MANITOBA PUBLIC INSURANCE

2024 GENERAL RATE APPLICATION

Round 1 Information Requests

August 2, 2023

Consumers' Association of Canada (Manitoba) (CAC)

MANITOBA PUBLIC INSURANCE

CAC (MPI) 1-1

Part and Chapter:	**Part II Overview**	**Page No.:**	**4 of 10**
PUB Approved Issue No:	**5. Financial Forecasts**		
Topic:	**IFRS 14 Regulatory Deferral Account**		
Sub Topic:	**Impact on financial reporting relating to deferring improvement initiative costs**		

Preamble to IR:

On page 4, Part II – Overview MPI states:

> *"The PUB directed MPI2 to defer all costs, from all improvement initiatives including but*
>
> 11 not limited to Program NOVA (such as Government Insertions, Security Technology
> 12 Risk Management, Data & Analytics, and other technology improvements) to future
> 13 years, such that current rate payers are not required to pay for investments that they
> 14 may not benefit from today.
> 15 MPI intends to adjust its financial forecasts (**for the regulatory purposes**) taking in
> 16 consideration the deferral account for the purposes of GRAs. However, **MPI is not**
> **17 eligible to apply International Financial Reporting Standards (IFRS) 14,** impacting its
> 18 financial statements. **As a result, this will create a misalignment between rates**
> **19 approved by the PUB (based on forecasts) and MPI financial statements."** [Emphasis added]

Question:

a) Please provide a narrative discussion explaining why MPI is unable to apply IFRS 14 (Regulatory Deferral Account).

b) Please provide a narrative discussion on the implications to the public and stakeholders for MPI issuing two differing sets of financial statements – one set for rate setting and one set being the official published audit financial statements. Please comment on the value proposition for issuing two sets of financial statements, if any?

c) Please provide the overall annual rate indication by not deferring improvement initiatives expenses for 2024/25 and 2025/26. Please re-forecast PF-8, PF-9 and PF 10 by not deferring the Initiative expenses on line 38 shown on PF – 8 Statement of Operations Part IX Pro Formas, page 20.

d) Please provide a detailed listing of the improvement initiatives and their related costs, by year, that are proposed to be deferred. Also provide a chart indicating the year these deferred improvement initiative costs would flow into operating expenses and become part of the expenses included in the rate setting process.

Rationale for Question:

To better understand and assess the impact of IFRS 14 on MPI's business operations.

RESPONSE:

a) IFRS 14-Regulatory Deferral Accounts is an interim standard applicable to first-time adopters of IFRS that are subject to rate regulation. If eligible, entities adopting IFRS for the first-time are permitted to recognize amounts related to rate regulation that had been recorded in accordance with their previous Generally Accepted Accounting Principles (GAAP).

IFRS 14 provides specific criteria for an entity to be eligible to apply this standard upon adoption of IFRS (as per the Scope section within IFRS 14):

5 An entity is permitted to apply the requirements of this Standard in its first IFRS financial statements if and only if it:

(a) conducts rate-regulated activities; and

(b) recognised amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP.

IFRS 14 is only available to entities that elected to apply the standard in its first financial statements issued under IFRS:

6 An entity shall apply the requirements of this Standard in its financial statements for subsequent periods if and only if, in its first IFRS financial statements, it recognized regulatory deferral account balances by electing to apply the requirements of this Standard.

MPI does not meet the criteria to apply IFRS 14 because MPI had not reported regulatory deferral account balances under the previous generally accepted accounting principles (Canadian GAAP), and MPI did not apply IFRS 14 upon its initial application of IFRS beginning with the fiscal year ended March 31, 2011.

In addition, Appendix C to the standard stipulates an effective date on or after January 1, 2016, for first annual IFRS statements:

Appendix C

Effective date and transition

This appendix is an integral part of the Standard.

C1 An entity shall apply this Standard if its first annual IFRS financial statements are for a period beginning on or after 1 January 2016. Earlier *application is permitted. If an entity applies this Standard in its first annual IFRS financial statements for an earlier period, it shall disclose that fact.*

Conclusion: MPI is ineligible to apply IFRS 14 Regulatory Deferral Accounts because it is not issuing its first annual financial statements under IFRS. IFRS 14 was not applied when the Corporation first adopted IFRS in the fiscal year ended March 31, 2011; and MPI did not report regulatory deferral account balances under Canadian GAAP upon transition to IFRS.

Potential for MPI to Report Regulatory Assets and Regulatory Liabilities under IFRS in the Future:

In January 2021, the International Accounting Standards Board (IASB) issued an Exposure Draft, Regulatory Assets and Regulatory Liabilities, that proposes rate-regulated entities report regulatory assets and liabilities, and regulatory income and expenses in their financial statements. If finalized as an IFRS Standard, the proposals would replace IFRS 14 and could result in MPI reporting regulatory assets and liabilities under IFRS.

MPI is monitoring the IASB's deliberations and progress toward developing a standard for reporting regulatory assets and liabilities. MPI aims to comply with the standard if and when it comes into effect.

It should be noted that an Exposure Draft is not a standard; proposals provided in Exposure Drafts are not eligible for adoption or implementation under IFRS. Only IFRS in effect or, in certain cases available for early adoption as per the IASB, are applied by MPI.

Reporting regulatory assets or liabilities would likely result in MPI's financial statements failing to remain compliant with IFRS; a qualified audit opinion would likely accompany the annual financial statements. A qualified audit opinion arising from deviation from accepted accounting and reporting standards could generate negative public perception of the reporting provided by MPI, and should be avoided. MPI aims to continue issuing financial reports compliant with IFRS, to maintain the integrity of its financial reporting against those standards and to provide comparability with financial information issued by other entities in the industry that remain compliant with IFRS.

b) Issuing another set of financial statements for rate setting purposes would involve additional costs to the Corporation, potentially negatively impacting rates for Manitobans, with limited benefits or even negative public perception:

To issue a second set of financial statements for rate setting purposes, additional resources would be required in financial accounting and reporting, administration, legal and communications departments.

Accounting systems and processes would need to be developed or augmented to effectively report under the different requirements.

Additional fees would be incurred to obtain independent assessment, or an audit of the reports provided for rate-setting.

Public perception of a 'second set of financial statements' for rate-setting purposes could be negative; heightened skepticism is a risk.

Reporting to the public and stakeholders could become confusing if there are two sets of financial reports in circulation. Communication would need to clearly reference which set of financial statements is the basis for the reporting or discussion. The public might raise concern or frustration with differences in values reported and having to understand the results and activity from multiple sets of reports.

The impact to rates from reporting regulatory assets and liabilities would be influenced by the life span (amortization period) of the assets reported as regulatory assets. Assets with a shorter life span such as technological assets would provide a different impact to rates than longer-term assets that are reported by other rate regulated entities (e.g., power plants amortized over decades for rate regulated entities in the energy sector).

Conclusion: issuing two differing sets of financial statements involves additional costs and may result in confusion and negative perception of reporting provided by MPI. Issuing a single set of financial statements, based on International Financial Reporting Standards is the preferred approach in reporting to stakeholders and the public.

c) The overall annual rate indication by not deferring improvement initiatives expenses for 2024/25 and 2025/26 is 2.28%. The requested re-forecasted PF-8, PF-9 and PF 10 are presented below.

Figure 1 PF-8 Statement of Operations: 2.28% Basic Rate Change - IFRS 17 Forecast with IFRS 4 Presentation

