	0.76%	0.23%	0.58%
7/31/1991	-0.61%	0.55%	-0.25%	-0.06%
8/30/1991	-0.86%	0.35%	-0.68%	-0.47%
9/30/1991	-1.95%	-0.32%	-0.87%	-1.55%
10/31/1991	-2.03%	-0.42%	-1.01%	-1.09%
11/29/1991	-1.52%	-0.62%	-1.14%	-1.32%
12/31/1991	-1.54%	-0.72%	-1.39%	-1.37%
1/31/1992	-1.30%	-1.12%	-1.26%	-0.82%
2/28/1992	-0.92%	-1.67%	-1.58%	-0.64%
3/31/1992	-0.60%	-1.63%	-1.21%	-0.85%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
4/30/1992	-0.40%	-2.03%	-0.68%	-0.85%
5/29/1992	-0.74%	-1.69%	-0.68%	-1.21%
6/30/1992	-1.49%	-1.85%	-0.73%	-1.26%
7/31/1992	-1.96%	-2.57%	-1.41%	-2.21%
8/31/1992	-1.78%	-2.64%	-1.43%	-2.46%
9/30/1992	-1.06%	-3.01%	-1.38%	-1.93%
10/30/1992	-0.79%	-2.82%	-1.21%	-1.80%
11/30/1992	-0.52%	-2.04%	-1.14%	-1.66%
12/31/1992	-0.43%	-1.97%	-1.15%	-1.82%
1/29/1993	-0.25%	-1.55%	-1.37%	-1.51%
2/26/1993	-0.78%	-1.70%	-2.45%	-2.36%
3/31/1993	-1.01%	-1.61%	-2.64%	-2.22%
4/30/1993	-1.24%	-1.64%	-3.27%	-1.92%
5/31/1993	-1.05%	-1.79%	-2.74%	-1.73%
6/30/1993	-0.91%	-2.40%	-2.76%	-1.64%
7/30/1993	-0.42%	-2.38%	-2.99%	-1.83%
8/31/1993	-0.79%	-2.57%	-3.43%	-2.22%
9/30/1993	-0.98%	-2.04%	-3.99%	-2.36%
10/29/1993	-0.98%	-1.77%	-3.80%	-2.19%
11/30/1993	-1.21%	-1.73%	-3.25%	-2.35%
12/31/1993	-1.42%	-1.85%	-3.39%	-2.57%
1/31/1994	-1.81%	-2.06%	-3.36%	-3.18%
2/28/1994	-0.86%	-1.64%	-2.56%	-3.31%
3/31/1994	-0.02%	-1.03%	-1.63%	-2.66%
4/29/1994	-0.09%	-1.33%	-1.73%	-3.36%
5/31/1994	0.43%	-0.62%	-1.36%	-2.31%
6/30/1994	1.33%	0.42%	-1.07%	-1.43%
7/29/1994	1.71%	1.29%	-0.67%	-1.28%
8/31/1994	1.49%	0.70%	-1.08%	-1.94%
9/30/1994	1.49%	0.51%	-0.55%	-2.50%
10/31/1994	1.94%	0.96%	0.17%	-1.86%
11/30/1994	1.79%	0.58%	0.06%	-1.46%
12/30/1994	2.04%	0.62%	0.19%	-1.35%
1/31/1995	2.55%	0.74%	0.49%	-0.81%
2/28/1995	1.53%	0.67%	-0.11%	-1.03%
3/31/1995	0.45%	0.43%	-0.58%	-1.18%
4/28/1995	0.26%	0.17%	-1.07%	-1.47%
5/31/1995	-0.44%	-0.01%	-1.06%	-1.80%
6/30/1995	-1.27%	0.06%	-0.85%	-2.34%
7/31/1995	-1.00%	0.71%	0.29%	-1.67%
8/31/1995	-0.65%	0.84%	0.05%	-1.73%
9/29/1995	-0.93%	0.56%	-0.42%	-1.48%
10/31/1995	-1.18%	0.76%	-0.22%	-1.01%
11/30/1995	-1.80%	-0.01%	-1.22%	-1.74%
12/29/1995	-1.73%	0.31%	-1.11%	-1.54%
1/31/1996	-2.06%	0.49%	-1.32%	-1.57%
2/29/1996	-1.02%	0.51%	-0.35%	-1.13%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
3/29/1996	-0.76%	-0.31%	-0.33%	-1.34%
4/30/1996	-0.37%	-0.11%	-0.20%	-1.44%
5/31/1996	-0.19%	-0.63%	-0.20%	-1.25%
6/28/1996	-0.04%	-1.31%	0.02%	-0.89%
7/31/1996	-0.64%	-1.64%	0.07%	-0.35%
8/30/1996	-0.64%	-1.29%	0.20%	-0.59%
9/30/1996	-0.63%	-1.56%	-0.07%	-1.05%
10/31/1996	-1.30%	-2.48%	-0.54%	-1.52%
11/29/1996	-1.02%	-2.82%	-1.03%	-2.24%
12/31/1996	-0.66%	-2.39%	-0.35%	-1.77%
1/31/1997	-0.28%	-2.34%	0.21%	-1.60%
2/28/1997	-1.06%	-2.08%	-0.55%	-1.41%
3/31/1997	-0.97%	-1.73%	-1.28%	-1.30%
4/30/1997	-1.10%	-1.47%	-1.21%	-1.30%
5/30/1997	-0.97%	-1.16%	-1.60%	-1.17%
6/30/1997	-1.49%	-1.53%	-2.80%	-1.47%
7/31/1997	-1.75%	-2.39%	-3.39%	-1.68%
8/29/1997	-1.22%	-1.86%	-2.51%	-1.02%
9/30/1997	-1.49%	-2.12%	-3.05%	-1.56%
10/31/1997	-1.01%	-2.31%	-3.49%	-1.55%
11/28/1997	-0.64%	-1.66%	-3.46%	-1.67%
12/31/1997	-0.97%	-1.63%	-3.36%	-1.32%
1/30/1998	-1.44%	-1.72%	-3.78%	-1.23%
2/27/1998	-1.14%	-2.20%	-3.22%	-1.69%
3/31/1998	-1.43%	-2.40%	-3.16%	-2.71%
4/30/1998	-1.33%	-2.43%	-2.80%	-2.54%
5/29/1998	-1.46%	-2.43%	-2.62%	-3.06%
6/30/1998	-1.04%	-2.53%	-2.57%	-3.84%
7/31/1998	-0.55%	-2.30%	-2.94%	-3.94%
8/31/1998	-0.60%	-1.82%	-2.46%	-3.11%
9/30/1998	-0.84%	-2.33%	-2.96%	-3.89%
10/30/1998	-0.53%	-1.54%	-2.84%	-4.02%
11/30/1998	-0.43%	-1.07%	-2.09%	-3.89%
12/31/1998	-0.72%	-1.69%	-2.35%	-4.08%
1/29/1999	-0.55%	-1.99%	-2.27%	-4.33%
2/26/1999	-0.27%	-1.41%	-2.47%	-3.49%
3/31/1999	-0.31%	-1.74%	-2.71%	-3.47%
4/30/1999	-0.30%	-1.63%	-2.73%	-3.10%
5/31/1999	0.05%	-1.41%	-2.38%	-2.57%
6/30/1999	0.18%	-0.86%	-2.35%	-2.39%
7/30/1999	0.18%	-0.37%	-2.12%	-2.76%
8/31/1999	-0.09%	-0.69%	-1.91%	-2.55%
9/30/1999	0.77%	-0.07%	-1.56%	-2.19%
10/29/1999	1.11%	0.58%	-0.43%	-1.73%
11/30/1999	0.77%	0.34%	-0.30%	-1.32%
12/31/1999	1.17%	0.45%	-0.52%	-1.18%
1/31/2000	1.28%	0.73%	-0.71%	-0.99%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
2/29/2000	0.61%	0.34%	-0.80%	-1.86%
3/31/2000	0.73%	0.42%	-1.01%	-1.98%
4/28/2000	0.69%	0.39%	-0.94%	-2.04%
5/31/2000	0.40%	0.45%	-1.01%	-1.98%
6/30/2000	0.27%	0.45%	-0.59%	-2.08%
7/31/2000	0.09%	0.27%	-0.28%	-2.03%
8/31/2000	0.10%	0.01%	-0.59%	-1.81%
9/29/2000	-0.09%	0.68%	-0.16%	-1.65%
10/31/2000	-0.59%	0.52%	-0.01%	-1.02%
11/30/2000	-0.49%	0.28%	-0.15%	-0.79%
12/29/2000	-0.66%	0.51%	-0.21%	-1.18%
1/31/2001	-0.65%	0.63%	0.08%	-1.36%
2/28/2001	-0.35%	0.26%	-0.01%	-1.15%
3/30/2001	-0.22%	0.51%	0.20%	-1.23%
4/30/2001	-0.09%	0.60%	0.30%	-1.03%
5/31/2001	0.14%	0.54%	0.59%	-0.87%
6/29/2001	0.07%	0.34%	0.52%	-0.52%
7/31/2001	0.18%	0.27%	0.45%	-0.10%
8/31/2001	-0.07%	0.03%	-0.06%	-0.66%
9/28/2001	0.03%	-0.06%	0.71%	-0.13%
10/31/2001	-0.47%	-1.06%	0.05%	-0.48%
11/30/2001	0.03%	-0.46%	0.31%	-0.12%
12/31/2001	0.16%	-0.50%	0.67%	-0.05%
1/31/2002	0.01%	-0.64%	0.64%	0.09%
2/28/2002	0.05%	-0.30%	0.31%	0.04%
3/29/2002	0.26%	0.04%	0.77%	0.46%
4/30/2002	-0.05%	-0.14%	0.55%	0.25%
5/31/2002	-0.32%	-0.18%	0.22%	0.27%
6/28/2002	-0.24%	-0.17%	0.10%	0.28%
7/31/2002	-0.31%	-0.13%	-0.04%	0.14%
8/30/2002	-0.17%	-0.24%	-0.14%	-0.23%
9/30/2002	-0.48%	-0.45%	-0.54%	0.23%
10/31/2002	0.29%	-0.18%	-0.77%	0.34%
11/29/2002	-0.11%	-0.08%	-0.57%	0.20%
12/31/2002	-0.38%	-0.22%	-0.88%	0.29%
1/31/2003	-0.27%	-0.26%	-0.91%	0.37%
2/28/2003	-0.29%	-0.24%	-0.59%	0.02%
3/31/2003	-0.48%	-0.22%	-0.44%	0.29%
4/30/2003	-0.55%	-0.60%	-0.69%	0.00%
5/30/2003	-0.75%	-1.07%	-0.93%	-0.53%
6/30/2003	-0.75%	-0.99%	-0.92%	-0.65%
7/31/2003	-0.35%	-0.66%	-0.48%	-0.39%
8/29/2003	-0.15%	-0.32%	-0.39%	-0.29%
9/30/2003	-0.19%	-0.67%	-0.64%	-0.73%
10/31/2003	-0.28%	0.01%	-0.46%	-1.05%
11/28/2003	-0.31%	-0.42%	-0.39%	-0.88%
12/31/2003	-0.23%	-0.61%	-0.45%	-1.11%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
1/30/2004	-0.30%	-0.57%	-0.56%	-1.21%
2/27/2004	-0.41%	-0.70%	-0.65%	-1.00%
3/31/2004	-0.58%	-1.06%	-0.80%	-1.02%
4/30/2004	-0.11%	-0.66%	-0.71%	-0.80%
5/31/2004	0.22%	-0.53%	-0.85%	-0.71%
6/30/2004	0.32%	-0.43%	-0.67%	-0.60%
7/30/2004	-0.06%	-0.41%	-0.72%	-0.54%
8/31/2004	-0.26%	-0.41%	-0.58%	-0.65%
9/30/2004	-0.17%	-0.36%	-0.84%	-0.81%
10/29/2004	-0.37%	-0.65%	-0.36%	-0.83%
11/30/2004	-0.37%	-0.68%	-0.79%	-0.76%
12/31/2004	-0.28%	-0.51%	-0.89%	-0.73%
1/31/2005	-0.46%	-0.76%	-1.03%	-1.02%
2/28/2005	-0.27%	-0.68%	-0.97%	-0.92%
3/31/2005	-0.19%	-0.77%	-1.25%	-0.99%
4/29/2005	-0.68%	-0.79%	-1.34%	-1.39%
5/31/2005	-0.82%	-0.60%	-1.35%	-1.67%
6/30/2005	-1.03%	-0.71%	-1.46%	-1.70%
7/29/2005	-0.98%	-1.04%	-1.39%	-1.70%
8/31/2005	-1.03%	-1.29%	-1.44%	-1.61%
9/30/2005	-0.81%	-0.98%	-1.17%	-1.65%
10/31/2005	-0.58%	-0.95%	-1.23%	-0.94%
11/30/2005	-0.67%	-1.04%	-1.35%	-1.46%
12/30/2005	-0.82%	-1.10%	-1.33%	-1.71%
1/31/2006	-0.47%	-0.93%	-1.23%	-1.50%
2/28/2006	-0.54%	-0.81%	-1.22%	-1.51%
3/31/2006	-0.49%	-0.68%	-1.26%	-1.74%
4/28/2006	0.04%	-0.64%	-0.75%	-1.30%
5/31/2006	0.10%	-0.72%	-0.50%	-1.25%
6/30/2006	0.42%	-0.61%	-0.29%	-1.04%
7/31/2006	0.15%	-0.83%	-0.89%	-1.24%
8/31/2006	0.11%	-0.92%	-1.18%	-1.33%
9/29/2006	-0.13%	-0.94%	-1.11%	-1.30%
10/31/2006	-0.13%	-0.71%	-1.08%	-1.36%
11/30/2006	-0.17%	-0.84%	-1.21%	-1.52%
12/29/2006	0.07%	-0.75%	-1.03%	-1.26%
1/31/2007	0.01%	-0.46%	-0.92%	-1.22%
2/28/2007	-0.07%	-0.61%	-0.88%	-1.29%
3/30/2007	-0.05%	-0.54%	-0.73%	-1.31%
4/30/2007	-0.38%	-0.34%	-1.02%	-1.13%
5/31/2007	-0.08%	0.02%	-0.80%	-0.58%
6/29/2007	-0.10%	0.32%	-0.71%	-0.39%
7/31/2007	0.06%	0.21%	-0.77%	-0.83%
8/31/2007	0.22%	0.33%	-0.70%	-0.96%
9/28/2007	0.42%	0.29%	-0.52%	-0.69%
10/31/2007	0.14%	0.01%	-0.57%	-0.94%
11/30/2007	0.19%	0.02%	-0.65%	-1.02%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
12/31/2007	0.07%	0.14%	-0.68%	-0.96%
1/31/2008	-0.06%	-0.05%	-0.52%	-0.98%
2/29/2008	0.04%	-0.03%	-0.57%	-0.84%
3/31/2008	-0.30%	-0.35%	-0.84%	-1.03%
4/30/2008	-0.19%	-0.57%	-0.53%	-1.21%
5/30/2008	-0.36%	-0.44%	-0.34%	-1.16%
6/30/2008	-0.52%	-0.62%	-0.20%	-1.23%
7/31/2008	-0.34%	-0.28%	-0.13%	-1.11%
8/29/2008	-0.42%	-0.20%	-0.09%	-1.12%
9/30/2008	-0.36%	0.06%	-0.07%	-0.88%
10/31/2008	-0.08%	0.06%	-0.07%	-0.65%
11/28/2008	-0.22%	-0.03%	-0.20%	-0.87%
12/31/2008	-0.73%	-0.66%	-0.59%	-1.41%
1/30/2009	-0.43%	-0.49%	-0.48%	-0.95%
2/27/2009	-0.44%	-0.40%	-0.47%	-1.01%
3/31/2009	-0.28%	-0.58%	-0.63%	-1.12%
4/30/2009	-0.30%	-0.49%	-0.87%	-0.83%
5/29/2009	0.04%	-0.32%	-0.40%	-0.30%
6/30/2009	-0.11%	-0.63%	-0.73%	-0.31%
7/31/2009	-0.08%	-0.42%	-0.36%	-0.21%
8/31/2009	-0.06%	-0.48%	-0.26%	-0.15%
9/30/2009	-0.27%	-0.63%	-0.21%	-0.34%
10/30/2009	-0.33%	-0.41%	-0.27%	-0.40%
11/30/2009	-0.16%	-0.38%	-0.19%	-0.36%
12/31/2009	0.63%	-0.10%	-0.03%	0.04%
1/29/2010	0.18%	-0.25%	-0.31%	-0.30%
2/26/2010	0.28%	-0.16%	-0.12%	-0.19%
3/31/2010	0.36%	0.08%	-0.22%	-0.27%
4/30/2010	0.27%	-0.03%	-0.22%	-0.60%
5/31/2010	-0.53%	-0.49%	-0.85%	-0.93%
6/30/2010	-0.37%	-0.48%	-1.00%	-1.10%
7/30/2010	-0.39%	-0.47%	-0.81%	-0.75%
8/31/2010	-0.57%	-0.63%	-1.05%	-0.83%
9/30/2010	-0.62%	-0.89%	-1.25%	-0.83%
10/29/2010	-0.60%	-0.93%	-1.01%	-0.87%
11/30/2010	-0.24%	-0.40%	-0.62%	-0.43%
12/31/2010	-0.57%	0.06%	-0.67%	-0.60%
1/31/2011	-0.21%	-0.03%	-0.46%	-0.52%
2/28/2011	-0.29%	-0.01%	-0.45%	-0.41%
3/31/2011	-0.33%	0.03%	-0.25%	-0.55%
4/29/2011	-0.32%	-0.05%	-0.35%	-0.54%
5/31/2011	-0.17%	-0.70%	-0.66%	-1.02%
6/30/2011	-0.12%	-0.49%	-0.60%	-1.12%
7/29/2011	-0.43%	-0.82%	-0.90%	-1.24%
8/31/2011	-0.39%	-0.96%	-1.02%	-1.44%
9/30/2011	-0.51%	-1.13%	-1.40%	-1.76%
10/31/2011	-0.47%	-1.07%	-1.40%	-1.48%

