

# FINANCIAL CONDITION TEST

2021 GENERAL RATE APPLICATION  
October 9, 2020

---



MANITOBA  
PUBLIC INSURANCE

## Table of Contents

<b>Table of Figures .....</b>	<b>4</b>
<b>Financial Condition Test .....</b>	<b>7</b>
<b>FCT.1 Summary Of Findings .....</b>	<b>7</b>
FCT.1.1 Satisfactory Financial Condition .....	8
FCT.1.2 Base Scenario .....	8
FCT.1.3 Adverse Scenarios .....	9
FCT.1.3.1 Solvency Scenarios .....	9
FCT.1.3.2 Going Concern Scenarios .....	10
FCT.1.4 Rationale for Actuarial Opinion .....	11
FCT.1.5 Review of Events Since the Previous FCT Report.....	12
FCT.1.5.1 Basic Product Modernization.....	12
FCT.1.5.2 New Fiscal Year End .....	12
FCT.1.5.3 COVID-19 Pandemic Impact.....	12
FCT.1.6 Recommendations .....	14
<b>FCT.2 Introduction .....</b>	<b>14</b>
FCT.2.1 Role of the Appointed Actuary .....	14
FCT.2.2 Purpose .....	14
FCT.2.3 Scope.....	15
FCT.2.4 Use and Distribution.....	16
FCT.2.5 Process .....	16
FCT.2.6 Method.....	16
FCT.2.7 Data Sources .....	17
<b>FCT.3 Capital Adequacy Management.....</b>	<b>18</b>
FCT.3.1 Regulatory Capital Requirements and the Capital Management Plan .....	18
FCT.3.2 Materiality .....	19
<b>FCT.4 Background Discussions .....</b>	<b>20</b>
FCT.4.1 Description of Basic .....	20
FCT.4.2 Recent and Current Financial Position.....	20
FCT.4.3 Base Scenario .....	21
FCT.4.4 Description of Economic Assumptions in the Base Scenario .....	22
FCT.4.5 Discussion of Prior Year’s DCAT Results, Recommendations, and Management Actions .....	26
<b>FCT.5 Adverse Scenarios .....</b>	<b>27</b>
FCT.5.1 Solvency Scenarios .....	27
FCT.5.2 Going Concern Scenarios .....	28
FCT.5.3 Management and Regulatory Action .....	30
FCT.5.4 Decline in Equity Markets.....	31
FCT.5.5 High Loss Ratio .....	40
FCT.5.6 Policy Liabilities Scenario .....	47
FCT.5.7 Combined Scenario: Equity Returns, High Loss Ratio, and Policy Liabilities.....	53
FCT.5.8 Sensitivity of Removing Assumed Capital Transfers from Extension.....	62
FCT.5.9 Analysis of All Property and Casualty Insurer Risk Categories .....	65

- Appendix 1: Base Scenario with -10.47% Rate Change
- Appendix 2: Combined (4-Year) Scenario
- Appendix 3: High Loss Ratio (4-Year) Scenario
- Appendix 4: Policy Liabilities (4-Year) Scenario
- Appendix 5: Equity Decline (4-Year) Scenario

## Table of Figures

Figure FCT- 1	Base Scenario: Includes proposed 5.47% rate decrease and 5.00% capital release in 2021/22 and thereafter.....	9
Figure FCT- 2	Solvency Scenarios with Management Action: Total Equity.....	9
Figure FCT- 3	Solvency Scenarios with Management Action: Minimum Capital Test Ratio.....	10
Figure FCT- 4	Going Concern Scenarios with Management Action: Total Equity.....	10
Figure FCT- 5	Going Concern Scenarios with Management Action: Minimum Capital Test Ratio.....	11
Figure FCT- 6	Base Forecast, Minimum Capital Test Ratio.....	19
Figure FCT- 7	Historical Results.....	21
Figure FCT- 8	Assumed Interest Rates and Yields.....	23
Figure FCT- 9	Assumed Claims Liability Discount Rate.....	23
Figure FCT- 10	Assumed Rate Changes and Capital Build Provisions.....	23
Figure FCT- 11	Change in the Premium Deficiency or DPAC Write Down.....	25
Figure FCT- 12	Base Scenario – Includes 5.5% Rate Decrease and 5.0% Capital Release in 2021/22 and No Rate Changes or Capital Build Provisions thereafter.....	25
Figure FCT- 13	Total Equity – 1-in-100 Year Solvency Scenarios including Management Action.....	27
Figure FCT- 14	Minimum Capital Test Ratios – 1-in-100 Year Solvency Scenarios including Management Action.....	27
Figure FCT- 15	Assumed Management and Regulatory Action – 1-in-100 Year Solvency Scenarios.....	28
Figure FCT- 16	Total Equity – 1-in-10 Year Going Concern Scenarios including Management Action.....	29
Figure FCT- 17	Minimum Capital Test Ratios – 1-in-10 Year Going Concern Scenarios including Management Action.....	29
Figure FCT- 18	Assumed Management and Regulatory Action – 1-in-10 Year Going Concern Solvency Scenarios.....	29
Figure FCT- 19	Historical Total Returns on Canadian Equities by Percentile and Return Period (Cumulative).....	31
Figure FCT- 20	Historical Total Returns on Global Equities by Percentile and Return Period (Cumulative).....	32
Figure FCT- 21	Historical Total Returns on Global Low Volatility Equities by Percentile and Return Period (Cumulative).....	32
Figure FCT- 22	Fitted Distributions for Canadian Equities Total Return by Percentile and Return Period (Cumulative).....	32
Figure FCT- 23	Fitted Distributions for Global Equities Total Return by Percentile and Return Period (Cumulative).....	32
Figure FCT- 24	Fitted Distributions for Global Low Volatility Equities Total Return by Percentile and Return Period (Cumulative).....	33
Figure FCT- 25	Correlation between Equity Returns.....	33
Figure FCT- 26	Dividend Yield.....	33
Figure FCT- 27	Asset Allocation Tolerance Ranges (Basic Claims).....	34
Figure FCT- 28	Asset Allocation Tolerance Ranges (RSR).....	35

Figure FCT- 29	Total Equity - Decline in Equity Markets Scenario without Management Action .....	36
Figure FCT- 30	Minimum Capital Test Ratio - Decline in Equity Markets Scenario without Management Action .....	37
Figure FCT- 31	Decline in Equity Markets Solvency Scenario without Management Action .....	38
Figure FCT- 32	Decline in Equity Markets Solvency Scenario without Management Action - Difference from Base Forecast .....	38
Figure FCT- 33	Decline in Equity Markets Solvency Scenario with Management Action.....	39
Figure FCT- 34	Decline in Equity Markets Solvency Scenario with Management Action - Difference from Base Forecast.....	39
Figure FCT- 35	Total Equity - High Loss Ratio Scenario without Management Action.....	41
Figure FCT- 36	Minimum Capital Test Ratio - High Loss Ratio Scenario without Management Action .....	42
Figure FCT- 37	High Loss Ratio Solvency Scenario without Management Action .....	43
Figure FCT- 38	High Loss Ratio Solvency Scenario without Management Action - Difference from Base Forecast .....	43
Figure FCT- 39	High Loss Ratio Solvency Scenario with Management Action.....	44
Figure FCT- 40	High Loss Ratio Solvency Scenario with Management Action - Difference from Base Forecast .....	44
Figure FCT- 41	High Loss Ratio Going Concern Scenario without Management Action .....	45
Figure FCT- 42	High Loss Ratio Going Concern without Management Action - Difference from Base Forecast .....	45
Figure FCT- 43	High Loss Ratio Going Concern Scenario with Management Action .....	46
Figure FCT- 44	High Loss Ratio Going Concern Scenario with Management Action - Difference from Base Forecast .....	46
Figure FCT- 45	Historical PIPP Run off .....	48
Figure FCT- 46	Simulated PIPP Run off .....	48
Figure FCT- 47	Total Equity - Policy Liabilities Scenario without Management Action .....	49
Figure FCT- 48	Minimum Capital Test Ratio - Policy Liabilities Scenario without Management Action .....	50
Figure FCT- 49	Policy Liabilities Scenario without Management Action .....	51
Figure FCT- 50	Policy Liabilities Scenario without Management Action - Difference from Base Forecast .....	51
Figure FCT- 51	Policy Liabilities Scenario with Management Action.....	52
Figure FCT- 52	Policy Liabilities Scenario with Management Action - Difference from Base Forecast.....	52
Figure FCT- 53	Correlation between Equity Returns and Interest Rate Movements .....	54
Figure FCT- 54	Total Equity - Combined Scenario without Management Action .....	55
Figure FCT- 55	Minimum Capital Test Ratio - Combined Scenario without Management Action .....	56
Figure FCT- 56	Selected 1-in-100 Year Combined Scenario Assumptions .....	57
Figure FCT- 57	Combined Solvency Scenario without Management Action.....	58
Figure FCT- 58	Combined Solvency Scenario without Management Action – Difference from Base Forecast .....	58
Figure FCT- 59	Combined Solvency Scenario with Management Action .....	59
Figure FCT- 60	Combined Solvency Scenario with Management Action – Difference from Base Forecast .....	59
Figure FCT- 61	Combined Going Concern Scenario without Management Action.....	60

Figure FCT- 62	Combined Going Concern Scenario without Management Action - Difference from Base Forecast .....	60
Figure FCT- 63	Combined Going Concern Scenario with Management Action .....	61
Figure FCT- 64	Combined Going Concern Scenario with Management Action - Difference from Base Forecast .....	61
Figure FCT- 65	Assumed Capital Transfers .....	62
Figure FCT- 66	Solvency Scenarios excluding Capital Transfers: Total Equity .....	63
Figure FCT- 67	Solvency Scenarios excluding Capital Transfers: Minimum Capital Test Ratio .....	63
Figure FCT- 68	Going Concern Scenarios excluding Capital Transfers: Total Equity .....	63
Figure FCT- 69	Going Concern Scenarios excluding Capital Transfers: Minimum Capital Test Ratio .....	64
Figure FCT- 70	Terminations for PIPP Claims Open More Than 10 Years .....	66
Figure FCT- 71	Historical Declines in Long-Term Bond Yields (1956 to May 2020) .....	67
Figure FCT- 72	Selected Adverse Scenarios by Percentile and Period (Cumulative) .....	67
Figure FCT- 73	Interest Rate Decline Scenario, 1-in-100 Year Scenarios (Without 0.53% Floor).....	69
Figure FCT- 74	Interest Rate Decline Scenario, 1-in-100 Year Scenarios (With 0.53% Floor).....	70
Figure FCT- 75	Canadian CPI .....	71
Figure FCT- 76	Canadian Corporate Bond Default Rate Analysis.....	72
Figure FCT- 77	Fitted Canadian Corporate Bond Default Rates.....	73

## Financial Condition Test

### FCT.1 Summary Of Findings

1 I have completed my investigation of the future financial condition of Basic  
2 Compulsory Autopac Insurance (Basic) as at March 31, 2020 in accordance with  
3 accepted actuarial practice (AAP) in Canada.

4 I have analyzed the forecasted financial positions of Basic over an appropriate forecast  
5 period under a series of scenarios. As part of my investigation, I have used the target  
6 capital ratios for Basic as set out in the Regulation and in the Capital Management  
7 Plan of MPI.

8 My report includes the identification of corrective management actions that could be  
9 taken to mitigate the effect of adverse scenarios threatening Basic solvency or/and its  
10 ability to operate on a going concern basis.

11 In my opinion, the future financial condition of Basic is satisfactory because (1) Basic  
12 Total Equity remains positive in all of the 1-in-100 year solvency scenarios, (2) Basic  
13 exceeds the minimum capital requirements under the 1-in-10 year going concern  
14 scenarios, and (3) Basic exceeds the minimum capital requirements under the base  
15 scenario.

16 Winnipeg, Manitoba  
17 October 9, 2020

18 Subject to approval from MPI Board of Directors  
19 Luke Johnston  
20 Fellow, Canadian Institute of Actuaries

### FCT.1.1 Satisfactory Financial Condition

- 1 The insurer's financial condition would be satisfactory if throughout the forecast  
2 period:
- 3 • under the solvency scenarios, the statement value of the insurer's assets is  
4 greater than the statement value of its liabilities;
  - 5 • under the going concern scenarios, the insurer meets the regulatory minimum  
6 capital ratio(s) as defined by the *Reserves Regulation*, Man. Reg. 76/2019 (the  
7 Regulation) and the MPI Capital Management Plan (CMP) ; and
  - 8 • under the base scenario, the insurer meets its internal target capital ratio(s) as  
9 defined by the Regulation and the CMP.

### FCT.1.2 Base Scenario

10 The base scenario represents a realistic set of assumptions that are used to forecast  
11 the financial position of the insurer over the forecast period. The base scenario used in  
12 this Financial Condition Test (FCT) analysis is the same base scenario that MPI filed on  
13 June 17, 2020 in the 2021/22 General Rate Application (GRA).

14 The base scenario includes the implementation of the MPI CMP. The CMP provides a  
15 dynamic target capital level for Basic in all scenarios and assumes automatic transfers  
16 of excess capital from the MPI Extension line of business, when its capital exceeds the  
17 200% Minimum Capital Test (MCT) ratio at a given fiscal year end.



**Figure FCT- 1 Base Scenario: Includes proposed 5.47% rate decrease and 5.00% capital release in 2021/22 and thereafter**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Net Income</b>	\$21	(\$1)	(\$45)	(\$59)	(\$62)
3	<b>Retained Earnings</b>	\$526	\$550	\$540	\$519	\$497
4	<b>Capital Transfers</b>	\$65	\$25	\$35	\$38	\$40
5	<b>AOCI<sup>1</sup></b>	(\$26)	(\$20)	(\$16)	(\$13)	(\$9)
6	<b>Total Equity<sup>2</sup></b>	\$499	\$529	\$523	\$506	\$488
7	<b>MCT Ratio<sup>3</sup></b>	119.16%	114.22%	107.23%	100.49%	95.37%
8	1. Accumulated Other Comprehensive Income					
9	2. Total Equity = Retained Earnings + AOCI					
10	3. Minimum Capital Test Ratio based on the 2019 MCT Guideline					

### FCT.1.3 Adverse Scenarios

1 An adverse scenario is developed by stress testing the assumptions used in the base  
2 scenario with regards to risk factors that may trigger potential threats to the financial  
3 condition of the insurer.

#### FCT.1.3.1 Solvency Scenarios

4 A solvency scenario is a plausible adverse scenario if it is credible and has a non-trivial  
5 probability of occurring. In this FCT report, the selected solvency scenarios are at the  
6 1-in-100 year probability level.

7 The figure below summarizes the most adverse solvency scenarios tested in this  
8 report over the four year return period, including assumed management and  
9 regulatory action, for each of the three main risk categories.

**Figure FCT- 2 Solvency Scenarios with Management Action: Total Equity**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Combined Scenario (4-Year)</b>	\$499	\$378	\$425	\$254	\$226
3	<b>High Loss Ratio (4-Year)</b>	\$499	\$345	\$233	\$172	\$226
4	<b>Policy Liabilities (4-Year)</b>	\$499	\$479	\$437	\$424	\$358
5	<b>Equity Decline (4-Year)</b>	\$499	\$490	\$451	\$413	\$384

**Figure FCT- 3 Solvency Scenarios with Management Action: Minimum Capital Test Ratio**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Combined Scenario (4-Year)	119.16%	73.68%	85.84%	40.89%	36.22%
2	High Loss Ratio (4-Year)	119.16%	67.96%	39.70%	25.05%	38.86%
3	Policy Liabilities (4-Year)	119.16%	100.26%	85.10%	80.51%	63.90%
4	Equity Decline (4-Year)	119.16%	106.16%	92.32%	80.88%	74.27%

1 Based on the above results, the most adverse solvency scenario is the four-year  
2 Combined Scenario. As shown in the figure above, MPI Basic maintains a positive Total  
3 Equity balance for all 1-in-100 year solvency scenarios tested in this report.

**FCT.1.3.2 Going Concern Scenarios**

4 A going concern scenario is an adverse scenario that is more likely to occur and/or be  
5 less severe than a solvency scenario, and could include risks not considered in the  
6 solvency scenarios. In this FCT report, the selected going concern scenarios are at the  
7 1-in-10 year probability level.

8 The figure below summarizes the most adverse going concern scenarios tested in this  
9 report over the four year return period, including assumed management and  
10 regulatory action, for each of the three main risk categories.

**Figure FCT- 4 Going Concern Scenarios with Management Action: Total Equity**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	Base	\$499	\$529	\$523	\$506	\$488
3	Combined Scenario (4-Year)	\$499	\$400	\$385	\$407	\$415
4	High Loss Ratio (4-Year)	\$499	\$401	\$367	\$420	\$460
5	Policy Liabilities (4-Year)	\$499	\$499	\$481	\$455	\$419
6	Equity Decline (4-Year)	\$499	\$505	\$479	\$449	\$422

**Figure FCT- 5      Going Concern Scenarios with Management Action: Minimum Capital Test Ratio**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Base	119.16%	114.22%	107.23%	100.49%	95.37%
2	Combined Scenario (4-Year)	119.16%	86.42%	80.69%	87.31%	89.38%
3	High Loss Ratio (4-Year)	119.16%	81.46%	70.48%	81.67%	89.11%
4	Policy Liabilities (4-Year)	119.16%	105.62%	96.44%	87.69%	78.60%
5	Equity Decline (4-Year)	119.16%	109.30%	98.21%	89.52%	81.64%

1 Based on the above, the most adverse going concern scenario is the four-year High  
2 Loss Ratio scenario. Basic is able to meet the minimum capital requirement of the CMP  
3 in all of the going concern scenarios.

#### FCT.1.4      Rationale for Actuarial Opinion

4 Under the solvency scenarios, including plausible management and regulatory action,  
5 there are no scenarios at the selected 1-in-100 year probability level that cause Basic  
6 Total Equity to fall below zero during the four-year forecast period.

7 Under the going concern scenarios, including plausible management and regulatory  
8 action, there are no scenarios at the selected 1-in-10 year probability level that cause  
9 Basic to be unable to meet the target capital ratios required by the CMP over the  
10 forecast period.

11 Under the base scenario, Basic maintains an MCT ratio at or above the target capital  
12 ratios as required by the CMP over the forecast period.

13 As a result, the financial condition of Basic is satisfactory.

## FCT.1.5 Review of Events Since the Previous FCT Report

### FCT.1.5.1 Basic Product Modernization

1 The Government of Manitoba made three coverage changes to compulsory Basic  
2 products, which will take effect on April 1, 2021. These are as follows:

- 3 • Increase the Basic deductible from \$500 to \$750
- 4 • Increase Third Party Liability coverage from \$200,000 to \$500,000
- 5 • Increase the Maximum Insured Value to \$70,000 (from \$50,000)

6 The net break-even impact of these product changes on 2021/22 Basic insurance rates  
7 is a 3.0% rate decrease. The claims modeling used in the FCT report has been  
8 updated to reflect the new coverages.

### FCT.1.5.2 New Fiscal Year End

9 The fiscal year end of MPI changed from February 28/29 to March 31, effective the  
10 year ending March 31, 2020. The change aligned reporting periods with the  
11 Government of Manitoba and other Crown Corporations. The new year-end has no  
12 impact on the risk profile of Basic. In order to accommodate this change, the 2019/20  
13 fiscal year was extended to 13 month.

### FCT.1.5.3 COVID-19 Pandemic Impact

14 On March 20, 2020 the Government of Manitoba declared a state of emergency as a  
15 result of the COVID-19 Pandemic. Since this time, MPI has experienced significant  
16 volatility in results relative to budget for most key financial variables. However, due to  
17 the low risk profile of Basic, specifically in relation to the Basic asset and liability  
18 management program, the net impact of this volatility was largely favourable to net  
19 income and the MCT ratio. In particular:

- 20 • The net impact of changing interest rates on Basic claims liabilities and the  
21 associated asset-backing Basic claims portfolio was essentially zero (hedged).

- 1 • Claims costs dropped significantly as customers were no longer driving to work  
2 or school. At the peak of the pandemic lockdown, collision claims were down by  
3 more than 50%.
- 4 • Equity markets declined significantly at the start of the pandemic, but have  
5 since recovered most of these losses.

6 As a result of the actual and projected net income improvement from the pandemic,  
7 MPI issued a \$110 million rebate in May 2020, of which \$58 million came from the  
8 Basic line of business. The \$58 million rebate was the projected net benefit to Basic  
9 financial results from the pandemic from March 15 through May 15, 2020. The  
10 projected impacts are included in the base scenario for this FCT report.

11 MPI has continued to experience favourable claims results through August 31, 2020;  
12 but at a lesser magnitude than at the start of the Pandemic. There has also been a  
13 substantial recovery in equity markets since March 2020. There continues to be much  
14 uncertainty in the forecasts for the remainder of the 2020/21, but MPI believes that  
15 these risks are either potentially favourable (i.e. less claims than expected) or  
16 adequately modeled in this FCT report (i.e. equity decline risk).

17 For the purposes of the FCT analysis, MPI has assumed its base forecast is a  
18 reasonable projection of the forecast period. However, given the significant  
19 uncertainty in results, MPI will perform sensitivity testing if the results of any adverse  
20 scenario become close to the threshold for achieving satisfactory financial condition.

## FCT.1.6 Recommendations

- 1 1. In the 2021 FCT analysis, Management should include projections on the expected  
2 impacts from International Financial Reporting Standards (IFRS) 17.
- 3 2. In the 2021 FCT analysis, the financial model should be modified to create a more  
4 dynamic calculation of rate changes and capital build and release provisions.

## FCT.2 Introduction

### FCT.2.1 Role of the Appointed Actuary

- 5 As per Subsection 2520 of the Canadian Institute of Actuaries (CIA) Standards of  
6 Practice:

7 *The appointed actuary should make an investigation at least once*  
8 *during each financial year of the insurer's recent and current financial*  
9 *position and financial condition, as revealed by financial condition*  
10 *testing for selected scenarios.*

11 *The appointed actuary should make a report of each investigation in*  
12 *writing to the insurer's board of directors (or to the appropriate*  
13 *committee of the board such as audit committee, risk committee, etc. if*  
14 *they so delegate) or its chief agent for Canada. The report should*  
15 *identify possible actions, and reasons for those actions, for dealing with*  
16 *any threats to satisfactory financial condition that the investigation*  
17 *reveals. The actuary should also comment on the consistency of the*  
18 *results of the investigation and possible actions with the own risk and*  
19 *solvency assessment (ORSA).*

20 *The appointed actuary should ensure that the investigation is current.*  
21 *The investigation should take into consideration recent events and*  
22 *recent financial operating results of the insurer.*

### FCT.2.2 Purpose

- 23 The purpose of financial condition testing is to identify (i) plausible threats to  
24 satisfactory financial condition, (ii) actions that would lessen the likelihood of those  
25 threats, and (iii) actions that would mitigate a threat if it materialized.

### FCT.2.3 Scope

1 The FCT report contains the key assumptions of the base scenario and the plausible  
2 adverse scenarios posing the greatest risk to the satisfactory financial condition of MPI  
3 Basic. This report discloses each of the risk categories considered in undertaking the  
4 FCT analysis. It is expected that the actuary would scenario test and report at least  
5 once during each financial year on the base scenario, and adverse scenarios posing  
6 significant risk for the insurer.

7 The report would also contain the adverse scenarios examined that cause the insurer  
8 to fall below its internal target capital ratio(s) as determined by the ORSA. The report  
9 would make it clear whether under these scenarios the regulators may impose  
10 restrictions on the operations of the insurer, including its ability to write new business.

11 If the investigation identifies any plausible threat to the satisfactory financial condition  
12 of Basic, then the actuary would identify corrective management action that would  
13 lessen or mitigate that threat if it materialized. For each adverse scenario reported  
14 upon, the actuary would report the results both with and without the effect of  
15 corrective management action.

16 The report would present the financial position of the insurer at each fiscal year-end  
17 throughout the forecast period.

18 The FCT analysis was performed by Luke Johnston, FCIA, FCAS, and Chief Actuary and  
19 Vice President, Product and Risk Management. Mr. Johnston is available to answer any  
20 questions in regards to this report and can be reached at the following address:

21 Manitoba Public Insurance  
22 912-234 Donald Street Box 6300  
23 Winnipeg, MB R3C 4A4  
24 Telephone: (204) 985-8770 ext. 8050  
25 Email: [ljohnston@mpi.mb.ca](mailto:ljohnston@mpi.mb.ca)

#### FCT.2.4 Use and Distribution

1 The FCT report was prepared for the internal use of MPI. A copy of this report may be  
2 provided to MPI's external auditors and to the Public Utilities Board (PUB).

#### FCT.2.5 Process

3 FCT has the following key elements:

- 4 • Development of a base scenario;
- 5 • Analysis of the impact of adverse scenarios;
- 6 • Identification and analysis of the effectiveness of various strategies to mitigate  
7 risks;
- 8 • A report on the results of the analysis and recommendations to MPI  
9 management and its Board of Directors; and
- 10 • An opinion signed by the actuary and included in the report on the financial  
11 condition of the insurer.

#### FCT.2.6 Method

12 The MPI internal financial model was used to perform the 2020 FCT analysis. Detailed  
13 output from the financial model is provided in the supporting appendices for the base  
14 scenario and for each adverse scenario tested in this report.

15 The base scenario was generated through the combined effort of several departments  
16 and committees, including:

- 17 • Actuarial Services
- 18 • Investments
- 19 • Financial Forecasting and Reinsurance
- 20 • Enterprise Risk Management
- 21 • Forecasting Committee
- 22 • Executive Committee

23 The assumptions and forecasts generated by the above units and committees are the  
24 inputs for the MPI financial model. A written summary of the base scenario



1 assumptions are contained in FCT.4.3 of this report, while detailed model output for  
2 the base scenario with -10.47% rate change is contained in Appendix 1.

3 The modeling of plausible adverse scenarios involves reviewing all of the assumptions  
4 (or inputs) of the base scenario and determining how they are impacted by the event.  
5 A new set of assumptions and forecasts are then generated based on the assumed  
6 plausible adverse scenario. These assumptions are then input into the financial model  
7 and the results are compared to the base scenario.

### FCT.2.7 Data Sources

8 To perform this valuation, I have used information provided by:

- 9 • Glenn Bunston, Manager, Investments
- 10 • Wes Sprenger, Enterprise Risk Management Specialist
- 11 • Dean Dunstone, Manager, Financial Forecasting and Reinsurance
- 12 • Tyler Clearwater, Actuarial Analyst, Actuarial Services
- 13 • Mark Russo, Accountant 2, Financial Forecasting and Reinsurance

## FCT.3 Capital Adequacy Management

### FCT.3.1 Regulatory Capital Requirements and the Capital Management Plan

1 Basic Total Equity, net of any special appropriations, is referred to as the Rate  
2 Stabilization Reserve. Per the Regulation:

3 *The minimum amount the Corporation must maintain in its rate*  
4 *stabilization reserve is the amount determined using a MCT ratio of*  
5 *100%.*

6 MPI has interpreted that compliance with this Regulation occurs when the Basic MCT  
7 ratio is in excess of 100% or if MPI has executed a capital rebuilding plan to restore  
8 Basic MCT to at least 100% in five years or less.

9 The MPI CMP was approved by the PUB in the 2019/20 fiscal year. The plan is  
10 anchored on the regulated 100% MCT capital target for Basic and includes automatic  
11 capital transfers from the Extension line of business of MPI. The CMP includes the  
12 following components:

- 13 • **AAP ratemaking** – Basic rates are determined based on AAP using a 0% profit  
14 provision.
- 15 • **Capital targets by line of business** – Basic insurance has a capital target of  
16 100% MCT and Extension has a capital target of 200% MCT. The Extension  
17 capital target is relevant to this FCT report because of the assumption of  
18 automatic capital transfers from Extension to Basic.
- 19 • **Capital transfer rules** – When Extension has a year-end MCT ratio in excess  
20 of 200% MCT, capital is automatically transferred from Extension to Basic such  
21 that the Extension MCT ratio falls to 200% MCT. Capital cannot be transferred  
22 from Basic to Extension.

- 1 • **Capital build or release provision** – At the annual rate application process,  
2 when the Basic MCT ratio at the beginning of the rating year is less than 100%  
3 MCT, MPI must demonstrate that the base scenario for Basic insurance will  
4 achieve a 100% MCT ratio within 5 years or less. Further, Basic must move at  
5 least 1/5<sup>th</sup> of the way towards the 100% MCT target each year. If the Basic  
6 base scenario does not achieve the targeted MCT ratios, then a capital build  
7 (i.e. rate surcharge) must be applied.
  
- 8 • **Rate Caps** – The CMP does not cap any rate increases required from the  
9 application of AAP ratemaking. However, if the indicated AAP rate change is  
10 greater than +5%, then no additional surcharge will be applied. If the rate  
11 change is less than 5%, then a capital surcharge can be applied such that the  
12 maximum overall rate change from AAP and the capital surcharge is +5%.

13 The CMP is included in the financial model used in this FCT analysis.

14 The figure below shows the MCT ratio under the base scenario compared to the target  
15 MCT ratio based on the CMP of MPI. MPI Basic is in compliance with the Reserves  
16 Regulation because the base scenario MCT ratio is in excess of the 100% MCT capital  
17 requirement over the next rating period (2021/22). The base scenario does not  
18 include assumed rate or capital adjustments beyond the 2021/22 rating year.  
19 However, in practice, rates would be modified each year as part of the regulatory rate  
20 review process, i.e. MPI’s annual General Rate Application.

**Figure FCT- 6 Base Forecast, Minimum Capital Test Ratio**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<b>Base Forecast</b>	119.16%	114.22%	107.23%	100.49%	95.37%
2	<b>MCT Target</b>	119.16%	115.33%	111.50%	107.66%	103.83%

**FCT.3.2 Materiality**

21 As per CIA Standards of Practice, an omission, understatement or overstatement is  
22 material if the actuary expects it to materially affect either the user’s decision making  
23 or the user’s reasonable expectations. MPI has judgmentally selected a materiality

1 standard of \$10 million, which is twice the materiality standard used in the *External*  
2 *Actuary Review Attachment B, March 2020 Basic Appointed Actuary's Report*. The  
3 higher standard reflects the much greater uncertainty associated with the FCT  
4 projections relative to the uncertainty of the base forecast.

5 Note: The materiality level is not intended to represent the range of reasonable values  
6 or the inherent uncertainty in an actuarial estimate.