Multi-year - Statement of Operations

Line No.	2024 GRA Base with 2.28% RI in 2024/25	*IFRS 4*		*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*
		For the Years Ended March 31,							
1	*(C$ 000s, rounding may affect totals)*	**2023A**	**IFRS 17**	**2023BF**	**2024BF**	**2025F**	**2026F**	**2027F**	**2028F**
2	**BASIC**								
3	Motor Vehicles	1,121,811	-	1,121,811	1,112,046	1,174,724	1,212,462	1,248,753	1,287,945
4	Capital Release Provision	(57,026)	-	(57,026)	-	-	-	-	-
5	Drivers	59,085	-	59,085	62,520	64,822	66,634	67,982	70,043
6	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
7	**Total Net Premiums Written**	**1,107,478**	**-**	**1,107,478**	**1,158,180**	**1,222,668**	**1,261,712**	**1,298,829**	**1,339,545**
8	**Net Premiums Earned**								
9	Motor Vehicles	1,103,695	-	1,103,695	1,119,108	1,143,788	1,193,836	1,230,841	1,268,601
10	Capital Release Provision	(65,568)	-	(65,568)	(28,558)	-	-	-	-
11	Drivers	59,896	-	59,896	61,180	63,693	65,745	67,321	69,032
12	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
13	**Total Net Premiums Earned**	**1,081,631**	**-**	**1,081,631**	**1,135,344**	**1,190,603**	**1,242,197**	**1,280,256**	**1,319,190**
14	Service Fees & Other Revenues	27,277	(588)	26,689	26,904	27,120	27,707	28,340	29,009
15	**Total Earned Revenues**	**1,108,908**	**(588)**	**1,108,320**	**1,162,248**	**1,217,723**	**1,269,904**	**1,308,596**	**1,348,199**
16	Claims Incurred	903,129	57,095	960,224	922,894	969,379	1,002,628	1,038,266	1,074,941
17	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-	-	-
18	(a) Claims Incurred - Interest Rate Impact	(101,437)	(21,018)	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
19	**Total Claims Incurred**	**801,692**	**36,077**	**837,769**	**930,071**	**964,848**	**991,476**	**1,026,755**	**1,062,759**
20	Claims Expense	146,265	-	146,265	155,922	146,435	147,569	140,774	140,545
21	Road Safety/Loss Prevention	10,530	-	10,530	14,461	12,127	12,109	12,186	12,333
22	**Total Claims Costs**	**958,487**	**36,077**	**994,564**	**1,100,454**	**1,123,410**	**1,151,154**	**1,179,715**	**1,215,637**
23	**Expenses**								
24	Operating	86,526	-	86,526	98,357	93,404	94,830	91,450	91,296
25	Commissions	47,548	935	48,483	50,817	57,383	57,194	57,436	57,729
26	Premium Taxes	32,941	775	33,716	35,239	37,188	38,375	39,504	40,741
27	Regulatory/Appeal	4,769	-	4,769	4,637	4,239	4,328	4,346	4,366
28	**Total Expenses**	**171,784**	**1,710**	**173,494**	**189,050**	**192,214**	**194,727**	**192,736**	**194,132**
29	**Underwriting Income (Loss)**	**(21,363)**	**(38,375)**	**(59,738)**	**(127,256)**	**(97,901)**	**(75,977)**	**(63,855)**	**(61,570)**
30	**Investment Income**	98,194	-	98,194	125,102	127,419	133,125	140,780	151,537
31	(b) Investment Income - Interest Rate Impact	(115,602)	-	(115,602)	496	-	-	-	-
32	**Net Investment Income**	**(17,408)**	**-**	**(17,408)**	**125,598**	**127,419**	**133,125**	**140,780**	**151,537**
33	**Gain (Loss) on Sale of Property**	112	-	112	-	-	-	-	-
34	**Net Income (Loss) from Annual Operations**	**(38,659)**	**(38,375)**	**(77,034)**	**(1,658)**	**29,518**	**57,148**	**76,925**	**89,967**
35	Total net Impact due to interest rate change (b) - (a)	(14,165)	21,018	6,853	(6,681)	4,531	11,152	11,511	12,182
36	**Net Income (Loss) from Annual Operations**				**(1,658)**	**29,518**	**57,148**	**76,925**	**89,967**
37	Adjust for Initiative Expenses (BO 12.1 d)				(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
38	**Net Income (Loss) for Rate Setting Purposes**				**27,537**	**55,660**	**83,757**	**87,660**	**93,601**

Figure 2 PF-9 Statement of Financial Position: Re-forecast per CAC (MPI) 1-1(c) - IFRS 17 Forecast with IFRS 4 Presentation

Multi-year - Statement of Financial Position

Line No.	*2024 GRA Base with 2.28% RI in 2024/25 (C$ 000s, rounding may affect totals)*		*IFRS 4*		*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*
					As at March 31,					
				IFRS 17						
1		(Reclass)	2023A	Adj.	2023BF	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**									
3	**Assets**									
4	Cash and cash equivalents		102,396	-	102,396	2,090	4,905	7,893	11,406	15,721
5	Investments		2,786,044	-	2,786,044	2,918,650	2,991,470	3,116,825	3,300,179	3,507,103
6	Investment property		5,759	-	5,759	5,604	5,449	5,295	5,140	4,985
7	Due from other insurance companies		28	(28)						
8	Accounts receivable	(c)	435,767	(435,767)	-	-	-	-	-	-
9	Prepaid expenses		-	-	-	-	-	-	-	-
10	Deferred policy acquisition costs		39,383	(39,383)						
11	Reinsurance asset	(d)	-	4,322	4,322	-	-	-	-	-
12	Reinsurers' share of unearned premiums		-	-						
13	Reinsurers' share of unpaid claims	(d)	4,657	(4,657)						
14	Property and Equipment		124,238	-	124,238	133,543	144,396	167,842	168,994	170,146
15	Deferred development costs		28,271	-	28,271	33,972	36,422	34,057	27,861	21,971
16	**Total Assets**		**3,526,543**	**(475,513)**	**3,051,030**	**3,093,859**	**3,182,642**	**3,331,912**	**3,513,580**	**3,719,926**
17	**Liabilities**									
18	Due to other insurance companies	(d)	363	(363)						
19	Accounts payable and accrued liabilities		58,748	-	58,748	69,113	66,045	64,557	61,937	61,529
20	Reinsurance Liability	(d)	-	-	-	320	320	320	320	320
21	Lease obligation		5,308	-	5,308	5,276	5,153	5,031	4,908	4,785
22	Unearned premiums and fees	(a)	580,335	(580,335)						
23	Insurance contract liability	(a)(b)(c)		2,203,302	2,203,302	2,230,879	2,281,308	2,323,470	2,369,385	2,418,647
24	Provision for employee current benefits		19,784	-	19,784	20,670	21,347	22,024	22,701	23,378
25	Provision for employee future benefits		328,847	-	328,847	340,182	351,515	362,847	374,180	385,513
26	Provision for unpaid claims	(b)	2,121,691	(2,121,691)						
27	**Total Liabilities**		**3,115,076**	**(499,087)**	**2,615,989**	**2,666,440**	**2,725,688**	**2,778,249**	**2,833,431**	**2,894,172**
28	**Equity**									
29	Retained Earnings		354,676	23,570	378,246	417,467	447,007	543,713	670,199	815,804
30	Accumulated Other Comprehensive Income		56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
31	**Total Equity**		**411,469**	**23,570**	**435,039**	**427,414**	**456,954**	**553,660**	**680,146**	**825,751**
32	**Total Liabilities & Equity**		**3,526,545**	**(475,516)**	**3,051,029**	**3,093,855**	**3,182,642**	**3,331,909**	**3,513,578**	**3,719,924**

Figure 3 PF-10 Statement of Changes in Equity: 2.28% Basic Rate Change - IFRS 17 Forecast with IFRS 4 Presentation

Line No.	*2024 GRA Base with 2.28% RI in 2024/25* *(C$ 000s, except where noted)*	*IFRS 4* 2023A	IFRS 17 Adj.	*IFRS 17* 2023BF	*IFRS 17* 2024BF	*IFRS 17* 2025F	*IFRS 17* 2026F	*IFRS 17* 2027F	*IFRS 17* 2028F
				For the Years Ended March 31,					
1	**BASIC**								
2	**Total Equity**								
3	**Retained Earnings**								
4	Beginning Balance	359,335		378,246	378,246	417,467	447,007	543,713	670,199
5	Restatement of AOCI on AFS Assets (IFRS 9)				46,845	0	0	0	-
6	Restatement of MUSH Assets to FVTPL (IFRS 9)				(5,966)	-	-	-	-
7	Restatement of Claims Discount Rate (IFRS 17)	-	86,273		-	-	-	-	-
8	Restatement of Risk Adjustment (IFRS 17)	-	13,345		-	-	-	-	-
9	Restatement of DPAC (IFRS 17)	-	(37,673)		-	-	-	-	-
10	Net Income (Loss) from annual operations	(38,659)	(38,375)		(1,658)	29,518	57,148	76,925	89,967
11	Rebate to Policyholders	-	-		-	-	-	-	-
12	Transfer (to) / from Non-Basic Retained Earnings	34,000	-		-	22	39,558	49,561	55,638
13	**Total Retained Earnings**	**354,676**	**23,570**	**378,246**	**417,467**	**447,007**	**543,713**	**670,199**	**815,804**
14	**Total Accumulated Other Comprehensive Income**								
15	Beginning Balance	51,428		51,428	56,793	9,947	9,947	9,947	9,947
16	Other Comprehensive Income on Available for Sale Assets	(31,291)		(31,291)	(1)	0	0	-	-
17	Restatement of AOCI on AFS Assets (IFRS 9)				(46,845)	(0)	(0)	(0)	-
18	Change in Remeasurement of Employee Future Benefits	36,656		36,656	-	-	-	-	-
19	**Total Accumulated Other Comprehensive Income**	56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
20	**Total Accumulated Other Comprehensive Income Balance**								
21	**Employee Future Benefits Portfolio**								
22	Available for Sale Assets	30,889		30,889	0	0	0	0	0
23	Employee Future Benefits Liabilities	9,946		9,946	9,946	9,946	9,946	9,946	9,946
24	**Rate Stabilization Reserve Portfolio**								
25	Available for Sale Assets	15,957		15,957	0	0	0	0	0
26	**Total Accumulated Other Comprehensive Income Balance**	56,793		56,793	9,947	9,947	9,947	9,947	9,947
27	**Total Equity Balance**	**411,469**	**23,570**	**435,039**	**427,414**	**456,954**	**553,660**	**680,146**	**825,751**
28	MINIMUM CAPITAL TEST (C$ 000s)								
29	**Total Equity Balance**	**411,467**	**23,570**	**435,037**	**427,414**	**456,954**	**553,660**	**680,146**	**825,751**
30	Less: Assets Requiring 100% Capital	28,366		28,366	33,972	36,422	34,057	27,861	21,971
31	Capital Available	383,101	23,570	406,671	393,442	420,532	519,603	652,285	803,780
32	Minimum Capital Required (100% MCT)	345,847	5,526	351,373	430,363	448,104	469,224	495,031	528,733
33	MCT Ratio % (Line 30) / (Line 31)	**110.8%**	**5.0%**	**115.8%**	**91.4%**	**93.9%**	**110.7%**	**131.8%**	**152.0%**

d) Please see figure below:

Figure 4 Basic Implementation Expenses Deferred for Rate Setting Purposes and Recovery Schedule