	1 Year Government of Canada marketable	2 Year Government of Canada marketable	3 Year Government of Canada marketable	4 Year Government of Canada marketable
11/30/2011	-0.99%	-1.23%	-1.39%	-1.61%
12/30/2011	-1.09%	-1.66%	-1.03%	-1.76%
1/31/2012	-1.16%	-1.37%	-1.19%	-1.62%
2/29/2012	-1.21%	-1.50%	-1.22%	-1.66%
3/30/2012	-1.10%	-1.43%	-1.07%	-1.35%
4/30/2012	-1.12%	-1.44%	-1.17%	-1.47%
5/31/2012	-1.21%	-1.38%	-1.91%	-1.87%
6/29/2012	-1.23%	-1.35%	-1.72%	-1.83%
7/31/2012	-1.14%	-1.57%	-1.96%	-2.04%
8/31/2012	-0.72%	-1.11%	-1.68%	-1.74%
9/28/2012	-0.50%	-1.01%	-1.63%	-1.90%
10/31/2012	-0.64%	-1.11%	-1.71%	-2.04%
11/30/2012	-0.41%	-1.40%	-1.64%	-1.80%
12/31/2012	-0.15%	-1.24%	-1.81%	-1.18%
1/31/2013	-0.08%	-1.24%	-1.45%	-1.27%
2/28/2013	-0.09%	-1.30%	-1.59%	-1.31%
3/31/2013	-0.22%	-1.32%	-1.65%	-1.29%
4/30/2013	-0.36%	-1.48%	-1.80%	-1.53%
5/31/2013	0.28%	-0.93%	-1.10%	-1.63%
6/28/2013	0.66%	-0.57%	-0.69%	-1.06%
7/31/2013	0.74%	-0.40%	-0.83%	-1.22%
8/30/2013	0.72%	0.00%	-0.39%	-0.96%
9/30/2013	0.76%	0.26%	-0.25%	-0.87%
10/31/2013	0.60%	-0.04%	-0.51%	-1.11%
11/29/2013	0.81%	0.40%	-0.59%	-0.83%
12/31/2013	0.82%	0.67%	-0.42%	-0.99%
1/31/2014	0.33%	0.25%	-0.91%	-1.12%
2/28/2014	0.41%	0.32%	-0.89%	-1.18%
3/31/2014	0.48%	0.26%	-0.84%	-1.17%
4/30/2014	0.57%	0.21%	-0.91%	-1.23%

