

March 28, 2019

Mr. Mike Triggs
General Counsel and Corporate Secretary
Manitoba Public Insurance Corporation
702 - 234 Donald Street
P.O. Box 6300, Stn. Main
Winnipeg, MB R3C 4A4

VIA EMAIL

Dear Mr. Triggs

Re: Manitoba Public Insurance – 2020 General Rate Application

The Board acknowledges receipt of your letter dated February 13, 2019, along with Ms. Dilay's letter of March 4, 2019, regarding the proposed provisional rate application process for the 2020 GRA ("the Application").

MPI may proceed with the Application as it has suggested; in particular, it may file a provisional rate indication based on the interest rate forecast as at March 1, 2019, with the rate request to be updated and finalized based on an updated interest rate forecast as at September 30, 2019. The Board recognizes that this process simply formalizes that which has been employed in recent prior GRAs.

The Board hereby provides further direction on the process for the Application.

First, the Board directs that MPI file, within four business days of September 30, 2019, the following schedules as exhibits to the Application, based on the September 30, 2019 interest rate update:

1. Major Class Summary Report;
2. Pro Forma Financial Statements 1-3; and
3. Overall and Major Class Required Rate Changes (with and without any capital-related provisions), with supporting schedules.

The Board directs that these exhibits include updates based on the Naïve, Standard Interest Rate, and 50/50 forecasts. The Board also directs that MPI file, along with the exhibits at items 1-3, a summary of changes to the various interest rate forecasts (with accompanying narrative) resulting from the interest rate update, and to the financial

results reflected in the updated Pro Forma Financial Statements. The narrative should also provide information as to any resulting material changes to Information Request responses based on the original provisional interest rate forecast.

In addition, the Board directs that in the Application, MPI provide an illustration of the sensitivity of the overall rate indication to changes of -50 basis points (bps), -25 bps, +25 bps and +50 bps to the assumed Government of Canada 10-year bond rate. This analysis should include a breakdown of the sensitivity by Major Class.

The Board also confirms that this formalization of the process does not alter its role in determining just and reasonable rates following a full examination of the evidence in the public hearings. While MPI has advised that it expects that the Naïve interest rate forecast will be the best estimate in the Application, this does not limit the ability of the Board to receive and consider evidence regarding alternate interest rate forecasts, in reaching its decision on just and reasonable rates.

Yours truly,

A handwritten signature in black ink that reads "Darren Christle". The signature is written in a cursive style with a large initial "D" and "C".

Darren Christle
Secretary/Executive Director

DC/kl

cc: Kathleen McCandless, Board Counsel
Robert Watchman, Board Counsel
Steve Scarfone, MPI Counsel
Anthony Lafontaine Guerra, MPI Counsel
Past Interveners of Record