## FCT.4 Background Discussions

### FCT.4.1 Description of Basic

7 MPI Basic is its compulsory automobile insurance product. MPI has a monopoly on the  
8 sale of Basic products. The Basic coverages are as follows:

- 9 • All perils coverage with a \$750 deductible
- 10 • Maximum insured value of \$70,000
- 11 • No-fault accident benefits - Personal Injury Protection Plan (PIPP)
- 12 • Third Party Liability with a \$500,000 limit.

### FCT.4.2 Recent and Current Financial Position

13 The figure below provides the historical financial results for Basic over the previous  
14 five fiscal years.

**Figure FCT- 7 Historical Results**

Line No.		2015/16	2016/17	2017/18	2018/19	2019/20
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$881	\$928	\$983	\$1,052	\$1,116
3	<b>Total Claims Costs</b>	\$798	\$994	\$924	\$1,031	\$906
4	<b>Expenses</b>	\$135	\$140	\$141	\$152	\$150
5	<b>Investment Income</b>	(\$4)	\$83	\$116	\$210	\$60
6	<b>Net Income</b>	(\$56)	(\$123)	\$34	\$79	\$121
7	<b>Rebates</b>	\$0	\$0	\$0	\$0	\$0
8	<b>Transfers from Competitive Lines</b>	\$73	\$28	\$37	\$60	\$0
9	<b>Retained Earnings</b>	\$194	\$99	\$211	\$310	\$441
10	<b>AOCI<sup>1</sup></b>	\$37	\$82	\$40	(\$60)	\$15
11	<b>Total Equity<sup>2</sup></b>	\$231	\$181	\$211	\$250	\$406
12	<b>MCT Ratio<sup>3</sup></b>	48.61%	29.71%	44.11%	51.54%	105.83%

13 1. Accumulated Other Comprehensive Income

14 2. Total Equity = Retained Earnings + AOCI

15 3. Minimum Capital Test (MCT) Ratio. The 2019/20 MCT ratio is calculated based on the 2019 Guideline.

**FCT.4.3 Base Scenario**

1 As per CIA Standards of Practice (section 2520.17):

2 *The base scenario would be a realistic set of assumptions used to*  
 3 *forecast the insurer's financial position over the forecast period.*  
 4 *Normally, the base scenario would be consistent with the insurer's*  
 5 *business plan. The actuary would accept the business plan's*  
 6 *assumptions for use in the base scenario unless these assumptions are*  
 7 *so inconsistent or unrealistic that the resulting report would be*  
 8 *misleading. The actuary would report any material inconsistency*  
 9 *between the base scenario and the business plan.*

10 Details of the MPI base scenario are provided in the following sections.

#### FCT.4.4 Description of Economic Assumptions in the Base Scenario

1 **Volume growth:** The number of insured units (excluding trailers and Off-Road  
2 Vehicles (ORVs)) is assumed to increase 0.14% in 2020/21, 1.79% in 2021/22 and  
3 1.06% thereafter. The longer term forecast is consistent with historical averages.  
4 Trailers and ORVs have higher growth rates, but represent less than 1% of annual loss  
5 costs.

6 **Vehicle Upgrade Factor:** The average premium can increase or decrease without  
7 rate changes as customers change their vehicle preferences (e.g. SUVs versus cars),  
8 where they live (i.e. Winnipeg versus rural), or how they use their vehicle (i.e. all-  
9 purpose versus pleasure). The vehicle upgrade factor (excluding trailers and ORVs) is  
10 assumed to be 2.45% per year over the entire forecast period, which is consistent  
11 with the most recent five year average. For more information see Revenues REV.1.2.

12 **Inflation:** The Manitoba inflation rate is forecasted at 1.8% in 2020/21, 1.8% in  
13 2021/22 and 2.0% thereafter. These rates are based on the consensus forecast from  
14 various banks and economic forecasting firms rounded to the nearest 10 basis points.  
15 For more information see Investments INV.14.2.

16 **Interest rates and yields:** The projected interest rates and yields for the investment  
17 portfolio are shown in the figure below. The Government of Canada (GoC) 10 year  
18 bond rate forecast and the Canadian 91 Day T-Bill forecast was calculated using the  
19 naïve forecast<sup>1</sup>. The returns for MUSH (i.e. non-marketable provincial bonds), equities,  
20 real estate, and infrastructure are the internal forecasts of MPI.

---

<sup>1</sup> The naïve forecast is the existing interest rate held constant for the entire interest rate forecast. The GoC 10 year bond rate forecast was 0.70%, which is based on the rate as of March 31, 2020.

**Figure FCT- 8 Assumed Interest Rates and Yields**

Line No.	Fiscal Year	CDN 91 Day T-Bill	Government of Canada 10 Year	Basic Claims Marketable Bond Yield	RSR Marketable Bond Yield	MUSH Rate	CDN/US Equities	Global Equities	Global Low Volatility Equities	Real Estate	Infrast.
1	2020/21	0.21%	0.70%	2.60%	1.93%	4.42%	6.80%	6.20%	6.20%	5.10%	6.10%
2	2021/22	0.21%	0.70%	2.58%	2.03%	4.37%	6.80%	6.20%	6.20%	5.80%	6.80%
3	2022/23	0.21%	0.70%	2.58%	2.03%	4.31%	6.80%	6.20%	6.20%	6.50%	7.50%
4	2023/24	0.21%	0.70%	2.58%	2.03%	4.26%	6.80%	6.20%	6.20%	6.00%	7.00%
5	2024/25	0.21%	0.70%	2.58%	2.03%	4.20%	6.80%	6.20%	6.20%	6.00%	7.00%
6	*The interest rates and yields in the above table are for the fourth quarter of each fiscal year. The Corporation creates										
7	forecasts for each quarter (not shown).										

1 **Claims Liability Discount Rate:** The present value of Basic claim liabilities is  
 2 calculated using a discount rate based on the current average yields on the fixed  
 3 income portfolio of MPI. The assumed claim liability discount rates over the forecast  
 4 period are shown in the figure below.

**Figure FCT- 9 Assumed Claims Liability Discount Rate**

Line No.	Fiscal Year End	Nominal	Real
1	2020/21	2.93%	0.91%
2	2021/22	2.90%	0.88%
3	2022/23	2.85%	0.83%
4	2023/24	2.80%	0.79%
5	2024/25	2.76%	0.74%

5 **Vehicle premiums:** The base forecast includes the following rate change and capital  
 6 adjustments over the forecast period.

**Figure FCT- 10 Assumed Rate Changes and Capital Build Provisions**

Line No.	Policy Year	Rate Change	Capital Build Provision
1	2020/21	-0.6% (approved)	0.0% (approved)
2	2021/22	-5.5% (proposed)	-5.0% (proposed)
3	2022/23	0.0% (assumed)	0.0% (assumed)
4	2023/24	0.0% (assumed)	0.0% (assumed)
5	2024/25	0.0% (assumed)	0.0% (assumed)

7 Per the above figure, MPI has applied for a 5.5% rate decrease and 5.0% capital  
 8 release in the 2021/22 policy year. The base forecast assumes the rate decrease  
 9 proposed by MPI will be approved by the PUB. However, MPI also has the opportunity

1 to file a compliance forecast with the PUB in October 2020. Should circumstances  
2 change (e.g. changes in interest rates, significant COVID-19 impacts, etc.), MPI has  
3 the opportunity to restate its 2021/22 rate projection and capital adjustment to best  
4 estimate levels i.e. pricing risk is thereby reduced.

5 In the 2022/23 to 2024/25 policy years, the base forecast assumes that there will be  
6 no additional rate changes or capital adjustments. However, assumed capital transfers  
7 from Extension to Basic *are* included in the forecast. Since MPI is in a capital release  
8 situation based on its current MCT level, the capital release provision (currently  
9 proposed at 5% in the 2021/22 rating year) *remains* in the base forecast over the  
10 rating period. This is seen as reasonable since the capital release provision is intended  
11 to restore the MCT back to 100% within a 5 year period. In reality, the capital  
12 adjustment will be recalculated each year based on the updated MCT ratio forecasts.

13 **Driver premiums:** MPI has not proposed any changes to driver premiums in the  
14 2021/22 policy year. The number of drivers is expected to grow at 1.35% per year  
15 based on historical trends.

## 16 **Reinsurance**

17 The MPI reinsurance structure is as follows:

- 18 • Catastrophe program in excess of \$35 million in aggregate annual catastrophic  
19 losses with a limit of \$300 million. There is a \$1 million deductible for each  
20 catastrophic event before inclusion into the aggregate loss pool.
- 21 • Casualty program with retention of \$10 million and a limit of \$50 million.

22 No changes in coverage are anticipated for the reinsurance program over the  
23 projection period.



1 **Deferred Policy Acquisition Costs (DPAC) Write-Down and Premium**  
2 **Deficiencies**

3 The figure below shows the assumed changes in the premium deficiency and DPAC  
4 write-down over the forecast period. These amounts are included in the base forecast.

**Figure FCT- 11 Change in the Premium Deficiency or DPAC Write Down**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Change in Premium Deficiency/DPAC</b>	(\$9)	\$1	(\$2)	\$5	\$14

5 **Base Forecast**

6 The figure below shows the MPI base forecast used in the FCT report.

**Figure FCT- 12 Base Scenario – Includes 5.5% Rate Decrease and 5.0% Capital Release in 2021/22 and No Rate Changes or Capital Build Provisions thereafter**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,066	\$1,088	\$1,133	\$1,175
4	<b>Expenses</b>	\$153	\$154	\$157	\$163	\$166
5	<b>Investment Income</b>	\$84	\$89	\$92	\$90	\$90
6	<b>Net Income</b>	\$21	(\$1)	(\$45)	(\$59)	(\$62)
7	<b>Retained Earnings/RSR</b>	\$526	\$550	\$540	\$519	\$497
8	<b>AOCI</b>	(\$26)	(\$20)	(\$16)	(\$13)	(\$9)
9	<b>Total Equity</b>	\$499	\$529	\$523	\$506	\$488
10	<b>MCT Ratio</b>	119.16%	114.22%	107.23%	100.49%	95.37%

#### FCT.4.5 Discussion of Prior Year's DCAT Results, Recommendations, and Management Actions

1 The Dynamic Capital Adequacy Test (DCAT) report dated June 20, 2019 found that the  
2 future financial condition of Basic was satisfactory because (i) there were no adverse  
3 scenarios at the selected 1-in-100 year probability level that caused Basic Total Equity  
4 to fall below zero during the four-year forecast period; and (ii) under the base  
5 scenario, Basic maintained a Total Equity balance above the targeted MCT ratio over  
6 the forecast period.

7 It was recommended that Management conduct an analysis of the expected impacts of  
8 IFRS 17. However, this analysis has been delayed due to the one year deferral of the  
9 implementation of IFRS 17. As of August 2020, MPI is working with its External  
10 Appointed Actuary, JS Cheng and Partners, on a mock IFRS 17 policy liability  
11 valuation. These results should be available prior to the 2021 FCT report.

12 It was recommended that Management solidify its profit targets for Extension  
13 insurance given the importance of Extension capital transfers to both Basic rate  
14 setting and Basic MCT forecasts. Since this recommendation, the MPI Board of  
15 Directors has had discussions with Management on the target profit level for the  
16 Extension line of business. For the 2021/22 policy year, the Board of Directors has  
17 approved a -7.5% reduction in rates and repriced Extension products as a result of the  
18 Basic product changes. As a result, the Extension profitability has been reduced from  
19 28.0% in 2020 to 23.5% in 2021. This profit target will be reviewed again in fiscal  
20 2021/22.

21 Lastly, it was recommended that Management improve its modeling and  
22 understanding of policy liability risk. The current FCT report has incorporated policy  
23 liability risk in the modeling of both single risk scenarios and the combined risk  
24 scenarios.

## FCT.5 Adverse Scenarios

### FCT.5.1 Solvency Scenarios

1 A summary of the projected Total Equity, MCT ratios, and assumed management  
2 action for the selected 1-in-100 year solvency scenarios are shown in the figures  
3 below. These scenarios are considered to have the most significant financial impact to  
4 the financial position of Basic. Each scenario is tested over 1, 2, 3, and 4 year return  
5 periods, and the return period that results in the lowest Total Equity is selected for  
6 modeling purposes. All other risk categories are discussed in the 'Analysis of All  
7 Property and Casualty Insurer Risk Categories' section of this report.

**Figure FCT- 13 Total Equity – 1-in-100 Year Solvency Scenarios including Management Action**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	Base	\$499	\$529	\$523	\$506	\$488
3	Combined Scenario (4-Year)	\$499	\$378	\$425	\$254	\$226
4	High Loss Ratio (4-Year)	\$499	\$345	\$233	\$172	\$226
5	Policy Liabilities (4-Year)	\$499	\$479	\$437	\$424	\$358
6	Equity Decline (4-Year)	\$499	\$490	\$451	\$413	\$384

**Figure FCT- 14 Minimum Capital Test Ratios – 1-in-100 Year Solvency Scenarios including Management Action**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Base	119.16%	114.22%	107.23%	100.49%	95.37%
2	Combined Scenario (4-Year)	119.16%	73.68%	85.84%	40.89%	36.22%
3	High Loss Ratio (4-Year)	119.16%	67.96%	39.70%	25.05%	38.86%
4	Policy Liabilities (4-Year)	119.16%	100.26%	85.10%	80.51%	63.90%
5	Equity Decline (4-Year)	119.16%	106.16%	92.32%	80.88%	74.27%

**Figure FCT- 15 Assumed Management and Regulatory Action – 1-in-100 Year Solvency Scenarios**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25
1	Base	-5.5% Rate / -5.0% CBP			
3	Combined Scenario (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP
2	High Loss Ratio (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP
4	Policy Liabilities (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 4.0% CBP	0.0% Rate / 1.1% CBP	0.0% Rate / 0.0% CBP
5	Equity Decline (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 2.0% CBP	0.0% Rate / 0.9% CBP	0.0% Rate / 0.6% CBP

1 The Total Equity and MCT ratio forecasts for all of the solvency scenarios remain  
2 positive throughout the forecast period after management and regulatory action.

### FCT.5.2 Going Concern Scenarios

3 A summary of the projected Total Equity, MCT ratios, and assumed management  
4 action for the selected 1-in-10 year going concern scenarios are shown in the figures  
5 below. These scenarios are considered to have the most significant financial impact to  
6 the financial position of Basic from a going concern perspective. Each scenario is  
7 tested over 1, 2, 3, and 4 year return periods, and the return period that results in the  
8 lowest Total Equity is selected for modeling purposes. All other risk categories are  
9 discussed in the 'Analysis of All Property and Casualty Insurer Risk Categories' section  
10 of this report.

11 MPI has satisfactory financial condition under the going concern scenario when the  
12 MCT ratio remains above the minimum amount required to meet the requirements of  
13 the CMP. Through reverse stress testing, MPI has determined that the MCT ratio must  
14 remain above 50% MCT in order for Basic to meet the going concern capital  
15 requirements (i.e. build capital back to 100% MCT within 5 years or less). In other  
16 words, if the MCT falls below 50% then Basic cannot return to 100% MCT in 5 years  
17 through the routine application of rate increases, capital rebuilding fees, and Extension  
18 transfers.

**Figure FCT- 16 Total Equity – 1-in-10 Year Going Concern Scenarios including Management Action**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	Base	\$499	\$529	\$523	\$506	\$488
3	Combined Scenario (4-Year)	\$499	\$400	\$385	\$407	\$415
4	High Loss Ratio (4-Year)	\$499	\$401	\$367	\$420	\$460
5	Policy Liabilities (4-Year)	\$499	\$499	\$481	\$455	\$419
6	Equity Decline (4-Year)	\$499	\$505	\$479	\$449	\$422

**Figure FCT- 17 Minimum Capital Test Ratios – 1-in-10 Year Going Concern Scenarios including Management Action**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Base	119.16%	114.22%	107.23%	100.49%	95.37%
2	Combined Scenario (4-Year)	119.16%	86.42%	80.69%	87.31%	89.38%
3	High Loss Ratio (4-Year)	119.16%	81.46%	70.48%	81.67%	89.11%
4	Policy Liabilities (4-Year)	119.16%	105.62%	96.44%	87.69%	78.60%
5	Equity Decline (4-Year)	119.16%	109.30%	98.21%	89.52%	81.64%

**Figure FCT- 18 Assumed Management and Regulatory Action – 1-in-10 Year Going Concern Solvency Scenarios**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25
1	Base	-5.5% Rate / -5.0% CBP			
3	Combined Scenario (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 1.3% CBP	0.0% Rate / 0.0% CBP
2	High Loss Ratio (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 4.0% CBP	0.0% Rate / 0.0% CBP
4	Policy Liabilities (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 2.4% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.7% CBP
5	Equity Decline (4-Year)	-5.5% Rate / -5.0% CBP	0.0% Rate / 1.2% CBP	0.0% Rate / 0.5% CBP	0.0% Rate / 0.2% CBP

- 1 Under the going concern scenarios, MPI maintains a minimum Basic MCT ratio of
- 2 78.6% or greater. MPI is able to meet the target capital requirements of the CMP
- 3 under all of the going concern scenarios.

### FCT.5.3 Management and Regulatory Action

1 The CMP effectively predetermines the management action for Basic rate changes in  
2 all scenarios. The key assumptions stemming from the CMP, which are relevant to the  
3 FCT analysis, are as follows:

- 4 1. Basic rates will be determined using AAP and a 0% provision for profit. There  
5 are no rate caps on indicated AAP rate increases.  
6
- 7 2. Basic will receive automatic capital transfers from the Extension line of  
8 business whenever Extension has an MCT ratio greater than 200%. Capital will  
9 be transferred from Extension such that the year-end Extension MCT ratio does  
10 not exceed 200%. Note: The FCT modeling has assumed that Extension capital  
11 transfers occur at the fiscal year end, however, in practice the transfer may not  
12 occur until the first quarter of the following year.  
13
- 14 3. Basic insurance cannot transfer capital to other lines of business.  
15
- 16 4. Basic has a regulatory target MCT ratio of 100%. If the Basic MCT ratio is less  
17 than 100% at the beginning of the rating year, MPI must demonstrate in its  
18 base scenario that the Basic MCT will meet or exceed 100% MCT in 5 years or  
19 less. If it does not, then MPI must apply a capital surcharge to Basic rates in  
20 order to meet this requirement.  
21
- 22 5. The maximum incremental capital surcharge in a given year is +5% less the  
23 amount of any AAP rate increase, i.e. if the AAP rate increase is +2%, then the  
24 maximum capital surcharge is +3%.

FCT.5.4 Decline in Equity Markets

1 **Scenario Description**

2 The equity assets of MPI experience a decline beginning in the 2021/22 fiscal year.

3 **Ripple Effects**

4 None identified – other than those impacts already incorporated into the MPI financial  
5 model.

6 **Changes from Last Year’s FCT Report**

7 MPI has now separately modelled equity declines for three different categories:  
8 Canadian, Global, and Global Low Volatility. In addition, correlations between equity  
9 categories have been established based on the Mercer 2018 Asset and Liability  
10 Management (ALM) Phase 2 Report.

11 **Scenario Justification**

12 Historical total returns on Canadian, Global, and Global Low Volatility equities were  
13 used to model this scenario. The figure below shows the actual total returns at the  
14 1st, 2.5<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> percentiles for each category from 1956 to present (May 31,  
15 2020).

**Figure FCT- 19 Historical Total Returns on Canadian Equities by Percentile and Return Period (Cumulative)**

Line No.	Time Period	Percentile	Return Period (Years)			
			1	2	3	4
2	1956-present	1st	-32.03%	-28.64%	-23.66%	-8.89%
3	1956-present	2.5th	-25.69%	-23.09%	-10.95%	-2.75%
4	1956-present	5th	-16.94%	-15.03%	-5.84%	1.13%
5	1956-present	10th	-10.67%	-6.12%	-0.63%	6.91%

**Figure FCT- 20 Historical Total Returns on Global Equities by Percentile and Return Period (Cumulative)**

Line No.	Time Period	Percentile	Return Period (Years)			
			1	2	3	4
2	1971-present	1st	-31.20%	-38.78%	-39.49%	-34.57%
3	1971-present	2.5th	-27.79%	-34.27%	-34.64%	-32.69%
4	1971-present	5th	-20.00%	-27.88%	-29.78%	-26.78%
5	1971-present	10th	-14.60%	-18.83%	-19.29%	-20.79%

**Figure FCT- 21 Historical Total Returns on Global Low Volatility Equities by Percentile and Return Period (Cumulative)**

Line No.	Time Period	Percentile	Return Period (Years)			
			1	2	3	4
2	1988-present	1st	-19.14%	-29.29%	-23.92%	-17.66%
3	1988-present	2.5th	-16.07%	-20.27%	-19.63%	-14.56%
4	1988-present	5th	-13.11%	-15.93%	-16.72%	-12.33%
5	1988-present	10th	-7.46%	-8.80%	-10.46%	-8.98%

- 1 Based on the historical results, the selected equity decline scenarios of MPI are based
- 2 on fitted distributions that best represent the historical data. The assumptions are
- 3 shown as total return in the figure below.

**Figure FCT- 22 Fitted Distributions for Canadian Equities Total Return by Percentile and Return Period (Cumulative)**

Line No.	Percentile	Return Period (Years)			
		1	2	3	4
2	1st	-35.02%	-28.92%	-20.25%	-8.46%
3	2.5th	-25.88%	-21.09%	-13.27%	-3.88%
4	5th	-18.82%	-14.48%	-7.05%	0.71%
5	10th	-11.48%	-7.03%	0.30%	6.90%

**Figure FCT- 23 Fitted Distributions for Global Equities Total Return by Percentile and Return Period (Cumulative)**

Line No.	Percentile	Return Period (Years)			
		1	2	3	4
2	1st	-31.54%	-43.77%	-39.47%	-34.48%
3	2.5th	-23.36%	-32.41%	-33.93%	-30.31%
4	5th	-17.04%	-23.33%	-27.75%	-25.11%
5	10th	-10.48%	-13.59%	-18.96%	-16.95%



**Figure FCT- 24 Fitted Distributions for Global Low Volatility Equities Total Return by Percentile and Return Period (Cumulative)**

Line No.	Percentile	Return Period (Years)			
		1	2	3	4
2	1st	-20.16%	-28.96%	-28.33%	-23.17%
3	2.5th	-15.22%	-21.27%	-21.14%	-17.29%
4	5th	-10.92%	-14.45%	-14.10%	-10.91%
5	10th	-6.00%	-6.52%	-5.18%	-2.03%

1 **Correlations**

2 Correlations between each of the different equity categories were selected based on  
3 the Mercer 2018 ALM Phase 2 Report. The figure below shows the assumed  
4 correlations between equity categories.

**Figure FCT- 25 Correlation between Equity Returns**

Line No.	Index	Canadian Equities	Global Equities	Global Low Volatility Equities
1	Canadian Equities	1.00		
2	Global Equities	0.70	1.00	
3	Global Low Volatility Equities	0.35	0.79	1.00

5 **Dividend Yield**

6 The dividend yield used in the Equity Decline scenarios is the same dividend yield as  
7 the base forecast – see figure below.

**Figure FCT- 26 Dividend Yield**

Line No.	Index	Canadian Equities	Global/Global Low Vol Equities
1	2020/21	4.06%	2.95%
2	2021/22	4.23%	3.09%
3	2022/23	4.46%	3.22%
4	Thereafter	4.46%	3.22%

8 Dividend income is calculated based on the market value of the portfolio multiplied by  
9 the dividend yield. When the market value of the equity portfolio declines in the

1 scenario analysis, dividends received as investment income also decline on a  
2 proportionate basis.

### 3 **Realized Losses**

4 Equity turnover indicates the rate at which gains or losses are realized in the equity  
5 portfolio on an annual basis. For this year's report, turnover is assumed to be 2.70%  
6 for Canadian equity, 3.50% for Global equity, and 12.50% for Global low volatility for  
7 all years over the forecast period.

### 8 **Rebalancing Assumptions under the ALM Portfolios (Basic and RSR)**

9 The Basic Claims asset allocation tolerance ranges for each asset class are  
10 summarized in the figure below:

**Figure FCT- 27 Asset Allocation Tolerance Ranges (Basic Claims)**

Line No.	Asset Class Group	Minimum	Target	Maximum
1	<b>Fixed Income</b>			
2	Provincial Bonds	50.0%	60.0%	70.0%
3	Corporate Bonds	10.0%	20.0%	30.0%
4	MUSH	0.0%	20.0%	30.0%
5	<b>Total Fixed Income</b>		<b>100.0%</b>	

11 The RSR asset allocation tolerance ranges for each asset class are summarized in the  
12 figure below:

**Figure FCT- 28 Asset Allocation Tolerance Ranges (RSR)**

Line No.	Asset Class Group	Minimum	Target	Maximum
1	<b>Fixed Income</b>			
2	Provincial Bonds	10.0%	20.0%	30.0%
3	Corporate Bonds	0.0%	10.0%	20.0%
4	Private Debt	15.0%	20.0%	25.0%
5	<b>Total Fixed Income</b>	<b>40.0%</b>	<b>50.0%</b>	<b>60.0%</b>
6	<b>Public Equities</b>			
7	Canadian Equities	7.0%	12.0%	17.0%
8	Global Equities	8.0%	13.0%	18.0%
9	Global Low Volatility	5.0%	10.0%	15.0%
10	<b>Total Equities</b>	<b>25.0%</b>	<b>35.0%</b>	<b>45.0%</b>
11	<b>Alternatives</b>			
12	Canadian Real Estate	7.0%	10.0%	13.0%
13	Infrastructure	2.0%	5.0%	8.0%
14	<b>Total Alternatives</b>	<b>10.0%</b>	<b>15.0%</b>	<b>20.0%</b>

## 1 Impairments

2 The MPI Impairment Policy is consistent with the IFRS Standards. Equities are held at  
3 market value on the financial statements. Therefore, modeled losses are fully reflected  
4 in Total Equity at all times. When equities are impaired, the impairment reclassifies  
5 the loss from Accumulated Other Comprehensive Income to Net Income. This  
6 impairment reclassification does not have any impact on the reported Total Equity.

7 Impairments are recognized in the model based on the following conditions:

- 8 • If the market value falls below 80% of book value at a fiscal year end,  
9 impairment is recognized.
- 10 • If market value remains below 100% of the book value for a period longer than  
11 a year, then at the following fiscal year-end an impairment is recognized.

12 When an impairment occurs, the book value of the equity portfolio is adjusted to equal  
13 the market value.

1 **Results**

- 2 The figures below show the projected Total Equity for each of the Equity Decline  
3 scenarios described above excluding management action.

**Figure FCT- 29 Total Equity - Decline in Equity Markets Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$440			
3	1-in-40	1 year + base	\$458			
4	1-in-20	1 year + base	\$471			
5	1-in-10	1 year + base	\$486			
6	1-in-100	2 year + base	\$462	\$388		
7	1-in-40	2 year + base	\$480	\$421		
8	1-in-20	2 year + base	\$489	\$439		
9	1-in-10	2 year + base	\$508	\$479		
10	1-in-100	3 year + base	\$484	\$430	\$363	
11	1-in-40	3 year + base	\$491	\$443	\$384	
12	1-in-20	3 year + base	\$496	\$454	\$401	
13	1-in-10	3 year + base	\$505	\$472	\$427	
14	1-in-100	4 year + base	\$495	\$452	\$397	\$339
15	1-in-40	4 year + base	\$498	\$458	\$407	\$352
16	1-in-20	4 year + base	\$503	\$468	\$422	\$374
17	1-in-10	4 year + base	\$508	\$479	\$438	\$396
18	<b>Base</b>		\$529	\$523	\$506	\$488
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$90)			
21	1-in-100, 2 year		(\$67)	(\$136)		
22	1-in-100, 3 year		(\$45)	(\$93)	(\$143)	
23	1-in-100, 4 year		(\$35)	(\$72)	(\$109)	(\$149)

**Figure FCT- 30 Minimum Capital Test Ratio - Decline in Equity Markets Scenario without Management Action**

Line No.	Probability	Return Period	2020/21	2021/22	2022/23	2023/24
1	1-in-100	1 year + base	95.4%			
2	1-in-40	1 year + base	99.0%			
3	1-in-20	1 year + base	101.8%			
4	1-in-10	1 year + base	105.3%			
5	1-in-100	2 year + base	100.4%	76.3%		
6	1-in-40	2 year + base	104.0%	84.8%		
7	1-in-20	2 year + base	105.9%	90.0%		
8	1-in-10	2 year + base	108.2%	95.1%		
9	1-in-100	3 year + base	105.0%	86.8%	70.1%	
10	1-in-40	3 year + base	106.3%	90.8%	74.5%	
11	1-in-20	3 year + base	107.4%	93.2%	78.1%	
12	1-in-10	3 year + base	109.2%	96.9%	84.5%	
13	1-in-100	4 year + base	107.2%	92.6%	77.3%	64.3%
14	1-in-40	4 year + base	107.6%	93.8%	79.2%	67.1%
15	1-in-20	4 year + base	108.9%	96.1%	83.7%	71.9%
16	1-in-10	4 year + base	109.9%	98.3%	87.1%	76.3%
17	Base		114.2%	107.2%	100.5%	95.4%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-18.8%			
20	1-in-100, 2 year		-13.8%	-30.9%		
21	1-in-100, 3 year		-9.3%	-20.4%	-30.4%	
22	1-in-100, 4 year		-7.0%	-14.6%	-23.2%	-31.0%

1 **Solvency Scenario**

2 Of the 1-in-100 year scenarios, the 4 year scenarios produce the largest overall  
 3 decline in Total Equity relative to the base forecast. The results for this scenario are  
 4 shown in the figures below and in Appendix 5.

**Figure FCT- 31 Decline in Equity Markets Solvency Scenario without Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,066	\$1,088	\$1,134	\$1,175
4	<b>Expenses</b>	\$153	\$154	\$157	\$163	\$166
5	<b>Investment Income</b>	\$84	\$83	\$44	\$57	\$54
6	<b>Net Income</b>	\$21	(\$8)	(\$93)	(\$92)	(\$98)
7	<b>Retained Earnings</b>	\$526	\$543	\$485	\$431	\$374
8	<b>AOCI</b>	(\$26)	(\$48)	(\$34)	(\$34)	(\$35)
9	<b>Total Equity</b>	\$499	\$495	\$452	\$397	\$339
10	<b>MCT Ratio</b>	119.16%	107.18%	92.63%	77.27%	64.34%

**Figure FCT- 32 Decline in Equity Markets Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$0	\$0	\$0	\$0
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Investment Income</b>	\$0	(\$6)	(\$47)	(\$33)	(\$36)
6	<b>Net Income</b>	\$0	(\$7)	(\$48)	(\$33)	(\$36)
7	<b>Retained Earnings</b>	\$0	(\$7)	(\$54)	(\$87)	(\$123)
8	<b>AOCI</b>	\$0	(\$28)	(\$18)	(\$22)	(\$25)
9	<b>Total Equity</b>	\$0	(\$35)	(\$72)	(\$109)	(\$149)
10	<b>MCT Ratio</b>	0.00%	-7.04%	-14.60%	-23.22%	-31.03%

1 Total equity remains positive in the Equity Decline scenario before the application of  
 2 management action. Therefore, Basic has adequate capital to respond to this scenario  
 3 from a solvency perspective.