1 Year Difference	Laplace	Logistic	LogLogistic	Normal	Weibull	ExtValue	ExtValueMin	Triang	Uniform	Expon
Rankings By Fit Statistic [10 Valid Fits]										
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Bayesian (BIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Chi-Sq Statistic	#2	#1	#3	#4	#5	#6	#7	#8	#9	#10
K-S Statistic	#3	#2	#1	#4	#5	#6	#7	#8	#9	#10
A-D Statistic	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Information Criteria										
Akaike (AIC)	-4389.2365	-4372.024	-4370.0199	-4285.4423	-4218.1533	-4053.039	-4026.9036	-3915.3025	-3272.0846	-2898.3633
Bayesian (BIC)	-4380.1864	-4362.974	-4356.4537	-4276.3923	-4204.5871	-4043.989	-4017.8535	-3901.7362	-3263.0345	-2889.3133
Chi-Squared Test										
Chi-Sq Statistic	28.7151	28.6424	28.9331	67.3052	119.1948	239.907	274.936	491.1424	1375.4448	2070.1395
Anderson-Darling Test										
A-D Statistic	0.8532	1.4641	1.4647	7.8297	15.3205	32.568	34.9683	63.6848	128.5163	193.0618
Kolmogorov-Smirnov Test										
K-S Statistic	0.0391	0.0348	0.0347	0.0724	0.0986	0.137	0.1387	0.2033	0.3015	0.4319

2 Year Difference	Laplace	LogLogistic	Logistic	Normal	Weibull	ExtValue	ExtValueMin	Triang	Uniform	Expon
Rankings By Fit Statistic [10 Valid Fits]										
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Bayesian (BIC)	#1	#3	#2	#4	#5	#6	#7	#8	#9	#10
Chi-Sq Statistic	#3	#1	#2	#4	#5	#6	#7	#8	#9	#10
K-S Statistic	#1	#3	#2	#4	#5	#6	#7	#8	#9	#10
A-D Statistic	#1	#3	#2	#4	#5	#6	#7	#8	#9	#10
Information Criteria										
Akaike (AIC)	-3849.1541	-3832.9322	-3832.853	-3750.1678	-3679.1032	-3612.2334	-3422.5917	-3369.733	-2731.7691	-2479.0511
Bayesian (BIC)	-3840.1396	-3819.4193	-3823.8385	-3741.1532	-3665.5904	-3603.2189	-3413.5772	-3356.2201	-2722.7546	-2470.0366
Chi-Squared Test										
Chi-Sq Statistic	50.6272	42.787	44.7101	93.3047	148.4083	205.8047	339.8284	530.4349	1379.5473	1856.3964
Anderson-Darling Test										
A-D Statistic	0.8002	1.858	1.7701	7.8135	15.8494	23.6511	41.4533	68.5285	134.8307	182.4702
Kolmogorov-Smirnov Test										
K-S Statistic	0.033	0.0472	0.0464	0.0819	0.1019	0.1295	0.1501	0.2468	0.3576	0.415

3 Year Difference	LogLogistic	Logistic	Normal	ExtValue	Weibull	Triang	ExtValueMin	Uniform	Expon
Rankings By Fit Statistic [9 Valid Fits]									
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9
Bayesian (BIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9
Chi-Sq Statistic	#2	#1	#3	#5	#4	#7	#6	#9	#8
K-S Statistic	#1	#2	#3	#5	#4	#7	#6	#9	#8
A-D Statistic	#1	#2	#3	#5	#4	#7	#6	#9	#8
Information Criteria									
Akaike (AIC)	-3516.0131	-3502.4177	-3430.0523	-3410.5132	-3408.1756	-3198.3205	-3094.526	-2635.6292	-2623.4392
Bayesian (BIC)	-3502.5546	-3493.4393	-3421.0739	-3401.5348	-3394.7171	-3184.8621	-3085.5476	-2626.6508	-2614.4608
Chi-Squared Test									
Chi-Sq Statistic	63.4849	56.1054	99.1777	147.0693	135.9247	379.3735	352.7169	1138.1837	1120.1114
Anderson-Darling Test									
A-D Statistic	2.3462	2.8214	8.9827	13.9985	12.7925	66.6685	42.2408	147.1148	137.2991
Kolmogorov-Smirnov Test									
K-S Statistic	0.0454	0.0487	0.0897	0.1103	0.1035	0.2546	0.1545	0.3897	0.3637

4 Year Difference	LogLogistic	Logistic	Normal	Weibull	ExtValue	Triang	ExtValueMin	Uniform	Expon
Rankings By Fit Statistic [9 Valid Fits]									
Akaike (AIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9
Bayesian (BIC)	#1	#2	#3	#4	#5	#6	#7	#8	#9
Chi-Sq Statistic	#1	#2	#3	#4	#5	#7	#6	#8	#9
K-S Statistic	#1	#2	#3	#4	#5	#7	#6	#8	#9
A-D Statistic	#1	#2	#3	#4	#5	#7	#6	#8	#9
Information Criteria									
Akaike (AIC)	-3249.8158	-3243.8722	-3189.3113	-3145.8749	-3105.0243	-2951.8969	-2906.0896	-2402.2036	-2234.3725
Bayesian (BIC)	-3236.4127	-3234.9306	-3180.3697	-3132.4718	-3096.0827	-2938.4938	-2897.148	-2393.262	-2225.4309
Chi-Squared Test									
Chi-Sq Statistic	62.2638	72.3098	100.6074	135.7301	156.2822	352.8313	315.3313	1025.7607	1260.0399
Anderson-Darling Test									
A-D Statistic	2.0833	2.5664	5.9593	10.5755	14.7767	46.7966	33.1417	118.9975	149.1785
Kolmogorov-Smirnov Test									
K-S Statistic	0.0495	0.0543	0.0738	0.1049	0.1135	0.2078	0.1563	0.3504	0.4

PUB (MPI) 1-116

For the selected 4 year, 1-in-40 probability Combined Scenario (Equity Returns, Interest Rates and Claims Incurred), please provide the assumed cumulative S&P/TSX Total Returns by year, the assumed interest rate declines (before limitation) by year, and the assumed cumulative simulated total ultimate losses by year (comparable to the tables shown on RSR.2 Page30, Page 83 and Page 42, respectively).

RESPONSE:

The table below shows the *cumulative* figures for each of the items requested.

Combined Scenario 4 Year, 1-in-40

	Fiscal Year			
Component	**2015/16**	**2016/17**	**2017/18**	**2018/19**
S&P/TSX Total Return	4.52%	9.25%	14.19%	19.35%
Interest Rate Decline	-0.38%	-0.77%	-1.15%	-1.54%
Ultimate Losses ($000)	$702,345	$1,399,419	$1,421,358	$1,467,620

PUB (MPI) 1-117

Please provide the supporting analysis of "Correlation between Equity Returns and Interest Rate Movement" [RSR.2 Page 49].

RESPONSE:

Please see PUB (MPI) 1-114 attachment (a).

PUB (MPI) 1-118

Please provide a restated Exhibit 5a, 5b, 5c, 5h, 5i and 5j separating the vehicle premiums from the RSR Rebuilding Fees, and separating out amounts relating to the premium deficiency reserves [RSR.2 Exhibit 5].

RESPONSE:

Please see attachment. Premium deficiency reserves can be found in Volume II Rate Stabilization Reserve, section RSR.2 Exhibit 5f and Exhibit 5m.