Line No.	Project Name	Implementation Expenses Deferred for Rate Setting Purposes 2022/23A	2023/24F	2024/25B	2025/26B	Total Implementation Expenses Deferred	Recovery of Implementation Expenses Deferred 2026/27F	2027/28F	2028/29F	2029/30F	2030/31F	2031/32F	Total Implementation Expenses Recovered
1	*(C$000s, except where noted)*												
2	Cyber Security Maturity Assessment (ISM)	114,893	-	-	-	114,893	22,979	22,979	22,979	22,979	22,977		114,893
3	Network Operations Centre as a Service	90,659	-	-	-	90,659	18,132	18,132	18,132	18,132	18,131		90,659
4	IBM Infrastructure Refresh - M/S Windows Server 2012	597,002	-	-	-	597,002	119,400	119,400	119,400	119,400	119,402		597,002
5	Vulnerability Management	168,467	212,777	-	-	381,244	76,249	76,249	76,249	76,249	76,248		381,244
6	IT GRC Framework	302,936	-	-	-	302,936	60,587	60,587	60,587	60,587	60,588		302,936
7	Cloud Security Enhancement	26,928	-	-	-	26,928	5,386	5,386	5,386	5,386	5,384		26,928
8	Detection Capability Enhancement	88,564	-	-	-	88,564	17,713	17,713	17,713	17,713	17,712		88,564
9	Enterprise Monitoring (impaired - no future value) (TRM 2021/22)	266,801	-	-	-	266,801	53,360	53,360	53,360	53,360	53,361		266,801
10	Static Application Security Testing (SAST) (2891) (TRM 2021/22)	154,413	252,204	-	-	406,617	81,324	81,324	81,324	81,324	81,321		406,617
11	Cryptographic Key Management (2866) (TRM 2021/22)	125,011	16,038	-	-	141,049	28,210	28,210	28,210	28,210	28,209		141,049
12	Privileged Access Management (PAM) - Enterprise Environment (TRM 2021/22)	455,663	172,287	-	-	627,950	125,590	125,590	125,590	125,590	125,590		627,950
13	IBM Infrastructure Refresh - SQL 2012 (TRM 2021/22)	25,154	-	-	-	25,154	5,031	5,031	5,031	5,031	5,030		25,154
14	Infrastructure Security Capacity Initiative (TRM 2021/22)	(838)	-	-	-	(838)	(168)	(168)	(168)	(168)	(166)		(838)
15	IBM Infrastructure Refresh - Windows 2012 Server (TRM 2021/22)	5,465	-	-	-	5,465	1,093	1,093	1,093	1,093	1,093		5,465
16	IBM Infrastructure Refresh (iseries) (TRM 2021/22)	8,549	-	-	-	8,549	1,710	1,710	1,710	1,710	1,709		8,549
17	Privileged Access Management (Enterprise Environment) (impaired - no future value)	660,340	-	-	-	660,340	132,068	132,068	132,068	132,068	132,068		660,340
18	Infrastructure Security Remediation (TRM 2020/21)	1,335	-	-	-	1,335	267	267	267	267	267		1,335
19	HRMS Gap Analysis	199,953	-	-	-	199,953	39,991	39,991	39,991	39,991	39,989		199,953
20	eTransfer Capability	153,524	8,271	-	-	161,795	32,359	32,359	32,359	32,359	32,359		161,795
21	eSignature	541,023	2,005	-	-	543,028	108,606	108,606	108,606	108,606	108,604		543,028
22	eCash payment capability and direct deposit	1,411	-	-	-	1,411	282	282	282	282	283		1,411
23	Claims Dispute Tribunal Implementation	1,611	21,603	-	-	23,214	4,643	4,643	4,643	4,643	4,642		23,214
24	Customer Experience Maturity	44,238	-	-	-	44,238	8,848	8,848	8,848	8,848	8,846		44,238
25	BPM & Lean CoE 1.0	30,920	-	-	-	30,920	6,184	6,184	6,184	6,184	6,184		30,920
26	ORM Roadmap & Taxonomy	11,497	-	-	-	11,497	2,299	2,299	2,299	2,299	2,301		11,497
27	Cloud backup & Recovery	76,817	-	-	-	76,817	15,363	15,363	15,363	15,363	15,365		76,817
28	Key Management Fortanix	147,299	14,702	-	-	162,001	32,400	32,400	32,400	32,400	32,401		162,001
29	Investment Reporting Solution	1,337	-	-	-	1,337	267	267	267	267	269		1,337
30	VFN 2.0	1,114	-	-	-	1,114	223	223	223	223	222		1,114

Basic Implementation Expenses Deferred for Rate Setting Purposes and Recovery Schedule *(cont'd)*

		Implementation Expenses Deferred for Rate Setting Purposes					Recovery of Implementation Expenses Deferred						
	Project Name	2022/23A	2023/24F	2024/25B	2025/26B	Total Implementation Expenses Deferred	2026/27F	2027/28F	2028/29F	2029/30F	2030/31F	2031/32F	Total Implementation Expenses Recovered
31	Prosci ECM License	98,285	-	-	-	98,285	19,657	19,657	19,657	19,657	19,657		98,285
32	BPM and Lean CoE 2.0	96,948	324,529	-	-	421,477	84,295	84,295	84,295	84,295	84,297		421,477
33	Total Loss Payment by e-Transfer	48,856	12,251	-	-	61,107	12,221	12,221	12,221	12,221	12,223		61,107
34	*(C$000s, except where noted)*												
35	Automated Driver Examiner Scoring	-	48,263	-	-	48,263	9,653	9,653	9,653	9,653	9,651		48,263
36	Culture 2.0 Framework	77,220	-	-	-	77,220	15,444	15,444	15,444	15,444	15,444		77,220
37	Employee Experience	42,590	-	-	-	42,590	8,518	8,518	8,518	8,518	8,518		42,590
38	Leadership Agility Sustainment	182,437	-	-	-	182,437	36,487	36,487	36,487	36,487	36,489		182,437
39	Coaching Skills	13,647	-	-	-	13,647	2,729	2,729	2,729	2,729	2,731		13,647
40	Desktop as a Service	296,462	-	-	-	296,462	59,292	59,292	59,292	59,292	59,294		296,462
41	Unified Endpoint Management	80,475	-	-	-	80,475	16,095	16,095	16,095	16,095	16,095		80,475
42	ECM – Collaboration Migration	851,183	6,683	-	-	857,866	171,573	171,573	171,573	171,573	171,574		857,866
43	ECM – Intranet 2.0	34,651	98,539	-	-	133,190	26,638	26,638	26,638	26,638	26,638		133,190
44	ECM Program	138,773	-	-	-	138,773	27,755	27,755	27,755	27,755	27,753		138,773
45	Knowledge Net & Brokers Online	308,279	435,699	-	-	743,978	148,796	148,796	148,796	148,796	148,794		743,978
46	Power BI Rollout Phase 2	128,158	-	-	-	128,158	25,632	25,632	25,632	25,632	25,630		128,158
47	Enterprise Information Architect for DMA	62,110	-	-	-	62,110	12,422	12,422	12,422	12,422	12,422		62,110
48	Duck Data mart enrichment	33,369	-	-	-	33,369	6,674	6,674	6,674	6,674	6,673		33,369
49	DMA - New Data Modelling Tool	220,423	-	-	-	220,423	44,085	44,085	44,085	44,085	44,083		220,423
50	DMA - Data Governance Tool Implementation Part - 1	1,003	25,988	-	-	26,991	5,398	5,398	5,398	5,398	5,399		26,991
51	BI3 Upgrade to Cloud	228,763	1,303,261	-	-	1,532,024	306,405	306,405	306,405	306,405	306,404		1,532,024
52	Cloud Migration	788,517	1,334,664	-	-	2,123,181	424,636	424,636	424,636	424,636	424,637		2,123,181
53	ECM-Public Website	362,247	-	-	-	362,247	72,449	72,449	72,449	72,449	72,451		362,247
54	ECM Content Architecture	28,858	45,392	-	-	74,250	14,850	14,850	14,850	14,850	14,850		74,250
55	Taxi Telemastics	205	278,233	-	-	278,438	55,688	55,688	55,688	55,688	55,686		278,438
56	Independent Vulnerability & Penetration Testing	731	38,907	-	-	39,638	7,928	7,928	7,928	7,928	7,926		39,638
57	Configuration Hardening Enhancements	731	109,964	-	-	110,695	22,139	22,139	22,139	22,139	22,139		110,695
58	Enhance Detection Capability of Cloud and Digital Assets	1,461	594,416	-	-	595,877	119,175	119,175	119,175	119,175	119,177		595,877
59	Master Data Management	-	230,034	-	-	230,034	46,007	46,007	46,007	46,007	46,006		230,034
60	BI Report Rationalization	-	212,444	-	-	212,444	42,489	42,489	42,489	42,489	42,488		212,444
61	Content Architecture Phase 2	-	185,625	-	-	185,625	37,125	37,125	37,125	37,125	37,125		185,625
62	EFM - CX & EX Data Collection	-	371,250	-	-	371,250	74,250	74,250	74,250	74,250	74,250		371,250
63	2023/24 Unallocated Budget	-	11,753,549	-	-	11,753,549	2,350,710	2,350,710	2,350,710	2,350,710	2,350,709		11,753,549
64	2024/25 Unallocated Budget	-	-	13,654,575	-	13,654,575	2,730,915	2,730,915	2,730,915	2,730,915	2,730,915		13,654,575
65	2025/26 Unallocated Budget	-	-	-	18,109,575	18,109,575	-	3,621,915	3,621,915	3,621,915	3,621,915	3,621,915	18,109,575
66	**Total Implementation Expenses**	**8,428,468**	**18,109,578**	**13,654,575**	**18,109,575**	**58,302,196**	**8,038,526**	**11,660,441**	**11,660,441**	**11,660,441**	**11,660,432**	**3,621,915**	**58,302,196**