4 For completeness, MPI has also provided the Equity Decline scenario after  
 5 management action in the tables below.

**Figure FCT- 33 Decline in Equity Markets Solvency Scenario with Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-0.6%	-5.5%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	-5.0%	2.0%	0.9%	0.6%
4	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,119	\$1,176	\$1,227
5	<b>Total Claims Costs</b>	\$1,002	\$1,066	\$1,089	\$1,134	\$1,175
6	<b>Expenses</b>	\$153	\$154	\$157	\$165	\$169
7	<b>Investment Income</b>	\$84	\$83	\$44	\$57	\$55
8	<b>Net Income</b>	\$21	(\$8)	(\$82)	(\$66)	(\$62)
9	<b>Retained Earnings</b>	\$526	\$538	\$484	\$448	\$418
10	<b>AOCI</b>	(\$26)	(\$48)	(\$34)	(\$34)	(\$34)
11	<b>Total Equity</b>	\$499	\$490	\$451	\$413	\$384
12	<b>MCT Ratio</b>	119.16%	106.16%	92.32%	80.88%	74.27%

**Figure FCT- 34 Decline in Equity Markets Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	2.0%	0.9%	0.6%
4	<b>Earned Revenues</b>	\$0	\$0	\$11	\$28	\$37
5	<b>Total Claims Costs</b>	\$0	\$0	\$1	\$0	\$0
6	<b>Expenses</b>	\$0	\$0	\$1	\$2	\$2
7	<b>Investment Income</b>	\$0	(\$6)	(\$47)	(\$33)	(\$35)
8	<b>Net Income</b>	\$0	(\$7)	(\$37)	(\$7)	(\$0)
9	<b>Retained Earnings</b>	\$0	(\$11)	(\$55)	(\$71)	(\$78)
10	<b>AOCI</b>	\$0	(\$28)	(\$18)	(\$22)	(\$25)
11	<b>Total Equity</b>	\$0	(\$39)	(\$73)	(\$92)	(\$103)
12	<b>MCT Ratio</b>	0.00%	-8.06%	-14.91%	-19.61%	-21.10%

**Going Concern Scenario**

- 1 All of the 1-in-10 going concern scenarios before management action produce a year
- 2 end MCT ratio that is significantly above the minimum MCT 50% that is required to
- 3 meet the requirements of the CMP. MPI can adequately respond to this scenario
- 4 through routine management action. No additional testing was performed.

## FCT.5.5 High Loss Ratio

### 1 **Scenario Description**

2 MPI experiences a significant increase in its loss ratio beginning in the 2021/22 fiscal  
3 year.

### 4 **Changes from Last Year's FCT Report**

5 No changes were made to this scenario relative to last year's FCT report.

### 6 **Ripple Effects**

7 *Claims Expenses:* The claims expenses, including internal claims adjustment costs  
8 (ICAC), were adjusted based on the increased level of claims costs. Claims expenses  
9 were restated using the cost allocation rules in the MPI financial model. ICAC was  
10 adjusted based on the estimated level of unpaid losses and incurred-but-not-reported  
11 (IBNR) at each fiscal year end.

12 *Actuarial Adjustments:* The claims impacts were estimated by simulating ultimate loss  
13 costs for future loss years. The most adverse ultimate loss scenarios were then  
14 selected for input into the financial model (it is not practical to run every simulation  
15 through the financial model), which discounts and adjusts the ultimate losses for  
16 actuarial provisions for adverse deviation (per actuarial standards of practice).

17 *Reinsurance:* The adverse scenario was assumed to have no impact on future  
18 reinsurance premiums. Reinsurance recoveries, if applicable, are included  
19 automatically as part of the financial modeling process.

20 *Premium Deficiency and/or Deferred Policy Acquisition Cost (DPAC) Write-Down:* A  
21 significant increase in the loss ratio could result in unearned premiums being  
22 insufficient to cover expected claims costs and expenses. The impact of a premium  
23 deficiency/DPAC write-down is included in the simulated results.



1 **Scenario Justification**2 *Simulation of Ultimate Losses*3 **Results**

4 The figure below shows the results of the incurred simulations by probability level and  
5 return period along with a comparison to the base forecast.

**Figure FCT- 35 Total Equity - High Loss Ratio Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$370			
3	1-in-40	1 year + base	\$396			
4	1-in-20	1 year + base	\$447			
5	1-in-10	1 year + base	\$436			
6	1-in-100	2 year + base	\$386	\$248		
7	1-in-40	2 year + base	\$455	\$313		
8	1-in-20	2 year + base	\$429	\$348		
9	1-in-10	2 year + base	\$408	\$345		
10	1-in-100	3 year + base	\$381	\$249	\$122	
11	1-in-40	3 year + base	\$426	\$278	\$198	
12	1-in-20	3 year + base	\$443	\$363	\$263	
13	1-in-10	3 year + base	\$420	\$389	\$321	
14	1-in-100	4 year + base	\$370	\$239	\$102	\$35
15	1-in-40	4 year + base	\$403	\$356	\$226	\$106
16	1-in-20	4 year + base	\$467	\$373	\$258	\$165
17	1-in-10	4 year + base	\$408	\$345	\$320	\$259
18	<b>Base</b>		\$529	\$523	\$506	\$488
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$159)			
21	1-in-100, 2 year		(\$143)	(\$276)		
22	1-in-100, 3 year		(\$148)	(\$275)	(\$383)	
23	1-in-100, 4 year		(\$159)	(\$285)	(\$404)	(\$453)

**Figure FCT- 36 Minimum Capital Test Ratio - High Loss Ratio Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	1-in-100	1 year + base	73.5%			
2	1-in-40	1 year + base	79.8%			
3	1-in-20	1 year + base	91.6%			
4	1-in-10	1 year + base	89.8%			
5	1-in-100	2 year + base	77.3%	41.8%		
6	1-in-40	2 year + base	94.9%	56.8%		
7	1-in-20	2 year + base	88.3%	66.0%		
8	1-in-10	2 year + base	93.5%	76.3%		
9	1-in-100	3 year + base	76.0%	42.2%	13.2%	
10	1-in-40	3 year + base	87.8%	48.5%	31.1%	
11	1-in-20	3 year + base	92.0%	69.3%	45.5%	
12	1-in-10	3 year + base	85.8%	76.3%	58.8%	
13	1-in-100	4 year + base	73.5%	41.1%	8.2%	-5.6%
14	1-in-40	4 year + base	81.7%	68.7%	37.0%	11.2%
15	1-in-20	4 year + base	98.3%	71.0%	43.9%	24.3%
16	1-in-10	4 year + base	82.9%	65.9%	59.8%	46.5%
17	Base		114.2%	107.2%	100.5%	95.4%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-40.7%			
20	1-in-100, 2 year		-37.0%	-65.4%		
21	1-in-100, 3 year		-38.3%	-65.0%	-87.3%	
22	1-in-100, 4 year		-40.7%	-66.2%	-92.3%	-101.0%

1 **Solvency Scenarios**

2 Based on the above results, the most significant solvency scenarios are the four-year  
 3 scenarios. MPI selected the four-year scenario at the 1-in-100 year level for modeling  
 4 purposes. Without any management action, the loss ratio solvency scenario can  
 5 effectively exhaust the entire 100% MCT Total Equity balance over a 4 year period.  
 6 However, with routine management action at the assumed maximum of 5% capital  
 7 build per year beginning with 2022/23 policies, the MCT remains significantly above  
 8 zero over the forecast period.

9 The results for this solvency scenario, with and without management action, are  
 10 shown in the figures below and in Appendix 3.

**Figure FCT- 37 High Loss Ratio Solvency Scenario without Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,223	\$1,203	\$1,236	\$1,231
4	<b>Expenses</b>	\$153	\$154	\$157	\$164	\$167
5	<b>Investment Income</b>	\$84	\$88	\$90	\$77	\$42
6	<b>Net Income</b>	\$21	(\$160)	(\$162)	(\$174)	(\$166)
7	<b>Retained Earnings</b>	\$526	\$390	\$264	\$128	\$2
8	<b>AOCI</b>	(\$26)	(\$20)	(\$26)	(\$26)	\$33
9	<b>Total Equity</b>	\$499	\$370	\$239	\$102	\$35
10	<b>MCT Ratio</b>	119.16%	73.54%	41.07%	8.23%	-5.64%

**Figure FCT- 38 High Loss Ratio Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$158	\$115	\$103	\$56
4	<b>Expenses</b>	\$0	\$0	(\$0)	\$0	\$1
5	<b>Investment Income</b>	\$0	(\$2)	(\$1)	(\$12)	(\$48)
6	<b>Net Income</b>	\$0	(\$159)	(\$116)	(\$115)	(\$104)
7	<b>Retained Earnings</b>	\$0	(\$159)	(\$276)	(\$391)	(\$495)
8	<b>AOCI</b>	\$0	(\$0)	(\$9)	(\$13)	\$42
9	<b>Total Equity</b>	\$0	(\$159)	(\$285)	(\$404)	(\$453)
10	<b>MCT Ratio</b>	0.00%	-40.68%	-66.16%	-92.26%	-101.01%

**Figure FCT- 39 High Loss Ratio Solvency Scenario with Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-0.6%	-5.5%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	-5.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,137	\$1,234	\$1,341
5	<b>Total Claims Costs</b>	\$1,002	\$1,223	\$1,205	\$1,238	\$1,234
6	<b>Expenses</b>	\$153	\$154	\$158	\$169	\$176
7	<b>Investment Income</b>	\$84	\$88	\$89	\$79	\$78
8	<b>Net Income</b>	\$21	(\$160)	(\$138)	(\$94)	\$9
9	<b>Retained Earnings</b>	\$526	\$366	\$258	\$197	\$248
10	<b>AOCI</b>	(\$26)	(\$21)	(\$26)	(\$25)	(\$23)
11	<b>Total Equity</b>	\$499	\$345	\$233	\$172	\$226
12	<b>MCT Ratio</b>	119.16%	67.96%	39.70%	25.05%	38.86%

**Figure FCT- 40 High Loss Ratio Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$28	\$86	\$151
5	<b>Total Claims Costs</b>	\$0	\$158	\$117	\$105	\$59
6	<b>Expenses</b>	\$0	\$0	\$2	\$5	\$10
7	<b>Investment Income</b>	\$0	(\$1)	(\$2)	(\$11)	(\$12)
8	<b>Net Income</b>	\$0	(\$159)	(\$92)	(\$35)	\$71
9	<b>Retained Earnings</b>	\$0	(\$184)	(\$281)	(\$321)	(\$248)
10	<b>AOCI</b>	\$0	(\$1)	(\$10)	(\$12)	(\$13)
11	<b>Total Equity</b>	\$0	(\$184)	(\$291)	(\$334)	(\$262)
12	<b>MCT Ratio</b>	0.00%	-46.26%	-67.53%	-75.44%	-56.51%

### 1 Going Concern Scenarios

2 For the 1-in-10 year going concern scenarios without management action, the MCT  
3 ratio falls to 48.5% in the four-year scenario. Since this scenario produces a minimum  
4 MCT that is below the minimum 50% MCT to meet the requirements of the CMP, MPI  
5 has provided additional modeling output for this scenario. As shown in the results

- 1 below, after applying routine management action the 4-year going concern scenario
- 2 meets the requirements of the CMP with a minimum MCT of 70.5%.

**Figure FCT- 41 High Loss Ratio Going Concern Scenario without Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,187	\$1,140	\$1,135	\$1,209
4	<b>Expenses</b>	\$153	\$154	\$157	\$164	\$167
5	<b>Investment Income</b>	\$84	\$89	\$91	\$86	\$84
6	<b>Net Income</b>	\$21	(\$123)	(\$97)	(\$65)	(\$103)
7	<b>Retained Earnings</b>	\$526	\$428	\$366	\$339	\$276
8	<b>AOCI</b>	(\$26)	(\$20)	(\$20)	(\$19)	(\$16)
9	<b>Total Equity</b>	\$499	\$408	\$345	\$320	\$259
10	<b>MCT Ratio</b>	119.16%	82.91%	65.86%	59.75%	46.51%

**Figure FCT- 42 High Loss Ratio Going Concern without Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$121	\$52	\$2	\$34
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Investment Income</b>	\$0	(\$1)	(\$0)	(\$4)	(\$6)
6	<b>Net Income</b>	\$0	(\$122)	(\$52)	(\$6)	(\$41)
7	<b>Retained Earnings</b>	\$0	(\$122)	(\$174)	(\$180)	(\$221)
8	<b>AOCI</b>	\$0	(\$0)	(\$4)	(\$6)	(\$7)
9	<b>Total Equity</b>	\$0	(\$122)	(\$178)	(\$186)	(\$228)
10	<b>MCT Ratio</b>	0.00%	-31.31%	-41.37%	-40.74%	-48.86%

**Figure FCT- 43 High Loss Ratio Going Concern Scenario with Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-0.6%	-5.5%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	-5.0%	5.0%	4.0%	0.0%
4	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,137	\$1,228	\$1,294
5	<b>Total Claims Costs</b>	\$1,002	\$1,187	\$1,141	\$1,136	\$1,209
6	<b>Expenses</b>	\$153	\$154	\$159	\$168	\$173
7	<b>Investment Income</b>	\$84	\$89	\$91	\$87	\$87
8	<b>Net Income</b>	\$21	(\$123)	(\$72)	\$10	(\$1)
9	<b>Retained Earnings</b>	\$526	\$421	\$387	\$437	\$472
10	<b>AOCI</b>	(\$26)	(\$20)	(\$20)	(\$17)	(\$12)
11	<b>Total Equity</b>	\$499	\$401	\$367	\$420	\$460
12	<b>MCT Ratio</b>	119.16%	81.46%	70.48%	81.67%	89.11%

**Figure FCT- 44 High Loss Ratio Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	4.0%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$28	\$80	\$105
5	<b>Total Claims Costs</b>	\$0	\$121	\$53	\$3	\$34
6	<b>Expenses</b>	\$0	\$0	\$2	\$5	\$7
7	<b>Investment Income</b>	\$0	(\$1)	(\$0)	(\$3)	(\$4)
8	<b>Net Income</b>	\$0	(\$122)	(\$26)	\$69	\$61
9	<b>Retained Earnings</b>	\$0	(\$128)	(\$152)	(\$82)	(\$25)
10	<b>AOCI</b>	\$0	(\$0)	(\$4)	(\$4)	(\$2)
11	<b>Total Equity</b>	\$0	(\$128)	(\$156)	(\$86)	(\$27)
12	<b>MCT Ratio</b>	0.00%	-32.76%	-36.75%	-18.82%	-6.26%

## FCT.5.6 Policy Liabilities Scenario

### 1 Scenario Description

2 A misestimation of prior year's policy liabilities results in a large actuarial adjustment  
3 beginning in the 2021/22 fiscal year.

### 4 Ripple Effects

5 None identified.

### 6 Changes from Last Year's FCT Report

7 The policy liabilities impact is now modelled by a selected distribution allowing for a  
8 range of impacts over the forecast period.

### 9 Scenario Justification

10 Annual changes to estimated claim liabilities directly affect net claims incurred for the  
11 given fiscal year. To model the volatility of underestimation of policy liabilities, MPI  
12 used its historical prior year valuation changes for no-fault Personal Injury Protection  
13 Program (PIPP) benefits. PIPP benefits make up the vast majority of Basic claim  
14 liabilities. Since MPI does not settle PIPP claims, the majority of PIPP liabilities are for  
15 lifetime claimants. The average claims duration of PIPP liabilities is in excess of 10  
16 years.

17 MPI reviewed data back to 2008. The figure below shows the PIPP valuation changes  
18 from one year to the next.

**Figure FCT- 45 Historical PIPP Run off**

Line No.		Revised Valuation	Initial Valuation	Difference (\$)	Difference (%)
1	<i>(in millions)</i>				
2	<b>Oct 2019</b>	\$4,191	\$4,250	(\$58)	-1.37%
3	<b>Feb 2019</b>	\$4,047	\$4,015	\$33	0.81%
4	<b>Feb 2018</b>	\$3,833	\$3,803	\$30	0.78%
5	<b>Feb 2017</b>	\$3,636	\$3,567	\$69	1.93%
6	<b>Feb 2016</b>	\$3,407	\$3,369	\$38	1.13%
7	<b>Feb 2015</b>	\$3,210	\$3,199	\$11	0.35%
8	<b>Feb 2014</b>	\$3,031	\$2,969	\$62	2.10%
9	<b>Feb 2013</b>	\$2,818	\$2,755	\$63	2.29%
10	<b>Feb 2012</b>	\$2,605	\$2,670	(\$65)	-2.43%
11	<b>Feb 2011</b>	\$2,508	\$2,807	(\$299)	-10.66%
12	<b>Feb 2010</b>	\$2,617	\$2,715	(\$97)	-3.59%
13	<b>Feb 2009</b>	\$2,519	\$2,675	(\$157)	-5.86%

1 Fitting the data directly would assume that there is overvaluation of policy liability  
 2 every year on average. As such, MPI has judgmentally assumed a normal distribution  
 3 with a mean of 0.0% and standard deviation of 1.0%. This was selected to properly  
 4 reflect the variability of future valuations while still assuming that there is no inherent  
 5 overestimation or underestimation of policy liabilities each year. A percentage of total  
 6 PIPP claim liabilities was simulated for each year.

**Figure FCT- 46 Simulated PIPP Run off**

Line No.	Percentile	1-Year	2-Year	3-Year	4-Year
1	<i>(in millions)</i>				
2	<b>1-in-100</b>	\$103	\$147	\$179	\$212
3	<b>1-in-40</b>	\$86	\$126	\$148	\$183
4	<b>1-in-20</b>	\$72	\$101	\$123	\$147
5	<b>1-in-10</b>	\$56	\$80	\$92	\$116



1 **Results**

2 The figures below show the projected Total Equity and MCT ratios for each of the  
3 Policy Liabilities scenarios described above. The results are shown without  
4 management action.

**Figure FCT- 47 Total Equity - Policy Liabilities Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$405			
3	1-in-40	1 year + base	\$426			
4	1-in-20	1 year + base	\$443			
5	1-in-10	1 year + base	\$462			
6	1-in-100	2 year + base	\$416	\$342		
7	1-in-40	2 year + base	\$456	\$375		
8	1-in-20	2 year + base	\$473	\$399		
9	1-in-10	2 year + base	\$499	\$468		
10	1-in-100	3 year + base	\$484	\$372	\$279	
11	1-in-40	3 year + base	\$451	\$387	\$315	
12	1-in-20	3 year + base	\$436	\$408	\$351	
13	1-in-10	3 year + base	\$516	\$446	\$386	
14	1-in-100	4 year + base	\$479	\$415	\$353	\$227
15	1-in-40	4 year + base	\$473	\$413	\$373	\$263
16	1-in-20	4 year + base	\$474	\$416	\$345	\$305
17	1-in-10	4 year + base	\$499	\$468	\$415	\$346
18	<b>Base</b>		\$529	\$523	\$506	\$488
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$124)			
21	1-in-100, 2 year		(\$114)	(\$182)		
22	1-in-100, 3 year		(\$45)	(\$152)	(\$227)	
23	1-in-100, 4 year		(\$50)	(\$108)	(\$152)	(\$260)

**Figure FCT- 48 Minimum Capital Test Ratio - Policy Liabilities Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	1-in-100	1 year + base	80.7%			
2	1-in-40	1 year + base	86.0%			
3	1-in-20	1 year + base	90.6%			
4	1-in-10	1 year + base	95.6%			
5	1-in-100	2 year + base	83.4%	63.7%		
6	1-in-40	2 year + base	94.0%	70.9%		
7	1-in-20	2 year + base	98.6%	76.6%		
8	1-in-10	2 year + base	101.2%	82.8%		
9	1-in-100	3 year + base	101.7%	69.4%	48.2%	
10	1-in-40	3 year + base	92.6%	74.1%	56.6%	
11	1-in-20	3 year + base	88.6%	80.2%	64.9%	
12	1-in-10	3 year + base	110.3%	87.4%	72.6%	
13	1-in-100	4 year + base	100.3%	80.6%	65.4%	37.0%
14	1-in-40	4 year + base	98.8%	80.2%	70.5%	45.0%
15	1-in-20	4 year + base	99.0%	81.1%	63.2%	55.5%
16	1-in-10	4 year + base	105.6%	93.7%	79.3%	63.7%
17	Base		114.2%	107.2%	100.5%	95.4%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-33.6%			
20	1-in-100, 2 year		-30.9%	-43.5%		
21	1-in-100, 3 year		-12.5%	-37.9%	-52.3%	
22	1-in-100, 4 year		-14.0%	-26.6%	-35.1%	-58.3%

## 1 Solvency Scenarios

2 Based on the above results, the most significant solvency scenarios (relative to the  
3 base forecast) are the four year scenarios. However, Total Equity for all solvency  
4 scenarios before management action remains significantly above zero.

5 MPI selected the four-year scenario at the 1-in-100 year level for modeling purposes.  
6 The results for this scenario, with and without management action, are shown in the  
7 figures below and in FCT Appendix 4.

**Figure FCT- 49 Policy Liabilities Scenario without Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,116	\$1,145	\$1,175	\$1,279
4	<b>Expenses</b>	\$153	\$154	\$157	\$164	\$167
5	<b>Investment Income</b>	\$84	\$89	\$93	\$90	\$89
6	<b>Net Income</b>	\$21	(\$52)	(\$101)	(\$101)	(\$168)
7	<b>Retained Earnings</b>	\$526	\$499	\$433	\$370	\$243
8	<b>AOCI</b>	(\$26)	(\$20)	(\$18)	(\$17)	(\$15)
9	<b>Total Equity</b>	\$499	\$479	\$415	\$353	\$227
10	<b>MCT Ratio</b>	119.16%	100.25%	80.64%	65.39%	37.03%

**Figure FCT- 50 Policy Liabilities Scenario without Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$50	\$57	\$42	\$104
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Investment Income</b>	\$0	(\$0)	\$1	\$0	(\$1)
6	<b>Net Income</b>	\$0	(\$50)	(\$56)	(\$42)	(\$106)
7	<b>Retained Earnings</b>	\$0	(\$50)	(\$106)	(\$148)	(\$254)
8	<b>AOCI</b>	\$0	(\$0)	(\$2)	(\$4)	(\$6)
9	<b>Total Equity</b>	\$0	(\$50)	(\$108)	(\$152)	(\$260)
10	<b>MCT Ratio</b>	0.00%	-13.97%	-26.59%	-35.10%	-58.34%

**Figure FCT- 51 Policy Liabilities Scenario with Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-0.6%	-5.5%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	-5.0%	4.0%	1.1%	0.0%
4	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,131	\$1,199	\$1,248
5	<b>Total Claims Costs</b>	\$1,002	\$1,116	\$1,146	\$1,176	\$1,279
6	<b>Expenses</b>	\$153	\$154	\$158	\$167	\$170
7	<b>Investment Income</b>	\$84	\$89	\$93	\$90	\$91
8	<b>Net Income</b>	\$21	(\$52)	(\$80)	(\$53)	(\$111)
9	<b>Retained Earnings</b>	\$526	\$499	\$455	\$440	\$370
10	<b>AOCI</b>	(\$26)	(\$20)	(\$18)	(\$15)	(\$12)
11	<b>Total Equity</b>	\$499	\$479	\$437	\$424	\$358
12	<b>MCT Ratio</b>	119.16%	100.26%	85.10%	80.51%	63.90%

**Figure FCT- 52 Policy Liabilities Scenario with Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	4.0%	1.1%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$23	\$51	\$59
5	<b>Total Claims Costs</b>	\$0	\$50	\$57	\$42	\$104
6	<b>Expenses</b>	\$0	\$0	\$1	\$3	\$4
7	<b>Investment Income</b>	\$0	(\$0)	\$1	\$1	\$0
8	<b>Net Income</b>	\$0	(\$50)	(\$35)	\$6	(\$49)
9	<b>Retained Earnings</b>	\$0	(\$50)	(\$85)	(\$79)	(\$127)
10	<b>AOCI</b>	\$0	(\$0)	(\$2)	(\$3)	(\$2)
11	<b>Total Equity</b>	\$0	(\$50)	(\$87)	(\$81)	(\$130)
12	<b>MCT Ratio</b>	0.00%	-13.96%	-22.13%	-19.98%	-31.47%

## Going Concern Scenarios

Of the 1-in-10 year scenarios without management action, the 4 year scenario produced a minimum MCT of 63.7%. Since this amount is materially greater than the minimum 50% MCT required to meet the requirements of the CMP, no further modeling was conducted. MPI would be able to achieve the target MCT levels for these scenarios through routine management action.

### FCT.5.7 Combined Scenario: Equity Returns, High Loss Ratio, and Policy Liabilities

#### 1 Scenario Description

2 MPI experiences a significant deterioration in its financial condition as a result of the  
3 combined impacts of equity returns, interest rates, claims experience, corporate  
4 bonds, and policy liability underestimation.

#### 5 Ripple Effects

6 The ripple effects are as described in the applicable single-risk scenarios in this report.

#### 7 Changes from Last Year's FCT Report

8 This scenario now includes the impact of policy liability misestimation. Also, the  
9 number of simulations was reduced from 5,000 to 1,000. This change was made to  
10 reduce the total time involved in running the model. The reduction in scenarios should  
11 not materially impact the calculation of the 1-in-100 or 1-in-10 year scenarios that are  
12 used as the basis for this report. The scenario also reflects all other changes made to  
13 the single-risk scenarios described in this report.

#### 14 Scenario Justification

15 *Integrated Scenario*

1 An integrated scenario is a type of adverse scenario that results when two or more  
2 adverse scenarios are combined. The adverse scenarios to be combined may be based  
3 on correlated or uncorrelated risk factors but the resulting integrated scenario would  
4 be realistic and plausible at the same probability levels of the single-risk adverse  
5 scenarios.

6 The simulation assumes that undiscounted claims costs are independent of interest  
7 rates, corporate bonds, and equity returns, while misestimation of policy liabilities are  
8 assumed to be independent of current accident year claims costs.

9 For interest rates and equity returns, the correlation coefficients between these two  
10 variables are shown in the figure below.

**Figure FCT- 53 Correlation between Equity Returns and Interest Rate Movements**

Line No.	Return Period	Canadian Equities	Global Equities	Global Low Volatility Equities
1	1-Year	(0.11)	(0.24)	(0.29)
2	2-Year	0.04	(0.25)	(0.25)
3	3-Year	0.05	(0.32)	(0.29)
4	4-Year	0.07	(0.31)	(0.31)

11 The interest rate ‘floor’ methodology (as described in the Interest Rate Decline  
12 section) was again used when modeling interest rates.

13 *Overall Results*

14 To produce the combined scenario model, 1,000 simulations were conducted for each  
15 return period using the following process:

- 16 • Simulate undiscounted claims costs for the given return period.
- 17 • Simulate the combined equity returns, corporate bond default impacts, and  
18 interest rates for the given return period.
- 19 • Simulate policy liability misestimation impacts for the given return period.
- 20 • Run the simulated scenarios through the financial model to determine the full  
21 financial impact, including all applicable financial adjustments.

- 1 • Calculate the financial impact (relative to base) over the return period for Total
- 2 Equity.
- 3 • Order the scenarios from most unfavourable to most favourable financial
- 4 impacts and select the 1<sup>st</sup>, 2.5<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> percentiles.

5 **Results**

6 The figures below summarize the Total Equity and MCT ratio projections for the  
7 Combined Scenarios without management action.

**Figure FCT- 54 Total Equity - Combined Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$328			
3	1-in-40	1 year + base	\$355			
4	1-in-20	1 year + base	\$389			
5	1-in-10	1 year + base	\$421			
6	1-in-100	2 year + base	\$467	\$224		
7	1-in-40	2 year + base	\$377	\$261		
8	1-in-20	2 year + base	\$492	\$315		
9	1-in-10	2 year + base	\$352	\$238		
10	1-in-100	3 year + base	\$520	\$425	\$91	
11	1-in-40	3 year + base	\$408	\$324	\$182	
12	1-in-20	3 year + base	\$515	\$351	\$245	
13	1-in-10	3 year + base	\$460	\$504	\$336	
14	1-in-100	4 year + base	\$384	\$411	\$170	(\$10)
15	1-in-40	4 year + base	\$473	\$331	\$193	\$106
16	1-in-20	4 year + base	\$436	\$400	\$349	\$200
17	1-in-10	4 year + base	\$352	\$238	\$171	\$274
18	<b>Base</b>		\$529	\$523	\$506	\$488
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$202)			
21	1-in-100, 2 year		(\$63)	(\$299)		
22	1-in-100, 3 year		(\$9)	(\$99)	(\$415)	
23	1-in-100, 4 year		(\$145)	(\$112)	(\$336)	(\$497)

**Figure FCT- 55 Minimum Capital Test Ratio - Combined Scenario without Management Action**

Line No.	Probability	Return Period	2021/22	2022/23	2023/24	2024/25
1	1-in-100	1 year + base	67.0%			
2	1-in-40	1 year + base	74.1%			
3	1-in-20	1 year + base	75.2%			
4	1-in-10	1 year + base	84.0%			
5	1-in-100	2 year + base	97.9%	34.9%		
6	1-in-40	2 year + base	73.1%	44.8%		
7	1-in-20	2 year + base	105.0%	56.9%		
8	1-in-10	2 year + base	83.0%	72.7%		
9	1-in-100	3 year + base	110.4%	82.4%	5.0%	
10	1-in-40	3 year + base	80.8%	59.9%	26.5%	
11	1-in-20	3 year + base	112.7%	65.3%	42.4%	
12	1-in-10	3 year + base	101.9%	113.3%	65.6%	
13	1-in-100	4 year + base	75.0%	83.0%	22.7%	-15.4%
14	1-in-40	4 year + base	98.1%	60.5%	29.1%	11.2%
15	1-in-20	4 year + base	87.2%	77.7%	65.1%	30.8%
16	1-in-10	4 year + base	67.1%	39.4%	24.8%	52.4%
17	Base		114.2%	107.2%	100.5%	95.4%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-47.3%			
20	1-in-100, 2 year		-16.4%	-72.4%		
21	1-in-100, 3 year		-3.8%	-24.9%	-95.5%	
22	1-in-100, 4 year		-39.2%	-24.2%	-77.8%	-110.8%

1 **Solvency Scenarios**

2 Based on the above, MPI selected the four-year, 1-in-100 year scenario for financial  
 3 modeling purposes. This solvency scenario, one of many possible combinations of  
 4 claims, equity returns, interest rates, policy liabilities and defaults of corporate bonds  
 5 that produce roughly the same financial impact, uses the following assumptions over  
 6 the forecast period (2021/22 to 2024/25):

- 7 • Ultimate claims costs are over budget by a cumulative \$344 million (or an  
 8 average of \$86 million per year).
- 9 • Unfavourable policy liability adjustments of \$40 million over the four-year  
 10 period.