Exhibit 5a
Combined Scenario before Management Action
Statement of Operations

(C$ 000s, except where noted)	For the Years Ended February,							
	2012A	2013A	2014A	2015P	2016P	2017P	2018P	2019P
BASIC								
Motor Vehicles	760,039	722,774	756,642	795,233	850,888	888,938	928,575	969,890
RSR Rebuilding Fees	-	-	-	-	8,509	8,889	9,286	9,699
Drivers	26,593	32,692	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(6,679)	(9,422)	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**779,953**	**746,044**	**784,740**	**828,564**	**896,747**	**939,042**	**982,782**	**1,027,783**
Net Premiums Earned								
Motor Vehicles	748,948	739,654	741,077	769,872	824,730	871,052	909,943	950,470
RSR Rebuilding Fees	-	-	-	-	4,510	8,713	9,102	9,507
Drivers	24,037	29,299	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(11,308)	(12,202)	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**761,677**	**756,751**	**764,670**	**800,480**	**864,444**	**918,908**	**961,971**	**1,006,390**
Service Fees & Other Revenues	18,736	18,452	20,384	19,799	21,079	22,815	24,671	26,786
Total Earned Revenues	**780,413**	**775,203**	**785,053**	**820,279**	**885,523**	**941,723**	**986,641**	**1,033,176**
Net Claims Incurred	612,037	661,288	747,435	614,643	814,455	831,362	873,361	892,537
Claims Expense	109,760	108,587	114,552	116,249	120,481	126,623	128,438	140,001
Road Safety/Loss Prevention	12,982	13,032	12,816	11,350	10,514	10,620	10,709	10,800
Total Claims Costs	**734,779**	**782,907**	**874,803**	**742,242**	**945,450**	**968,605**	**1,012,508**	**1,043,337**
Expenses								
Operating	57,465	63,758	67,982	73,568	74,791	79,423	81,707	88,287
Commissions	41,034	37,545	32,058	33,496	34,173	35,970	37,450	38,991
Premium Taxes	22,766	23,069	23,343	24,426	26,351	27,994	29,294	30,635
Regulatory/Appeal	3,423	3,392	3,765	3,261	3,314	3,381	3,448	3,518
Total Expenses	**124,688**	**127,764**	**127,148**	**134,751**	**138,630**	**146,767**	**151,899**	**161,431**
Underwriting Income (Loss)	**(79,054)**	**(135,467)**	**(216,898)**	**(56,715)**	**(198,557)**	**(173,650)**	**(177,765)**	**(171,592)**
Investment Income	101,243	72,363	147,735	28,759	109,356	107,453	108,475	103,309
Net Income (Loss) from Operations	**22,189**	**(63,104)**	**(69,163)**	**(27,956)**	**(89,201)**	**(66,197)**	**(69,290)**	**(68,283)**
Allocated from Property	89	-	-	-	-	-	-	-
Transfer from Immobilizer Incentive Fund	-	-	-	-	-	-	-	-
Net Income (Loss)	**22,278**	**(63,104)**	**(69,163)**	**(27,956)**	**(89,201)**	**(66,197)**	**(69,290)**	**(68,283)**

Exhibit 5b
Combined Scenario before Management Action
Statement of Retained Earnings

(C$ 000s, except where noted)	For the Years Ended February,							
	2012A	2013A	2014A	2015P	2016P	2017P	2018P	2019P
RATE STABILIZATION RESERVE (RSR)								
Basic Insurance Rate Stabilization Reserve								
Beginning Balance	155,700	149,800	99,876	71,920	(17,281)	(83,478)	(152,768)	(221,051)
Net Income (Loss) from annual operations	-	-	-	-	-	-	-	-
Transfer from Basic Retained Earnings	-	(49,924)	(27,956)	(89,201)	(66,197)	(69,290)	(68,283)	(72,176)
Transfer to Basic Retained Earnings	(5,900)	-	-	-	-	-	-	-
Ending Balance	149,800	99,876	71,920	(17,281)	(83,478)	(152,768)	(221,051)	(293,227)
Minimum RSR based on PUB rules	77,900	77,900	82,300	89,000	93,200	97,600	102,100	106,400
Maximum RSR based on PUB rules	149,800	155,700	164,300	177,700	186,100	194,700	203,600	212,100
MPI RSR Target	200,000	200,000	172,000	172,000	172,000	172,000	172,000	172,000
Retained Earnings								
Beginning Balance	57,983	19,239	-	-	-	-	-	-
Net Income (Loss) from annual operations	13,339	(49,924)	(27,956)	(89,201)	(66,197)	(69,290)	(68,283)	(72,176)
Retained Earnings Prior to Transfers	71,322	(30,685)	(27,956)	(89,201)	(66,197)	(69,290)	(68,283)	(72,176)
Transfer to Rate Stabilization Reserve	-	49,924	27,956	89,201	66,197	69,290	68,283	72,176
Transfer from Rate Stabilization Reserve	5,900	-	-	-	-	-	-	-
Transfer from Immobilizer Incentive Fund	-	-	-	-	-	-	-	-
Transfer (to) from IT Optimization Fund	-	-	-	-	-	-	-	-
Premium Rebate	-	-	-	-	-	-	-	-
Transition to IFRS Mar 1/10	-	-	-	-	-	-	-	-
Balance of Fund	**19,239**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IT Optimization Fund								
Beginning Balance	-	65,000	-	-	-	-	-	-
Transfer to Basic Retained Earnings	-	-	-	-	-	-	-	-
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 169,039**	**$ 99,876**	**$ 71,920**	**$ (17,281)**	**$ (83,478)**	**$ (152,768)**	**$ (221,051)**	**$ (293,227)**

Exhibit 5c
Combined Scenario before Management Action
Balance Sheet

(C$ 000s, except where noted)	For the Years Ended February,							
	2012A	2013A	2014A	2015P	2016P	2017P	2018P	2019P
BASIC								
Assets								
Cash and investments	1,308,214	1,298,217	1,424,341	1,319,679	1,308,155	1,363,540	1,418,057	1,479,683
Equity investments	424,986	473,796	600,483	620,566	686,566	715,069	744,789	793,497
Investment property	161,186	175,142	32,226	31,222	30,937	30,685	30,434	30,272
Due from other insurance companies	1,956	945	1,755	-	-	-	-	-
Accounts receivable	222,487	232,595	235,616	249,289	266,732	277,983	289,586	301,525
Prepaid expenses	699	716	731	568	568	568	568	568
Deferred policy acquisition costs	22,958	3,884	-	-	-	-	-	-
Reinsurers' share of unearned premiums	2,779	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	23,782	26,130	17,625	-	-	-	-	-
Property and equipment	85,275	87,709	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	33,736	40,884	54,685	70,701	81,714	86,063	90,579	77,606
	2,288,058	2,340,018	2,447,570	2,377,059	2,460,189	2,557,653	2,656,563	2,764,099
Liabilities								
Due to other insurance companies	4,718	1,114	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	32,891	31,827	35,769	35,673	38,169	39,780	41,440	43,148
Financing lease obligation	3,137	3,091	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	393,285	382,507	402,982	438,580	474,105	497,716	522,278	547,717
Provision for employee current benefits	14,568	14,896	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	207,912	230,117	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,368,857	1,450,626	1,584,042	1,489,706	1,615,303	1,742,469	1,871,076	2,004,426
	2,025,368	2,114,178	2,277,408	2,234,238	2,411,961	2,579,773	2,750,597	2,927,762
Equity								
Retained earnings								
Basic Insurance Retained Earnings								
Rate Stabilization Reserve	155,700	149,800	99,876	71,920	(17,281)	(83,478)	(152,768)	(221,051)
Retained Earnings	57,983	19,239	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-	-	-
	213,683	169,039	99,876	71,920	(17,281)	(83,478)	(152,768)	(221,051)
Accumulated Other Comprehensive Income	49,007	56,800	70,284	70,902	65,509	61,358	58,734	57,388
Total Equity	262,690	225,839	170,160	142,822	48,228	(22,119)	(94,034)	(163,664)
	2,288,058	2,340,017	2,447,568	2,377,059	2,460,189	2,557,653	2,656,563	2,764,099