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Part and Chapter:	**Part II Overview**	**Page No.:**	**9 of 10**
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Staffing**		
Sub Topic:			

Preamble to IR:

On pages 9, Part II – Overview MPI states:

> *"2. committing not to increase full-time equivalent counts past budgeted targets;"*
>
> *A Winnipeg Free Press article dated February 11, 2023 titled "MPI slashes hiring plan amid outcry" states:*
>
> *"Justice Minister Kelvin Goertzen, who is also the minister responsible for MPI, confirmed in an interview with he Free Press the PC government was concerned about MPI hiring plans, which were tabled in a draft budget in October. Before year's end, Goertzen said he told MPI to go back to the drawing board and come up with a new plan, adding a warning the Crown auto insurer's operating budget, as it stood then, may not get government approval.*
>
> *Crown corporations must submit a draft operating budget for Treasury Board approval by October of each year, giving government time to vet spending plans in advance of the provincial budget, usually tabled the following March.*
>
> *"In my discussions with MPI late last year, they came forward with a number of 250," Goertzen said, referring to additional staff the Crown insurer wanted to add in the next fiscal year. "That immediately struck me as significantly too high. They committed to go back.*
>
> *"I think the number that they'll come back with will be significantly lower." The new hiring target cannot be publicly disclosed, Goertzen added, because it and the 2023-24 operating budget have not been*

approved. In its last rate application to the PUB, which involved public hearings last October and November, MPI said it planned to increase its headcount to 2,348 employees — a jump of 22 per cent (or more than 400 full-time positions) from pre-COVID-19 pandemic levels. Although Goertzen described the plan as involving 250 new hires next year, PUB filings show MPI sought to add 300 of those full-time positions in 2023-24."

Question:

Please provide, for clarification, the final approved staffing budget for 2023/24 compared to 2022/23 for the record.

Rationale for Question:

To clarify the final approved staffing budget for fiscal year 2023/24.

RESPONSE:

Please refer to *PUB (MPI) 1-47* for the final approved staffing budget for 2023/24 compared to 2022/23 for the record.

<u>CAC (MPI) 1-3</u>

Part and Chapter:	**Part IV Benchmarking**	**Page No.:**	**6 of 29**
PUB Approved Issue No:	**14. Operational Benchmarking**		
Topic:	**Operational Efficiency**		
Sub Topic:			

Preamble to IR:

On page 6, Part IV – Benchmarking MPI states:

> *"In section BMK.4 Operational Efficiency, MPI provides a Crown benchmarking exercise*
>
> *21 that compares the results of various corporate and operational metrics with The*
> *22 Insurance Corporation of British Columbia (ICBC) and Saskatchewan General*
> *23 Insurance (SGI). In addition to the Crown Benchmarking, and in compliance with*
> *24 Directive 12.22, MPI files an Executive summary report prepared by AON (Attachment*
> *25 A) and a complete version of the report (Attachment B - MPI Executive Briefing AON -*
> *26 Redacted), which MPI requests to be treated confidentially to protect third party*
> *27 proprietary information and methodology. These reports contain the operational*
> *28 performance benchmarking metrics and use a larger peer group study (with public and*
> *29 private insurers), that would include operational, and some IT benchmarks."*

On page 21, Part IV –Benchmarking MPI states:

> *"MPI met with SGI and ICBC in review of strategic differences and alignment, and*
> *17 though there were similarities, ICBC and SGI did conclude that Crown comparatives*
> *18 differences are driven by varied strategic focus and priorities, and differing scale and*
> *19 size of entities for instance."*

Question:

a) In general, please provide a narrative discussion on the value received by MPI from the Crown benchmarking exercise compared to the AON benchmarking exercise.

b) Please file a copy of the AON Operational Efficiency benchmarking scope of work for review.

Rationale for Question:

To better understand the value of the operational efficiency benchmarking exercises.

RESPONSE:

a) The peer group in Crown Benchmarking is limited to ICBC and SGI. ICBC is approximately three times the size of MPI, which allows the benefits of economies of scale to accrue in their favour. SGI segments the Auto Fund for reporting purposes. To this end, SGI uses distinct parameters to allocate expenses to this line of business including the use of "implied FTEs". In addition, SGI and ICBC are at different stages of maturity related to technology as well as their approach and timing to modernizing their systems and processes, rendering them less comparable to MPI. While MPI can and has engaged in discussions to date, no organization has or plans to have resources dedicated to conducting deep dives into the underlying issues relating to IT infrastructure, processes, staffing levels, spans of control, etc. At best, the report provides MPI with insight into developments or challenges in the respective markets of the participants. The results of benchmarking do not provide MPI with insight into actions that it can take to improve its own metrics.

However, a similar critique may also be offered in respect of the AON Benchmarking exercise, in that MPI cannot be easily compared to its peers, especially those without similar public mandates. The results are informative but may not be entirely relevant.

While benchmarking exercises are not devoid of value, MPI believes that its primary focus must be on improving the value it delivers to Manitobans through cost containment strategies and by leveraging use of appropriate technology.

b) Please refer to *Attachment A - AON Ward Benchmarking Statement of Work for MPI - Confidential*.

Attachment A:
AON Ward Benchmarking Statement of Work for MPI

This material is the subject of a confidential motion.

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Part and Chapter:	**Part IV Benchmarking**	**Page No.:**	**18 of 29**
PUB Approved Issue No:	**14. Operational Benchmarking**		
Topic:	**Customer service measures**		
Sub Topic:			

Preamble to IR:

On page 18 Part IV - Benchmarking MPI states:

> *"MPI is focused on the decline in the experience among customers involved in*
> *9 claims. Customer feedback identified several influential factors, including timeliness of*
> *10 the claim process, communication through the claim process, and valuation when a*
> *11 total loss is involved. Continuous improvement initiatives are underway to introduce*
> *12 operational efficiencies that will reduce cycle time, increase communication efficiency,*
> *13 and provide better information to customers throughout the claim process."*

Question:

a) Please provide a narrative discussion of the impacts Covid-19 had on the decline in the customer experience involving claims.

b) Please provide a narrative discussion and comparison in the customer experience involving claims when the claimant has the claim estimated and adjudicated at the repair facility (body shop) vs. at an MPI claim center.

c) Please provide an analysis for the last two fiscal years by month (2021/22 and 2022/23) of the number of calls received by the call center relating to claims and the average wait time a claim customer waits on the phone to speak to a representative.

d) Please explain if every claim is assigned to an adjuster and, if yes, whether the claim customer is advised of the name and phone number of the adjuster for contact purposes.

Rationale for Question:

To better understand the declining customer experience involving claims.

RESPONSE:

a) Customer experience was affected by several issues that emerged and evolved over the course of COVID-19. These issues include but are not limited to:

- Repair delays
    - The industry faced several supply chain issues which directly impacted repair shops and their ability to complete repairs.
        - Parts supply chain delays pushed repair dates out. Customers were unable to receive firm repair dates, and often repairs were delayed longer than the customer anticipated.
    - Shop technician and staff shortages contributed to delays and customer frustration. Repair technicians left the business during the Pandemic leading to customer difficulty finding repair shops with capacity.
    - MPI attempted to combat this with a temporary repair response whereby shops were allowed to bill for temporary repairs to allow customers to get their vehicles back sooner and return once parts arrived.

- Rental car availability
  - Due to repair delays, customers spent longer periods in rental cars.
  - This also translated to less available rental vehicles, therefore those customers looking for a rental were having difficulties obtaining one to use.
  - MPI attempted to combat this with extending Loss of Use (LOU) coverage from 30 days to 60 days for customers with existing LOU coverage to reduce stress on those who otherwise would have exceeded their coverage.

- Vehicle Pricing Issues
  - Due to Original Equipment Manufacturers (OEM) supply chain issues, the used vehicle market reached an all-time high for vehicle valuations.
    - Customer expectations quickly grew as the value of their vehicles continued to climb.
  - Many OEMs were unable to fill orders in a timely manner, which resulted in customer delays for replacement vehicles.
  - Less replacement vehicles were available, which made it more difficult for customers involved in Total Losses. The low supply also assisted in driving up vehicle valuations.
    - Customers delayed Total Loss negotiations to explore market pricing or look for a replacement vehicle prior to settlement.
    - Customers were unhappy with the inability to readily replace lost vehicles.

- Working From Home
  - Social distancing, virtual meetings and changes to the work environment made it challenging to converse with customers.
  - Supported customers in alternative ways to in-person such as payments over the phone, waiving photo requirements, and accepting email authorizations.
  - Staffing issues, mostly related to high turnover, meant more staff with insufficient training, which impacted customer service levels.

  - Several Service Centres were utilized for COVID-19 testing sites resulting in customers having to travel to alternate locations for MPI services.

- Backlog and Return to Work
  - As the world started to return to a new normal, both MPI and shops continued to deal with a backlog of work. Delays in communication and repairs continued to lead to customer frustration.
  - MPI employees also transitioned back to the office, which directly impacted how they interacted with customers on a day-to-day basis.