- 1 • The four-year (cumulative) Canadian equity total return is 64.1% relative to
- 2 the four-year base forecast return of 30.1%.
- 3 • The four-year (cumulative) Global equity total return is 26.6% relative to the
- 4 four-year base forecast return of 30.1%.
- 5 • The four-year (cumulative) Global low volatility equity total return is 4.7%
- 6 relative to the four-year base forecast return of 27.2%.
- 7 • Corporate bonds default resulting in a 0.00% default (over the 4 year period).
- 8 • The GoC 10-year bond rates are assumed to be as follows at each year-end:
  - 9 ○ 2020/21: 0.70% (base forecast)
  - 10 ○ 2021/22: 0.53%
  - 11 ○ 2022/23: 0.53%
  - 12 ○ 2023/24: 0.53%
  - 13 ○ 2024/25: 0.53%

14 For comparative purposes, the table below shows how the assumptions of the selected  
 15 combined scenario compares to the assumption of two other 1-in-100 year solvency  
 16 scenarios that were simulated by the model.

**Figure FCT- 56 Selected 1-in-100 Year Combined Scenario Assumptions**

Line No.		Base	Scenario #1	Scenario #2	Scenario #3
1	<i>(in millions)</i>				
2	<b>Ultimate Claims</b>	\$3,426	\$3,771	\$3,540	\$3,923
3	<b>Policy Liability Adjustment</b>	\$0	\$40	\$239	(\$24)
4	<b>Canadian Equity Total Return</b>	30.10%	64.10%	8.93%	74.28%
5	<b>Global Equity Total Return</b>	30.10%	26.60%	-3.37%	23.72%
6	<b>Global Low Volatility Total Return</b>	27.20%	4.70%	0.82%	26.75%
7	<b>Corporate Bond Default Rate</b>	0.00%	0.00%	2.32%	0.47%
8	<b>Interest Rate Decline</b>	0 bps	-17 bps	-17 bps	+11 bps

17 The results for the selected combined solvency scenarios with and without  
 18 management action are shown in the figures below and in Appendix 2.

**Figure FCT- 57 Combined Solvency Scenario without Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,233	\$1,053	\$1,351	\$1,325
4	<b>Expenses</b>	\$153	\$154	\$157	\$164	\$167
5	<b>Investment Income</b>	\$84	\$119	\$93	\$81	\$89
6	<b>Net Income</b>	\$21	(\$139)	(\$9)	(\$285)	(\$213)
7	<b>Retained Earnings</b>	\$526	\$412	\$438	\$191	\$18
8	<b>AOCI</b>	(\$26)	(\$28)	(\$27)	(\$21)	(\$28)
9	<b>Total Equity</b>	\$499	\$384	\$411	\$170	(\$10)
10	<b>MCT Ratio</b>	119.16%	75.04%	83.03%	22.73%	-15.40%

**Figure FCT- 58 Combined Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$167	(\$35)	\$217	\$150
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$1
5	<b>Investment Income</b>	\$0	\$29	\$2	(\$9)	(\$1)
6	<b>Net Income</b>	\$0	(\$138)	\$36	(\$226)	(\$151)
7	<b>Retained Earnings</b>	\$0	(\$138)	(\$102)	(\$328)	(\$479)
8	<b>AOCI</b>	\$0	(\$8)	(\$11)	(\$8)	(\$18)
9	<b>Total Equity</b>	\$0	(\$145)	(\$112)	(\$336)	(\$497)
10	<b>MCT Ratio</b>	0.00%	-39.18%	-24.20%	-77.76%	-110.77%

**Figure FCT- 59 Combined Solvency Scenario with Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-0.6%	-5.5%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	-5.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,137	\$1,234	\$1,341
5	<b>Total Claims Costs</b>	\$1,002	\$1,233	\$1,054	\$1,354	\$1,327
6	<b>Expenses</b>	\$153	\$154	\$159	\$169	\$176
7	<b>Investment Income</b>	\$84	\$119	\$93	\$81	\$89
8	<b>Net Income</b>	\$21	(\$139)	\$16	(\$208)	(\$73)
9	<b>Retained Earnings</b>	\$526	\$406	\$451	\$273	\$244
10	<b>AOCI</b>	(\$26)	(\$28)	(\$27)	(\$18)	(\$18)
11	<b>Total Equity</b>	\$499	\$378	\$425	\$254	\$226
12	<b>MCT Ratio</b>	119.16%	73.68%	85.84%	40.89%	36.22%

**Figure FCT- 60 Combined Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$28	\$86	\$151
5	<b>Total Claims Costs</b>	\$0	\$167	(\$34)	\$221	\$152
6	<b>Expenses</b>	\$0	\$0	\$2	\$5	\$10
7	<b>Investment Income</b>	\$0	\$30	\$1	(\$9)	(\$1)
8	<b>Net Income</b>	\$0	(\$138)	\$62	(\$149)	(\$11)
9	<b>Retained Earnings</b>	\$0	(\$144)	(\$88)	(\$246)	(\$252)
10	<b>AOCI</b>	\$0	(\$8)	(\$11)	(\$6)	(\$9)
11	<b>Total Equity</b>	\$0	(\$152)	(\$99)	(\$252)	(\$262)
12	<b>MCT Ratio</b>	0.00%	-40.54%	-21.39%	-59.60%	-59.15%

- 1 Without any management action, the combined solvency scenario reduces the MCT by
- 2 110% from the base forecast and causes Total Equity to fall below zero over the 4
- 3 year forecast period. However, with routine management action at the assumed
- 4 maximum of 5% capital build per year beginning with 2022/23 policies, the MCT and
- 5 Total Equity remains significantly above zero over the forecast period.

1 **Going Concern Scenarios**

2 Of the 1-in-10 year Combined Going Concern scenarios without management action,  
3 the four-year scenario reaches a low of 52.4% MCT. Since this result is materially  
4 close the 50% minimum MCT required by the CMP, MPI has provided additional  
5 modeling output below. After application of routine management action, the Combined  
6 Going Concern scenario is materially above 50% MCT throughout the forecast period.

**Figure FCT- 61 Combined Going Concern Scenario without Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,108	\$1,148	\$1,189
3	<b>Total Claims Costs</b>	\$1,002	\$1,107	\$1,053	\$1,079	\$1,149
4	<b>Expenses</b>	\$153	\$154	\$157	\$163	\$166
5	<b>Investment Income</b>	\$84	\$14	(\$6)	\$6	\$13
6	<b>Net Income</b>	\$21	(\$118)	(\$107)	(\$88)	(\$114)
7	<b>Retained Earnings</b>	\$526	\$433	\$361	\$311	\$238
8	<b>AOCI</b>	(\$26)	(\$25)	\$3	\$21	\$39
9	<b>Total Equity</b>	\$499	\$408	\$364	\$332	\$276
10	<b>MCT Ratio</b>	119.16%	88.40%	75.98%	69.27%	56.39%

**Figure FCT- 62 Combined Going Concern Scenario without Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	(\$0)	(\$0)	(\$0)
3	<b>Total Claims Costs</b>	\$0	\$41	(\$35)	(\$55)	(\$26)
4	<b>Expenses</b>	\$0	\$0	\$0	(\$0)	(\$0)
5	<b>Investment Income</b>	\$0	(\$75)	(\$97)	(\$84)	(\$78)
6	<b>Net Income</b>	\$0	(\$117)	(\$62)	(\$29)	(\$52)
7	<b>Retained Earnings</b>	\$0	(\$117)	(\$179)	(\$207)	(\$259)
8	<b>AOCI</b>	\$0	(\$5)	\$19	\$33	\$48
9	<b>Total Equity</b>	\$0	(\$121)	(\$159)	(\$174)	(\$211)
10	<b>MCT Ratio</b>	0.00%	-25.82%	-31.25%	-31.22%	-38.98%

**Figure FCT- 63 Combined Going Concern Scenario with Management Action**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-0.6%	-5.5%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	-5.0%	5.0%	1.3%	0.0%
4	<b>Earned Revenues</b>	\$1,149	\$1,123	\$1,137	\$1,211	\$1,262
5	<b>Total Claims Costs</b>	\$1,002	\$1,107	\$1,053	\$1,078	\$1,149
6	<b>Expenses</b>	\$153	\$154	\$158	\$167	\$170
7	<b>Investment Income</b>	\$84	\$14	(\$6)	\$6	\$13
8	<b>Net Income</b>	\$21	(\$118)	(\$81)	(\$28)	(\$44)
9	<b>Retained Earnings</b>	\$526	\$425	\$382	\$385	\$375
10	<b>AOCI</b>	(\$26)	(\$25)	\$3	\$22	\$40
11	<b>Total Equity</b>	\$499	\$400	\$385	\$407	\$415
12	<b>MCT Ratio</b>	119.16%	86.42%	80.69%	87.31%	89.38%

**Figure FCT- 64 Combined Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	1.3%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$28	\$63	\$73
5	<b>Total Claims Costs</b>	\$0	\$41	(\$35)	(\$55)	(\$26)
6	<b>Expenses</b>	\$0	\$0	\$2	\$4	\$4
7	<b>Investment Income</b>	\$0	(\$75)	(\$97)	(\$84)	(\$77)
8	<b>Net Income</b>	\$0	(\$117)	(\$35)	\$31	\$18
9	<b>Retained Earnings</b>	\$0	(\$125)	(\$158)	(\$134)	(\$122)
10	<b>AOCI</b>	\$0	(\$5)	\$19	\$34	\$49
11	<b>Total Equity</b>	\$0	(\$130)	(\$139)	(\$99)	(\$73)
12	<b>MCT Ratio</b>	0.00%	-27.80%	-26.54%	-13.18%	-5.99%

FCT.5.8 Sensitivity of Removing Assumed Capital Transfers from Extension

1 As part of the MPI CMP, the Basic base scenario includes assumed capital transfers  
2 from Extension at the end of each fiscal year. The assumed capital transfers in the  
3 base scenario are shown in the figure below.

**Figure FCT- 65 Assumed Capital Transfers**

Line No.		2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	<b>Capital Transfers</b>	\$65	\$25	\$35	\$38	\$40

4 Given the magnitude of the assumed capital transfers, it is necessary to test the  
5 sensitivity to Basic’s future financial condition if the assumed transfers do not occur.  
6 Since Basic cannot transfer capital to Extension, the worst case scenario for Basic is  
7 that it receives no capital transfers from Extension over the entire forecast period. If  
8 Basic continues to have satisfactory future financial condition under these conditions,  
9 then it will also have satisfactory future financial condition for any amount transferred  
10 from Extension.

11 In this section MPI has assumed that all other aspects of the CMP (i.e. AAP rates,  
12 capital build provisions, 100% MCT for Basic, etc.) will remain unchanged.

13 **Solvency Scenarios**

14 The figures below show the total equity and MCT ratio for the base scenario and for  
15 the four main solvency scenarios excluding assumed capital transfers from Extension.  
16 The scenarios include management action.

**Figure FCT- 66 Solvency Scenarios excluding Capital Transfers: Total Equity**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	Combined Scenario (4-Year)	\$434	\$291	\$305	\$100	\$21
3	High Loss Ratio (4-Year)	\$434	\$277	\$132	\$35	\$75
4	Policy Liabilities (4-Year)	\$434	\$386	\$310	\$287	\$262
5	Equity Decline (4-Year)	\$434	\$405	\$352	\$342	\$388

**Figure FCT- 67 Solvency Scenarios excluding Capital Transfers: Minimum Capital Test Ratio**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Combined Scenario (4-Year)	103.90%	54.46%	58.34%	7.26%	-8.54%
2	High Loss Ratio (4-Year)	103.90%	52.49%	15.37%	-7.93%	3.96%
3	Policy Liabilities (4-Year)	103.90%	79.61%	57.10%	50.85%	44.20%
4	Equity Decline (4-Year)	103.90%	86.66%	69.83%	64.70%	74.57%

1 Based on the above results *excluding* Extension capital transfers, all solvency  
2 scenarios maintain a positive total equity balance at the 1-in-100 year probability  
3 level. Although the modeled outcome for Total Equity is very close to zero by 2024/25,  
4 this solvency scenario would have a probability of occurrence much lower than 1-in-  
5 100 as it would be unreasonable to assume no transfers from Extension. These  
6 scenarios also only include *routine* management action.

**7 Going Concern Scenarios**

8 The figures below shows the total equity and MCT ratio for the base scenario and for  
9 the four main going concern scenarios excluding assumed capital transfers from  
10 Extension. The scenarios include management action.

**Figure FCT- 68 Going Concern Scenarios excluding Capital Transfers: Total Equity**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	<i>(in millions)</i>					
2	Combined Scenario (4-Year)	\$434	\$318	\$265	\$278	\$326
3	High Loss Ratio (4-Year)	\$434	\$315	\$240	\$253	\$294
4	Policy Liabilities (4-Year)	\$434	\$406	\$362	\$349	\$382
5	Equity Decline (4-Year)	\$434	\$417	\$377	\$378	\$439

**Figure FCT- 69    Going Concern Scenarios excluding Capital Transfers: Minimum Capital Test Ratio**

Line No.	Scenario	2020/21	2021/22	2022/23	2023/24	2024/25
1	Combined Scenario (4-Year)	103.90%	66.85%	51.47%	55.50%	67.75%
2	High Loss Ratio (4-Year)	103.90%	61.96%	41.39%	44.56%	53.74%
3	Policy Liabilities (4-Year)	103.90%	84.96%	70.24%	64.97%	70.48%
4	Equity Decline (4-Year)	103.90%	89.28%	75.29%	73.53%	84.54%

- 1 Based on the above results, Basic may not be able to meet the requirements of the  
2 CMP on a going concern basis (i.e. return to a 100% MCT ratio in 5 years or less)  
3 without the assumed capital transfers from the Extension line of business. Although  
4 this scenario is not considered plausible, these results confirm that Extension transfers  
5 are a vital component of the MPI CMP. Without the assumption of capital transfers,  
6 MPI would have to revisit other assumptions of the CMP such as the annual cap of 5%  
7 on capital rebuilding fees.



## FCT.5.9 Analysis of All Property and Casualty Insurer Risk Categories

### 1 **Catastrophe**

2 MPI's major catastrophe exposure is from hail storms. The modeling of hail losses is  
3 included as part of the High Loss Ratio (Claims Incurred) scenario.

### 4 **Loss Ratio**

5 The detailed assumptions and results of this scenario are presented in FCT.5.5.

### 6 **Underestimation of Policy Liabilities Risk**

The detailed assumptions and results of this scenario are presented in FCT.5.6.

### 7 **Mortality Improvements**

8 MPI uses a disabled mortality figure based on the Canadian Institute of Actuaries July  
9 1992 research paper "Accident Benefits Long-Term Disability Losses". The historical  
10 experience of the actual versus expected claim closure rates of MPI for long-term (i.e.  
11 open more than 10 years) claimants is shown in the figure below. The results show  
12 that there has been a recent deterioration in actual termination rates relative to  
13 expected termination rates from the mortality tables. Put another way, long-term  
14 injury claims are not being closed at the rate they once were. MPI continually updates  
15 the selected loss development factors for long term claims in the Appointed Actuary's  
16 report (where at least five years of loss development experience is available), so MPI  
17 does not believe there is a risk of a sudden unexpected adverse financial impact.  
18 However, MPI should continue to closely track the termination rates of these claims.

19 In the figure below, the "number of claimants at the start of the year" represents the  
20 number of claimants that received a claim payment of any amount in the previous  
21 calendar year. A claim is then considered "closed" if there are no payments made in  
22 the current calendar year. A "relapse" means that a claimant started receiving  
23 payments in the current year after not having received payment in the prior year(s).

**Figure FCT- 70 Terminations for PIPP Claims Open More Than 10 Years**

Line No.	Calendar Year	# of Claimants Start of Year	Actual Terminations	Current Table Expected Terminations	Actual Termination Rate	Expected Termination Rate	Difference	Relapse
1	2004	62	7	2	11.29%	3.23%	8.06%	0
2	2005	122	16	4	13.11%	3.28%	9.84%	0
3	2006	152	18	5	11.84%	3.29%	8.55%	0
4	2007	197	18	7	9.14%	3.55%	5.58%	2
5	2008	254	13	9	5.12%	3.54%	1.57%	2
6	2009	306	23	12	7.52%	3.92%	3.59%	3
7	2010	348	15	14	4.31%	4.02%	0.29%	2
8	2011	405	24	16	5.93%	3.95%	1.98%	4
9	2012	455	17	19	3.74%	4.18%	-0.44%	1
10	2013	521	26	23	4.99%	4.41%	0.58%	4
11	2014	580	22	25	3.79%	4.31%	-0.52%	5
12	2015	626	19	29	3.04%	4.63%	-1.60%	2
13	2016	716	31	34	4.33%	4.75%	-0.42%	6
14	2017	793	28	38	3.53%	4.79%	-1.26%	6
15	2018	865	35	43	4.05%	4.97%	-0.92%	4
16	2019	931	40	49	4.30%	5.26%	-0.97%	5
17	<b>Total</b>	<b>7333</b>	<b>352</b>	<b>329</b>	<b>4.80%</b>	<b>4.49%</b>	<b>0.31%</b>	<b>46</b>

1 **Interest Rate Adjustments**

2 Changes in the GoC 10 year bond rates impact both the fixed income portfolio and the  
 3 claims liabilities valuation (which uses the fixed income portfolio yield to calculate the  
 4 present value of the liabilities). In particular, changes in the GoC 10 year bond rates  
 5 impact the gains/losses on marketable bonds and the yield on new MUSH purchases.  
 6 Changes in the marketable bond yield, which consists of the forecasted GoC 10 year  
 7 bond rate plus a spread based on the marketable bond duration, impacts the claims  
 8 liability discount rate.

9 The dataset used in this scenario is the historical long-term bond yield series from the  
 10 Bank of Canada (BoC) from 1956 to May 2020.<sup>2</sup> Long-term bond yields include bonds  
 11 with a term of 10 years or longer (i.e. 10+ years). The entire dataset for BoC long-  
 12 term bond yields is available from January 1949 to present. However, since the equity

<sup>2</sup> V122487 series from the BoC.

1 return history used in this FCT analysis is from 1956 to present, the data from 1949 to  
2 1955 was removed from the dataset for consistency.

3 Long-term bond yields were used instead of the GoC 10 year bond yields because the  
4 GoC 10 year bond yield dataset is only available from June 1989. Applying the  
5 historical change in long-term bond yields (10+ years) instead of applying the  
6 historical change in the GoC 10 year bond rate is a reasonable assumption for this  
7 analysis. This assumption holds true if there is a parallel shift in the yield curve when  
8 interest rates decline. Therefore, it is assumed in this scenario that there is a parallel  
9 yield curve shift when interest rates change. The figure below shows the actual decline  
10 in long-term bond yields by percentile.

**Figure FCT- 71 Historical Declines in Long-Term Bond Yields (1956 to May 2020)**

Line No.	Time Period	Percentile	Period (Years)			
			1	2	3	4
1	1956-present	1st	-3.38%	-4.01%	-4.00%	-5.45%
2	1956-present	2.5th	-2.06%	-2.86%	-3.41%	-4.02%
3	1956-present	5th	-1.54%	-2.39%	-2.94%	-3.05%
4	1956-present	10th	-1.09%	-1.66%	-1.91%	-2.04%

11 Based on the historical results above, MPI selected interest rate decline scenarios  
12 based on fitted distributions selected to best represent the historical data. The  
13 assumptions are shown in the figure below.

**Figure FCT- 72 Selected Adverse Scenarios by Percentile and Period (Cumulative)**

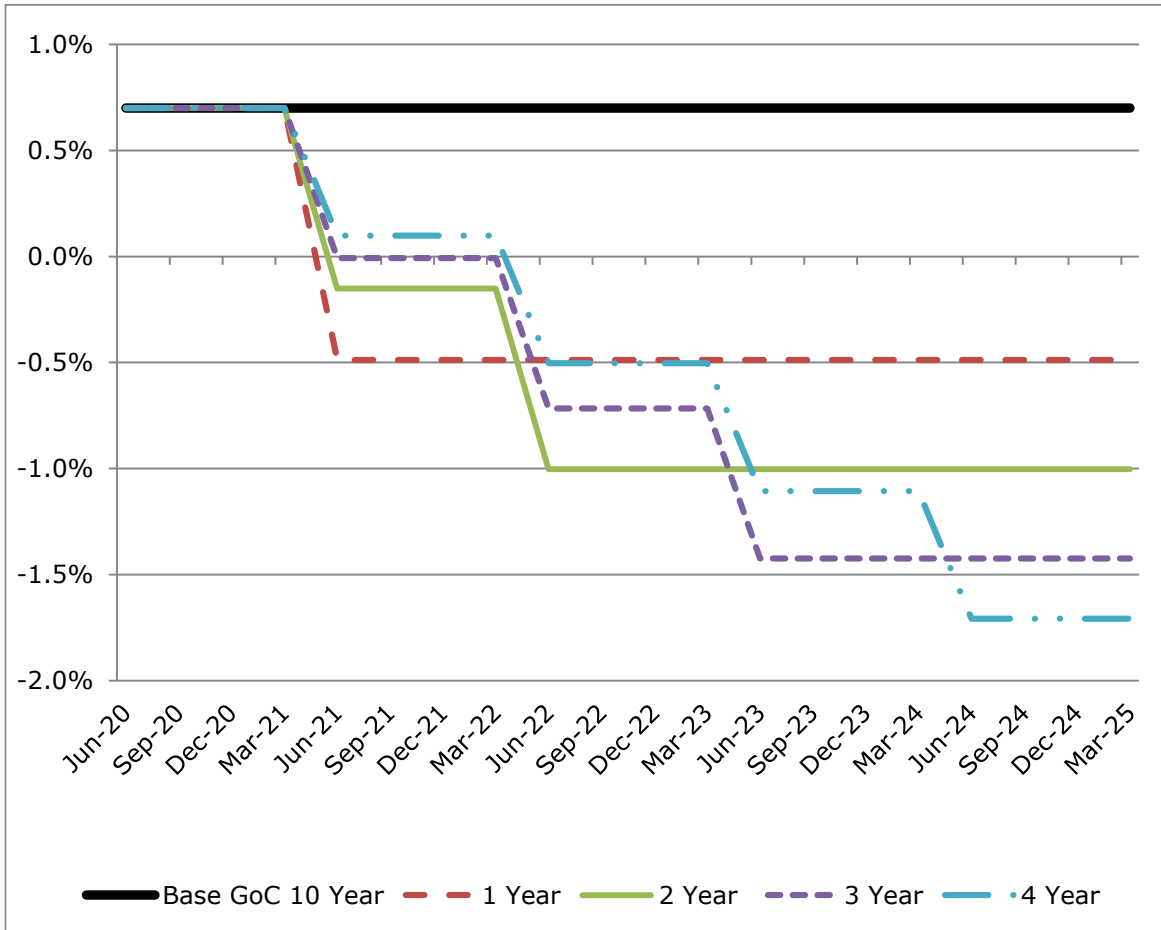
Line No.	Percentile	Period (Years)			
		1	2	3	4
1	1st	-2.42%	-3.47%	-4.88%	-4.47%
2	2.5th	-1.94%	-2.78%	-3.78%	-3.70%
3	5th	-1.57%	-2.25%	-2.95%	-3.08%
4	10th	-1.19%	-1.70%	-2.12%	-2.41%

1 In addition to using the long-term bond yield dataset, for FCT purposes MPI has made  
2 the following assumptions:

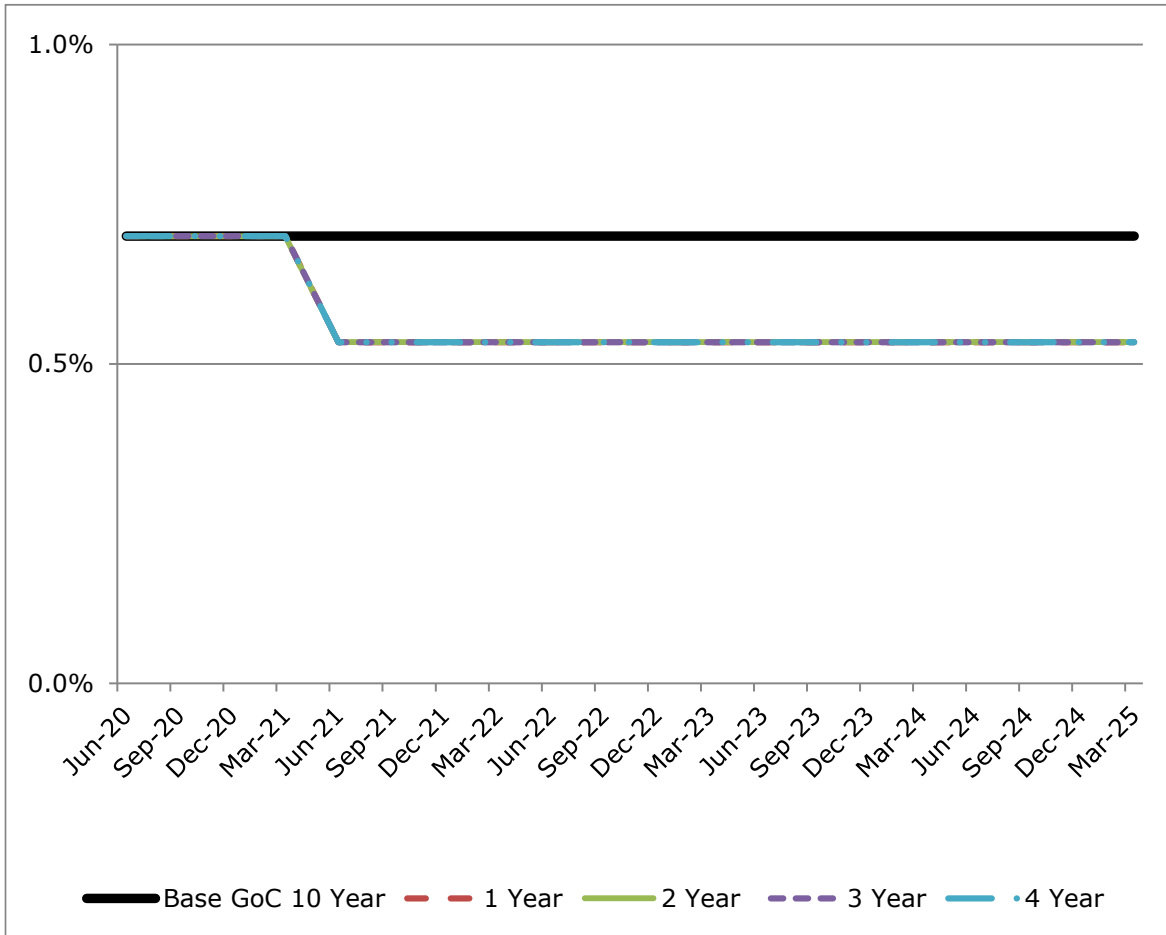
- 3 • The decline in interest rates starting in 2021/22 is based off of the Q4 2020/21  
4 forecasted rate of 0.70%.
- 5 • For the one year scenario, the entire interest rate decline occurs in Q1  
6 2021/22. For the two year scenario, half of the modeled interest rate decline  
7 occurs in Q1 2021/22 and half in Q1 2022/23. For the three and four year  
8 scenarios, the modeled interest rate decline occurs in Q1 of each year on a  
9 linear basis similar to the two year scenario.
- 10 • An interest rate floor of 0.53% is applied to the interest rate scenarios if the  
11 forecasted interest rate falls below this level. The interest rate floor is based on  
12 the lowest monthly GoC 10 year bond yield from 1989 to present.

13 To illustrate the modeled interest rates and the application of the interest rate floor,  
14 below are two charts showing the 1-in-100 year interest rate decline scenarios over 1,  
15 2, 3, and 4 years. The first chart shows the modeled interest rate decline without the  
16 0.53% floor. The second chart shows the modeled interest rate decline with the  
17 0.53% floor.

Figure FCT- 73 Interest Rate Decline Scenario, 1-in-100 Year Scenarios (Without 0.53% Floor)



**Figure FCT- 74 Interest Rate Decline Scenario, 1-in-100 Year Scenarios (With 0.53% Floor)**



1 With the interest rate floor, all scenarios reach 0.53%. A decrease of 17 bps results in  
 2 Total Equity falling \$22 million over the four-year period. This scenario is not a top  
 3 three adverse scenario for MPI.

4 **Government and Political Action**

5 MPI assumes that it is very unlikely that government action (e.g. retroactive increase  
 6 in benefits) that results in a significant impact to existing and/or future claim liabilities  
 7 will be made without advance notice to MPI.

**1 Inflation Risk**

2 MPI reviewed the Canada All-Items Consumer Price Index (Canadian CPI) from the  
3 BoC website for two different historical periods: (i) 1914 to 1991 and (ii) 1992 to 2019  
4 (the BoC inflation targeting era). As shown in the figure below, the means and  
5 standard deviations of year-over-year changes in Canadian CPI are significantly  
6 different in these two periods.

**Figure FCT- 75 Canadian CPI**

Line No.	Period	Mean	Standard Deviation
1	1915-1991	3.60%	5.40%
2	1992-2019	1.80%	0.69%

7 The observed 97.5th percentile of 1915-1991 Canadian CPI over a four year period is  
8 11.1%. MPI did not believe it was reasonable to consider these results in light of the  
9 very stable inflation experience observed since 1991.

10 Given the very minimal inflation volatility over the past 25+ years, MPI did not  
11 perform any additional modeling of inflation risk.

**12 Premium Risk**

13 MPI Basic is a monopoly insurance provider of compulsory automobile insurance.  
14 Premium risk is not a significant risk factor.

**15 Reinsurance Risk**

16 As of March 31, 2020 MPI Basic had approximately \$5.1 million in ceded claim  
17 liabilities. The impact of any reinsurance risk scenario is not a top three adverse  
18 scenario for MPI.

**19 Investment Risk**

20 *Equities:* This risk was analyzed in FCT.5.4.