Exhibit 5h
Combined Scenario after Management Action
Statement of Operations

(C$ 000s, except where noted)	For the Years Ended February,							
	2012A	2013A	2014A	2015P	2016P	2017P	2018P	2019P
BASIC								
Motor Vehicles	760,039	722,774	756,642	795,233	850,888	889,503	948,477	992,089
RSR Rebuilding Fees	-	-	-	-	8,509	53,370	75,878	99,209
Drivers	26,593	32,692	41,520	46,992	51,284	55,427	59,418	62,982
Reinsurance Ceded	(6,679)	(9,422)	(13,422)	(13,661)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Written	**779,953**	**746,044**	**784,740**	**828,564**	**896,747**	**984,087**	**1,069,276**	**1,139,492**
Net Premiums Earned								
Motor Vehicles	748,948	739,654	741,077	769,872	824,730	851,325	911,682	962,589
RSR Rebuilding Fees	-	-	-	-	4,510	52,314	74,377	97,246
Drivers	24,037	29,299	37,015	44,330	49,138	53,355	57,422	61,201
Reinsurance Ceded	(11,308)	(12,202)	(13,422)	(13,722)	(13,934)	(14,213)	(14,497)	(14,787)
Total Net Premiums Earned	**761,677**	**756,751**	**764,670**	**800,480**	**864,444**	**942,782**	**1,028,984**	**1,106,249**
Service Fees & Other Revenues	18,736	18,452	20,384	19,799	21,079	22,815	24,966	27,356
Total Earned Revenues	**780,413**	**775,203**	**785,053**	**820,279**	**885,523**	**965,596**	**1,053,950**	**1,133,605**
Net Claims Incurred	612,037	661,288	747,435	614,643	812,686	826,663	875,939	904,406
Claims Expense	109,760	108,587	114,552	116,249	120,481	126,622	128,435	139,999
Road Safety/Loss Prevention	12,982	13,032	12,816	11,350	10,514	10,620	10,709	10,800
Total Claims Costs	**734,779**	**782,907**	**874,803**	**742,242**	**943,681**	**963,905**	**1,015,083**	**1,055,205**
Expenses								
Operating	57,465	63,758	67,982	73,568	74,791	79,423	81,707	88,287
Commissions	41,034	37,545	32,058	33,496	34,173	36,593	39,498	42,172
Premium Taxes	22,766	23,069	23,343	24,426	26,351	28,710	31,304	33,631
Regulatory/Appeal	3,423	3,392	3,765	3,261	3,314	3,381	3,448	3,518
Total Expenses	**124,688**	**127,764**	**127,148**	**134,751**	**138,630**	**148,107**	**155,957**	**167,608**
Underwriting Income (Loss)	**(79,054)**	**(135,467)**	**(216,898)**	**(56,715)**	**(196,788)**	**(146,415)**	**(117,090)**	**(89,208)**
Investment Income	101,243	72,363	147,735	28,759	109,375	107,962	111,380	108,371
Net Income (Loss) from Operations	**22,189**	**(63,104)**	**(69,163)**	**(27,956)**	**(87,413)**	**(38,453)**	**(5,710)**	**19,163**
Allocated from Property	89	-	-	-	-	-	-	-
Transfer from Immobilizer Incentive Fund	-	-	-	-	-	-	-	-
Net Income (Loss)	**22,278**	**(63,104)**	**(69,163)**	**(27,956)**	**(87,413)**	**(38,453)**	**(5,710)**	**19,163**

Exhibit 5i
Combined Scenario after Management Action
Statement of Retained Earnings

(C$ 000s, except where noted)	For the Years Ended February,							
	2012A	2013A	2014A	2015P	2016P	2017P	2018P	2019P
RATE STABILIZATION RESERVE (RSR)								
Basic Insurance Rate Stabilization Reserve								
Beginning Balance	155,700	149,800	99,876	71,920	(15,493)	(53,946)	(59,657)	(40,494)
Net Income (Loss) from annual operations	-	-	-	-	-	-	-	-
Transfer from Basic Retained Earnings	-	(49,924)	(27,956)	(87,413)	(38,453)	(5,710)	19,163	7,824
Transfer to Basic Retained Earnings	(5,900)	-	-	-	-	-	-	-
Ending Balance	149,800	99,876	71,920	(15,493)	(53,946)	(59,657)	(40,494)	(32,670)
Minimum RSR based on PUB rules	77,900	77,900	82,300	89,000	97,600	106,000	112,900	117,700
Maximum RSR based on PUB rules	149,800	155,700	164,300	177,700	194,800	211,500	225,300	234,700
MPI RSR Target	200,000	200,000	172,000	172,000	172,000	172,000	172,000	172,000
Retained Earnings								
Beginning Balance	57,983	19,239	-	-	-	-	-	-
Net Income (Loss) from annual operations	13,339	(49,924)	(27,956)	(87,413)	(38,453)	(5,710)	19,163	7,824
Retained Earnings Prior to Transfers	71,322	(30,685)	(27,956)	(87,413)	(38,453)	(5,710)	19,163	7,824
Transfer to Rate Stabilization Reserve	-	49,924	27,956	87,413	38,453	5,710	(19,163)	(7,824)
Transfer from Rate Stabilization Reserve	5,900	-	-	-	-	-	-	-
Transfer from Immobilizer Incentive Fund	-	-	-	-	-	-	-	-
Transfer (to) from IT Optimization Fund	-	-	-	-	-	-	-	-
Premium Rebate	-	-	-	-	-	-	-	-
Transition to IFRS Mar 1/10	-	-	-	-	-	-	-	-
Balance of Fund	**19,239**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IT Optimization Fund								
Beginning Balance	-	65,000	-	-	-	-	-	-
Transfer to Basic Retained Earnings	-	-	-	-	-	-	-	-
Balance of Fund	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Basic Retained Earnings	**$ 169,039**	**$ 99,876**	**$ 71,920**	**$ (15,493)**	**$ (53,946)**	**$ (59,657)**	**$ (40,494)**	**$ (32,670)**

Exhibit 5j
Combined Scenario after Management Action
Balance Sheet

(C$ 000s, except where noted)	For the Years Ended February,							
	2012A	2013A	2014A	2015P	2016P	2017P	2018P	2019P
BASIC								
Assets								
Cash and investments	1,308,214	1,298,217	1,424,341	1,319,679	1,309,962	1,401,843	1,506,765	1,633,789
Equity investments	424,986	473,796	600,483	620,566	686,692	719,106	776,419	864,684
Investment property	161,186	175,142	32,226	31,222	30,943	30,858	30,856	30,955
Due from other insurance companies	1,956	945	1,755	-	-	-	-	-
Accounts receivable	222,487	232,595	235,616	249,289	266,732	288,736	310,234	328,192
Prepaid expenses	699	716	731	568	568	568	568	568
Deferred policy acquisition costs	22,958	3,884	-	-	-	-	-	-
Reinsurers' share of unearned premiums	2,779	-	-	-	-	-	-	-
Reinsurers' share of unearned claims	23,782	26,130	17,625	-	-	-	-	-
Property and equipment	85,275	87,709	80,108	85,033	85,517	83,746	82,549	80,948
Deferred development costs	33,736	40,884	54,685	70,701	81,714	86,063	90,579	77,606
	2,288,058	2,340,018	2,447,570	2,377,059	2,462,127	2,610,920	2,797,969	3,016,741
Liabilities								
Due to other insurance companies	4,718	1,114	1,213	1,596	1,596	1,596	1,596	1,596
Accounts payable and accrued liabilites	32,891	31,827	35,769	35,673	38,169	41,318	44,395	46,964
Financing lease obligation	3,137	3,091	2,841	3,079	3,020	2,956	2,887	2,814
Unearned premiums and fees	393,285	382,507	402,982	438,580	474,105	518,887	562,930	600,221
Provision for employee current benefits	14,568	14,896	15,389	16,544	17,653	18,782	19,931	21,103
Provision for employee future benefits	207,912	230,117	235,172	249,058	262,114	276,474	291,389	306,958
Provision for unpaid claims	1,368,857	1,450,626	1,584,042	1,489,706	1,615,453	1,743,495	1,875,763	2,019,906
	2,025,368	2,114,178	2,277,408	2,234,238	2,412,111	2,603,508	2,798,891	2,999,562
Equity								
Retained earnings								
Basic Insurance Retained Earnings								
Rate Stabilization Reserve	155,700	149,800	99,876	71,920	(15,493)	(53,946)	(59,657)	(40,494)
Retained Earnings	57,983	19,239	-	-	-	-	-	-
Information Technology Optimization Fund	-	-	-	-	-	-	-	-
	213,683	169,039	99,876	71,920	(15,493)	(53,946)	(59,657)	(40,494)
Accumulated Other Comprehensive Income	49,007	56,800	70,284	70,902	65,509	61,358	58,734	57,674
Total Equity	262,690	225,839	170,160	142,822	50,016	7,412	(922)	17,180
	2,288,058	2,340,017	2,447,568	2,377,059	2,462,127	2,610,920	2,797,969	3,016,741

PUB (MPI) 1-119

Please document the derivation of the resulting MCT ratio if the RSR balance is restated to the suggested RSR upper target as at 28 February 2013 and 28 February 2014, and discuss the results [RSR.3].

RESPONSE:

Please see attached restated MCT documents for 28 February 2013 and 28 February 2014 reflecting $323 million RSR upper target. Please note that although the MCT percentage in both scenarios is over 100%, this would not likely be an accurate reflection of what would occur as there has been no subsequent adjustment of Balance Sheet Assets or Unearned Premiums/Unpaid Claims/Premium Deficiencies. In order to increase the RSR to $323 million, it is anticipated that there would be an effect on those items.