- Claim Conditions
  - Winter weather conditions and summer storms placed pressure on claim resources.

b) The overall customer experience metrics obtained during 2021 and 2022 by the annual CX Index™ survey indicate that this interaction is in the high 'Good' range or better for both claimants who had their estimate completed at MPI and for claimants who had their estimate completed at a Direct Repair facility. There are no statistically significant differences identified between these two claimant groups. Taking that into account, there is an observed difference where customers whose estimate was completed at a Direct Repair facility provided better overall ratings than customers who had their estimate completed at an MPI location.

As noted in the table below, the CX Index™ for both claimant groups are above the minimum threshold (70.0). Customers who had a Direct Repair estimate are above the ideal threshold (80.0).

- MPI estimate: 76.7
- Direct Repair estimate: 85.2

	MPI Estimate	DR Estimate
CX Index™ Score	76.7	85.2
CX Index™ - Segments:		
Very poor	20%	11%
Poor	3%	5%
OK	7%	5%
Good	4%	5%
Excellent	66%	74%
Effectiveness	76%	84%
Ease	78%	84%
Emotion	70%	80%
Satisfaction	68%	74%
Advocacy	73%	70%

Please note that the above comparison is based on responses in the Annual CX Index™ study and excludes claimants who experienced a total loss. Results are presented only among customers who indicated that their most recent interaction was for processing a physical damage claim and where the estimation location was known. The comparison presented is for experiences in both 2021 and 2022 combined, allowing for minimum sample sizes to complete tests for statistically significant differences. Feedback from 109 customers who had their estimate completed at MPI and from 61 customers who had their estimate completed at a Direct Repair facility are compared.

Most customers in both comparison groups report an 'Excellent' experience within the categorization of CX Index™ scores (66% MPI; 74% Direct Repair). Regardless of where the estimate was completed, there is a group of claimants who report a 'Poor' or 'Very poor' experience (23% MPI; 16% Direct Repair).

Most customers are satisfied, with no significant differences between those who had an MPI estimate, or a Direct Repair estimate completed (Satisfaction: 68% MPI; 74% Direct Repair).

Both customer groups gave high ratings to the Effectiveness (76% MPI; 84% Direct Repair) and Ease (78% MPI; 84% Direct Repair) of their interaction, and both reported a positive experience overall (Emotion: 70% MPI; 80% Direct Repair). The majority in both groups are likely to speak highly of the interaction to family or friends (Advocacy: 73% MPI; 70% Direct Repair).

c) Although the Contact Centre operations team experienced an increase of over 25,000 offered calls relating to claims in FY2022-23, the average wait time from the point the call was placed in the queue to when the agent answered was lower than the prior year. The monthly average speed of answer (ASA) improvement of 24% means agents are answering calls more quickly and dealing with issues more efficiently.

SUMMARY

	FY2021-2022	FY2022-2023	YoY Change	YoY Change %
Calls Offered (Claims) - *Monthly Average*	21,056	23,157	2,101	10%
Calls Offered (Claims) - *Minimum*	14,559	21,303	6,744	46%
Calls Offered (Claims) - *Median*	19,920	22,789	2,869	14%
Calls Offered (Claims) - *Max*	28,731	25,870	(2,861)	-10%
Wait Time(ASA*) - *Monthly Average (secs)*	206	157	(49)	-24%
Wait Time (ASA*) - *Minimum (secs)*	26	25	(1)	-4%
Wait Time (ASA*) - *Median (secs)*	214	164	(50)	-23%
Wait Time (ASA*) - *Maximum (secs)*	461	268	(193)	-42%

** ASA = Average speed of answer: Time it takes for calls to be answered from the instant a customer is placed in a queue to the moment an agent answers the call*

DATA

Month-Year	Calls Offered	ASA	Month-Year	Calls Offered	ASA
Apr-21	15,369	26	Apr-22	21,829	188
May-21	14,559	34	May-22	23,780	168
Jun-21	17,773	95	Jun-22	24,581	166
Jul-21	18,335	108	Jul-22	21,825	162
Aug-21	19,866	259	Aug-22	23,521	158
Sep-21	18,722	272	Sep-22	21,303	157
Oct-21	19,973	232	Oct-22	22,338	170
Nov-21	22,763	195	Nov-22	22,963	165
Dec-21	23,288	174	Dec-22	25,870	268
Jan-22	27,324	339	Jan-23	25,122	143
Feb-22	25,966	461	Feb-23	22,132	109
Mar-22	28,731	276	Mar-23	22,614	25
FY2021-2022	252,669		FY2022-2023	277,878	

d) Every customer is given the contact name and phone number of the adjuster or adjusting team for their claim. Upon customer request, they can also be provided with the email address of their adjuster or adjusting team.

There are some types of claims where this information may not be provided or not provided at the time of the claim being opened, including:

- Non-contentious glass claims do not require this information.

- Out-of-Province claims (where a Manitoba driver was involved in an accident outside of Manitoba) do not have an adjuster assigned at the time of claim being reported, but the Contact Centre agent does provide an email address for the Brandon Out-of-Province department. All files are then assigned to an individual adjuster by the Brandon Out-of-Province Department within one business day for non-drivable vehicles and three business days for drivable ones. Once the individual adjuster is assigned, they are expected to contact the customer in a timely fashion and provide their contact information, typically within one day.

- Claims where the physical damage claim is open solely for the bodily injury claim to be registered will not necessarily result in the caller being given physical damage adjusting team information, but the customer will be provided contact information for the bodily injury department that their claim is assigned to.

In addition to the customer being provided adjuster information verbally by the Contact Centre agent, other ways this can be provided or accessed by the customer include:

- If the caller is the registered owner
  - and provides their email address for the purpose of obtaining claims information and communication, they are also emailed the information including adjuster contact information via the CARE Application as soon as their claim is opened
  - they are provided information on how to check the progress of their claim online, via Check My Claim (checkmyclaim.mpi.mb.ca), where adjuster information is again shared

- If the caller is not the registered owner, they can be emailed information pertinent to their claim via the CARE Application (excluding specific information that is only shared with the registered owner)

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Part and Chapter:	Part IV Benchmarking BMK Attachment A	Page No.:	4 of 8
PUB Approved Issue No:	12. Operational benchmarking		
Topic:	AON report dated March 7, 2023—Operational Heat Index		
Sub Topic:			

Preamble to IR:

On page 4, Part IV – Benchmarking Attachment A, AON provides a chart showing various functions comparing headcount to expenses.

Question:

a) Please provide explanations, including the detailed calculations, of why the following functions scored in quadrant 4:

L. Corporate Claims
M. Claims Loss Reporting and Support
Q. Finance
T. General Counsel
Z. Information Technology
AA. Investment Management

b) Please elaborate actions MPI is anticipating as a result of learnings from the AON operational heat index.

Rationale for Question:

To understand and clarify the outputs of the operational heat index.

RESPONSE:

a) AON provided the following response.

Corporate Claims

The heat map shows functions over 25% larger than the benchmark in the red quadrant (4). For Corporate Claims expense ratio (expenses / revenue), MPI's is 58 basis points above benchmark. This translates into $6.7M above benchmark. Since MPI has low deductibles and covers every driver no matter their driving record (even high-risk drivers), MPI is a much higher claim frequency at 2.7 times the frequency of the industry. This requires more resources to manage the additional claims. This function contains fraud investigation, salvage, subrogation and medical management. These functions require more headcount to manage 2.7 times more claims volume, therefore more expense than the benchmark. The expense ratio is not 3 times the benchmark. It is much lower at 1.5 times the benchmark. Also, the over-all claims function (when you add in all 4 areas of claims: Corporate, Loss Reporting, Adjusting and Litigation), MPI is favorable to the benchmark by $26M.

Claims Loss Reporting and Support

The heat map shows functions over 25% larger than the benchmark in the red quadrant (4). For Claims Loss Reporting and Support expense ratio (expenses / revenue), MPI's is 52 basis points above benchmark. This translates into $6.3M above benchmark. Since MPI has low deductibles and covers every driver no matter their driving record (even high-risk drivers), MPI is a much higher claim frequency at 2.7 times the frequency of the industry. This function handles all of the initial claim contact (when someone contacts MPI to report a claim). This function requires more headcount to manage 2.7 times more claims volume. The expense ratio is not 3 times the benchmark. It is lower at 2.1 times the benchmark. Also, the over-all claims function (when you add in all 4 areas of claims: Corporate, Loss Reporting, Adjusting and Litigation), MPI is favorable to the benchmark by $26M.

Finance

MPI's Finance function is two basis points above the benchmark which translates into $250K above the benchmark. This is less than 5% of the total department budget. MPI considers this function within benchmark average.

General Counsel

MPI's General Counsel function does have more headcount than the benchmark because MPI is a Crown corporation while most of the other benchmarking companies are in the private sector. As a consequence, MPI has more headcount dedicated to government relations than benchmark.

The benchmarks outsource approximately 25% of the total expense, so therefore they will have less headcount. When looking at the total spend in General Counsel, MPI spends 19 basis points versus the benchmark of 16 basis points. AON considers that a minor gap of less than $400K. Once the additional headcount needed for government affairs is factored in, the gap becomes negligible.

Information Technology

Please refer to page 8 of BMK Attachment A for IT benchmarking results and further explanation.