- 1 *Fixed Income*: Interest rate decline scenarios and corporate bonds are analyzed in this  
2 section FCT.5.9.
- 3 *Private Debt*: This risk was included with interest rate adjustments in FCT.5.9.
- 4 *Corporate Bonds*: MPI used 25 years of data from Moody's from 1989 to 2013 to  
5 model Canada Corporate Bond default rates. The figure below outlines the default  
6 rates by Corporate Bond level.

**Figure FCT- 76 Canadian Corporate Bond Default Rate Analysis**

Line No.	Year	Aa	A	Baa	Ba	B
1	1989	0.00%	0.00%	0.00%	0.00%	33.33%
2	1990	0.00%	0.00%	0.00%	0.00%	100.00%
3	1991	0.00%	0.00%	0.00%	0.00%	n.a.
4	1992	0.00%	0.00%	0.00%	0.00%	0.00%
5	1993	0.00%	0.00%	0.00%	0.00%	n.a.
6	1994	0.00%	0.00%	0.00%	0.00%	0.00%
7	1995	0.00%	0.00%	0.00%	10.00%	0.00%
8	1996	0.00%	0.00%	0.00%	0.00%	0.00%
9	1997	0.00%	0.00%	0.00%	0.00%	0.00%
10	1998	0.00%	0.00%	0.00%	4.35%	5.99%
11	1999	0.00%	0.00%	0.00%	3.85%	0.00%
12	2000	0.00%	0.00%	2.56%	0.00%	2.70%
13	2001	0.00%	0.00%	0.00%	0.00%	8.57%
14	2002	0.00%	0.00%	4.37%	0.00%	0.00%
15	2003	0.00%	0.00%	0.00%	0.00%	3.70%
16	2004	0.00%	0.00%	0.00%	0.00%	0.00%
17	2005	0.00%	0.00%	0.00%	0.00%	0.00%
18	2006	0.00%	0.00%	0.00%	0.00%	0.00%
19	2007	0.00%	0.00%	0.00%	0.00%	0.00%
20	2008	0.00%	0.00%	0.00%	5.26%	10.91%
21	2009	0.00%	0.00%	0.00%	0.00%	16.76%
22	2010	0.00%	0.00%	0.00%	0.00%	0.00%
23	2011	0.00%	0.00%	0.00%	0.00%	0.00%
24	2012	0.00%	0.00%	0.00%	0.00%	0.00%
25	2013	0.00%	0.00%	0.00%	0.00%	0.00%
26	minimum	0.00%	0.00%	0.00%	0.00%	0.00%
27	maximum	0.00%	0.00%	4.37%	10.00%	100.00%
28	average	0.00%	0.00%	0.28%	0.94%	7.91%



1 To model the financial impact of defaulting Canadian Corporate Bonds, MPI used a  
2 fitted distribution to the percentiles of the historical data plus a 99th percentile from  
3 the MCT.

**Figure FCT- 77 Fitted Canadian Corporate Bond Default Rates**

Line No.	Percentile	Fitted	Actual
1	92nd	2.58%	2.60%
2	96th	4.38%	4.40%
3	99th	5.29%	5.30%

4 If 5.29% of Canadian Corporate Bonds defaulted, the estimated losses of MPI would  
5 be approximately \$13 million. As a result, defaulting of Canadian Corporate Bonds is  
6 not a top three adverse scenario for MPI.

7 *Other Asset Categories:* There are several other asset categories included in the base  
8 forecast that were not discussed as part of an adverse scenario, such as real estate,  
9 non-marketable bonds, and infrastructure. The most significant asset class not  
10 included was MUSH, which represented 13.7% of the total portfolio on average over  
11 the forecast period. The financial impact of non-marketable MUSH bonds is limited  
12 since the asset class is held at book value on the financial statements.

13 Real estate and infrastructure are the remaining two asset classes with a 0.6% and  
14 2.9% of the total portfolio on average over the forecast period. Real estate and  
15 infrastructure are expected to provide diversification to the total portfolio and have  
16 limited exposure in the total portfolio.

17 **Off-Balance Sheet Risk**

18 None of the following off-balance sheet items were determined to be top 3 risk factors  
19 for MPI Basic:

- 20 • Structured settlements
- 21 • Contingent liabilities or losses
- 22 • Derivative instruments

- 1       • Pension underfunding – Pension assets are now modeled as part of a  
2       segregated pension investment portfolio. Pension liabilities are modeled for  
3       interest rate changes.

#### 4       **Related Company Risk**

5       Basic and Extension insurance are part of the same corporate financial model. As a  
6       result, the adverse scenarios modeled for Basic will automatically impact Extension  
7       financial outcomes. For example, if an equity decline scenario occurs, both Basic and  
8       Extension equity portfolios will be impacted, and Extension would have less excess  
9       capital to transfer to Basic. Similarly, interest rates, collision frequency, and  
10      comprehensive frequency are directly linked between Basic and Extension.

11      The risk to Basic from the elimination of assumed capital transfers from Extension is  
12      discussed in section FCT.5.8.

#### 13      **International Financial Reporting Standards**

14      In May 2017, the International Accounting Standards Board issued IFRS 17 on the  
15      accounting for insurance contracts. In March 2020, the changes under IFRS 17 were  
16      delayed an additional year and are now effective for periods beginning on or after  
17      January 1, 2023, which is the fiscal year 2023/24 for MPI with retroactive restatement  
18      of the 2022/23 fiscal year. MPI has not modeled any of the anticipated changes from  
19      IFRS 17 in the financial model used for this FCT analysis.

20      From a FCT perspective, the most significant financial risk from IFRS 17 is from  
21      changes in the discounting of policy liabilities. Currently, the policy liabilities are  
22      discounted based on the assets backing the liabilities (MPI uses fixed income assets  
23      for this purpose) plus a Provision for Adverse Deviation (PfAD) on the assumed  
24      investment return. However, under IFRS 17 the liabilities will be discounted using a  
25      risk-free rate plus a liquidity premium. The provision for adverse deviation will be  
26      removed or reduced under IFRS 17.

1 As of August 31, 2020, if the yield on the government bond portfolio of MPI was used  
2 as a proxy for the 'risk-free rate', then the discount rate used in the valuation of Basic  
3 claims liabilities would decrease by approximately 80 to 90 basis points. The August  
4 2020 Draft Educational Note from the Canadian Institute of Actuaries (CIA) on IFRS 17  
5 discount rates indicates that an appropriate reference curve for illiquid insurance  
6 contract liabilities is:

7 *Illiquid Curve: Risk-free rate + 0.50% + 75% of Canadian investment grade bonds*  
8 *spread*

9 As at August 31, 2020, the current Basic claims liability discount rate (before  
10 investment fees) was 2.52%. The IFRS 17 equivalent discount rate based on the  
11 above CIA guidance is estimated at:

12 IFRS 17 Estimated Discount Rate = 1.60% + 0.50% + [75% x 2.06] = 3.65%

13 In addition to the discount rate assumption, Basic policy liabilities currently carry a 50  
14 basis point provision for adverse deviation (PfAD) on the assumed discount rate. It is  
15 anticipated that this provision will be either eliminated or reduced under IFRS 17.  
16 Based on the estimated IFRS 17 impact to the discount rate and the PfAD, MPI does  
17 not anticipate any significant adverse financial impact to Basic as a result of the IFRS  
18 17 discount rate methodology.

19 At this time, MPI is not aware how the MCT calculation will be impacted from the  
20 transition to IFRS 17. Since the MCT ratio is an important part of the CMP, MPI should  
21 monitor developments in this area closely.

## Appendix 1a

### Base Scenario with -10.47% Rate Change

### Statement of Operations

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

	For the Years Ended March,					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,097,908</b>	<b>1,136,863</b>	<b>1,176,624</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,025,032	1,062,348	1,100,814
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,079,523</b>	<b>1,117,716</b>	<b>1,157,080</b>
Service Fees & Other Revenues	27,161	28,208	27,095	28,623	30,271	32,033
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,828</b>	<b>1,108,146</b>	<b>1,147,987</b>	<b>1,189,113</b>
Claims Incurred	787,799	820,094	900,171	916,688	950,278	982,906
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,300	(1,800)	4,642	14,083
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	7,209	12,917	10,718	11,119
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>908,680</b>	<b>927,805</b>	<b>965,638</b>	<b>1,008,108</b>
Claims Expense	132,028	143,490	143,233	146,819	154,181	153,570
Road Safety/Loss Prevention	12,030	11,234	13,628	13,502	13,553	13,337
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,065,541</b>	<b>1,088,126</b>	<b>1,133,372</b>	<b>1,175,015</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	75,921	79,898	79,895
Commissions	42,332	43,823	43,408	42,817	44,298	45,825
Premium Taxes	33,102	32,292	33,289	32,811	33,965	35,155
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>156,750</b>	<b>163,454</b>	<b>166,267</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(96,622)</b>	<b>(136,730)</b>	<b>(148,839)</b>	<b>(152,169)</b>
<b>Investment Income</b>	54,159	83,796	89,121	91,381	89,713	90,187
(b) Investment Income - Interest Rate Impact	5,455	575	311	165	78	12
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>89,432</b>	<b>91,546</b>	<b>89,791</b>	<b>90,199</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(1,193)</b>	<b>(45,184)</b>	<b>(59,048)</b>	<b>(61,970)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(1,193)</b>	<b>(45,184)</b>	<b>(59,048)</b>	<b>(61,970)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(6,898)	(12,752)	(10,640)	(11,107)

## Appendix 1b

### Base Scenario with -10.47% Rate Change

### Balance Sheet

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

For the Years Ended March,

	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,923	49,807	51,207	52,641
Investments	2,648,873	2,964,904	3,053,385	3,139,392	3,231,607	3,336,401
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	413,053	426,812	440,904
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	29,708	32,706	29,312	16,504
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,080	67,760	58,588
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,716,385</b>	<b>3,824,565</b>	<b>3,924,088</b>	<b>4,016,213</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	568,832	589,769	611,239
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,181,314	2,260,497	2,339,029	2,414,689
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,186,926</b>	<b>3,301,098</b>	<b>3,418,232</b>	<b>3,528,539</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	549,549	539,575	518,518	496,835
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(20,091)	(16,108)	(12,660)	(9,161)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>529,458</b>	<b>523,467</b>	<b>505,858</b>	<b>487,674</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,716,384</b>	<b>3,824,565</b>	<b>3,924,090</b>	<b>4,016,213</b>

**Appendix 1c**  
**Base Scenario with -10.47% Rate Change**  
**Statement of Changes in Equity**

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	549,549	539,575	518,518
Net Income (Loss) from annual operations	120,607	78,615	(1,193)	(45,183)	(59,048)	(61,969)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	24,948	35,209	37,991	40,287
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>549,549</b>	<b>539,575</b>	<b>518,518</b>	<b>496,835</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(48,956)	(34,296)	(26,486)	(20,091)	(16,108)	(12,660)
Other Comprehensive Income for the Year	14,660	7,810	6,395	3,983	3,448	3,499
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(20,091)</b>	<b>(16,108)</b>	<b>(12,660)</b>	<b>(9,161)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>529,458</b>	<b>523,467</b>	<b>505,857</b>	<b>487,674</b>

**Appendix 1d**  
**Base Scenario with -10.47% Rate Change**  
**Minimum Capital Test**

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

		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	467,463	453,387	438,097	429,086
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>467,463</b>	<b>453,387</b>	<b>438,097</b>	<b>429,086</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	101,233	104,803	108,446
Unpaid claims	22	218,741	228,047	236,200	244,468	252,488
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	325,852	337,433	349,271	360,934
Market Risk:						
Interest rate risk	30	34,644	46,833	49,305	50,410	50,286
Foreign exchange risk	32	28,653	33,540	34,293	35,162	36,844
Equity risk	34	107,171	122,630	125,511	128,825	133,972
Real estate risk	36	34,675	37,708	38,573	39,096	39,496
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	240,711	247,682	253,493	260,598
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	49,502	51,338	53,343	55,511
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,760	52,589	54,586	56,748
Operational risk margin	50	77,402	78,985	81,653	84,297	87,070
Less: Diversification credit	52	76,167	82,429	85,124	87,696	90,468
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>613,879</b>	<b>634,233</b>	<b>653,951</b>	<b>674,882</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	409,253	422,822	435,968	449,921
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>409,253</b>	<b>422,822</b>	<b>435,968</b>	<b>449,921</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>58,210</b>	<b>30,565</b>	<b>2,129</b>	<b>(20,835)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>114.22%</b>	<b>107.23%</b>	<b>100.49%</b>	<b>95.37%</b>

**Appendix 1e**  
**Base Scenario with -10.47% Rate Change**  
**Net Claims Incurred Summary**

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	465,348	478,767	501,621	525,508
Comprehensive	91,790	106,201	102,846	99,725	105,023	110,541
Property Damage	43,925	38,719	43,384	43,663	43,867	44,087
Public Liability - BI	4,558	5,231	5,926	6,692	6,771	6,857
PIPP	240,370	245,495	245,965	255,414	257,560	259,662
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>863,469</b>	<b>884,262</b>	<b>914,843</b>	<b>946,655</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	8,101	8,684	8,262	7,908
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	1,300	(1,800)	4,642	14,083
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>908,679</b>	<b>927,806</b>	<b>965,638</b>	<b>1,008,107</b>

\*13 month period ending March 31, 2020



**Appendix 1f**  
**Base Scenario with -10.47% Rate Change**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected											
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc											
											Accident Year												
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	72.12%	72.28%	72.33%	72.42%												
2.	Trend/Rate Adjustment for Fiscal Year																						
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																	
	2020		0.9371	0.9594	0.9926	1.0042	1.0137																
	2021			0.9675	0.9998	1.0101	1.0184	1.0105															
	2022				0.9926	1.0043	1.0140	1.0077	1.0076														
	2023					1.0075	1.0161	1.0087	1.0076	1.0083													
	2024						1.0205	1.0120	1.0099	1.0097	1.0093												
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																						
	2019	77.07%	79.74%	74.06%	71.84%	67.77%															74.33%	79.98%	
	2020		78.22%	73.21%	71.57%	68.03%	67.20%														70.94%	76.59%	
	2021			73.83%	72.08%	68.43%	67.51%	72.88%													71.13%	76.85%	
	2022				71.57%	68.04%	67.22%	72.67%	72.83%												70.76%	76.54%	
	2023					68.26%	67.36%	72.74%	72.83%	72.93%											71.28%	77.17%	
	2024						67.65%	72.98%	72.99%	73.03%	73.09%										73.00%	79.12%	
B. Actual Data Other Than Losses																							
(C\$ 000s, rounding may affect totals)																							
											Fiscal Year												
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381												
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.19%	8.25%	7.96%												
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.75%	2.65%												
	Selected					2.81%	2.72%	2.65%	2.70%	2.74%	2.70%												
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%												
C. Equity in Unearned Premium																							
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005												
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369												
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	425,587	438,832	458,167	486,288												
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-												
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,474	16,264	16,606												
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	80,010	82,500	86,135	91,422												
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818												
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	29,708	32,706	29,312	16,504												
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730												
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	3,302	1,502	6,144	20,226												
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	1,300	(1,800)	4,642	14,083												
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	-	-	-												
	Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-												

**Notes:**

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

**Appendix 1g**  
**Base Scenario with -10.47% Rate Change**  
**Summary of Investment Income**

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	102	105	108
Government Bonds	38,661	37,223	35,855	35,703	35,901
Corporate Bonds	19,657	19,914	20,155	20,997	22,016
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,986	7,020	7,076
Canadian Equities	2,477	3,835	3,940	4,003	4,146
Global Equities	3,346	4,147	4,320	4,454	4,657
Global LV	1,716	2,343	2,375	2,409	2,490
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,390	1,345	1,396
<b>Total</b>	<b>94,083</b>	<b>96,293</b>	<b>95,421</b>	<b>94,840</b>	<b>95,120</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(2,063)	207	219	233
Government Bonds Realized Gains/(Loss)	5,112	2,380	(36)	(135)	(216)
Corporate Bonds Unrealized Gains/(Loss)	4,443	731	55	58	61
Corporate Bonds Realized Gains/(Loss)	(4,269)	(741)	(66)	(69)	(71)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	400	914	1,136	1,219
Global Equities Realized Gains	282	999	2,010	2,537	2,832
Global LV	513	1,257	1,844	2,015	2,091
Pooled Real Estate Fund	3,869	6,137	7,762	7,377	7,597
Infrastructure	3,775	4,481	5,441	5,272	5,470
<b>Total</b>	<b>9,243</b>	<b>13,581</b>	<b>18,132</b>	<b>18,410</b>	<b>19,216</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,747)	(4,993)	(5,099)	(5,154)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,702)	(5,750)	(6,821)	(7,165)
<b>Total</b>	<b>(18,955)</b>	<b>(20,442)</b>	<b>(22,008)</b>	<b>(23,460)</b>	<b>(24,138)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>89,432</b>	<b>91,546</b>	<b>89,791</b>	<b>90,199</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	2,344	2,083	2,117	2,192
Global Equities Unrealized Gains/(Losses)	4,352	4,968	4,796	4,946	5,170
Global LV Unrealized Gains/(Losses)	1,889	2,358	2,200	2,231	2,306
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,670</b>	<b>9,080</b>	<b>9,293</b>	<b>9,668</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,882	49,807	51,207	52,641
Government Bonds	1,337,643	1,329,286	1,405,738	1,490,637	1,576,674
Corporate Bonds	476,299	486,032	512,335	541,586	571,736
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	111,920	110,710	109,959	111,861
Canadian Equities	54,986	67,152	66,426	65,976	67,117
Global Equities	59,569	72,748	71,961	71,474	72,710
Global LV Equities	45,822	55,960	55,355	54,980	55,931
Real Estate Investments	66,732	76,695	75,679	75,307	75,975
Infrastructure & Venture Capital	22,911	27,980	27,677	27,490	27,965
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,742,960</b>	<b>2,816,011</b>	<b>2,900,799</b>	<b>2,996,865</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.7%	1.8%	1.8%	1.8%
Government Bonds	50.1%	48.5%	49.9%	51.4%	52.6%
Corporate Bonds	17.8%	17.7%	18.2%	18.7%	19.1%
MUSH	18.5%	17.0%	15.6%	14.2%	12.8%
Private Debt	2.5%	4.1%	3.9%	3.8%	3.7%
Canadian Equities	2.1%	2.4%	2.4%	2.3%	2.2%
Global Equities	2.2%	2.7%	2.6%	2.5%	2.4%
Global LV Equities	1.7%	2.0%	2.0%	1.9%	1.9%
Real Estate Investments	2.5%	2.8%	2.7%	2.6%	2.5%
Infrastructure & Venture Capital	0.9%	1.0%	1.0%	0.9%	0.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 1h

### Base Scenario with 0.10% Rate Change with Management Action

### Statement of Operations

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,097,908</b>	<b>1,136,863</b>	<b>1,176,624</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,025,032	1,062,348	1,100,814
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,079,523</b>	<b>1,117,716</b>	<b>1,157,080</b>
Service Fees & Other Revenues	27,161	28,208	27,095	28,623	30,271	32,033
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,828</b>	<b>1,108,146</b>	<b>1,147,987</b>	<b>1,189,113</b>
Claims Incurred	787,799	820,094	900,171	916,688	950,278	982,906
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,300	(1,800)	4,642	14,083
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	7,209	12,917	10,718	11,119
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>908,680</b>	<b>927,805</b>	<b>965,638</b>	<b>1,008,108</b>
Claims Expense	132,028	143,490	143,233	146,819	154,181	153,570
Road Safety/Loss Prevention	12,030	11,234	13,628	13,502	13,553	13,337
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,065,541</b>	<b>1,088,126</b>	<b>1,133,372</b>	<b>1,175,015</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	75,921	79,898	79,895
Commissions	42,332	43,823	43,408	42,817	44,298	45,825
Premium Taxes	33,102	32,292	33,289	32,811	33,965	35,155
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>156,750</b>	<b>163,454</b>	<b>166,267</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(96,622)</b>	<b>(136,730)</b>	<b>(148,839)</b>	<b>(152,169)</b>
<b>Investment Income</b>	54,159	83,796	89,121	91,381	89,713	90,187
(b) Investment Income - Interest Rate Impact	5,455	575	311	165	78	12
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>89,432</b>	<b>91,546</b>	<b>89,791</b>	<b>90,199</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(1,193)</b>	<b>(45,184)</b>	<b>(59,048)</b>	<b>(61,970)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(1,193)</b>	<b>(45,184)</b>	<b>(59,048)</b>	<b>(61,970)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(6,898)	(12,752)	(10,640)	(11,107)

## Appendix 2a

### Combined 4-Year Solvency Scenario Statement of Operations

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

	For the Years Ended March,					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,097,908</b>	<b>1,136,863</b>	<b>1,176,624</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,025,032	1,062,348	1,100,814
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,079,523</b>	<b>1,117,716</b>	<b>1,157,080</b>
Service Fees & Other Revenues	27,161	28,208	27,097	28,626	30,277	32,043
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,830</b>	<b>1,108,149</b>	<b>1,147,993</b>	<b>1,189,123</b>
Claims Incurred	787,799	820,094	1,015,323	876,897	1,149,033	1,110,435
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	26,148	(2,955)	26,773	28,681
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	34,383	18,238	6,552	17,117
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>1,075,854</b>	<b>892,180</b>	<b>1,182,358</b>	<b>1,156,233</b>
Claims Expense	132,028	143,490	143,233	147,484	154,711	154,860
Road Safety/Loss Prevention	12,030	11,234	13,628	13,575	13,614	13,474
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,232,715</b>	<b>1,053,239</b>	<b>1,350,683</b>	<b>1,324,567</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	76,238	80,163	80,524
Commissions	42,332	43,823	43,408	42,817	44,298	45,825
Premium Taxes	33,102	32,292	33,289	32,811	33,965	35,155
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,394
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>157,067</b>	<b>163,720</b>	<b>166,898</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(263,794)</b>	<b>(102,157)</b>	<b>(366,410)</b>	<b>(302,342)</b>
<b>Investment Income</b>	54,159	83,796	90,446	92,336	81,109	88,705
(b) Investment Income - Interest Rate Impact	5,455	575	28,470	722	19	487
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>118,916</b>	<b>93,058</b>	<b>81,128</b>	<b>89,192</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(138,881)</b>	<b>(9,099)</b>	<b>(285,282)</b>	<b>(213,150)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(138,881)</b>	<b>(9,099)</b>	<b>(285,282)</b>	<b>(213,150)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(5,913)	(17,516)	(6,533)	(16,630)

## Appendix 2b

### Combined 4-Year Solvency Scenario Balance Sheet

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

For the Years Ended March,

	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,071	48,811	85,700	174,610
Investments	2,648,873	2,964,904	3,042,227	3,078,295	3,008,604	2,902,271
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	413,053	426,812	440,904
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	4,860	9,014	-	-
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,052	67,719	58,532
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,679,527</b>	<b>3,738,752</b>	<b>3,706,225</b>	<b>3,687,492</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	568,832	589,769	611,239
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	370,171	382,309	394,541	407,173
Provision for unpaid claims	2,031,336	2,096,726	2,279,851	2,277,050	2,446,995	2,573,359
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,295,443</b>	<b>3,327,631</b>	<b>3,536,178</b>	<b>3,697,190</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	411,862	437,973	190,682	17,819
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(27,779)	(26,853)	(20,635)	(27,517)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>384,083</b>	<b>411,120</b>	<b>170,047</b>	<b>(9,698)</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,679,526</b>	<b>3,738,751</b>	<b>3,706,225</b>	<b>3,687,492</b>

**Appendix 2c**  
**Combined 4-Year Solvency Scenario**  
**Statement of Changes in Equity**

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	411,862	437,973	190,682
Net Income (Loss) from annual operations	120,607	78,615	(138,881)	(9,097)	(285,282)	(213,150)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	24,948	35,209	37,991	40,287
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>411,862</b>	<b>437,973</b>	<b>190,682</b>	<b>17,819</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(48,956)	(34,296)	(26,486)	(27,779)	(26,853)	(20,635)
Other Comprehensive Income for the Year	14,660	7,810	(1,293)	926	6,218	(6,882)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(27,779)</b>	<b>(26,853)</b>	<b>(20,635)</b>	<b>(27,517)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>384,083</b>	<b>411,120</b>	<b>170,047</b>	<b>(9,698)</b>

## Appendix 2d

### Combined 4-Year Solvency Scenario

### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	322,087	341,069	102,329	(68,229)
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>322,087</b>	<b>341,069</b>	<b>102,329</b>	<b>(68,229)</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	101,233	104,803	108,446
Unpaid claims	22	218,741	238,612	238,596	255,667	265,410
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	336,417	339,829	360,470	373,856
Market Risk:						
Interest rate risk	30	34,644	64,616	50,193	85,383	99,036
Foreign exchange risk	32	28,653	34,050	29,887	30,749	20,955
Equity risk	34	107,171	125,004	110,420	114,615	89,312
Real estate risk	36	34,675	38,097	36,034	36,673	31,952
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	261,767	226,534	267,420	241,255
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	49,530	50,518	50,752	50,133
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,787	51,768	51,996	51,369
Operational risk margin	50	77,402	81,676	79,989	86,212	86,067
Less: Diversification credit	52	76,167	86,819	81,931	90,730	87,864
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>643,828</b>	<b>616,189</b>	<b>675,368</b>	<b>664,683</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	429,219	410,793	450,245	443,122
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>429,219</b>	<b>410,793</b>	<b>450,245</b>	<b>443,122</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>(107,132)</b>	<b>(69,724)</b>	<b>(347,916)</b>	<b>(511,351)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>75.04%</b>	<b>83.03%</b>	<b>22.73%</b>	<b>-15.40%</b>

## Appendix 2e

### Combined 4-Year Solvency Scenario Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	496,277	538,299	633,448	636,658
Comprehensive	91,790	106,201	120,666	87,150	114,832	95,593
Property Damage	43,925	38,719	44,699	44,948	46,852	42,594
Public Liability - BI	4,558	5,231	5,831	7,011	5,165	7,707
PIPP	240,370	245,495	324,907	184,687	300,550	291,476
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>992,379</b>	<b>862,095</b>	<b>1,100,847</b>	<b>1,074,027</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	21,517	(3,619)	16,847	14,063
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	26,148	(2,955)	26,773	28,681
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>1,075,854</b>	<b>892,180</b>	<b>1,182,358</b>	<b>1,156,233</b>

\*13 month period ending March 31, 2020



**Appendix 2f**  
**Combined 4-Year Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected											
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc											
											Accident Year												
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	78.15%	75.09%	84.11%	79.35%												
2.	Trend/Rate Adjustment for Fiscal Year																						
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																	
	2020		0.9371	0.9594	0.9926	1.0042	1.0137																
	2021			1.0111	1.0416	1.0492	1.0547	1.0277															
	2022				1.0355	1.0449	1.0521	1.0270	1.0097														
	2023					1.0758	1.0768	1.0448	1.0211	1.0141													
	2024						1.0951	1.0605	1.0343	1.0251	1.0159												
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																						
	2019	77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%										
	2020		78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%										
	2021			77.15%	75.10%	71.08%	69.92%	80.31%				74.44%	80.63%										
	2022				74.66%	70.79%	69.75%	80.26%	75.81%			73.75%	80.01%										
	2023					72.88%	71.39%	81.66%	76.67%	85.29%		77.07%	83.66%										
	2024						72.60%	82.88%	77.66%	86.22%	80.61%	80.38%	87.38%										
B. Actual Data Other Than Losses																							
											Fiscal Year												
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
(C\$ 000s, rounding may affect totals)																							
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381												
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.22%	8.28%	8.03%												
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.74%	2.76%	2.68%												
	Selected					2.81%	2.72%	2.65%	2.71%	2.75%	2.72%												
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%												
C. Equity in Unearned Premium																							
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005												
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369												
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	446,503	458,748	496,688	537,070												
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-												
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,507	16,325	16,697												
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	83,943	86,245	93,377	100,969												
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818												
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	4,860	9,014	(16,512)	(43,918)												
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730												
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	28,150	25,194	35,455	36,730												
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	26,148	(2,955)	10,261	1,275												
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	-	16,512	43,918												
	Change	-	(8,774)	(11,950)	6,844	-	-	-	-	16,512	27,406												

**Notes:**

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

## Appendix 2g

### Combined 4-Year Solvency Scenario Summary of Investment Income

(C\$ 000s, rounding may affect totals)	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	101	81	81
Government Bonds	38,661	36,600	35,218	33,944	32,275
Corporate Bonds	19,657	19,505	19,317	19,571	19,378
MUSH	22,210	20,673	19,137	17,624	16,136
Private Debt	3,747	5,840	7,204	6,021	6,128
Canadian Equities	2,477	4,131	3,489	3,772	2,450
Global Equities	3,346	4,256	3,729	3,962	2,981
Global LV	1,716	2,347	1,797	1,896	1,087
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,405	1,255	1,309
<b>Total</b>	<b>94,083</b>	<b>95,721</b>	<b>92,514</b>	<b>89,232</b>	<b>82,918</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	16,919	6	(3,749)	(4,353)
Government Bonds Realized Gains/(Loss)	5,112	4,148	721	3,774	4,842
Corporate Bonds Unrealized Gains/(Loss)	4,443	6,888	144	610	(1,346)
Corporate Bonds Realized Gains/(Loss)	(4,269)	788	(157)	(623)	1,337
MUSH	-	-	-	-	-
Private Debt	-	2,208	-	-	-
Canadian Equities Realized Gains	110	1,405	6,585	3,249	12,477
Global Equities Realized Gains	282	1,055	3,617	1,923	5,171
Global LV	513	20	(1,388)	(1,616)	(1,371)
Pooled Real Estate Fund	3,869	6,137	7,864	6,615	6,433
Infrastructure	3,775	4,481	5,499	4,916	5,130
<b>Total</b>	<b>9,243</b>	<b>44,047</b>	<b>22,892</b>	<b>15,098</b>	<b>28,321</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,796)	(4,861)	(4,724)	(4,329)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(5,063)	(6,222)	(6,938)	(5,899)
<b>Total</b>	<b>(18,955)</b>	<b>(20,852)</b>	<b>(22,348)</b>	<b>(23,201)</b>	<b>(22,047)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>118,916</b>	<b>93,058</b>	<b>81,128</b>	<b>89,192</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	7,361	8,757	7,523	7,956
Global Equities Unrealized Gains/(Losses)	4,352	3,694	4,092	3,648	3,782
Global LV Unrealized Gains/(Losses)	1,889	(1,327)	(1,671)	(1,362)	(1,371)
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,727</b>	<b>11,178</b>	<b>9,809</b>	<b>10,367</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,910	48,811	3,897	31,679
Government Bonds	1,337,643	1,307,595	1,423,798	1,373,643	1,432,641
Corporate Bonds	476,299	479,849	514,567	499,031	511,664
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	115,813	85,318	85,731	36,421
Canadian Equities	54,986	69,488	51,191	51,438	21,853
Global Equities	59,569	75,278	55,456	55,725	23,674
Global LV Equities	45,822	57,906	42,659	42,865	18,211
Real Estate Investments	66,732	78,641	62,983	63,193	38,255
Infrastructure & Venture Capital	22,911	28,953	21,329	21,433	9,105
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,728,736</b>	<b>2,746,435</b>	<b>2,609,139</b>	<b>2,507,758</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.8%	1.8%	0.1%	1.3%
Government Bonds	50.1%	47.9%	51.8%	52.6%	57.1%
Corporate Bonds	17.8%	17.6%	18.7%	19.1%	20.4%
MUSH	18.5%	17.1%	16.0%	15.8%	15.3%
Private Debt	2.5%	4.2%	3.1%	3.3%	1.5%
Canadian Equities	2.1%	2.5%	1.9%	2.0%	0.9%
Global Equities	2.2%	2.8%	2.0%	2.1%	0.9%
Global LV Equities	1.7%	2.1%	1.6%	1.6%	0.7%
Real Estate Investments	2.5%	2.9%	2.3%	2.4%	1.5%
Infrastructure & Venture Capital	0.9%	1.1%	0.8%	0.8%	0.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 2h