Manitoba Public Insurance

CONSOLIDATED

MINIMUM CAPITAL TEST

($'000) BASIC

		2012/13 Year (01)
Capital Available		
Total Equity less Accumulated Other Comprehensive Income	02	323,000
Add:		
Subordinated Indebtedness and Redeemable Preferred Shares	03	
Accumulated Other Comprehensive Income (Loss) on:		
Available for Sale Equity Securities	04	82,686
Available for Sale Debt Securities	06	1,685
Foreign Currency (Net of Hedging Activities)	08	
Share of Other Comprehensive Income of non-qualifying Subsidiaries, Associates & Joint Ventures	36	
Revaluation Losses in Excess of Gains on Own Use Properties	32	
(Specify)	30	
Less:		
Accumulated net after-tax fair value gains (losses) arising from changes in the company's own credit risk	12	
Unrealized Fair Value Gains (Losses) from Own Use Properties at Conversion	15	
Shadow Accounting Impact	16	
Assets with a Capital Requirement of 100%	17	22,768
(Specify)	13	
IFRS Conversion Phase in	18	
Total Capital Available	19	384,603
Minimum Capital Required		
Balance Sheet Assets	20	147,535
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	174,358
Catastrophes	24	0
Reinsurance Ceded to Unregistered Insurers	26	800
Interest Rate Risk	38	0
Foreign Exchange Risk (for future use only)	40	
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	0
(Specify)	34	
Minimum Capital Required	29	322,693
Excess Capital Available over Minimum Capital Required (line 19 minus line 29)	89	61,910
Line 19 as a % of line 29	90	119.19%

Minimum Gross Capital Level	96	43,821

Manitoba Public Insurance
CONSOLIDATED
MINIMUM CAPITAL TEST
($'000) BASIC

		2013/14 Year (01)
Capital Available		
Total Equity less Accumulated Other Comprehensive Income	02	323,000
Add:		
Subordinated Indebtedness and Redeemable Preferred Shares	03	
Accumulated Other Comprehensive Income (Loss) on:		
Available for Sale Equity Securities	04	82,556
Available for Sale Debt Securities	06	1,707
Foreign Currency (Net of Hedging Activities)	08	
Share of Other Comprehensive Income of non-qualifying Subsidiaries, Associates & Joint	36	
Remeasurements of Defined Benefit Plans	42	(13,978)
Revaluation Losses in Excess of Gains on Own Use Properties	32	
(Specify)	30	
Less:		
Accumulated net after-tax fair value gains (losses) arising from changes in the company's own credit risk	12	
Unrealized Fair Value Gains (Losses) from Own Use Properties at Conversion	15	
Shadow Accounting Impact	16	
Assets with a Capital Requirement of 100%	17	35,031
(Specify)	13	
Accumulated Other Comprehensive Income (Loss) on Remeasurements of Defined Benefit Pension Plans (Phase-in)	44	
Total Capital Available	19	358,254
Minimum Capital Required		
Balance Sheet Assets	20	136,945
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	187,617
Catastrophes	24	
Reinsurance Ceded to Unregistered Insurers	26	573
Interest Rate Risk	38	
Foreign Exchange Risk (for future use only)	40	
Structured Settlements, Letters of Credit, Derivatives and Other Exposures	28	
(Specify)	34	
Minimum Capital Required	29	325,135
Excess Capital Available over Minimum Capital Required (line 19 minus line 29)	89	33,119
Line 19 as a % of line 29	90	110.19%

Minimum Gross Capital Level	96	47,479

PUB (MPI) 1-120

Please provide supporting documentation for the amounts shown for the "Assets with a Capital Requirement of 100%" [Row 17] for the Basic MCT ratios as at 28 February 2013 and 28 February 2014 [RSR.3].

RESPONSE:

Please refer to the attachment.

30.70.17

Manitoba Public Insurance

Worksheet - Assets with a Capital Requirement of 100%

MCT Guideline - Chapter 2 - Appendix 2A

Assets		2012/13
Receivables and recoverables from unregistered insurers not covered by non-owned deposits or letters of credit	01	6,872
Interest in non-qualifying subsidiaries	02	
Interest in associates	03	
Interest in joint ventures > 10% ownership	04	
Loans considered capital to non-qualifying subsidiaries	05	
Loans considered capital to associates	06	
Loans considered capital to joint ventures > 10% ownership	07	
DPAE other than premium tax es (0% capital factor) and commissions (35% capital factor)	08	(20,905)
Deferred tax assets other than those arising from discounting of claims reserves for tax purposes, or from unrealized capital gains, that are recoverable from income tax es paid in the three immediately preceding fiscal years (0% capital factor)	09	
Goodwill and other intangible assets	10	36,801
Other assets > 1% of total assets (other assets <= 1% , 35% capital factor)	11	
Self-insured retentions, included in other recoverables on unpaid claims, where OSFI requires collateral and no collateral has been received	12	
Other assets (as deemed required by OSFI)	13	
	14	
TOTAL	15	22,768

Manitoba Public Insurance

30.70.17

Manitoba Public Insurance

Worksheet - Assets with a Capital Requirement of 100%

MCT Guideline - Chapter 2 - Appendix 2A

Assets		2013/14
Receivables and recoverables from unregistered insurers not covered by non-owned deposits or letters of credi	01	5,730
Interest in non-qualifying subsidiaries	02	
Interest in associates	03	
Interest in joint ventures > 10% ownership	04	
Loans considered capital to non-qualifying subsidiaries	05	
Loans considered capital to associates	06	
Loans considered capital to joint ventures > 10% ownership	07	
DPAE other than premium taxes (0% capital factor) and commissions (35% capital factor)	08	(25,384)
Deferred tax assets other than those arising from discounting of claims reserves for tax purposes, or from unrealized capital gains, that are recoverable from income taxes paid in the three immediately preceding fiscal years (0% capital factor)	09	
Goodwill and other intangible assets	10	54,685
Other assets > 1% of total assets (other assets <= 1%, 35% capital factor)	11	
Self-insured retentions, included in other recoverables on unpaid claims, where OSFI requires collateral and no collateral has been received	12	
Net defined benefit pension plan surplus asset, net of any associated deferred tax liability, and net of any amount of available refunds of defined benefit pension plan surplus assets	16	
Other assets (as deemed required by OSFI)	13	
	14	
TOTAL	15	35,031

PUB (MPI) 1-121

Given the presence of significant balances shown as "Assets with a Capital Requirement of 100%" for the Basic MCT ratios as at 28 February 2013 and 28 February 2014 [RSR.3], why do the DCAT forecasted MCT ratios not reflect forecasted "Assets with a Capital Requirement of 100%" [for example RSR.2 Exhibit 1 d]?

RESPONSE:

The Corporation is not regulated by the Office of the Superintendent of Financial Institutions (OSFI) and it is not required to formally file the MCT with OSFI for regulatory purposes. As such, the MCT is prepared as an indication of capital requirements.

The difference of the "Assets with a Capital Requirement of 100%" is as a result of an interpretation of the guidelines. There are certain aspects of the MCT that are subject to interpretation where OSFI would provide final guidance on the interpretation; however, as the Corporation does not have a relationship with OSFI, the Corporation completes the interpretation. For example, intangible assets that contain significant amounts related to the development of major information systems. For financial reporting purposes, the Corporation classifies these intangible assets as Deferred Development Costs on the Statement of Financial Position. How these assets should be classified in the MCT is somewhat uncertain and hinges on the definition of computer software that is referenced in the MCT Guideline. Historically, the Corporation has classified Deferred Development Costs as assets with a capital requirement of 100% on the MCT. A less conservative approach was taken with the DCAT modeled MCT results, by applying a 35% capital requirement.

PUB (MPI) 1-122

In general, how does the Corporation propose to address future changes to the MCT for purposes of having an RSR upper target based on the MCT?

RESPONSE:

The Corporation will continue to update the MCT calculation based on the latest MCT Guideline. The Corporation does not anticipate that future updated versions of the MCT test would invalidate its use as an upper capital target for the Basic program. However, if significant changes to the MCT do occur, then these changes, along with their potential impact to the Corporation's recommended capital target, can be discussed at future rate hearings.

PUB (MPI) 1-123

In making its current recommendation for a 100% MCT RSR upper target, what consideration has the Corporation given to the current draft proposed changes to the MCT taking effect 1 January 2015?

RESPONSE:

The Corporation does not anticipate that future versions of the MCT test will invalidate its selection as an upper capital target. Also, the Corporation has not proposed the MCT as the minimum capital target. The MCT is proposed as an upper capital target to provide the Board with an objective and comparable measure of the Corporation's capital position and to provide a range above the proposed DCAT-based minimum capital target.

PUB (MPI) 1-124

Does the Corporation anticipate making any changes in 2015 to its proposed RSR upper target in response to the current draft proposed changes to the MCT taking effect 1 January 2015?

RESPONSE:

No. See PUB (MPI) 1-122 and PUB (MPI) 1-123.

PUB (MPI) 1-125

Please provide an illustration of the expected impact of the 2015 draft proposed changes to the MCT by restating the Basic MCT ratios as at 28 February 2013 and 28 February 2014 to reflect OSFl's current 2015 Draft MCT Guideline.

RESPONSE:

Please refer to PUB (MPI) 1-122 and PUB (MPI) 1-123.

As noted in previous responses, the Corporation does not anticipate that future updated versions of the MCT test would invalidate its use of MCT as an upper capital target for the Basic program. Given the 2015 Draft MCT guidelines are only draft at this point in time and there is no prevailing set guidance on their application, any analysis would not be complete and potentially not illustrative of the potential impact. In addition, any changes to the MCT guideline would not impact on the reasonableness of the financial projections or actuarial modeling used to determine rates effective March 1, 2015. Any significant changes to the MCT and their potential impact to the Corporation's recommended capital target can be discussed at future rate hearings.

PUB (MPI) 1-126 Reference: AI.11 p.15
Financial Model Guide

a) Please indicate when MCT functionality will be incorporated into the financial model.

b) Please describe any other functionality currently being developed for inclusion the model.

RESPONSE:

a) MCT functionality has been incorporated into the financial model, this occurred subsequent to the DCAT Technical Conference and the production of the Financial Model Guide.

b) The Corporation is not currently developing any additional functionality for the financial model.

PUB (MPI) 1-127 **Reference: AI.11, Financial Forecast Model Test Report, p.14**

Please discuss the source of the difference of $1.547 million in section 2.1.2(e).