Investment Management

MPI's Investment Management function is 25 basis points above benchmark which translates into $2.6M above benchmark. When looking over MPI's investment mix, MPI is heavier in equity investments at 15.6% of its portfolio versus benchmark of 9.1%. Managing an equity portfolio tends to be more expensive than managing a bond portfolio, so MPI will incur more cost given a higher asset allocation to equities.

b) MPI does not plan to take any actions as a result of the learnings from the AON operational heat map as the findings generally support that MPI is operating within benchmark averages.

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Part and Chapter:	Part IX EXP Appendix 2	Page No.:	N/A
PUB Approved Issue No:	5. Financial Forecasts		
Topic:	Basic Operating expenses alignment with IFRS 17		
Sub Topic:			

Preamble to IR:

Part IX – EXP Appendix 2 displays Basic Expenses by Category of account, by year and further disaggregated into Claims Expenses, Operating Expenses, Road Safety, Regulatory/Appeal and Total.

This statement of basic expenses can be reconciled to PF -1 Statement of Operations based on IFRS 4 reporting. However, this statement of basic expense cannot be reconciled to PF -11, page 10 Statement of Operations based on IFRS 17 reporting.

Part IX -PF Appendix 1a IFRS 17 Acquisition Costs, page 22 and 23 state:

> *"Under PAA:*
> - *Expenses must be classified as acquisition expenses or maintenance expenses.*
> - *Acquisition costs can be expensed as incurred or included in LRC and recognized over the contract period (if included in LRC then LRC is reduced as well as the revenue that is eventually realized).*
> - *Expenses must be split between directly attributable and non-directly attributable expenses for presentation purposes – directly attributable expenses are part of the insurance service result, whereas non-directly attributable expenses are not.*
> - *Non-directly attributable expenses are presented outside the insurance service result as "Other expenses" in the statement of financial performance*
> - *Directly attributable maintenance expenses are recognized as incurred through the remaining coverage period.*

- *Revenue is recorded as the expected premium receipts recognized over the coverage period."*

Question:

For greater clarity and understanding of Basic Expenses presentation on the Statement of Operations (PF -11), please file a reorganized Part IX – EXP Appendix 2 that reconciles to the PF – 11 Statement of Operations account categorization. Please also provide the lead sheets reconciling the flow of expenses.

Rationale for Question:

To clarify the basic expense presentation of IFRS 17 financial statements compared to IFRS 4.

RESPONSE:

Figure 1 below is a revised Statement of Operations (PF-11) showing more detail for Insurance Service Expenses found on Line 14 and Other Operating Expenses found on Line 32. In addition, *Figure 2* and *Figure 3* provide the same detail for the fiscal periods from 2022/23 ending in 2025/26.

Figure 1 PF-1 Statement of Operations Presentation Comparative - 2023/24 with IFRS 17 Accounting

Statement of Operations
Current Presentation

Line No.	*2023/24 - With IFRS 17 accounting under Current (IFRS 4) Presentation* *(C$ 000s, rounding may affect totals)*	*For the Year Ended March 31,*
1		**2024F**
2	**BASIC**	
3	Motor Vehicles	1,112,046
4	Drivers	62,520
5	Reinsurance Ceded	(16,386)
6	**Total Net Premiums Written**	**1,158,180**
7		
8	**Net Premiums Earned**	
9	Motor Vehicles	1,090,550
10	Drivers	61,180
11	Reinsurance Ceded	(16,386)
12	**Total Net Premiums Earned**	**1,135,344**
13	Service Fees & Other Revenues	26,904
14	**Total Earned Revenues**	**1,162,248**
15		
16	Claims Incurred	922,894
17	DPAC \ Premium Deficiency Adjustment	-
18	(a) Claims Incurred - Interest Rate Impact	7,177
19	**Total Claims Incurred**	**930,071**
20		
21	Claims Expense	155,922
22	Road Safety/Loss Prevention	14,461
23	**Total Claims Costs**	**1,100,454**
24		
25	**Expenses**	
26	Operating	98,357
27	Commissions	50,817
28	Premium Taxes	35,239
29	Regulatory/Appeal	4,637
30	**Total Expenses**	**189,050**
31		
32	**Underwriting Income (Loss)**	**(127,256)**
33		
34	**Investment Income**	125,102
35	(b) Investment Income - Interest Rate Impact	496
36	**Net Investment Income**	**125,598**
37	**Gain (Loss) on Sale of Property**	-
38	**Net Income (Loss) from Operations**	**(1,658)**
39		
40	Total net Impact due to interest rate change (b) - (a)	(6,681)

Statement of Operations
Future Presentation

2023/24 - With IFRS 17 accounting under Future (IFRS 17) Presentation *(C$ 000s, rounding may affect totals)*	*For the Year Ended March 31,*	
		2024F
BASIC		
Insurance revenue		1,167,950
Insurance service expenses		
Service expense from insurance contracts issued	835,096	
Claims Expense (Maintenance)	155,922	
Commissions (Acquisition)	50,817	
Premium Taxes (Acquisition)	35,239	
Allocated Operating Expense (Acquistion)	5,632	
Allocated Operating Expense (Maintenance)	60,478	
Insurance service expenses		1,143,184
Recovered claims from reinsurance contracts		-
Expenses from reinsurance contracts held		16,386
Insurance service result		**8,380**
Net investment income		**125,598**
Finance expenses from insurance contracts issued		94,975
Finance income from reinsurance contracts held		-
Net insurance finance expenses		**94,975**
Net insurance and investment result		**39,003**
Other Income		10,684
Other Operating expenses		
Allocated Operating Expense (non-policy)	32,247	
Loss prevention/Road Safety	14,461	
Regulatory/Appeal	4,637	
Other Operating expenses		51,345
Gain (loss) on disposal of property and equipment		-
Net income from Operations		**(1,658)**

Figure 2 Insurance Service Expenses – Basic

Line No.		For the Years Ended March, 2023FB	2024F	2025F	2026F
1	*(C$000s, except where noted)*				
2	**Service expense from insurance contracts issued***	889,463	835,096	881,271	911,959
3	**Claims Expense (Maintenance)**	146,265	155,922	146,435	147,569
4	**Commissions (Acquisition)**	48,483	50,817	56,280	56,078
5	**Premium Taxes (Acquisition)**	33,716	35,239	36,389	37,550
6	**Allocated Operating Expense (Acquistion)**	4,579	5,632	4,803	4,854
7	**Allocated Operating Expense (Maintenance)**	53,193	60,478	57,504	58,426
8	**Insurance Service Expense**	**1,175,699**	**1,143,184**	**1,182,682**	**1,216,436**

* Includes Claims Incurred Expenses

Figure 3 Other Operating Expense – Basic

Line No.		For the Years Ended March, 2023FB	2024F	2025F	2026F
1	**(C$000s, except where noted)**				
2	**Allocated Operating Expense (Non-Policy)**	28,754	32,247	31,097	31,550
3	**Loss prevention/Road Safety**	10,530	14,461	12,127	12,109
4	**Regulatory/Appeal**	4,769	4,637	4,239	4,328
5	**Other Operating Expenses**	**44,053**	**51,345**	**47,463**	**47,987**

Figure 4 from *Part IX Expenses EXP Appendix 2* is reorganized into the IFRS 17 categories of Maintenance Expense, Acquisition Expense and Other Operating Expense. Given that Total Corporate Expenses are currently reported on and allocated using the Internal Cost Allocation Methodology (ICAM) prior to IFRS 17 changes, the categories of Claims Expense, Operating Expense, Regulatory/Appeal and Road Safety categories are shown for reconciliation purposes only. However, upon implementation of IFRS 17, the disaggregation into these categories will require significant effort to produce and may no longer be available. In addition, IFRS 17 related changes to the ICAM will result in allocated differences to Basic from what has currently been submitted. As mentioned in *Part IX Expenses* of the 2024 GRA, explanations with impacts to the expense allocation process under IFRS 17 will be submitted in the October rate update filing. Lead sheets for restatement of 2022/23 Corporate allocated expenses may be available at that time.

Other Insurance Service Expenses (currently referred to as Claims Incurred, Commissions and Premium Taxes) are excluded from Figure 4. For more details on claims incurred presentation under IFRS 17, please see Financial Forecasting – *Part IX Claims Incurred Discounting Chapter* CID.4 – IFRS 17 Forecast.