### Combined 4-Year Solvency Scenario with Management Action

### Statement of Operations

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,095,965	1,193,713	1,299,490
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,151,011</b>	<b>1,249,678</b>	<b>1,356,341</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,052,237	1,146,042	1,247,904
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,106,728</b>	<b>1,201,410</b>	<b>1,304,170</b>
Service Fees & Other Revenues	27,161	28,208	27,097	29,811	32,898	36,391
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,830</b>	<b>1,136,539</b>	<b>1,234,308</b>	<b>1,340,561</b>
Claims Incurred	787,799	820,094	1,015,323	876,897	1,149,093	1,110,597
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	26,148	(2,899)	26,948	28,798
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	34,383	19,372	9,864	18,934
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>1,075,854</b>	<b>893,370</b>	<b>1,185,905</b>	<b>1,158,329</b>
Claims Expense	132,028	143,490	143,233	147,484	154,711	154,876
Road Safety/Loss Prevention	12,030	11,234	13,628	13,575	13,614	13,476
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,232,715</b>	<b>1,054,429</b>	<b>1,354,230</b>	<b>1,326,681</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	76,238	80,163	80,531
Commissions	42,332	43,823	43,408	43,561	46,868	50,445
Premium Taxes	33,102	32,292	33,289	33,627	36,476	39,567
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,394
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>158,627</b>	<b>168,801</b>	<b>175,937</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(263,794)</b>	<b>(76,517)</b>	<b>(288,723)</b>	<b>(162,057)</b>
<b>Investment Income</b>	54,159	83,796	90,527	92,166	80,841	89,220
(b) Investment Income - Interest Rate Impact	5,455	575	28,470	694	(119)	261
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>118,997</b>	<b>92,860</b>	<b>80,722</b>	<b>89,481</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(138,800)</b>	<b>16,343</b>	<b>(208,001)</b>	<b>(72,576)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(138,800)</b>	<b>16,343</b>	<b>(208,001)</b>	<b>(72,576)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(5,913)	(18,678)	(9,983)	(18,673)

## Appendix 2i

### Combined 4-Year Solvency Scenario with Management Action

### Balance Sheet

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,071	49,985	51,150	52,255
Investments	2,648,873	2,964,904	3,035,971	3,102,304	3,154,026	3,302,395
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	428,578	459,794	493,447
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	4,860	8,957	-	-
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,052	67,719	58,531
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,673,271</b>	<b>3,779,403</b>	<b>3,850,079</b>	<b>4,017,803</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	594,730	644,787	698,886
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	370,171	382,309	394,541	407,173
Provision for unpaid claims	2,031,336	2,096,726	2,279,851	2,278,184	2,451,732	2,580,192
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,295,443</b>	<b>3,354,663</b>	<b>3,595,933</b>	<b>3,791,670</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	405,687	451,368	272,518	244,374
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(27,860)	(26,627)	(18,372)	(18,239)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>377,827</b>	<b>424,741</b>	<b>254,146</b>	<b>226,135</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,673,270</b>	<b>3,779,404</b>	<b>3,850,079</b>	<b>4,017,805</b>

## Appendix 2j

### Combined 4-Year Solvency Scenario with Management Action Statement of Changes in Equity

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	405,687	451,368	272,518
Net Income (Loss) from annual operations	120,607	78,615	(138,800)	16,344	(208,002)	(72,577)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	18,692	29,337	29,152	44,433
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>405,687</b>	<b>451,368</b>	<b>272,518</b>	<b>244,374</b>
<b>Total Accumulated Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning Balance	(48,956)	(34,296)	(26,486)	(27,860)	(26,627)	(18,372)
Other Comprehensive Income for the Year	14,660	7,810	(1,374)	1,233	8,256	133
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(27,860)</b>	<b>(26,627)</b>	<b>(18,372)</b>	<b>(18,239)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>377,827</b>	<b>424,741</b>	<b>254,147</b>	<b>226,135</b>

## Appendix 2k

### Combined 4-Year Solvency Scenario with Management Action Minimum Capital Test

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

		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	315,831	354,689	186,428	167,604
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>315,831</b>	<b>354,689</b>	<b>186,428</b>	<b>167,604</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	106,062	115,061	124,787
Unpaid claims	22	218,741	238,612	238,710	256,119	266,061
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	336,417	344,772	371,180	390,848
Market Risk:						
Interest rate risk	30	34,644	64,837	46,644	69,557	64,120
Foreign exchange risk	32	28,653	33,848	29,824	32,117	30,137
Equity risk	34	107,171	124,254	110,190	119,690	112,772
Real estate risk	36	34,675	37,972	35,996	37,519	35,862
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	260,911	222,654	258,883	242,891
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	49,454	51,585	54,150	57,517
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,711	52,835	55,393	58,753
Operational risk margin	50	77,402	81,596	81,497	89,506	92,771
Less: Diversification credit	52	76,167	86,684	81,983	91,152	91,120
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>642,951</b>	<b>619,775</b>	<b>683,810</b>	<b>694,143</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	428,634	413,183	455,874	462,762
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>428,634</b>	<b>413,183</b>	<b>455,874</b>	<b>462,762</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>(112,803)</b>	<b>(58,494)</b>	<b>(269,446)</b>	<b>(295,158)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>73.68%</b>	<b>85.84%</b>	<b>40.89%</b>	<b>36.22%</b>

## Appendix 2I

### Combined 4-Year Solvency Scenario with Management Action Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	496,277	538,303	633,461	636,664
Comprehensive	91,790	106,201	120,666	87,151	114,835	95,594
Property Damage	43,925	38,719	44,699	44,949	46,854	42,595
Public Liability - BI	4,558	5,231	5,831	7,014	5,171	7,712
PIPP	240,370	245,495	324,906	185,647	303,405	293,152
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>992,379</b>	<b>863,063</b>	<b>1,103,727</b>	<b>1,075,717</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	21,517	(3,454)	17,340	14,352
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	26,148	(2,899)	26,948	28,798
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>1,075,854</b>	<b>893,370</b>	<b>1,185,905</b>	<b>1,158,329</b>

\*13 month period ending March 31, 2020

**Appendix 2m**  
**Combined 4-Year Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected										
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc										
											Accident Year											
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	78.15%	75.09%	84.11%	79.35%											
2.	Trend/Rate Adjustment for Fiscal Year																					
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																
	2020		0.9371	0.9594	0.9926	1.0042	1.0137															
	2021			1.0111	1.0416	1.0492	1.0547	1.0277														
	2022				1.0355	1.0449	1.0521	1.0270	1.0097													
	2023					1.0758	1.0768	1.0448	1.0211	1.0141												
	2024						1.0951	1.0605	1.0343	1.0251	1.0159											
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																					
	2019	77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%									
	2020		78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%									
	2021			77.15%	75.10%	71.08%	69.92%	80.31%				74.44%	80.63%									
	2022				74.66%	70.79%	69.75%	80.26%	75.81%			73.75%	80.02%									
	2023					72.88%	71.39%	81.66%	76.67%	85.29%		77.07%	83.69%									
	2024						72.60%	82.88%	77.66%	86.22%	80.61%	80.38%	87.43%									
B. Actual Data Other Than Losses																						
											Fiscal Year											
<i>(C\$ 000s, rounding may affect totals)</i>											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381											
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.22%	8.28%	8.03%											
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.74%	2.76%	2.68%											
	Selected					2.81%	2.72%	2.65%	2.71%	2.75%	2.72%											
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%											
C. Equity in Unearned Premium																						
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005											
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369											
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	446,503	458,796	496,883	537,363											
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-											
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,507	16,325	16,698											
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	83,943	86,254	93,414	101,024											
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818											
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	4,860	8,957	(16,743)	(44,266)											
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730											
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	28,150	25,251	35,455	36,730											
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	26,148	(2,899)	10,205	1,275											
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	-	16,743	44,266											
	Change	-	(8,774)	(11,950)	6,844	-	-	-	-	16,743	27,523											

**Notes:**

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0



## Appendix 2n

### Combined 4-Year Solvency Scenario with Management Action

#### Summary of Investment Income

(C\$ 000s, rounding may affect totals)	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	102	105	108
Government Bonds	38,661	36,600	35,377	34,775	35,099
Corporate Bonds	19,657	19,505	19,393	20,023	20,982
MUSH	22,210	20,673	19,137	17,624	16,136
Private Debt	3,747	5,840	7,152	6,005	6,480
Canadian Equities	2,477	4,131	3,511	4,083	3,619
Global Equities	3,346	4,256	3,747	4,206	3,806
Global LV	1,716	2,347	1,811	2,084	1,666
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,401	1,253	1,339
<b>Total</b>	<b>94,083</b>	<b>95,721</b>	<b>92,747</b>	<b>91,266</b>	<b>90,328</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	16,919	233	245	269
Government Bonds Realized Gains/(Loss)	5,112	4,148	466	(357)	(3)
Corporate Bonds Unrealized Gains/(Loss)	4,443	6,888	76	79	85
Corporate Bonds Realized Gains/(Loss)	(4,269)	788	(90)	(94)	(97)
MUSH	-	-	-	-	-
Private Debt	-	2,208	-	-	-
Canadian Equities Realized Gains	110	1,457	6,355	2,018	7,912
Global Equities Realized Gains	282	1,084	3,509	1,365	3,771
Global LV	513	20	(1,375)	(1,612)	(1,459)
Pooled Real Estate Fund	3,869	6,137	7,848	6,603	7,124
Infrastructure	3,775	4,481	5,480	4,911	5,249
<b>Total</b>	<b>9,243</b>	<b>44,128</b>	<b>22,504</b>	<b>13,158</b>	<b>22,851</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,796)	(4,863)	(4,837)	(4,812)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(5,063)	(6,263)	(7,325)	(7,069)
<b>Total</b>	<b>(18,955)</b>	<b>(20,852)</b>	<b>(22,391)</b>	<b>(23,702)</b>	<b>(23,699)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>118,997</b>	<b>92,860</b>	<b>80,722</b>	<b>89,481</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	7,361	8,692	7,503	8,399
Global Equities Unrealized Gains/(Losses)	4,352	3,694	4,069	3,641	3,939
Global LV Unrealized Gains/(Losses)	1,889	(1,327)	(1,658)	(1,358)	(1,459)
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,727</b>	<b>11,102</b>	<b>9,786</b>	<b>10,879</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,910	49,985	51,150	52,255
Government Bonds	1,337,643	1,306,344	1,446,639	1,473,457	1,647,839
Corporate Bonds	476,299	479,223	522,121	533,737	590,004
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	114,562	84,934	94,189	75,521
Canadian Equities	54,986	68,737	50,960	56,514	45,312
Global Equities	59,569	74,465	55,207	61,223	49,088
Global LV Equities	45,822	57,281	42,467	47,095	37,760
Real Estate Investments	66,732	78,016	62,791	67,422	57,805
Infrastructure & Venture Capital	22,911	28,640	21,233	23,547	18,880
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,722,480</b>	<b>2,776,660</b>	<b>2,820,516</b>	<b>2,958,719</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.8%	1.8%	1.8%	1.8%
Government Bonds	50.1%	48.0%	52.1%	52.2%	55.7%
Corporate Bonds	17.8%	17.6%	18.8%	18.9%	19.9%
MUSH	18.5%	17.2%	15.9%	14.6%	13.0%
Private Debt	2.5%	4.2%	3.1%	3.3%	2.6%
Canadian Equities	2.1%	2.5%	1.8%	2.0%	1.5%
Global Equities	2.2%	2.7%	2.0%	2.2%	1.7%
Global LV Equities	1.7%	2.1%	1.5%	1.7%	1.3%
Real Estate Investments	2.5%	2.9%	2.3%	2.4%	2.0%
Infrastructure & Venture Capital	0.9%	1.1%	0.8%	0.8%	0.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Appendix 3a

#### High Loss Ratio 4-Year Solvency Scenario

#### Statement of Operations

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

	For the Years Ended March,					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,097,908</b>	<b>1,136,863</b>	<b>1,176,624</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,025,032	1,062,348	1,100,814
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,079,523</b>	<b>1,117,716</b>	<b>1,157,080</b>
Service Fees & Other Revenues	27,161	28,208	27,095	28,626	30,276	32,040
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,828</b>	<b>1,108,149</b>	<b>1,147,992</b>	<b>1,189,120</b>
Claims Incurred	787,799	820,094	1,034,569	1,010,151	1,040,564	1,035,175
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	30,559	11,470	17,820	17,703
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	1,208	21,246	9,293	9,769
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>1,066,336</b>	<b>1,042,867</b>	<b>1,067,677</b>	<b>1,062,647</b>
Claims Expense	132,028	143,490	143,233	146,660	154,812	154,582
Road Safety/Loss Prevention	12,030	11,234	13,628	13,493	13,629	13,450
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,223,197</b>	<b>1,203,020</b>	<b>1,236,118</b>	<b>1,230,679</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	75,877	80,229	80,409
Commissions	42,332	43,823	43,408	42,817	44,298	45,825
Premium Taxes	33,102	32,292	33,289	32,811	33,965	35,155
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,394
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>156,706</b>	<b>163,786</b>	<b>166,783</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(254,278)</b>	<b>(251,577)</b>	<b>(251,912)</b>	<b>(208,342)</b>
<b>Investment Income</b>	54,159	83,796	87,519	88,782	77,244	70,439
(b) Investment Income - Interest Rate Impact	5,455	575	387	1,285	244	(28,329)
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>87,906</b>	<b>90,067</b>	<b>77,488</b>	<b>42,110</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(160,375)</b>	<b>(161,510)</b>	<b>(174,424)</b>	<b>(166,232)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(160,375)</b>	<b>(161,510)</b>	<b>(174,424)</b>	<b>(166,232)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(821)	(19,961)	(9,049)	(38,098)

## Appendix 3b

### High Loss Ratio 4-Year Solvency Scenario Balance Sheet

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

For the Years Ended March,

	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	98,981	177,226	227,991	278,292
Investments	2,648,873	2,964,904	2,889,708	2,798,663	2,734,104	2,723,291
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	413,053	426,812	440,904
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	448	-	-	-
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,088	67,752	58,568
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,568,506</b>	<b>3,578,557</b>	<b>3,574,049</b>	<b>3,612,230</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	568,832	589,769	611,239
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,192,875	2,299,399	2,393,144	2,463,710
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,198,487</b>	<b>3,340,000</b>	<b>3,472,347</b>	<b>3,577,560</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	390,367	264,068	127,635	1,690
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(20,349)	(25,511)	(25,932)	32,980
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>370,018</b>	<b>238,557</b>	<b>101,703</b>	<b>34,670</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,568,505</b>	<b>3,578,557</b>	<b>3,574,050</b>	<b>3,612,230</b>

**Appendix 3c**  
**High Loss Ratio 4-Year Solvency Scenario**  
**Statement of Changes in Equity**

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	390,367	264,068	127,635
Net Income (Loss) from annual operations	120,607	78,615	(160,376)	(161,507)	(174,424)	(166,232)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	24,948	35,209	37,991	40,287
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>390,367</b>	<b>264,068</b>	<b>127,635</b>	<b>1,690</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(48,956)	(34,296)	(26,486)	(20,349)	(25,511)	(25,932)
Other Comprehensive Income for the Year	14,660	7,810	6,137	(5,162)	(421)	58,912
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(20,349)</b>	<b>(25,511)</b>	<b>(25,932)</b>	<b>32,980</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>370,018</b>	<b>238,557</b>	<b>101,703</b>	<b>34,671</b>

**Appendix 3d**  
**High Loss Ratio 4-Year Solvency Scenario**  
**Minimum Capital Test**

<i>(C\$ 000s, rounding may affect totals)</i>		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	308,022	168,469	33,951	(23,898)
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>308,022</b>	<b>168,469</b>	<b>33,951</b>	<b>(23,898)</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	101,233	104,803	108,446
Unpaid claims	22	218,741	231,534	240,485	248,738	254,207
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	329,339	341,718	353,541	362,653
Market Risk:						
Interest rate risk	30	34,644	65,547	73,718	84,480	94,998
Foreign exchange risk	32	28,653	32,567	25,781	21,852	20,659
Equity risk	34	107,171	119,022	93,936	79,454	77,786
Real estate risk	36	34,675	37,106	33,311	30,867	30,132
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	254,242	226,746	216,653	223,575
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	47,784	47,298	47,294	48,054
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	49,041	48,548	48,538	49,290
Operational risk margin	50	77,402	80,286	79,894	81,014	83,435
Less: Diversification credit	52	76,167	84,600	81,633	81,076	83,315
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>628,308</b>	<b>615,273</b>	<b>618,670</b>	<b>635,638</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	418,872	410,182	412,447	423,759
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>418,872</b>	<b>410,182</b>	<b>412,447</b>	<b>423,759</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>(110,850)</b>	<b>(241,713)</b>	<b>(378,496)</b>	<b>(447,657)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>73.54%</b>	<b>41.07%</b>	<b>8.23%</b>	<b>-5.64%</b>

### Appendix 3e

#### High Loss Ratio 4-Year Solvency Scenario

#### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	471,891	537,100	584,280	601,314
Comprehensive	91,790	106,201	262,539	112,950	115,450	104,125
Property Damage	43,925	38,719	40,923	44,218	45,662	43,652
Public Liability - BI	4,558	5,231	7,898	8,738	6,803	8,000
PIPP	240,370	245,495	208,040	280,013	251,150	243,890
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>991,291</b>	<b>983,019</b>	<b>1,003,346</b>	<b>1,000,980</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	8,676	11,718	8,620	4,502
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	30,559	11,470	17,820	17,703
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>1,066,336</b>	<b>1,042,867</b>	<b>1,067,677</b>	<b>1,062,646</b>

\*13 month period ending March 31, 2020

**Appendix 3f**  
**High Loss Ratio 4-Year Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected											
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc											
											Accident Year												
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	83.54%	79.76%	79.45%	76.65%												
2.	Trend/Rate Adjustment for Fiscal Year																						
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																	
	2020		0.9371	0.9594	0.9926	1.0042	1.0137																
	2021			1.0255	1.0533	1.0579	1.0602	1.0300															
	2022				1.0614	1.0655	1.0673	1.0364	1.0136														
	2023					1.0832	1.0826	1.0490	1.0237	1.0152													
	2024						1.0911	1.0574	1.0321	1.0237	1.0153												
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																						
	2019	77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%										
	2020		78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%										
	2021			78.25%	75.94%	71.67%	70.28%	86.05%				75.29%	81.30%										
	2022				76.53%	72.18%	70.75%	86.58%	80.84%			76.52%	82.79%										
	2023					73.38%	71.77%	87.63%	81.65%	80.65%		78.56%	85.07%										
	2024						72.34%	88.34%	82.32%	81.33%	77.82%	80.49%	87.23%										
B. Actual Data Other Than Losses																							
											Fiscal Year												
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
<i>(C\$ 000s, rounding may affect totals)</i>																							
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381												
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.19%	8.29%	8.01%												
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.76%	2.67%												
	Selected					2.81%	2.72%	2.65%	2.70%	2.75%	2.72%												
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%												
C. Equity in Unearned Premium																							
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005												
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369												
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	450,216	474,635	505,034	536,153												
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-												
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,470	16,294	16,693												
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	84,641	89,231	94,946	100,797												
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818												
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	448	(9,823)	(26,395)	(42,823)												
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730												
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	32,561	34,208	35,455	36,730												
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	30,559	1,647	1,247	1,275												
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	9,823	26,395	42,823												
	Change	-	(8,774)	(11,950)	6,844	-	-	-	9,823	16,572	16,428												

**Notes:**

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3g

#### High Loss Ratio 4-Year Solvency Scenario

#### Summary of Investment Income

(C\$ 000s, rounding may affect totals)	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	73	73	106	126
Government Bonds	38,661	36,511	33,625	32,936	31,701
Corporate Bonds	19,657	19,567	18,860	19,254	19,445
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,735	4,829	3,650
Canadian Equities	2,477	3,664	2,458	1,779	1,675
Global Equities	3,346	4,011	3,156	2,706	2,715
Global LV	1,716	2,238	1,481	1,068	1,000
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,367	1,157	1,102
<b>Total</b>	<b>94,083</b>	<b>94,797</b>	<b>88,054</b>	<b>82,639</b>	<b>78,744</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(5,360)	(4,565)	(3,191)	(1,372)
Government Bonds Realized Gains/(Loss)	5,112	5,753	5,653	3,436	(4,931)
Corporate Bonds Unrealized Gains/(Loss)	4,443	1,074	(999)	(2,081)	(1,359)
Corporate Bonds Realized Gains/(Loss)	(4,269)	(1,083)	1,191	2,076	(20,672)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	326	2,302	1,154	388
Global Equities Realized Gains	282	880	4,104	2,428	1,377
Global LV	513	1,182	2,367	1,286	806
Pooled Real Estate Fund	3,869	6,137	7,191	5,627	5,129
Infrastructure	3,775	4,481	5,350	4,535	4,318
<b>Total</b>	<b>9,243</b>	<b>13,390</b>	<b>22,594</b>	<b>15,270</b>	<b>(16,316)</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,683)	(4,472)	(3,988)	(3,720)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,605)	(4,843)	(4,894)	(4,781)
<b>Total</b>	<b>(18,955)</b>	<b>(20,281)</b>	<b>(20,580)</b>	<b>(20,421)</b>	<b>(20,319)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>87,906</b>	<b>90,067</b>	<b>77,488</b>	<b>42,110</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	2,239	1,300	940	885
Global Equities Unrealized Gains/(Losses)	4,352	4,805	3,504	3,005	3,014
Global LV Unrealized Gains/(Losses)	1,889	2,253	1,372	989	926
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,297</b>	<b>6,176</b>	<b>4,935</b>	<b>4,826</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	971	31,749	42,120	61,263
Government Bonds	1,337,643	1,223,076	1,290,686	1,330,759	1,352,507
Corporate Bonds	476,299	449,613	465,222	474,603	481,386
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	105,907	58,085	27,674	18,217
Canadian Equities	54,986	63,544	34,851	16,605	10,931
Global Equities	59,569	68,840	37,755	17,988	11,841
Global LV Equities	45,822	52,954	29,043	13,837	9,109
Real Estate Investments	66,732	73,689	49,367	34,165	29,153
Infrastructure & Venture Capital	22,911	26,477	14,521	6,919	4,554
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,532,375</b>	<b>2,451,601</b>	<b>2,376,853</b>	<b>2,363,216</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	0.0%	1.3%	1.8%	2.6%
Government Bonds	50.1%	48.3%	52.6%	56.0%	57.2%
Corporate Bonds	17.8%	17.8%	19.0%	20.0%	20.4%
MUSH	18.5%	18.5%	18.0%	17.3%	16.3%
Private Debt	2.5%	4.2%	2.4%	1.2%	0.8%
Canadian Equities	2.1%	2.5%	1.4%	0.7%	0.5%
Global Equities	2.2%	2.7%	1.5%	0.8%	0.5%
Global LV Equities	1.7%	2.1%	1.2%	0.6%	0.4%
Real Estate Investments	2.5%	2.9%	2.0%	1.4%	1.2%
Infrastructure & Venture Capital	0.9%	1.0%	0.6%	0.3%	0.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



### Appendix 3h

#### High Loss Ratio 4-Year Solvency Scenario with Management Action

#### Statement of Operations

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,095,965	1,193,713	1,299,490
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,151,011</b>	<b>1,249,678</b>	<b>1,356,341</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,052,237	1,146,042	1,247,904
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,106,728</b>	<b>1,201,410</b>	<b>1,304,170</b>
Service Fees & Other Revenues	27,161	28,208	27,095	29,812	32,897	36,388
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,828</b>	<b>1,136,540</b>	<b>1,234,307</b>	<b>1,340,558</b>
<b>Claims Incurred</b>						
Claims Incurred	787,799	820,094	1,034,569	1,010,151	1,040,621	1,035,251
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	30,559	11,584	17,941	17,879
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	1,208	23,492	11,432	12,671
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>1,066,336</b>	<b>1,045,227</b>	<b>1,069,994</b>	<b>1,065,801</b>
<b>Claims Costs</b>						
Claims Expense	132,028	143,490	143,233	146,660	154,825	154,612
Road Safety/Loss Prevention	12,030	11,234	13,628	13,493	13,631	13,453
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,223,197</b>	<b>1,205,380</b>	<b>1,238,450</b>	<b>1,233,866</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	75,877	80,236	80,423
Commissions	42,332	43,823	43,408	43,561	46,868	50,445
Premium Taxes	33,102	32,292	33,289	33,627	36,476	39,567
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,394
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>158,266</b>	<b>168,874</b>	<b>175,829</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(254,278)</b>	<b>(227,106)</b>	<b>(173,017)</b>	<b>(69,137)</b>
<b>Investment Income</b>	54,159	83,796	87,865	88,125	78,693	77,642
(b) Investment Income - Interest Rate Impact	5,455	575	387	1,301	292	60
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>88,252</b>	<b>89,426</b>	<b>78,985</b>	<b>77,702</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(160,029)</b>	<b>(137,680)</b>	<b>(94,032)</b>	<b>8,565</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(160,029)</b>	<b>(137,680)</b>	<b>(94,032)</b>	<b>8,565</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(821)	(22,191)	(11,140)	(12,611)

### Appendix 3i

#### High Loss Ratio 4-Year Solvency Scenario with Management Action

#### Balance Sheet

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	98,981	148,988	139,787	129,188
Investments	2,648,873	2,964,904	2,864,760	2,833,685	2,919,382	3,106,477
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	428,578	459,794	493,447
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	448	-	-	-
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,088	67,752	58,568
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,543,558</b>	<b>3,600,866</b>	<b>3,704,105</b>	<b>3,898,855</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	594,730	644,787	698,886
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,192,875	2,301,760	2,397,822	2,471,542
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,198,487</b>	<b>3,368,259</b>	<b>3,532,043</b>	<b>3,673,039</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	365,765	258,373	197,043	248,434
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(20,695)	(25,766)	(24,980)	(22,618)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>345,070</b>	<b>232,607</b>	<b>172,063</b>	<b>225,816</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,543,557</b>	<b>3,600,866</b>	<b>3,704,106</b>	<b>3,898,855</b>

### Appendix 3j

#### High Loss Ratio 4-Year Solvency Scenario with Management Action

#### Statement of Changes in Equity

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	365,765	258,373	197,043
Net Income (Loss) from annual operations	120,607	78,615	(160,030)	(137,679)	(94,032)	8,565
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	-	30,287	32,703	42,826
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>365,765</b>	<b>258,373</b>	<b>197,043</b>	<b>248,434</b>
<b>Total Accumulated Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning Balance	(48,956)	(34,296)	(26,486)	(20,695)	(25,766)	(24,980)
Other Comprehensive Income for the Year	14,660	7,810	5,791	(5,071)	786	2,362
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(20,695)</b>	<b>(25,766)</b>	<b>(24,980)</b>	<b>(22,618)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>345,070</b>	<b>232,607</b>	<b>172,064</b>	<b>225,816</b>

### Appendix 3k

#### High Loss Ratio 4-Year Solvency Scenario with Management Action

#### Minimum Capital Test

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

		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	283,074	162,519	104,312	167,249
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>283,074</b>	<b>162,519</b>	<b>104,312</b>	<b>167,249</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	106,062	115,061	124,787
Unpaid claims	22	218,741	231,534	240,711	249,184	254,953
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	329,339	346,773	364,245	379,740
Market Risk:						
Interest rate risk	30	34,644	66,428	67,972	65,864	56,734
Foreign exchange risk	32	28,653	31,760	25,106	23,123	27,098
Equity risk	34	107,171	116,028	91,437	84,168	88,403
Real estate risk	36	34,675	36,607	32,894	31,653	31,901
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	250,823	217,409	204,808	204,136
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	47,481	48,386	50,901	54,746
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	48,738	49,637	52,144	55,982
Operational risk margin	50	77,402	79,970	80,950	84,044	88,297
Less: Diversification credit	52	76,167	84,053	80,744	80,556	82,506
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>624,817</b>	<b>614,025</b>	<b>624,685</b>	<b>645,649</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	416,545	409,350	416,457	430,433
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>416,545</b>	<b>409,350</b>	<b>416,457</b>	<b>430,433</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>(133,471)</b>	<b>(246,831)</b>	<b>(312,145)</b>	<b>(263,184)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>67.96%</b>	<b>39.70%</b>	<b>25.05%</b>	<b>38.86%</b>

## Appendix 3I

### High Loss Ratio 4-Year Solvency Scenario with Management Action Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	471,891	537,108	584,288	601,325
Comprehensive	91,790	106,201	262,539	112,953	115,452	104,127
Property Damage	43,925	38,719	40,923	44,219	45,664	43,653
Public Liability - BI	4,558	5,231	7,898	8,744	6,809	8,008
PIPP	240,370	245,495	208,040	281,913	253,008	246,410
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>991,291</b>	<b>984,937</b>	<b>1,005,221</b>	<b>1,003,524</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	8,676	12,047	8,941	4,937
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	30,559	11,584	17,941	17,879
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>1,066,336</b>	<b>1,045,227</b>	<b>1,069,994</b>	<b>1,065,801</b>