RESPONSE:

The purpose of the model test in section 2.1.2 was to evaluate the calculation of unrealized gains/losses on marketable bonds and demonstrate the link between the results of these calculations and the financial statements produced by the model. The expected results of testing (-$36.042 million) show unrealized gains/losses on marketable bonds prior to any impact from portfolio rebalancing. The results calculated by the model (-$37.589 million) include the impact of rebalancing, which gives rise to the difference of $1.547 million. The rebalancing or reallocation process within the model is described in Volume III AI.11 Financial Model Guide, pages 37 and 38. The specific testing of asset mix rebalancing is discussed in part 8 of Appendix A, Volume III AI.11 Financial Forecast Model Test Report.

PUB (MPI) 1-128 **Reference: Financial Forecast Model Test Report**

a) Please provide a full description of the limitations with the financial model and implications of these limitations on the use of the model. [Al.11 p. 4]

b) Please provide a full listing of any model changes that have been made since the 2014 DCA T technical conference and the reason for the changes. Provide any supporting documentation.

RESPONSE:

a) The referenced section describes the testing of inputs and the use of extreme values in connection with model limitations. The purpose of such testing is to assess whether or not the model parameters are consistent with the expected range of inputs. In other words, is the model limited in context of the range of input values. This testing is largely dealt with within sensitivity testing (see section 3.1). The results of some extreme value tests are not shown because the values are well outside the expected input range. The results of these tests confirm that the model does not manifest range input limits when used within expected tolerances.

b) Two changes were made to the financial model after the 2014 DCAT Technical Conference.

The Minimum Capital Test (MCT) was added to support capital adequacy analysis and assessment. This is a separate tab within the excel workbook and produces MCT results only, having no effect on any other parts of the financial model.

For the DCAT report only, an extra tab was added to the model for the purposes of calculating premium deficiency (PD) and deferred policy acquisition expenses (DPAC). This tab was not part of the model versions used in the 2015 GRA, as these calculations are not part of the rate determination process.

PUB (MPI) 1-129

Reference: **AI.11 Financial Forecast Model Test Report, p.30/.pdf p. 31 - Impact of changes in U.S. Equity Portfolio**

Please describe the relationship within the model between large changes in the market value of the U.S. equity portfolio and the fixed income asset values.

RESPONSE:

To illustrate, a -15% return on U.S. equities in 2015/16 will decrease the market value of the asset class significantly, indirectly impacting the weighting of the fixed income portfolio (marketable bonds, MUSH, cash) as of Q4 2015/16. Changes in the weighting of the fixed income portfolio slightly impacts the claims discount rate calculation performed at the end of Q4 2015/16. Therefore, small changes in the claims discount rate impacts basic net income (i.e. 4.53% vs. 4.52%), which explains why the impact to investment income doesn't exactly match the impact to Basic net income.

PUB (MPI) 1-130 Reference: AI.11 pp. 6, 11

Sensitivity Testing

a) Please provide an interpretive description of the results of the sensitivity testing conducted and explain the criteria used to assess the difference from base case and reach the conclusion that the results were acceptable.

b) For the Sensitivity Testing performed please provide a comparison between the expected pattern of outcomes with the differences from base.

RESPONSE:

a) In each of the sensitivity tables, there is a description of the test and descriptive labelling for each column. The results are shown within the table. For non-straightforward sensitivity tables, comments about the results of the sensitivity tables can be found in the comments column. For straightforward sensitivity tables (i.e. page 24 4.2.1 Sensitivity to Canadian Dividends), there is no requirement for a comment.

As stated on page 11 lines 10 to 15, "… model output for multiple input changes is evaluated in the context of an expected pattern or outcome. Hence these are not pass fail tests in the strict sense as there are not set criteria to judge by. They are a gauge of model performance with acceptable or reasonable as the determining measure."

b) The comparison between the expected pattern of outcomes and the model results is already performed in the calculation tests. The sensitivity tests take into account the dynamic relationship between different variables within the model. Therefore, the expected pattern of outcomes in the sensitivity tests are provided by the model as shown in the sensitivity tables.

PUB (MPI) 1-131 Reference: Peer Review

Please file the peer review for the 2014 DCAT Report.

RESPONSE:

The DCAT Report has been provided to Joe Cheng at J.S. Cheng & Partners. The Corporation has requested that Mr. Cheng complete his peer review prior to the 2015 rate hearings.

PUB (MPI) 1-132 Reference: RSR.2, p. 29

a) Please confirm whether the equity decline scenario is limited to the return on the Canadian portion of the equity portfolio.

b) Please indicate how the equity decline returns are forecast to impact returns on other investment categories?

RESPONSE:

a) The equity decline scenario included both the Canadian and U.S. equity portfolios.

b) Equity decline returns do not impact the returns of other investment categories.

PUB (MPI) 1-133 Reference: DCAT p. 30 – Dividend Yield

a) Please explain how the dividend yield would be expected to remain constant if the market value of a security has declined. Is it assumed that dividend paying stocks will cut their dividend from current levels due to a decline in the market value of their shares? Please provide an illustrative example of how the dividend yield is determined.

b) Please indicate the level of dividend income assuming no decline on dividends for the existing portfolio.

RESPONSE:

a) The constant dividend yield is a simplifying assumption as the dividend yield is forecasted for the total equity portfolio rather than on a security by security basis. The forecast for the dividend yield of Canadian and U.S. equities is obtained from the Bloomberg Professional Service.

b) Dividend income assuming no decline in dividends for the existing portfolio can be seen in the Base Case, which is shown on page 5, Volume II, Investment Income.

PUB (MPI) 1-134 Reference: Impairments p. 31

Please explain the basis for the 80% of book value threshold for impairment of equity investments.

RESPONSE:

The Corporation incorporates International Accounting Standard Guidance for Impairment IAS Section #39 in its internal Impaired Securities Selection Criteria (Criteria). The Criteria are used as an initial screen to generate a list of companies that warrant <u>further analysis</u> to assess if there has been a loss in value that is "other than temporary". Based upon the analysis conducted securities that are determined to be impaired are written down.

<u>One</u> of the Criteria is that the market price of the security must be less than 80% of the securities book value. The threshold was researched (when the process was implemented in 2003 and more recently) and it was noted that other Canadian P&C Companies used the 80% threshold in their impairment process.

In addition, a 20% decline in major equity markets over two consecutive quarters is considered a bear market and is a well accepted investment metric indicating a material loss of value.

PUB (MPI) 1-135 Reference: DCAT Exhibit 2n

Please explain what factors are behind the unrealized losses on marketable bonds in concert with the equity declines in 2015/16 and 2016/17.

RESPONSE:

The base interest rate forecast was used in the equity decline scenario. There were unrealized losses in the marketable bonds in 2015/16 and 2016/17 because the forecasted base GoC 10 year bond rate increased during those two years.

PUB (MPI) 1-136 Reference: DCAT p. 31

MPI states that the highlighted cells reflect where the base forecast equity assumptions were used. MPI states that it identified these cells because the historical data indicates that equity returns are not independent from year-to-year (especially after large declines), and therefore, these results may not be plausible beyond the return period tested.

a) Please explain what historical returns have indicated after large declines and why the financial model is based on normal base scenarios rather than historical recovery in determining financial adequacy.

b) Please explain why the highlighted cells are considered not plausible.

c) Please provide the returns on both the Canadian and U.S. equity markets during the last five years subsequent to the 2008 financial correction.

RESPONSE:

a) The reason that the Corporation models 1, 2, 3, and 4 year *cumulative* equity returns based on historical data is to specifically address the issue of recoveries in equity values after a significant decline. As shown in the Scenario Justification tables on pages 29 and 30 of the DCAT Report (RSR.2), the DCAT modeling clearly accounts for the fact that the annualized returns at various probability levels are less severe as the number of years increases (e.g., the 1-in-100 1-year return is -32.5%, but the 1-in-100 cumulative 2 year return is lower at -29.5%).

The reason all of the different probability and forecast year (i.e., 1, 2, 3, 4 year) combinations are shown is because the Chief Actuary must determine the most significant plausible impacts to the Corporation's financial position *at any point* during the Corporation's forecast period. For example, the Total Equity table on page 32 of the DCAT shows that a 1 year equity decline at the 1-in-40 probability level has the potential to reduce the Basic Total Equity balance to -$2 million as at the end of the 2015/16 year. This 1 year result is plausible at the 1-in-40 level (as supported by the historical equity return data). The Chief Actuary realizes that a recovery is likely in such a scenario (which is why the 2, 3, and 4 year cumulative equity decline scenarios are also calculated), but this potential recovery does not change the fact that there is a plausible risk to 2015/16 results from a 1-year equity decline event that must be calculated/understood/provided to the reader in the DCAT report. The document clearly states that the 1 year scenario is used only for this purpose and that the reader should not extrapolate the results to the highlighted cells since these results are not supported based on the historical equity return data.

b) See part (a).

c) Please find in the table below the annual equity returns for Canadian and U.S equity markets from 2009 to 2013.

	Canadian Equity	**U.S. Equity**
2009	35.1%	26.5%
2010	17.6%	15.1%
2011	-8.7%	2.1%
2012	7.2%	16.0%
2013	13.0%	32.4%

PUB (MPI) 1-137 Reference: DCAT High Loss Ratio

Please explain why reinsurance and reinstatement premiums would not increase after a high loss event.

RESPONSE:

After a large hail event it is reasonable to assume that reinstatement premiums and possibly reinsurance premiums would increase. Due to the long term nature of catastrophic reinsurance forecasting (i.e. very few major hail events over long periods of time) it is not necessarily true that reinsurance premiums would immediately increase after a major hail storm.