Figure 1 4 Year Summary of Basic Expenses by IFRS 17 Category - Total

Line No.	IFRS 17 Classification	Maintenance Expense								Acquisition Expense			
	IFRS 4 Classification	Claims				Allocated Operating				Allocated Operating			
	Expense	2022/23BF	2023/24BF	2024/25F	2025/26F	2022/23BF	2023/24BF	2024/25F	2025/26F	2022/23BF	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*												
2	Compensation - Salaries	68,966	72,053	70,586	70,311	22,990	25,971	25,453	25,706	1,650	1,864	1,827	1,845
3	Compensation - Overtime	1,327	1,085	988	1,000	312	275	251	253	10	9	8	8
4	Compensation - Benefits	16,582	16,947	16,224	16,426	5,726	6,224	5,948	6,021	406	441	422	427
5	Compensation - H & E Tax	1,536	1,617	1,657	1,651	530	593	607	604	38	42	43	43
6	**Subtotal - Compensation**	**88,411**	**91,702**	**89,455**	**89,388**	**29,557**	**33,065**	**32,259**	**32,585**	**2,103**	**2,356**	**2,300**	**2,323**
7	Data Processing	31,210	40,732	37,123	37,890	9,014	12,363	11,615	12,074	642	880	827	860
8	Special Services	8,591	6,400	4,310	4,280	2,567	4,015	2,689	2,666	1,371	2,145	1,437	1,425
9	Building Expenses	4,673	4,352	3,554	3,594	1,161	936	763	772	-	-	-	-
10	Safety/Loss Prevention Programs	474	485	433	426	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	894	832	755	764	327	319	290	293	7	7	7	7
12	Public Information/Advertising	10	15	7	7	21	109	134	133	1	6	8	8
13	Printing, Stationery, Supplies	765	423	373	371	457	350	316	316	26	20	18	18
14	Postage	1	1	(24)	(68)	1,765	1,563	1,519	1,499	41	36	35	35
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	575	823	772	781	0	0	0	0	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	972	972	949	959	247	213	208	210	-	-	-	-
19	Furniture & Equipment	1,425	777	564	562	66	48	35	35	6	4	3	3
20	Merchant Fees & Bank Charges	-	-	-	-	4,222	4,201	4,387	4,384	8	8	8	8
21	Other	1,078	1,581	1,239	1,228	2,041	1,367	1,272	1,278	290	76	66	66
22	**Subtotal - Other Expenses**	**50,668**	**57,393**	**50,055**	**50,794**	**21,888**	**25,484**	**23,227**	**23,661**	**2,394**	**3,185**	**2,409**	**2,429**
23	Depreciation-Capital Assets	3,028	3,349	3,725	4,222	739	752	836	948	28	29	32	36
24	Amortization-Deferred Development	4,158	3,478	3,200	3,165	1,009	1,177	1,181	1,232	54	63	63	65
25	**Total**	**146,265**	**155,922**	**146,435**	**147,569**	**53,193**	**60,478**	**57,504**	**58,426**	**4,579**	**5,632**	**4,803**	**4,854**
26	*Rounding may affect totals												

4 Year Summary of Basic Expenses by IFRS 17 Category - Total *(cont'd)*

	IFRS 17 Classification	Other Operating Expenses															
Line	IFRS 4 Classification	Allocated Operating				Regulatory Appeal				Road Safety				Total			
No.	Expense	2022/23BF	2023/24BF	2024/25F	2025/26F	2022/23BF	2023/24BF	2024/25F	2025/26F	2022/23BF	2023/24BF	2024/25F	2025/26F	2022/23BF	2023/24BF	2024/25F	2025/26F
28	*($000's, except where noted)*																
29	Compensation - Salaries	11,252	12,712	12,458	12,582	280	394	398	414	1,600	1,573	1,549	1,600	106,738	114,567	112,271	112,458
30	Compensation - Overtime	76	67	61	61	8	3	3	3	3	4	4	4	1,736	1,443	1,315	1,330
31	Compensation - Benefits	2,848	3,096	2,959	2,995	57	92	90	92	322	313	298	302	25,941	27,114	25,941	26,263
32	Compensation - H & E Tax	264	295	302	301	5	9	9	9	30	30	30	30	2,402	2,587	2,648	2,638
33	**Subtotal - Compensation**	**14,440**	**16,170**	**15,780**	**15,939**	**350**	**498**	**500**	**518**	**1,955**	**1,920**	**1,881**	**1,936**	**136,817**	**145,711**	**142,175**	**142,689**
34	Data Processing	4,406	6,043	5,677	5,902	-	-	-	-	-	-	-	-	45,271	60,018	55,242	56,726
35	Special Services	160	250	168	166	-	-	-	-	91	269	180	179	12,780	13,080	8,783	8,716
36	Building Expenses	613	495	404	408	5	-	-	-	62	72	59	59	6,514	5,855	4,780	4,833
37	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	2,459	4,464	3,983	3,916	2,933	4,949	4,416	4,342
38	Telephone/Telecommunications	110	107	97	98	-	-	-	-	-	-	-	-	1,338	1,266	1,149	1,162
39	Public Information/Advertising	7	38	46	46	-	-	-	-	1,855	2,376	1,323	1,311	1,895	2,544	1,518	1,505
40	Printing, Stationery, Supplies	158	121	109	109	-	-	-	1	16	22	19	19	1,422	936	836	835
41	Postage	1,430	1,265	1,230	1,214	-	-	-	-	-	-	-	-	3,237	2,865	2,760	2,680
42	Regulatory/Appeal	-	-	-	-	4,408	4,137	3,737	3,807	-	-	-	-	4,408	4,137	3,737	3,807
43	Travel and Vehicle Expense	225	470	441	446	1	1	1	1	19	26	24	24	820	1,320	1,238	1,252
44	Driver Education Program	-	-	-	-	-	-	-	-	3,200	4,465	4,354	4,473	3,200	4,465	4,354	4,473
45	Grants in Lieu of Taxes	123	106	104	105	1	-	-	-	13	16	16	16	1,356	1,307	1,277	1,290
46	Furniture & Equipment	824	596	432	430	-	-	-	-	-	-	-	-	2,321	1,425	1,034	1,030
47	Merchant Fees & Bank Charges	3,212	3,196	3,338	3,336	-	-	-	-	-	-	-	-	7,443	7,405	7,733	7,728
48	Other	2,297	2,569	2,409	2,415	1	1	1	1	66	96	88	89	5,774	5,691	5,074	5,077
49	**Subtotal - Other Expenses**	**13,566**	**15,256**	**14,455**	**14,675**	**4,416**	**4,139**	**3,739**	**3,810**	**7,781**	**11,806**	**10,046**	**10,086**	**100,712**	**117,263**	**103,931**	**105,456**
50	Depreciation-Capital Assets	353	360	400	453	3	-	-	-	90	69	77	87	4,241	4,559	5,070	5,747
51	Amortization-Deferred Development	395	461	462	482	-	-	-	-	704	666	123	-	6,320	5,844	5,029	4,944
52	**Total**	**28,754**	**32,247**	**31,097**	**31,550**	**4,769**	**4,637**	**4,239**	**4,328**	**10,530**	**14,461**	**12,127**	**12,109**	**248,090**	**273,377**	**256,205**	**258,836**
53	*Rounding may affect totals																

CAC (MPI) 1-7

Part and Chapter:	**Part IX Pro Formas**	**Page No.:**	**13 of 33**
PUB Approved Issue No:	**5. Financial Forecast**		
Topic:	**Statement of Operations PF-4 2022/23 Comparative**		
Sub Topic:			

Preamble to IR:

On page 13, Part IX – Pro Formas—comparing the 2023 GRA to the 2024 GRA for fiscal year 2022/23:

- Net claims incurred decreased by $(81.3) million mainly due to the interest rate impact.
- Investment income decreased by $(153.5) million mainly due to marketable bond losses.
- Total expenses decreased by $(3.3) million mainly due to lower regular salaries $(2.6) million, data processing $(2.1) million and higher special services of $2.9 million

Question:

Please provide a narrative explaining the reasons for the decreases and increases in the accounts listed in the preamble.

Rationale for Question:

To review the causes for the changes in the accounts sited in the preamble.

RESPONSE:

A primary contributor to the large variances in claims incurred (favorable decrease of $81.3 million) and investment income (unfavorable decrease of $153.5 million) is due to the impacts of interest rates. During 2022/23, the high inflation Manitobans have experienced has triggered large interest rate increases which in turn has impacted both the actual investment income and claims incurred amounts in 2022/23.

For investment income, these interest rate increases have caused a higher-than-expected loss on marketable bonds of approximately $115.6 million and triggered a year end investment income write down of approximately $18.8 million. These two items are the major contributors to the $153.5 million investment income variance between the 2022/23 fiscal year in the 2023 GRA and 2024 GRA.

The large interest rate increase seen in 2022/23 has also had an offsetting impact on the claims incurred line item. As expected, interest rates in the 2022/23 fiscal year for the 2023 GRA have increased, MPI experienced a positive impact from a higher claims discount rate and subsequent favorable movement on the discounting of claims by approximately $98.9 million.

The favorable expense variance (line number 26 in Part IX Proforma’s - PF-4) of $3.3 million, identified in the preamble, is comprised of approximately $2.8 million in lower-than-expected operating expenses and $500 thousand lower than expected commissions and premium taxes. For a detailed review of all 2022/23 expense variances (2023 GRA vs. 2024 GRA) please see *Part IX Expenses Chapter Appendix 7, pages 8 and 9*.

CAC (MPI) 1-8

Part and Chapter:	**Part IX Pro Formas**	**Page No.:**	**23**
PUB Approved Issue No:	**5. Financial Forecasts**		
Topic:	**PF-11 Statement of Operations Comparative – 2023/24 – IFRS 17**		
Sub Topic:			

Preamble to IR:

The statement listed in the Topic above attempts to compare the IFRS 4 and 17 Statement of Operations presentation. However, the comparisons are not made entirely clear.

QUESTION:

Please file the lead sheets reconciling the flow of the numbers from the IFRS 4 to the IFRS 17 presentation.

RATIONALE FOR QUESTION:

To better understand the flow of numbers from IFRS 4 to 17 in the Statement of Operations presentation.

RESPONSE:

PF-11 Statement of Operations Comparative – 2023/24 –IFRS 17 was provided to illustrate how line items reported on the Statement of Operations under IFRS 4 are combined and presented differently under IFRS 17, and to provide users of the financial statements with initial communication of how this statement is changing and will appear more condensed under IFRS 17.

Preparing the Statement of Operations under IFRS 17 required analysis at the account level and then an aggregation of accounts to the new line items reported under IFRS 17. The reconciliation of this statement under IFRS 17 to IFRS 4, at the line of business level, has not been finalized and reviewed for release at this time.