\*13 month period ending March 31, 2020

**Appendix 3m**  
**High Loss Ratio 4-Year Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected										
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc										
											Accident Year											
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	83.54%	79.76%	79.45%	76.65%											
2.	Trend/Rate Adjustment for Fiscal Year																					
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																
	2020		0.9371	0.9594	0.9926	1.0042	1.0137															
	2021			1.0255	1.0533	1.0579	1.0602	1.0300														
	2022				1.0614	1.0655	1.0673	1.0364	1.0136													
	2023					1.0832	1.0826	1.0490	1.0237	1.0152												
	2024						1.0911	1.0574	1.0321	1.0237	1.0153											
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																					
	2019	77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%									
	2020		78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%									
	2021			78.25%	75.94%	71.67%	70.28%	86.05%				75.29%	81.30%									
	2022				76.53%	72.18%	70.75%	86.58%	80.84%			76.52%	82.80%									
	2023					73.38%	71.77%	87.63%	81.65%	80.65%		78.56%	85.10%									
	2024						72.34%	88.34%	82.32%	81.33%	77.82%	80.49%	87.29%									
B. Actual Data Other Than Losses																						
											Fiscal Year											
<i>(C\$ 000s, rounding may affect totals)</i>											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381											
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.19%	8.29%	8.02%											
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.76%	2.67%											
	Selected					2.81%	2.72%	2.65%	2.70%	2.75%	2.72%											
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%											
C. Equity in Unearned Premium																						
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005											
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369											
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	450,216	474,731	505,232	536,497											
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-											
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,470	16,294	16,695											
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	84,641	89,249	94,984	100,862											
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818											
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	448	(9,937)	(26,631)	(43,235)											
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730											
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	32,561	34,208	35,455	36,730											
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	30,559	1,647	1,247	1,275											
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	9,937	26,631	43,235											
	Change	-	(8,774)	(11,950)	6,844	-	-	-	9,937	16,693	16,604											

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3n

#### High Loss Ratio 4-Year Solvency Scenario with Management Action

#### Summary of Investment Income

(C\$ 000s, rounding may affect totals)	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	73	87	127	130
Government Bonds	38,661	36,511	33,736	34,441	35,484
Corporate Bonds	19,657	19,567	18,897	20,037	21,461
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,527	4,655	3,977
Canadian Equities	2,477	3,664	2,381	2,037	2,163
Global Equities	3,346	4,011	3,095	2,910	3,099
Global LV	1,716	2,238	1,435	1,223	1,294
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,348	1,142	1,130
<b>Total</b>	<b>94,083</b>	<b>94,797</b>	<b>87,806</b>	<b>85,377</b>	<b>86,069</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(5,360)	(2,020)	229	246
Government Bonds Realized Gains/(Loss)	5,112	5,753	3,129	(74)	(252)
Corporate Bonds Unrealized Gains/(Loss)	4,443	1,074	(169)	59	63
Corporate Bonds Realized Gains/(Loss)	(4,269)	(1,083)	357	73	(1)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	431	2,226	884	517
Global Equities Realized Gains	282	1,045	3,981	2,015	1,594
Global LV	513	1,259	2,290	1,174	1,189
Pooled Real Estate Fund	3,869	6,137	7,044	5,673	5,364
Infrastructure	3,775	4,481	5,276	4,477	4,428
<b>Total</b>	<b>9,243</b>	<b>13,736</b>	<b>22,113</b>	<b>14,509</b>	<b>13,148</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,683)	(4,407)	(4,078)	(4,031)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,605)	(4,822)	(5,283)	(5,664)
<b>Total</b>	<b>(18,955)</b>	<b>(20,281)</b>	<b>(20,493)</b>	<b>(20,900)</b>	<b>(21,514)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>88,252</b>	<b>89,426</b>	<b>78,985</b>	<b>77,702</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	2,239	1,259	1,077	1,144
Global Equities Unrealized Gains/(Losses)	4,352	4,805	3,437	3,231	3,441
Global LV Unrealized Gains/(Losses)	1,889	2,253	1,329	1,133	1,199
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,297</b>	<b>6,025</b>	<b>5,441</b>	<b>5,783</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	971	59,201	61,566	62,468
Government Bonds	1,337,643	1,218,087	1,328,409	1,448,070	1,591,094
Corporate Bonds	476,299	447,118	477,105	515,065	564,026
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	100,918	53,918	35,531	35,913
Canadian Equities	54,986	60,551	32,351	21,318	21,548
Global Equities	59,569	65,597	35,046	23,095	23,343
Global LV Equities	45,822	50,459	26,959	17,765	17,956
Real Estate Investments	66,732	71,194	47,283	38,093	38,001
Infrastructure & Venture Capital	22,911	25,229	13,479	8,883	8,978
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,507,428</b>	<b>2,514,073</b>	<b>2,581,568</b>	<b>2,747,581</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	0.0%	2.4%	2.4%	2.3%
Government Bonds	50.1%	48.6%	52.8%	56.1%	57.9%
Corporate Bonds	17.8%	17.8%	19.0%	20.0%	20.5%
MUSH	18.5%	18.6%	17.5%	16.0%	14.0%
Private Debt	2.5%	4.0%	2.1%	1.4%	1.3%
Canadian Equities	2.1%	2.4%	1.3%	0.8%	0.8%
Global Equities	2.2%	2.6%	1.4%	0.9%	0.8%
Global LV Equities	1.7%	2.0%	1.1%	0.7%	0.7%
Real Estate Investments	2.5%	2.8%	1.9%	1.5%	1.4%
Infrastructure & Venture Capital	0.9%	1.0%	0.5%	0.3%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 4a

### Policy Liabilities 4-Year Solvency Scenario

### Statement of Operations

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

	For the Years Ended March,					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,097,908</b>	<b>1,136,863</b>	<b>1,176,624</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,025,032	1,062,348	1,100,814
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,079,523</b>	<b>1,117,716</b>	<b>1,157,080</b>
Service Fees & Other Revenues	27,161	28,208	27,096	28,626	30,274	32,038
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,829</b>	<b>1,108,149</b>	<b>1,147,990</b>	<b>1,189,118</b>
Claims Incurred	787,799	820,094	950,563	971,782	991,355	1,086,341
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,292	(1,764)	4,653	14,050
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	7,214	14,073	11,053	11,089
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>959,069</b>	<b>984,091</b>	<b>1,007,061</b>	<b>1,111,480</b>
Claims Expense	132,028	143,490	143,233	147,064	154,725	154,280
Road Safety/Loss Prevention	12,030	11,234	13,628	13,529	13,611	13,408
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,115,930</b>	<b>1,144,684</b>	<b>1,175,397</b>	<b>1,279,168</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	76,036	80,152	80,226
Commissions	42,332	43,823	43,408	42,817	44,298	45,825
Premium Taxes	33,102	32,292	33,289	32,811	33,965	35,155
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,393
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>156,865</b>	<b>163,709</b>	<b>166,599</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(147,010)</b>	<b>(193,400)</b>	<b>(191,116)</b>	<b>(256,649)</b>
<b>Investment Income</b>	54,159	83,796	89,058	92,185	89,774	88,728
(b) Investment Income - Interest Rate Impact	5,455	575	313	381	262	118
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>89,371</b>	<b>92,566</b>	<b>90,036</b>	<b>88,846</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(51,642)</b>	<b>(100,834)</b>	<b>(101,080)</b>	<b>(167,803)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(51,642)</b>	<b>(100,834)</b>	<b>(101,080)</b>	<b>(167,803)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(6,901)	(13,692)	(10,791)	(10,971)



## Appendix 4b

### Policy Liabilities 4-Year Solvency Scenario Balance Sheet

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

For the Years Ended March,

	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,898	49,676	50,835	51,990
Investments	2,648,873	2,964,904	3,048,625	3,123,035	3,199,979	3,281,057
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	413,053	426,812	440,904
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	29,715	32,679	29,273	16,498
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,069	67,736	58,556
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,711,607</b>	<b>3,808,039</b>	<b>3,892,025</b>	<b>3,960,180</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	568,832	589,769	611,239
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,226,993	2,352,092	2,459,464	2,618,861
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,232,605</b>	<b>3,392,693</b>	<b>3,538,667</b>	<b>3,732,711</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	499,100	433,476	370,386	242,870
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(20,098)	(18,130)	(17,027)	(15,401)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>479,002</b>	<b>415,346</b>	<b>353,359</b>	<b>227,469</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,711,607</b>	<b>3,808,039</b>	<b>3,892,026</b>	<b>3,960,180</b>

**Appendix 4c**  
**Policy Liabilities 4-Year Solvency Scenario**  
**Statement of Changes in Equity**

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	499,100	433,476	370,386
Net Income (Loss) from annual operations	120,607	78,615	(51,643)	(100,833)	(101,080)	(167,803)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	24,948	35,209	37,991	40,287
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>499,100</b>	<b>433,476</b>	<b>370,386</b>	<b>242,870</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(48,956)	(34,296)	(26,486)	(20,098)	(18,130)	(17,027)
Other Comprehensive Income for the Year	14,660	7,810	6,388	1,968	1,103	1,625
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(20,098)</b>	<b>(18,130)</b>	<b>(17,027)</b>	<b>(15,401)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>479,002</b>	<b>415,346</b>	<b>353,360</b>	<b>227,469</b>

**Appendix 4d**  
**Policy Liabilities 4-Year Solvency Scenario**  
**Minimum Capital Test**

<i>(C\$ 000s, rounding may affect totals)</i>		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	417,006	345,277	285,624	168,913
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>417,006</b>	<b>345,277</b>	<b>285,624</b>	<b>168,913</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	101,233	104,803	108,446
Unpaid claims	22	218,741	232,615	245,359	256,512	272,905
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	330,420	346,592	361,315	381,351
Market Risk:						
Interest rate risk	30	34,644	53,111	58,099	59,359	71,262
Foreign exchange risk	32	28,653	33,501	32,528	31,455	28,146
Equity risk	34	107,171	122,484	118,965	115,075	114,493
Real estate risk	36	34,675	37,683	37,482	36,804	36,250
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	246,779	247,074	242,693	250,151
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	49,452	51,062	52,790	54,622
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,709	52,312	54,034	55,859
Operational risk margin	50	77,402	79,885	82,356	84,356	87,842
Less: Diversification credit	52	76,167	83,874	86,047	87,247	90,898
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>623,919</b>	<b>642,287</b>	<b>655,151</b>	<b>684,305</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	415,946	428,192	436,767	456,203
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>415,946</b>	<b>428,192</b>	<b>436,767</b>	<b>456,203</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>1,060</b>	<b>(82,915)</b>	<b>(151,143)</b>	<b>(287,290)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>100.25%</b>	<b>80.64%</b>	<b>65.39%</b>	<b>37.03%</b>

## Appendix 4e

### Policy Liabilities 4-Year Solvency Scenario

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	465,348	478,769	501,620	525,504
Comprehensive	91,790	106,201	102,845	99,725	105,023	110,540
Property Damage	43,925	38,719	43,384	43,663	43,867	44,086
Public Liability - BI	4,558	5,231	5,925	6,693	6,771	6,855
PIPP	240,370	245,495	289,876	305,313	296,593	353,078
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>907,379</b>	<b>934,165</b>	<b>953,874</b>	<b>1,040,063</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	14,587	15,031	10,643	17,905
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	1,292	(1,764)	4,653	14,050
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>959,068</b>	<b>984,090</b>	<b>1,007,061</b>	<b>1,111,480</b>

\*13 month period ending March 31, 2020

**Appendix 4f**  
**Policy Liabilities 4-Year Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC																									
A. Claims (Including External Adjustment Expense) Data																									
											Accident Year														
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Selected Undisc	Selected Disc			
1.	Ultimate Loss Ratio - Total All Coverage										81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	72.12%	72.28%	72.33%	72.42%					
2.	Trend/Rate Adjustment for Fiscal Year																								
		2019									0.9447	0.9553	0.9706	0.9965	1.0003										
		2020										0.9371	0.9594	0.9926	1.0042	1.0137									
		2021											0.9675	0.9998	1.0101	1.0184	1.0105								
		2022												0.9926	1.0043	1.0140	1.0077	1.0076							
		2023													1.0075	1.0161	1.0087	1.0076	1.0083						
		2024														1.0205	1.0120	1.0099	1.0097	1.0093					
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																								
		2019									77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%			
		2020										78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%			
		2021											73.83%	72.08%	68.43%	67.51%	72.88%				71.13%	76.85%			
		2022												71.57%	68.04%	67.22%	72.67%	72.83%			70.76%	76.54%			
		2023													68.26%	67.36%	72.74%	72.83%	72.93%		71.28%	77.17%			
		2024														67.65%	72.98%	72.99%	73.03%	73.09%	73.00%	79.11%			
<b>B. Actual Data Other Than Losses</b>																									
											Fiscal Year														
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024					
<i>(C\$ 000s, rounding may affect totals)</i>																									
4.	Net Earned Premium										861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381					
5.	Operating Expenses as % of Earned Premium										10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.20%	8.28%	8.00%					
6.	Maintenance Expense Rate [(5) x 1/3]										3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.76%	2.67%					
	Selected																					2.65%	2.70%	2.75%	2.71%
7.	ILAE Ratio to Losses - Selected										19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%					
<b>C. Equity in Unearned Premium</b>																									
8.	Net Unearned Premium										417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005					
9.	Additional Expected Cost of Non-Proportional Reinsurance										5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369					
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]										325,991	354,751	383,468	396,537	410,591	423,469	425,580	438,846	458,168	486,242					
11.	Reinsurance PFAD										-	4	10	43	-	-	-	-	-	-	-				
12.	Maintenance Expense [a]										14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,486	16,302	16,666					
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]										61,938	65,289	70,595	71,531	77,191	79,612	80,009	82,503	86,136	91,413					
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement										4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818					
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]										4,782	(6,844)	(8,845)	6,063	25,582	30,972	29,715	32,679	29,273	16,498					
16.	Carried Deferred Policy Acquisition Expenses										28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730					
17.	Write Down Deferred Policy Acquisition Expenses [b]										23,565	29,692	32,055	27,917	10,511	2,002	3,294	1,529	6,182	20,232					
	Change										(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	1,292	(1,764)	4,653	14,050					
18.	Premium Deficiency [c]										-	6,844	8,845	-	-	-	-	-	-	-					
	Change										-	(8,774)	(11,950)	6,844	-	-	-	-	-	-	-				

**Notes:**

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

**Appendix 4g**  
**Policy Liabilities 4-Year Solvency Scenario**  
**Summary of Investment Income**

(C\$ 000s, rounding may affect totals)	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	102	105	107
Government Bonds	38,661	37,198	36,189	36,622	37,210
Corporate Bonds	19,657	19,902	20,241	21,294	22,455
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,975	6,565	6,122
Canadian Equities	2,477	3,828	3,612	3,360	3,267
Global Equities	3,346	4,142	4,063	3,948	3,966
Global LV	1,716	2,339	2,178	2,021	1,959
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,389	1,306	1,314
<b>Total</b>	<b>94,083</b>	<b>96,238</b>	<b>95,048</b>	<b>94,025</b>	<b>93,731</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(2,017)	209	226	240
Government Bonds Realized Gains/(Loss)	5,112	2,335	176	40	(118)
Corporate Bonds Unrealized Gains/(Loss)	4,443	717	56	61	64
Corporate Bonds Realized Gains/(Loss)	(4,269)	(727)	(66)	(70)	(72)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	397	1,239	1,452	1,331
Global Equities Realized Gains	282	994	2,500	2,983	2,934
Global LV	513	1,254	1,973	1,970	1,816
Pooled Real Estate Fund	3,869	6,137	7,755	7,049	6,910
Infrastructure	3,775	4,481	5,437	5,119	5,149
<b>Total</b>	<b>9,243</b>	<b>13,572</b>	<b>19,279</b>	<b>18,830</b>	<b>18,253</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,747)	(4,918)	(4,869)	(4,784)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,699)	(5,578)	(6,412)	(6,536)
<b>Total</b>	<b>(18,955)</b>	<b>(20,439)</b>	<b>(21,761)</b>	<b>(22,820)</b>	<b>(23,138)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>89,371</b>	<b>92,566</b>	<b>90,036</b>	<b>88,846</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	2,340	1,910	1,776	1,727
Global Equities Unrealized Gains/(Losses)	4,352	4,962	4,511	4,384	4,403
Global LV Unrealized Gains/(Losses)	1,889	2,354	2,017	1,872	1,815
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,655</b>	<b>8,438</b>	<b>8,032</b>	<b>7,945</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,878	49,676	50,835	51,990
Government Bonds	1,337,643	1,326,384	1,423,471	1,529,844	1,624,298
Corporate Bonds	476,299	485,024	516,433	550,878	582,268
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	111,678	99,798	87,041	79,397
Canadian Equities	54,986	67,007	59,879	52,225	47,638
Global Equities	59,569	72,591	64,869	56,577	51,608
Global LV Equities	45,822	55,839	49,899	43,521	39,698
Real Estate Investments	66,732	76,574	70,223	63,848	59,743
Infrastructure & Venture Capital	22,911	27,919	24,950	21,760	19,849
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,738,197</b>	<b>2,799,519</b>	<b>2,868,713</b>	<b>2,940,745</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.7%	1.8%	1.8%	1.8%
Government Bonds	50.1%	48.4%	50.8%	53.3%	55.2%
Corporate Bonds	17.8%	17.7%	18.4%	19.2%	19.8%
MUSH	18.5%	17.1%	15.7%	14.4%	13.1%
Private Debt	2.5%	4.1%	3.6%	3.0%	2.7%
Canadian Equities	2.1%	2.4%	2.1%	1.8%	1.6%
Global Equities	2.2%	2.7%	2.3%	2.0%	1.8%
Global LV Equities	1.7%	2.0%	1.8%	1.5%	1.3%
Real Estate Investments	2.5%	2.8%	2.5%	2.2%	2.0%
Infrastructure & Venture Capital	0.9%	1.0%	0.9%	0.8%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 4h

### Policy Liabilities 4-Year Solvency Scenario with Management Action

### Statement of Operations

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,084,953	1,137,038	1,177,929
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,139,999</b>	<b>1,193,003</b>	<b>1,234,780</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,046,596	1,111,637	1,157,987
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,101,087</b>	<b>1,167,005</b>	<b>1,214,253</b>
Service Fees & Other Revenues	27,161	28,208	27,096	29,565	31,579	33,445
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,829</b>	<b>1,130,652</b>	<b>1,198,584</b>	<b>1,247,698</b>
<b>Claims Incurred</b>						
Claims Incurred	787,799	820,094	950,562	971,781	991,390	1,086,409
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,292	(1,728)	4,664	14,041
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	7,214	14,884	11,261	10,816
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>959,068</b>	<b>984,937</b>	<b>1,007,315</b>	<b>1,111,266</b>
<b>Claims Costs</b>						
Claims Expense	132,028	143,490	143,233	147,064	154,727	154,294
Road Safety/Loss Prevention	12,030	11,234	13,628	13,529	13,611	13,410
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,115,929</b>	<b>1,145,530</b>	<b>1,175,653</b>	<b>1,278,970</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	76,036	80,152	80,233
Commissions	42,332	43,823	43,408	43,407	45,869	47,685
Premium Taxes	33,102	32,292	33,289	33,458	35,444	36,870
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,294	5,393
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>158,102</b>	<b>166,759</b>	<b>170,181</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(147,009)</b>	<b>(172,980)</b>	<b>(143,828)</b>	<b>(201,453)</b>
<b>Investment Income</b>						
Investment Income	54,159	83,796	89,058	92,328	90,324	90,627
(b) Investment Income - Interest Rate Impact	5,455	575	313	350	151	(13)
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>89,371</b>	<b>92,678</b>	<b>90,475</b>	<b>90,614</b>
<b>Gain (Loss) on Sale of Property</b>	<b>-</b>	<b>-</b>	<b>5,997</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(51,641)</b>	<b>(80,302)</b>	<b>(53,353)</b>	<b>(110,839)</b>
<b>Premium Rebate</b>	<b>-</b>	<b>(58,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(51,641)</b>	<b>(80,302)</b>	<b>(53,353)</b>	<b>(110,839)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(6,901)	(14,534)	(11,110)	(10,829)

## Appendix 4i

### Policy Liabilities 4-Year Solvency Scenario with Management Action Balance Sheet

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,898	49,695	50,944	52,277
Investments	2,648,873	2,964,904	3,048,625	3,153,680	3,282,990	3,423,546
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	425,359	443,225	457,907
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	29,715	32,642	29,226	16,459
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,069	67,736	58,555
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,711,607</b>	<b>3,850,972</b>	<b>3,991,511</b>	<b>4,119,919</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	589,359	617,148	639,601
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,226,993	2,352,903	2,460,518	2,619,709
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,232,605</b>	<b>3,414,031</b>	<b>3,567,100</b>	<b>3,761,921</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	499,100	454,788	439,793	369,646
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(20,098)	(17,845)	(15,379)	(11,647)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>479,002</b>	<b>436,943</b>	<b>424,414</b>	<b>357,999</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,711,607</b>	<b>3,850,974</b>	<b>3,991,514</b>	<b>4,119,920</b>



**Appendix 4j**  
**Policy Liabilities 4-Year Solvency Scenario with Management Action**  
**Statement of Changes in Equity**

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	499,100	454,788	439,793
Net Income (Loss) from annual operations	120,607	78,615	(51,642)	(80,301)	(53,354)	(110,839)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	24,947	35,988	38,359	40,693
<b>Total Retained Earnings</b>	<u>440,522</u>	<u>525,795</u>	<u>499,100</u>	<u>454,788</u>	<u>439,793</u>	<u>369,646</u>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(48,956)	(34,296)	(26,486)	(20,098)	(17,845)	(15,379)
Other Comprehensive Income for the Year	14,660	7,810	6,388	2,253	2,466	3,732
<b>Total Accumulated Other Comprehensive Income</b>	<u>(34,296)</u>	<u>(26,486)</u>	<u>(20,098)</u>	<u>(17,845)</u>	<u>(15,379)</u>	<u>(11,647)</u>
<b>Total Equity Balance</b>	<u><b>406,226</b></u>	<u><b>499,309</b></u>	<u><b>479,002</b></u>	<u><b>436,942</b></u>	<u><b>424,413</b></u>	<u><b>357,999</b></u>

### Appendix 4k

#### Policy Liabilities 4-Year Solvency Scenario with Management Action Minimum Capital Test

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

		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	417,007	366,873	356,677	299,444
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>417,007</b>	<b>366,873</b>	<b>356,677</b>	<b>299,444</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	105,060	109,907	113,734
Unpaid claims	22	218,741	232,615	245,441	256,617	272,990
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	330,420	350,501	366,524	386,724
Market Risk:						
Interest rate risk	30	34,644	53,111	55,225	53,170	62,595
Foreign exchange risk	32	28,653	33,501	32,798	32,875	33,349
Equity risk	34	107,171	122,484	119,966	120,342	126,375
Real estate risk	36	34,675	37,683	37,649	37,682	38,230
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	246,779	245,638	244,069	260,549
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	49,452	52,003	54,537	57,111
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,709	53,254	55,781	58,348
Operational risk margin	50	77,402	79,885	83,698	86,467	90,848
Less: Diversification credit	52	76,167	83,874	86,410	88,315	93,595
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>623,919</b>	<b>646,681</b>	<b>664,526</b>	<b>702,874</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	415,946	431,120	443,017	468,582
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>415,946</b>	<b>431,120</b>	<b>443,017</b>	<b>468,582</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>1,061</b>	<b>(64,247)</b>	<b>(86,340)</b>	<b>(169,138)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>100.26%</b>	<b>85.10%</b>	<b>80.51%</b>	<b>63.90%</b>

## Appendix 4I

### Policy Liabilities 4-Year Solvency Scenario with Management Action

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	465,348	478,771	501,621	525,504
Comprehensive	91,790	106,201	102,845	99,726	105,023	110,539
Property Damage	43,925	38,719	43,384	43,664	43,867	44,086
Public Liability - BI	4,558	5,231	5,925	6,695	6,771	6,854
PIPP	240,370	245,495	289,876	306,000	296,799	352,904
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>907,379</b>	<b>934,857</b>	<b>954,081</b>	<b>1,039,888</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	14,587	15,149	10,678	17,875
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	1,292	(1,728)	4,664	14,041
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>959,068</b>	<b>984,937</b>	<b>1,007,314</b>	<b>1,111,266</b>

\*13 month period ending March 31, 2020

**Appendix 4m**  
**Policy Liabilities 4-Year Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC																							
A. Claims (Including External Adjustment Expense) Data																							
											Accident Year		Selected	Selected									
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Undisc	Disc	
1.	Ultimate Loss Ratio - Total All Coverage										81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	72.12%	72.28%	72.33%	72.42%			
2.	Trend/Rate Adjustment for Fiscal Year																						
		2019									0.9447	0.9553	0.9706	0.9965	1.0003								
		2020										0.9371	0.9594	0.9926	1.0042	1.0137							
		2021											0.9675	0.9998	1.0101	1.0184	1.0105						
		2022												0.9926	1.0043	1.0140	1.0077	1.0076					
		2023													1.0075	1.0161	1.0087	1.0076	1.0083				
		2024													1.0205	1.0120	1.0099	1.0097	1.0093				
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																						
		2019									77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%	
		2020										78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%	
		2021											73.83%	72.08%	68.43%	67.51%	72.88%				71.13%	76.85%	
		2022												71.57%	68.04%	67.22%	72.67%	72.83%			70.76%	76.55%	
		2023													68.26%	67.36%	72.74%	72.83%	72.93%		71.28%	77.18%	
		2024													67.65%	72.98%	72.99%	73.03%	73.09%		73.00%	79.12%	
<b>B. Actual Data Other Than Losses</b>																							
											Fiscal Year												
<i>(C\$ 000s, rounding may affect totals)</i>											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
4.	Net Earned Premium										861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381			
5.	Operating Expenses as % of Earned Premium										10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.20%	8.28%	8.00%			
6.	Maintenance Expense Rate [(5) x 1/3]										3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.76%	2.67%			
	Selected																						
7.	ILAE Ratio to Losses - Selected										19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
<b>C. Equity in Unearned Premium</b>																							
8.	Net Unearned Premium										417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005			
9.	Additional Expected Cost of Non-Proportional Reinsurance										5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369			
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]										325,991	354,751	383,468	396,537	410,591	423,469	425,580	438,876	458,207	486,274			
11.	Reinsurance PFAD										-	4	10	43	-	-	-	-	-	-			
12.	Maintenance Expense [a]										14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,486	16,302	16,667			
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]										61,938	65,289	70,595	71,531	77,191	79,612	80,009	82,509	86,143	91,419			
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement										4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818			
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]										4,782	(6,844)	(8,845)	6,063	25,582	30,972	29,715	32,642	29,226	16,459			
16.	Carried Deferred Policy Acquisition Expenses										28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730			
17.	Write Down Deferred Policy Acquisition Expenses [b]										23,565	29,692	32,055	27,917	10,511	2,002	3,294	1,566	6,230	20,271			
	Change										(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	1,292	(1,728)	4,664	14,041			
18.	Premium Deficiency [c]										-	6,844	8,845	-	-	-	-	-	-	-			
	Change										-	(8,774)	(11,950)	6,844	-	-	-	-	-	-			

**Notes:**

[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin

[b] Min((16) - (15), (16)) if greater than 0, otherwise 0

[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 4n

#### Policy Liabilities 4-Year Solvency Scenario with Management Action

#### Summary of Investment Income

(C\$ 000s, rounding may affect totals)	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	102	105	108
Government Bonds	38,661	37,198	36,338	37,127	38,021
Corporate Bonds	19,657	19,902	20,319	21,588	22,976
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,975	6,635	6,488
Canadian Equities	2,477	3,828	3,658	3,615	3,823
Global Equities	3,346	4,142	4,099	4,149	4,403
Global LV	1,716	2,339	2,205	2,175	2,295
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,389	1,312	1,345
<b>Total</b>	<b>94,083</b>	<b>96,238</b>	<b>95,383</b>	<b>95,509</b>	<b>96,789</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(2,017)	210	228	242
Government Bonds Realized Gains/(Loss)	5,112	2,335	145	(73)	(250)
Corporate Bonds Unrealized Gains/(Loss)	4,443	717	57	61	65
Corporate Bonds Realized Gains/(Loss)	(4,269)	(727)	(66)	(71)	(74)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	397	1,193	1,218	1,011
Global Equities Realized Gains	282	994	2,430	2,635	2,479
Global LV	513	1,254	1,954	1,911	1,836
Pooled Real Estate Fund	3,869	6,137	7,755	7,099	7,173
Infrastructure	3,775	4,481	5,437	5,142	5,272
<b>Total</b>	<b>9,243</b>	<b>13,572</b>	<b>19,114</b>	<b>18,152</b>	<b>17,753</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,747)	(4,933)	(4,969)	(5,033)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,699)	(5,621)	(6,678)	(7,077)
<b>Total</b>	<b>(18,955)</b>	<b>(20,439)</b>	<b>(21,819)</b>	<b>(23,186)</b>	<b>(23,928)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>89,371</b>	<b>92,678</b>	<b>90,475</b>	<b>90,614</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	2,340	1,934	1,911	2,021
Global Equities Unrealized Gains/(Losses)	4,352	4,962	4,551	4,607	4,889
Global LV Unrealized Gains/(Losses)	1,889	2,354	2,043	2,014	2,126
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>9,655</b>	<b>8,528</b>	<b>8,532</b>	<b>9,036</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,878	49,695	50,944	52,277
Government Bonds	1,337,643	1,326,385	1,441,755	1,567,680	1,676,285
Corporate Bonds	476,299	485,024	522,809	564,966	602,923
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	111,678	101,468	95,821	99,200
Canadian Equities	54,986	67,007	60,881	57,493	59,520
Global Equities	59,569	72,590	65,954	62,284	64,480
Global LV Equities	45,822	55,839	50,734	47,911	49,600
Real Estate Investments	66,732	76,574	71,058	68,238	69,644
Infrastructure & Venture Capital	22,911	27,919	25,367	23,955	24,800
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,738,197</b>	<b>2,830,043</b>	<b>2,951,475</b>	<b>3,082,985</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.7%	1.8%	1.7%	1.7%
Government Bonds	50.1%	48.4%	50.9%	53.1%	54.4%
Corporate Bonds	17.8%	17.7%	18.5%	19.1%	19.6%
MUSH	18.5%	17.1%	15.6%	14.0%	12.5%
Private Debt	2.5%	4.1%	3.6%	3.2%	3.2%
Canadian Equities	2.1%	2.4%	2.2%	1.9%	1.9%
Global Equities	2.2%	2.7%	2.3%	2.1%	2.1%
Global LV Equities	1.7%	2.0%	1.8%	1.6%	1.6%
Real Estate Investments	2.5%	2.8%	2.5%	2.3%	2.3%
Infrastructure & Venture Capital	0.9%	1.0%	0.9%	0.8%	0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 5a