The functionality to forecast reinsurance premium adjustments is not yet built directly into the Corporation's financial model. The Corporation could attempt to manually approximate the reinstatement and future reinsurance premiums for each adverse scenario related to claims costs, but this would not be expected to have a significant impact on the results (especially considering that interest rates and equity assets are considered to be the most significant risk factors in the DCAT report). For example, a 10% increase in catastrophe reinsurance premiums equates to approximately $1.1 million per year.

PUB (MPI) 1-138 **Reference: DCAT p. 43 Interest Rate Decline Scenario**

a) Please indicate how long the interest rate yield of 1.68% remained in effect for the Government of Canada 10 year bonds.

b) For the periods in question in (a) please indicate the annualized return on the Canadian and U.S. equity markets.

RESPONSE:

a) The interest rate yield of 1.68% remained in place for a single day and corresponds to the closing yield on May 1, 2013.

b) As reported in Part (a), given that the rate corresponds to a single date, an annualized return for the Canadian and U.S. equity market is not meaningful.

PUB (MPI) 1-139 Reference: DCAT p. 50 Combined Scenario

a) Please explain what factors have led MPI to conclude that the financial model is not providing plausible results in the shaded cells. Please indicate what the historical experience has indicated.

b) Please indicate all historical four year periods since 1956 when there was a decline in interest rates in concert with reductions in equity returns as modeled by MPI.

RESPONSE:

a) See PUB (MPI) 1-136. As described in the Scenario Justification and Assumptions sections for Decline in Equity Markets (page 29), Interest Rate Decline (page 42), and the Combined Scenario (page 48) the Corporation has created separate models for one, two, three, and four year cumulative equity returns and interest rates to specifically address the issue of correlation between loss years and correlation between variables. As discussed in PUB (MPI) 1-136, the actuary must calculate the most adverse plausible events that could occur over any time period in the Corporation's forecast period. The one year scenarios provide information on the most adverse one year events only, which is why the highlighted cells are 'not applicable'. The two year scenarios provide information on the most adverse two year events based on historical two year cumulative return/interest rate information (i.e. recognizing the observed correlation, recovery, etc. in the data). The same reasoning follows for the three year and four year scenarios.

b) The following table shows the starting and ending of all four year periods where there was a decline in interest rates in concert with reductions in equity returns.

Beginning of the period	Ending of the period
3/31/2000	3/31/2004
4/30/2000	4/30/2004
5/31/2000	5/31/2004
6/30/2000	6/30/2004
7/31/2000	7/30/2004
8/31/2000	8/31/2004
9/30/2000	9/30/2004
10/31/2000	10/29/2004
2/28/2005	2/27/2009
9/30/2007	9/30/2011
10/31/2007	10/31/2011
12/31/2007	12/30/2011
4/30/2008	4/30/2012
5/31/2008	5/31/2012
6/30/2008	6/29/2012
7/31/2008	7/31/2012
8/31/2008	8/31/2012

PUB (MPI) 1-140 Reference: DCAT Exhibits 4g, 5g

a) Please explain the differentiating factors which underpin the $51 million reduction in marketable bonds unrealized gains and $8 million reduction in marketable bonds realized gains between the interest rate decline scenario and the combined scenario.

b) Please indicate the interplay between inflation under the interest rate decline scenario and the returns assumed for infrastructure and real estate which are based in part on inflation.

RESPONSE:

a) The reduction can be explained by the difference in assumed interest rates. The interest rate decline scenario (Exhibit 4G) assumed a Government of Canada 10 year rate of 2.12% at the Q4 2015/16. The combined scenario (Exhibit 5G) assumed the Government of Canada 10 year bond rate to be 2.75% at the end of Q4 2015/16 (this rate can be found at the top of page 50).

b) The forecasted returns for infrastructure and real estate use are based on our forecast for inflation plus a fixed spread of 5% and 4%, respectively.

PUB (MPI) 1-141 **Reference:** **DCAT p. 40 Interest Rate Adverse Scenario**

a) Please provide the supporting econometric or financial analysis that supports the plausibility of a decline in interest rates over the next five years from current levels to historical lows.

b) Please discuss and indicate how management action such as cash flow matching the actuarial liabilities would impact the results of the interest rate decline and combined adverse scenarios.

RESPONSE:

a) As described on pages 40-44 of the DCAT report (RSR.2), the Corporation has relied on historical interest rate movements as the basis for determining the probability of future interest rate movements. This methodology was seen as an improvement over last year's DCAT interest rate scenario in which the judgment of the Chief Actuary was used as the basis for the interest rate risk scenario. Further, it is the Chief Actuary's opinion that modeling DCAT scenarios based on historical interest rate movements is a preferred approach over reliance on bank forecasts or other third party proprietary forecasting tools (e.g. economic scenario generators), which, as shown in the table on page 41 of the DCAT report, have not produced reliable forecasts in recent years. The Corporation's interest rate forecasting model is tied directly to historical experience and is fully transparent for review by the Board.

b) The Chief Actuary modeled the potential impacts from interest rate movements based on management's direction that the current investment policy statement should be assumed to remain in-force over the outlook period. If cash flow matching of the actuarial liabilities was implemented in future years, this change should result in a reduction to the projected net impacts to assets and claims liabilities caused by changes in interest rates. Or put another way, cash flow matching should reduce the financial risk of Basic not realizing the projected interest rates used as the basis for projecting break-even net income. However, cash flow matching would also largely eliminate the projected net *benefit* received by the Corporation over the rating period as a result of rising interest rates and the duration mismatch.

PUB (MPI) 1-142 **Reference:** **DCAT p. 32, 2013**
DCAT p. 26

Please provide the decline in equity market scenario, investment income and cumulative difference from base forecast investment income table in similar format to that provide in the 2013 DCAT and compare with last year explaining any differences in results.

RESPONSE:

There are a number of changes that would result in the difference from base forecast to be different than the table shown in the 2013 DCAT. The most significant change is the new financial model that was developed and used for the 2014 DCAT for the scenarios shown below. In addition, there are now 12 additional points of data used in modeling equity declines from 1956 to present and as such the selected distributions have changed slightly. Lastly, for the 1-in-100 1 year + base scenario, no impairment occurred in the 2014 DCAT. In the 2013 DCAT, there was an assumed write-down of $18.6M that resulted in a much lower investment income for that scenario.

Decline in Equity Markets Scenario
Investment Income (in millions)

Probability	Return Period	2015/16	2016/17	2017/18	2018/19
1-in-100	1 year + base	$22	$45	$55	$93
1-in-40	1 year + base	$27	$50	$59	$97
1-in-20	1 year + base	$31	$54	$63	$100
1-in-100	2 year + base	$34	$44	$52	$91
1-in-40	2 year + base	$37	$48	$57	$94
1-in-20	2 year + base	$39	$52	$61	$97
1-in-100	3 year + base	$39	$53	$52	$88
1-in-40	3 year + base	$41	$56	$57	$92
1-in-20	3 year + base	$43	$60	$61	$96
1-in-100	4 year	$43	$60	$62	$91
1-in-40	4 year	$45	$62	$65	$94
1-in-20	4 year	$45	$64	$67	$97
Base		$50	$74	$92	$130

Cumulative Difference from Base Forecast Investment Income (in millions)

Probability	Return Period	2015/16	2016/17	2017/18	2018/19
1-in-100	1 year + base	($28)	($57)	($94)	($131)
1-in-40	1 year + base	($23)	($47)	($80)	($113)
1-in-20	1 year + base	($19)	($39)	($68)	($98)
1-in-100	2 year + base	($16)	($46)	($86)	($125)
1-in-40	2 year + base	($13)	($39)	($74)	($110)
1-in-20	2 year + base	($11)	($32)	($64)	($97)
1-in-100	3 year + base	($11)	($32)	($72)	($114)
1-in-40	3 year + base	($9)	($26)	($61)	($99)
1-in-20	3 year + base	($7)	($21)	($52)	($85)
1-in-100	4 year	($6)	($20)	($50)	($89)
1-in-40	4 year	($5)	($17)	($45)	($81)
1-in-20	4 year	($4)	($14)	($40)	($73)

PUB (MPI) 1-143 Reference: AI.12 Appendix 4 p.8/Gartner Report p. 6

MPI indicates that if one-time investments were excluded its scoring would be similar to the Peer group for IT spending as a percentage of revenue.

a) Please indicate to what extent the Peer group ($30.1 million in Change the Business) includes or excludes large "one time" investments to assess the reasonableness of the assertion made on comparability.

b) Please provide MPI's IT spending as a percentage of revenue since 2000 including and excluding one-time investments.

RESPONSE:

a) and b)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-144 Reference: AI.12 Appendix 4

a) Please provide a description of cost containment and the basis for MPI's improved scoring on this metric.

b) Please discuss the implications on cost containment of no change in Business Process Management and how MPI intends to improve this metric.

RESPONSE:

a) and b)

Please refer to PUB (MPI) 1-3.

PUB (MPI) 1-145 Reference: AI.12 Appendix 4 pp. 8 &13

a) Gartner recommends that MPI should invest in strong Governance over third-party service providers and MPl's current maturity score for Business Process Management is below Peer group scores and has not improved from last year.

b) Please provide a full explanation of what type of Governance Management is required over Third Party Service Providers and the changes MPI proposes to its current practices in this area.

RESPONSE:

a) and b)

Please refer to PUB (MPI) 1-3.