### Equity Decline 4-Year Solvency Scenario Statement of Operations

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,042,862	1,080,898	1,119,773
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,097,908</b>	<b>1,136,863</b>	<b>1,176,624</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,025,032	1,062,348	1,100,814
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,079,523</b>	<b>1,117,716</b>	<b>1,157,080</b>
Service Fees & Other Revenues	27,161	28,208	27,095	28,623	30,271	32,033
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,828</b>	<b>1,108,146</b>	<b>1,147,987</b>	<b>1,189,113</b>
Claims Incurred	787,799	820,094	900,170	916,691	950,286	982,917
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,305	(1,791)	4,649	14,089
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	7,321	13,101	10,845	11,218
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>908,796</b>	<b>928,001</b>	<b>965,780</b>	<b>1,008,224</b>
Claims Expense	132,028	143,490	143,233	146,819	154,184	153,570
Road Safety/Loss Prevention	12,030	11,234	13,628	13,502	13,553	13,337
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,065,657</b>	<b>1,088,322</b>	<b>1,133,517</b>	<b>1,175,131</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	75,921	79,898	79,895
Commissions	42,332	43,823	43,408	42,817	44,298	45,825
Premium Taxes	33,102	32,292	33,289	32,811	33,965	35,155
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>156,750</b>	<b>163,454</b>	<b>166,267</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(96,738)</b>	<b>(136,926)</b>	<b>(148,984)</b>	<b>(152,285)</b>
<b>Investment Income</b>	54,159	83,796	82,638	43,964	56,751	54,348
(b) Investment Income - Interest Rate Impact	5,455	575	311	178	105	43
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>82,949</b>	<b>44,142</b>	<b>56,856</b>	<b>54,391</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(7,792)</b>	<b>(92,784)</b>	<b>(92,128)</b>	<b>(97,894)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(7,792)</b>	<b>(92,784)</b>	<b>(92,128)</b>	<b>(97,894)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(7,010)	(12,923)	(10,740)	(11,175)

## Appendix 5b

### Equity Decline 4-Year Solvency Scenario

### Balance Sheet

*(C\$ 000s, rounding may affect totals)**For the Years Ended March,*

	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,979	49,855	51,238	52,623
Investments	2,648,873	2,964,904	3,018,791	3,067,697	3,122,997	3,188,325
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	413,053	426,812	440,904
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	29,702	32,692	29,291	16,477
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,080	67,760	58,588
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,681,841</b>	<b>3,752,904</b>	<b>3,815,488</b>	<b>3,868,092</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	568,832	589,769	611,239
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,181,425	2,260,796	2,339,462	2,415,232
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,187,037</b>	<b>3,301,397</b>	<b>3,418,665</b>	<b>3,529,082</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	542,951	485,376	431,239	373,633
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(48,146)	(33,869)	(34,415)	(34,622)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>494,805</b>	<b>451,507</b>	<b>396,824</b>	<b>339,011</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,681,842</b>	<b>3,752,904</b>	<b>3,815,489</b>	<b>3,868,093</b>

### Appendix 5c

#### Equity Decline 4-Year Solvency Scenario

#### Statement of Changes in Equity

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	542,951	485,376	431,239
Net Income (Loss) from annual operations	120,607	78,615	(7,792)	(92,783)	(92,128)	(97,893)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	24,948	35,209	37,991	40,287
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>542,951</b>	<b>485,376</b>	<b>431,239</b>	<b>373,633</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(48,956)	(34,296)	(26,486)	(48,146)	(33,869)	(34,415)
Other Comprehensive Income for the Year	14,660	7,810	(21,660)	14,277	(546)	(207)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(48,146)</b>	<b>(33,869)</b>	<b>(34,415)</b>	<b>(34,622)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>494,805</b>	<b>451,507</b>	<b>396,824</b>	<b>339,011</b>



**Appendix 5d**  
**Equity Decline 4-Year Solvency Scenario**  
**Minimum Capital Test**

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

		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	432,809	381,427	329,064	280,423
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>432,809</b>	<b>381,427</b>	<b>329,064</b>	<b>280,423</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
<b>Insurance Risk:</b>						
Premium liabilities	20	104,373	97,805	101,233	104,803	108,446
Unpaid claims	22	218,741	228,059	236,230	244,512	252,543
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	325,864	337,463	349,315	360,989
<b>Market Risk:</b>						
Interest rate risk	30	34,644	47,530	50,786	55,981	57,837
Foreign exchange risk	32	28,653	31,602	30,351	31,254	31,154
Equity risk	34	107,171	115,748	111,445	113,653	113,104
Real estate risk	36	34,675	37,319	37,739	37,821	37,782
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	232,199	230,321	238,709	239,877
<b>Credit Risk:</b>						
Counterparty default risk for balance sheet assets	40	47,839	49,267	50,837	51,766	53,372
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,524	52,087	53,010	54,608
Operational risk margin	50	77,402	78,243	80,137	82,910	85,131
Less: Diversification credit	52	76,167	81,094	82,342	85,136	86,844
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>605,736</b>	<b>617,666</b>	<b>638,808</b>	<b>653,761</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	403,824	411,778	425,872	435,841
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>403,824</b>	<b>411,778</b>	<b>425,872</b>	<b>435,841</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>28,985</b>	<b>(30,351)</b>	<b>(96,808)</b>	<b>(155,418)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>107.18%</b>	<b>92.63%</b>	<b>77.27%</b>	<b>64.34%</b>

## Appendix 5e

### Equity Decline 4-Year Solvency Scenario

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	465,348	478,768	501,622	525,508
Comprehensive	91,790	106,201	102,846	99,725	105,023	110,541
Property Damage	43,925	38,719	43,384	43,663	43,867	44,087
Public Liability - BI	4,558	5,231	5,926	6,693	6,772	6,857
PIPP	240,370	245,495	246,060	255,573	257,674	259,755
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>863,564</b>	<b>884,422</b>	<b>914,958</b>	<b>946,749</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	8,117	8,711	8,282	7,924
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	1,305	(1,791)	4,649	14,089
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>908,796</b>	<b>928,002</b>	<b>965,780</b>	<b>1,008,224</b>

\*13 month period ending March 31, 2020

**Appendix 5f**  
**Equity Decline 4-Year Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected										
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc										
											Accident Year											
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	72.12%	72.28%	72.33%	72.42%											
2.	Trend/Rate Adjustment for Fiscal Year																					
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																
	2020		0.9371	0.9594	0.9926	1.0042	1.0137															
	2021			0.9675	0.9998	1.0101	1.0184	1.0105														
	2022				0.9926	1.0043	1.0140	1.0077	1.0076													
	2023					1.0075	1.0161	1.0087	1.0076	1.0083												
	2024						1.0205	1.0120	1.0099	1.0097	1.0093											
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																					
	2019	77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%									
	2020		78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%									
	2021			73.83%	72.08%	68.43%	67.51%	72.88%				71.13%	76.85%									
	2022				71.57%	68.04%	67.22%	72.67%	72.83%			70.76%	76.54%									
	2023					68.26%	67.36%	72.74%	72.83%	72.93%		71.28%	77.17%									
	2024						67.65%	72.98%	72.99%	73.03%	73.09%	73.00%	79.12%									
B. Actual Data Other Than Losses																						
											Fiscal Year											
(C\$ 000s, rounding may affect totals)											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381											
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.19%	8.25%	7.96%											
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.75%	2.65%											
	Selected					2.81%	2.72%	2.65%	2.70%	2.74%	2.70%											
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%											
C. Equity in Unearned Premium																						
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005											
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369											
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	425,591	438,844	458,185	486,310											
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-											
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,474	16,264	16,606											
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	80,011	82,503	86,139	91,426											
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818											
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	29,702	32,692	29,291	16,477											
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730											
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	3,307	1,516	6,165	20,253											
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	1,305	(1,791)	4,649	14,089											
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	-	-	-											
	Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-											

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 5g

#### Equity Decline 4-Year Solvency Scenario

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	102	105	108
Government Bonds	38,661	37,224	35,763	35,521	35,641
Corporate Bonds	19,657	19,915	20,094	20,696	21,058
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,824	6,672	6,545
Canadian Equities	2,477	3,674	3,553	3,404	3,329
Global Equities	3,346	3,728	3,435	3,323	3,553
Global LV	1,716	2,213	2,091	1,983	1,975
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,375	1,315	1,350
<b>Total</b>	<b>94,083</b>	<b>95,584</b>	<b>93,533</b>	<b>91,824</b>	<b>90,891</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(2,063)	207	219	233
Government Bonds Realized Gains/(Loss)	5,112	2,380	(24)	(109)	(185)
Corporate Bonds Unrealized Gains/(Loss)	4,443	731	55	58	61
Corporate Bonds Realized Gains/(Loss)	(4,269)	(741)	(66)	100	(11)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	(261)	(6,772)	(4,457)	(4,290)
Global Equities Realized Gains	282	(1,634)	(27,139)	(15,260)	(16,745)
Global LV	513	(1,292)	(6,912)	(4,838)	(4,614)
Pooled Real Estate Fund	3,869	6,137	7,636	7,126	7,215
Infrastructure	3,775	4,481	5,382	5,155	5,291
<b>Total</b>	<b>9,243</b>	<b>7,738</b>	<b>(27,631)</b>	<b>(12,007)</b>	<b>(13,047)</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,677)	(4,804)	(4,804)	(4,792)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,702)	(5,691)	(6,618)	(6,842)
<b>Total</b>	<b>(18,955)</b>	<b>(20,373)</b>	<b>(21,760)</b>	<b>(22,961)</b>	<b>(23,453)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>82,949</b>	<b>44,142</b>	<b>56,856</b>	<b>54,391</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	(3,963)	(4,639)	(4,457)	(4,290)
Global Equities Unrealized Gains/(Losses)	4,352	(15,766)	(16,473)	(15,260)	(16,745)
Global LV Unrealized Gains/(Losses)	1,889	(4,499)	(5,081)	(4,838)	(4,614)
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>(24,228)</b>	<b>(26,193)</b>	<b>(24,556)</b>	<b>(25,650)</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,913	49,855	51,238	52,623
Government Bonds	1,337,643	1,325,388	1,397,461	1,478,084	1,559,831
Corporate Bonds	476,299	484,085	508,186	535,277	563,265
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	108,031	102,366	97,207	94,723
Canadian Equities	54,986	64,819	61,420	58,324	56,834
Global Equities	59,569	70,220	66,538	63,185	61,570
Global LV Equities	45,822	54,016	51,183	48,604	47,361
Real Estate Investments	66,732	74,751	71,507	68,931	67,406
Infrastructure & Venture Capital	22,911	27,008	25,592	24,302	23,681
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,723,534</b>	<b>2,774,430</b>	<b>2,837,335</b>	<b>2,911,547</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.8%	1.8%	1.8%	1.8%
Government Bonds	50.1%	48.7%	50.4%	52.1%	53.6%
Corporate Bonds	17.8%	17.8%	18.3%	18.9%	19.3%
MUSH	18.5%	17.2%	15.9%	14.5%	13.2%
Private Debt	2.5%	4.0%	3.7%	3.4%	3.3%
Canadian Equities	2.1%	2.4%	2.2%	2.1%	2.0%
Global Equities	2.2%	2.6%	2.4%	2.2%	2.1%
Global LV Equities	1.7%	2.0%	1.8%	1.7%	1.6%
Real Estate Investments	2.5%	2.7%	2.6%	2.4%	2.3%
Infrastructure & Venture Capital	0.9%	1.0%	0.9%	0.9%	0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 5h

### Equity Decline 4-Year Solvency Scenario with Management Action

### Statement of Operations

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

	For the Years Ended March,					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
Motor Vehicles	1,055,113	1,079,495	1,006,302	1,064,073	1,112,957	1,160,468
Drivers	66,411	67,146	68,094	69,212	70,412	71,588
Reinsurance Ceded	(14,099)	(13,615)	(13,887)	(14,166)	(14,447)	(14,737)
<b>Total Net Premiums Written</b>	<b>1,107,425</b>	<b>1,133,026</b>	<b>1,060,509</b>	<b>1,119,119</b>	<b>1,168,922</b>	<b>1,217,319</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,036,651	1,067,604	1,041,998	1,035,899	1,089,117	1,137,297
Drivers	66,733	66,781	67,623	68,656	69,816	71,004
Reinsurance Ceded	(14,099)	(13,615)	(13,888)	(14,165)	(14,448)	(14,738)
<b>Total Net Premiums Earned</b>	<b>1,089,285</b>	<b>1,120,770</b>	<b>1,095,733</b>	<b>1,090,390</b>	<b>1,144,485</b>	<b>1,193,563</b>
Service Fees & Other Revenues	27,161	28,208	27,095	29,097	31,016	33,018
<b>Total Earned Revenues</b>	<b>1,116,446</b>	<b>1,148,978</b>	<b>1,122,828</b>	<b>1,119,487</b>	<b>1,175,501</b>	<b>1,226,581</b>
Claims Incurred	787,799	820,094	900,171	916,691	950,297	982,931
DPAC \ Premium Deficiency Adjustment	(17,406)	(8,509)	1,305	(1,771)	4,658	14,091
(a) Claims Incurred - Interest Rate Impact	(8,938)	35,326	7,316	13,521	11,014	11,236
<b>Total Claims Incurred</b>	<b>761,455</b>	<b>846,911</b>	<b>908,792</b>	<b>928,441</b>	<b>965,969</b>	<b>1,008,258</b>
Claims Expense	132,028	143,490	143,233	146,819	154,184	153,570
Road Safety/Loss Prevention	12,030	11,234	13,628	13,502	13,553	13,337
<b>Total Claims Costs</b>	<b>905,513</b>	<b>1,001,635</b>	<b>1,065,653</b>	<b>1,088,762</b>	<b>1,133,706</b>	<b>1,175,165</b>
<b>Expenses</b>						
Operating	69,859	71,865	72,052	75,921	79,898	79,895
Commissions	42,332	43,823	43,408	43,114	45,142	46,992
Premium Taxes	33,102	32,292	33,289	33,137	34,768	36,249
Regulatory/Appeal	4,647	5,120	5,160	5,201	5,293	5,392
<b>Total Expenses</b>	<b>149,940</b>	<b>153,100</b>	<b>153,909</b>	<b>157,373</b>	<b>165,101</b>	<b>168,528</b>
<b>Underwriting Income (Loss)</b>	<b>60,993</b>	<b>(5,757)</b>	<b>(96,734)</b>	<b>(126,648)</b>	<b>(123,306)</b>	<b>(117,112)</b>
<b>Investment Income</b>	54,159	83,796	82,625	44,100	57,248	55,094
(b) Investment Income - Interest Rate Impact	5,455	575	311	165	43	(53)
<b>Net Investment Income</b>	<b>59,614</b>	<b>84,371</b>	<b>82,936</b>	<b>44,265</b>	<b>57,291</b>	<b>55,041</b>
<b>Gain (Loss) on Sale of Property</b>	-	-	5,997	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>120,607</b>	<b>78,614</b>	<b>(7,801)</b>	<b>(82,383)</b>	<b>(66,015)</b>	<b>(62,071)</b>
<b>Premium Rebate</b>	-	(58,000)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>120,607</b>	<b>20,614</b>	<b>(7,801)</b>	<b>(82,383)</b>	<b>(66,015)</b>	<b>(62,071)</b>
Total net Impact due to interest rate change (b) - (a)	14,393	(34,751)	(7,005)	(13,356)	(10,971)	(11,289)

## Appendix 5i

### Equity Decline 4-Year Solvency Scenario with Management Action

### Balance Sheet

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

	<i>For the Years Ended March,</i>					
	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	186,762	57,868	53,980	49,856	51,268	52,725
Investments	2,648,873	2,964,904	3,014,219	3,071,362	3,146,420	3,242,054
Investment property	20,969	20,910	20,735	20,324	20,327	20,044
Due from other insurance companies	381	-	-	-	-	-
Accounts receivable	406,844	413,919	399,878	419,254	436,184	452,802
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	25,582	30,972	29,703	32,673	29,262	16,446
Reinsurers' share of unearned premiums	-	-	(1)	-	(1)	(2)
Reinsurers' share of unearned claims	5,072	-	-	-	-	-
Property and equipment	88,465	93,323	96,761	99,203	97,064	91,133
Deferred development costs	34,964	39,658	61,996	70,080	67,760	58,588
<b>Total Assets</b>	<b>3,417,912</b>	<b>3,621,554</b>	<b>3,677,271</b>	<b>3,762,752</b>	<b>3,848,284</b>	<b>3,933,790</b>
<b>Liabilities</b>						
Due to other insurance companies	595	545	545	545	545	545
Accounts payable and accrued liabilities	50,053	70,311	71,241	73,423	78,228	78,137
Financing lease obligation	5,475	5,368	5,253	5,131	5,008	4,885
Unearned premiums and fees	569,706	582,458	548,782	579,176	605,403	631,086
Provision for employee current benefits	18,213	18,903	19,600	20,341	21,092	21,852
Provision for employee future benefits	336,307	347,934	360,191	372,329	384,561	397,192
Provision for unpaid claims	2,031,336	2,096,726	2,181,420	2,261,211	2,340,058	2,415,859
<b>Total Liabilities</b>	<b>3,011,685</b>	<b>3,122,245</b>	<b>3,187,032</b>	<b>3,312,156</b>	<b>3,434,895</b>	<b>3,549,556</b>
<b>Equity</b>						
Retained earnings	440,522	525,795	538,371	484,438	447,656	418,400
Accumulated Other Comprehensive Income	(34,296)	(26,486)	(48,133)	(33,843)	(34,265)	(34,166)
<b>Total Equity</b>	<b>406,226</b>	<b>499,309</b>	<b>490,238</b>	<b>450,595</b>	<b>413,391</b>	<b>384,234</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,417,911</b>	<b>3,621,554</b>	<b>3,677,270</b>	<b>3,762,751</b>	<b>3,848,286</b>	<b>3,933,790</b>

## Appendix 5j

### Equity Decline 4-Year Solvency Scenario with Management Action

### Statement of Changes in Equity

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

For the Years Ended March,

	2020A	2021BF	2022F	2023F	2024F	2025F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	319,914	440,522	525,795	538,371	484,438	447,656
Net Income (Loss) from annual operations	120,607	78,615	(7,801)	(82,383)	(66,016)	(62,072)
Premium Rebate	-	(58,000)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	64,659	20,377	28,450	29,234	32,816
<b>Total Retained Earnings</b>	<b>440,522</b>	<b>525,795</b>	<b>538,371</b>	<b>484,438</b>	<b>447,656</b>	<b>418,400</b>
<b>Total Accumulated Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning Balance	(48,956)	(34,296)	(26,486)	(48,133)	(33,843)	(34,265)
Other Comprehensive Income for the Year	14,660	7,810	(21,647)	14,290	(422)	99
<b>Total Accumulated Other Comprehensive Income</b>	<b>(34,296)</b>	<b>(26,486)</b>	<b>(48,133)</b>	<b>(33,843)</b>	<b>(34,265)</b>	<b>(34,166)</b>
<b>Total Equity Balance</b>	<b>406,226</b>	<b>499,309</b>	<b>490,238</b>	<b>450,595</b>	<b>413,391</b>	<b>384,234</b>

### Appendix 5k

#### Equity Decline 4-Year Solvency Scenario with Management Action

#### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	459,651	428,243	380,515	345,631	325,646
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>459,651</b>	<b>428,243</b>	<b>380,515</b>	<b>345,631</b>	<b>325,646</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	104,373	97,805	103,163	107,717	112,147
Unpaid claims	22	218,741	228,059	236,272	244,571	252,605
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	323,114	325,864	339,435	352,288	364,752
Market Risk:						
Interest rate risk	30	34,644	47,691	49,766	53,385	52,460
Foreign exchange risk	32	28,653	31,454	30,106	31,309	32,817
Equity risk	34	107,171	115,199	110,538	113,859	114,039
Real estate risk	36	34,675	37,227	37,588	37,855	38,280
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	205,143	231,571	227,998	236,408	237,596
Credit Risk:						
Counterparty default risk for balance sheet assets	40	47,839	49,212	51,168	52,474	54,834
Counterparty default risk for off-balance sheet exposures	42	1,264	1,257	1,250	1,243	1,236
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	49,103	50,469	52,419	53,717	56,071
Operational risk margin	50	77,402	78,185	80,665	83,828	86,399
Less: Diversification credit	52	76,167	80,988	82,234	85,200	87,105
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>578,595</b>	<b>605,101</b>	<b>618,283</b>	<b>641,041</b>	<b>657,713</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	385,730	403,401	412,188	427,361	438,475
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>385,730</b>	<b>403,401</b>	<b>412,188</b>	<b>427,361</b>	<b>438,475</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>73,921</b>	<b>24,842</b>	<b>(31,673)</b>	<b>(81,730)</b>	<b>(112,829)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>119.16%</b>	<b>106.16%</b>	<b>92.32%</b>	<b>80.88%</b>	<b>74.27%</b>



## Appendix 5I

### Equity Decline 4-Year Solvency Scenario with Management Action

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	446,419	417,121	465,348	478,769	501,622	525,508
Comprehensive	91,790	106,201	102,846	99,726	105,023	110,541
Property Damage	43,925	38,719	43,384	43,664	43,868	44,087
Public Liability - BI	4,558	5,231	5,926	6,694	6,772	6,858
PIPP	240,370	245,495	246,056	255,928	257,827	259,782
<b>Total</b>	<b>827,062</b>	<b>812,767</b>	<b>863,560</b>	<b>884,780</b>	<b>915,112</b>	<b>946,776</b>
Unallocated Loss Adjustment Expenses	47,488	35,077	35,810	36,659	37,891	39,462
Change in Internal Loss Adjustment Expense Provision	11,510	7,576	8,116	8,773	8,308	7,929
Change in Reinsurance Ceded Provision	(1,209)	0	0	0	0	0
Other Financial Adjustments	(2,497)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(17,406)	(8,509)	1,305	(1,771)	4,658	14,091
<b>Total Net Claims Incurred</b>	<b>864,949</b>	<b>846,911</b>	<b>908,791</b>	<b>928,441</b>	<b>965,969</b>	<b>1,008,258</b>

\*13 month period ending March 31, 2020

**Appendix 5m**  
**Equity Decline 4-Year Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected										
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc										
											Accident Year											
											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
1.	Ultimate Loss Ratio - Total All Coverage	81.58%	83.47%	76.31%	72.10%	67.75%	66.29%	72.12%	72.28%	72.33%	72.42%											
2.	Trend/Rate Adjustment for Fiscal Year																					
	2019	0.9447	0.9553	0.9706	0.9965	1.0003																
	2020		0.9371	0.9594	0.9926	1.0042	1.0137															
	2021			0.9675	0.9998	1.0101	1.0184	1.0105														
	2022				0.9926	1.0043	1.0140	1.0077	1.0076													
	2023					1.0075	1.0161	1.0087	1.0076	1.0083												
	2024						1.0205	1.0120	1.0099	1.0097	1.0093											
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																					
	2019	77.07%	79.74%	74.06%	71.84%	67.77%						74.33%	79.98%									
	2020		78.22%	73.21%	71.57%	68.03%	67.20%					70.94%	76.59%									
	2021			73.83%	72.08%	68.43%	67.51%	72.88%				71.13%	76.85%									
	2022				71.57%	68.04%	67.22%	72.67%	72.83%			70.76%	76.55%									
	2023					68.26%	67.36%	72.74%	72.83%	72.93%		71.28%	77.18%									
	2024						67.65%	72.98%	72.99%	73.03%	73.09%	73.00%	79.13%									
B. Actual Data Other Than Losses																						
											Fiscal Year											
(C\$ 000s, rounding may affect totals)											2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
4.	Net Earned Premium	861,065	907,145	960,143	1,026,935	1,073,967	1,120,770	1,133,821	1,155,248	1,196,185	1,238,381											
5.	Operating Expenses as % of Earned Premium	10.26%	9.94%	9.14%	8.96%	8.43%	7.87%	8.01%	8.19%	8.25%	7.96%											
6.	Maintenance Expense Rate [(5) x 1/3]	3.42%	3.31%	3.05%	2.99%	2.81%	2.62%	2.67%	2.73%	2.75%	2.65%											
	Selected					2.81%	2.72%	2.65%	2.70%	2.74%	2.70%											
7.	ILAE Ratio to Losses - Selected	19.00%	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%											
C. Equity in Unearned Premium																						
8.	Net Unearned Premium	417,518	437,172	468,613	499,704	538,911	559,824	560,857	580,554	601,065	622,005											
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,816	5,646	5,598	7,075	6,807	6,944	7,083	7,224	7,369	7,369											
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	325,991	354,751	383,468	396,537	410,591	423,469	425,591	438,861	458,209	486,336											
11.	Reinsurance PFAD	-	4	10	43	-	-	-	-	-	-											
12.	Maintenance Expense [a]	14,727	14,279	13,837	14,679	14,923	15,010	14,652	15,474	16,264	16,606											
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	61,938	65,289	70,595	71,531	77,191	79,612	80,011	82,506	86,143	91,431											
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,264	4,048	3,950	3,777	3,818	3,818	3,818	3,818	3,818	3,818											
15.	Equity in Unearned Premium [(8) - Sum((9) to (14))]	4,782	(6,844)	(8,845)	6,063	25,582	30,972	29,703	32,673	29,262	16,446											
16.	Carried Deferred Policy Acquisition Expenses	28,347	29,692	32,055	33,980	36,093	32,974	33,009	34,208	35,455	36,730											
17.	Write Down Deferred Policy Acquisition Expenses [b]	23,565	29,692	32,055	27,917	10,511	2,002	3,307	1,536	6,193	20,285											
	Change	(15,104)	-	2,363	(4,138)	(17,406)	(8,509)	1,305	(1,771)	4,658	14,091											
18.	Premium Deficiency [c]	-	6,844	8,845	-	-	-	-	-	-	-											
	Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-											

**Notes:**

- [a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin
- [b] Min((16) - (15), (16)) if greater than 0, otherwise 0
- [c] Negative of (15) if greater than 0, otherwise 0

### Appendix 5n

#### Equity Decline 4-Year Solvency Scenario with Management Action

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	166	97	102	105	108
Government Bonds	38,661	37,224	35,815	35,735	36,023
Corporate Bonds	19,657	19,915	20,118	20,813	21,350
MUSH	22,210	20,685	19,180	17,697	16,238
Private Debt	3,747	5,778	6,786	6,609	6,560
Canadian Equities	2,477	3,674	3,552	3,474	3,524
Global Equities	3,346	3,728	3,435	3,380	3,705
Global LV	1,716	2,213	2,090	2,026	2,038
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	1,143	1,128	1,117	1,107	1,093
Infrastructure	961	1,143	1,372	1,310	1,351
<b>Total</b>	<b>94,083</b>	<b>95,584</b>	<b>93,568</b>	<b>92,256</b>	<b>91,989</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(4,592)	(2,063)	208	220	235
Government Bonds Realized Gains/(Loss)	5,112	2,380	(37)	(172)	(282)
Corporate Bonds Unrealized Gains/(Loss)	4,443	731	56	59	61
Corporate Bonds Realized Gains/(Loss)	(4,269)	(741)	(67)	99	(69)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	110	(274)	(6,731)	(4,411)	(4,301)
Global Equities Realized Gains	282	(1,634)	(27,063)	(15,134)	(16,774)
Global LV	513	(1,292)	(6,881)	(4,788)	(4,626)
Pooled Real Estate Fund	3,869	6,137	7,606	7,081	7,225
Infrastructure	3,775	4,481	5,369	5,134	5,296
<b>Total</b>	<b>9,243</b>	<b>7,725</b>	<b>(27,540)</b>	<b>(11,912)</b>	<b>(13,235)</b>
<b>Other</b>					
Investment Fees Paid	(4,047)	(4,677)	(4,799)	(4,813)	(4,848)
Pension Expense	(10,724)	(10,994)	(11,265)	(11,540)	(11,819)
Amortization on Marketable Bonds (Prem) / Discount	(4,185)	(4,702)	(5,698)	(6,701)	(7,048)
<b>Total</b>	<b>(18,955)</b>	<b>(20,373)</b>	<b>(21,763)</b>	<b>(23,053)</b>	<b>(23,714)</b>
<b>Total Investment Income</b>	<b>84,371</b>	<b>82,936</b>	<b>44,265</b>	<b>57,291</b>	<b>55,041</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	1,680	(3,963)	(4,611)	(4,411)	(4,301)
Global Equities Unrealized Gains/(Losses)	4,352	(15,766)	(16,397)	(15,134)	(16,774)
Global LV Unrealized Gains/(Losses)	1,889	(4,499)	(5,050)	(4,788)	(4,626)
<b>Total Unrealized Gains/(Losses)</b>	<b>7,921</b>	<b>(24,228)</b>	<b>(26,059)</b>	<b>(24,333)</b>	<b>(25,700)</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	45,257	47,913	49,856	51,268	52,725
Government Bonds	1,337,643	1,324,473	1,404,317	1,494,562	1,586,142
Corporate Bonds	476,299	483,627	510,221	540,833	572,879
MUSH	494,027	467,304	440,323	412,183	384,255
Private Debt	67,104	107,117	100,854	97,549	99,695
Canadian Equities	54,986	64,270	60,512	58,530	59,817
Global Equities	59,569	69,626	65,555	63,407	64,802
Global LV Equities	45,822	53,559	50,427	48,775	49,847
Real Estate Investments	66,732	74,293	70,751	69,102	69,892
Infrastructure & Venture Capital	22,911	26,779	25,214	24,387	24,924
<b>Total Ending Asset Values</b>	<b>2,670,350</b>	<b>2,718,962</b>	<b>2,778,029</b>	<b>2,860,596</b>	<b>2,964,977</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	1.7%	1.8%	1.8%	1.8%	1.8%
Government Bonds	50.1%	48.7%	50.6%	52.2%	53.5%
Corporate Bonds	17.8%	17.8%	18.4%	18.9%	19.3%
MUSH	18.5%	17.2%	15.9%	14.4%	13.0%
Private Debt	2.5%	3.9%	3.6%	3.4%	3.4%
Canadian Equities	2.1%	2.4%	2.2%	2.0%	2.0%
Global Equities	2.2%	2.6%	2.4%	2.2%	2.2%
Global LV Equities	1.7%	2.0%	1.8%	1.7%	1.7%
Real Estate Investments	2.5%	2.7%	2.5%	2.4%	2.4%
Infrastructure & Venture Capital	0.9%	1.0%	0.9%	0.9%	0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>