An explanation of the flow of numbers presented on the Statement of Operations under IFRS 4 to the statement presented under IFRS 17 will be provided in advance of the hearings in October.

CAC (MPI) 1-9

Part and Chapter:	**Part IX Financial Forecasting Model 2023 GRA CAC (MPI) 1-66 and PUB (MPI) 2-20**	**Page No.:**	**9**
PUB Approved Issue No:	**5. Financial Forecast**		
Topic:	**Defined Benefit Pension Plan Funding Transition**		
Sub Topic:			

Preamble to IR:

Pages 55-56 of the INV chapter of the 2023 GRA states:

> *The BoD approved Management to engage Government to seek a change of the funding status from payment funding to pre-funding under the Civil Service Superannuation Act (CSSA). MPI is currently working with the relevant stakeholders within Government to seek the appropriate authorizations and if approved, the change would be expected to take place in fiscal 2023/24.*
>
> *The primary motivation for seeking this change is the reduction of financial statement volatility."*

In the 2024 GRA Part IX – Financial Forecasting Model page 9 MPI states:

> *"• Pension Transition – Status has changed from 2023 GRA where it was 19 potentially occurring in 2023/24 to implementation date currently 20 undetermined."*

In PUB (MPI) 2-20 (2023 GRA) in the preamble MPI states:

> *"CAC (MPI) 1-66(c) provides a rough calculation of the estimated $150 million accounting gain of switching to a pre-funded method. This calculation shows a liability of $447.9 million being removed from the books in exchange for a required transfer to the CSSF of $233.2 million."*

Question:

a) Please provide a narrative discussion of the "**Defined Benefit Pension Plan Funding Transition"** status. Please include in this discussion MPI's intentions going forward relating to the pension plan funding transition.

b) If the plan is to go forward with the transition, please provide an update on the estimated financial impact.

Rationale for Question:

To review an update on the pension transition as described in the preamble.

RESPONSE:

a) and b)

No decision has been made to the transition from payment funding to pre funding related to the pension plan at this time. Once MPI receives further direction from Government, a financial estimate will be provided in the applicable fiscal year this transition may take place.

<u>**CAC (MPI) 1-10**</u>

Part and Chapter:	**Part IX Expenses**	**Page No.:**	**N/A**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**2022 Compensation report**		
Sub Topic:			

Preamble to IR:

Per the Public Sector Compensation Disclosure Act the corporation prepares a compensation report.

Question:

Please file a copy of the latest public compensation report prepared in accordance with the Compensation Disclosure Act together with the Auditor's report.

Rationale for Question:

To assess and understand compensation costs paid, by the corporation, per its lates public compensation report.

RESPONSE:

Please refer to <u>*Attachment A - 2022 Bill 57 Compensation Report and Auditor's Report*</u>.

MANITOBA PUBLIC INSURANCE SOCIÉTÉ D'ASSURANCE PUBLIQUE DU MANITOBA

SCHEDULE OF COMPENSATION IN ACCORDANCE WITH THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT TOGETHER WITH AUDITOR'S REPORT

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2022

COMPENSATION DISCLOSURE FOR 2022

The Public Sector Compensation Disclosure Act requires Crown Corporations to disclose to the public the total compensation of the Chairperson of the Board, officers and employees who earned $75,000 or more in a year as well as the aggregate compensation received by the Board of Directors. In compliance with the Act, Manitoba Public Insurance has prepared this disclosure schedule for the year ended December 31, 2022.

For the 2022 income tax year, Manitoba Public Insurance issued 2,441 T4 slips to full-time, part-time and temporary employees and officers. Manitoba Public Insurance had a monthly average of 1,968 employees during 2022. This schedule lists the compensation paid to 824 officers and employees in managerial, technical and professional support positions.

The schedule lists the employees and officers in alphabetical order, along with their position and total compensation. In each case, the most recent position that the employee or officer held during 2022 is given. Total compensation includes the officer's and employee's regular salary, taxable benefits, retiring allowances, retroactive pay, vacation pay and severance pay.

This schedule is available to the public upon request. For additional information, contact our Human Resources Department at 204-985-8770 ext. 7653.

Independent auditor's report

To the Board of Directors of Manitoba Public Insurance Corporation

Our opinion

In our opinion, the accompanying financial information of Manitoba Public Insurance Corporation (the Corporation) for the calendar year ended December 31, 2022 is prepared, in all material respects, in accordance with the basis of preparation as described in the note to the financial information.

What we have audited
The Corporation's financial information comprises the schedule of compensation in accordance with The Public Sector Compensation Disclosure Act of Manitoba for the calendar year ended December 31, 2022 and the note to the financial information, which includes significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to the note to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Corporation to comply with the requirements of The Public Sector Compensation Disclosure Act of Manitoba. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the Corporation. We neither assume nor accept any responsibility or liability to any other third party in respect of this report. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
Richardson Building, One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020, ca_winnipeg_main_fax@pwc.com

Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation of the financial information in accordance with the basis of preparation as described in the note to the financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 22, 2023

Name	Position Title	Total Compensation
Abbott, D	Assistant Manager, Broker Support & Autopac Services	150,234.53
Abiola-Oladipupo, O	Business Process Architect	85,691.56
Abraham, A	Director, Digital Workplace & Service Management	154,070.57
Adams, S	Sr Case Manager	93,240.79
Addison, K	Manager, Subrogation	210,096.21
Adeniran, A	Product Owner	83,104.24
Agnew, R	Manager, Service Centre (Small)	136,125.04
Ahlbaum, C	Value Stream Product Manager, Nova Digital	139,867.33
Ahmad, A	Environment Coordinator	116,044.08
Alarie, M	Estimating Solutions Specialist	90,873.48
Albig, J	Database Administrator	92,787.04
Alexander, R	Sr Case Manager	90,364.30
Ali, H	Cybersecurity & IT Risk and Compliance Analyst	93,629.61
Allard, L	Sr Adjuster	81,045.27
Ambalam, L	Data Governance Specialist	89,327.76
Anderson, L	Project Control Analyst	87,000.18
Anderson, L	Case Manager	78,099.68
Anderson, M	Research Technician	90,915.44
Andres, R	Supervisor, Rural Service Centre	104,811.03
Angus, C	Special Investigator	98,530.06
Antle, J	Supervisor, Claims	84,410.90
Aquino, P	Associate Personal Technologies Systems Support Analyst	79,085.29
Arabsky, H	Director, Service Centre Delivery	145,276.31
Arendt, E	Supervisor, COE Digital Solutions	116,828.71
Armour, T	Supervisor, Driver Testing	96,740.77
Armstrong, J	Sr Case Manager	91,409.19
Arnal, B	Customer Experience (CX) Design Lead	97,988.97
Arnold, J	Adjuster	75,359.21
Arvidson, B	Supervisor, Rural Service Centre	95,381.21
Ashraf, S	Cyber & Information Security Officer	200,731.70
Asif, S	Analyst	98,923.19
Audette, R	Robotic Process Automation Specialist	82,396.76
Avila, G	IT Client Services Analyst	75,834.55
Backstrom, J	Estimatics Coordinator	99,864.45
Backstrom, J	Estimator - City	79,412.29
Bailer, K	Manager, Talent Management and Learning & Development	104,216.63
Ballance, S	Sr Injury Claims Adjuster	85,437.81
Balmer, R	Manager, System Operations	120,731.32
Bannon, T	Special Investigator	93,654.26
Baran, T	Supervisor, Driver Testing	99,615.33
Barbour, M	Supervisor, Accounting	93,020.66
Barker, D	Manager, Broker Support & Autopac Services	140,278.38
Barker, R	Digital Learning Specialist	77,330.67
Barkley, C	Sr Case Manager	90,633.39

Name	Position Title	Total Compensation
Barr, B	Estimator - Rural	80,847.58
Barrault, K	Developer 3	89,062.00
Barske, B	Training & Testing Quality Assurance Administrator	78,139.40
Bautista, R	Value Stream Product Manager, Nova Digital	121,700.31
Beaudoin, G	Supervisor, Injury Claims Management	97,352.46
Beaudry, T	Scrum Master	78,894.76
Beaumont, R	Product Owner	90,406.09
Beckett, D	Manager, Nova Program Delivery	94,265.57
Bedi, B	Sr Driver Examiner	87,979.09
Belahcene, Z	Adjuster	90,124.80
Bell, R	Fair Practices Analyst	112,751.87
Beltran, L	Supervisor, Accounting	87,945.60
Bergen, B	Business Architect	102,032.86
Berkis, A	Claims Controller - Physical Damage	96,561.13
Bernardin, J	Subrogation Specialist	83,567.14
Bernardin, M	Sr Driver Examiner	111,538.81
Bernier, M	Supervisor, Research Technician	97,491.52
Berriault, L	Estimator - City	88,196.02
Berry, D	Commercial Specialist	85,916.59
Betker, C	Supervisor, COE Digital Solutions	104,291.11
Betker, J	Developer 3	87,859.79
Betker, L	Sr Operations Analyst	78,215.69
Betker, M	Service Delivery Manager	116,438.84
Bilonozhko, A	Commercial Specialist	86,822.09
Birch, G	Manager, Service Centre (Small)	132,080.08
Bisong, C	Data Transformation Specialist	92,295.44
Bittner, S	Assistant Manager, Service Centre	79,614.93
Black, C	Vehicle Safety Officer	78,192.04
Blackman, J	Medical Fitness Administrator	120,410.11
Blain, S	Product Owner	88,074.01
Blerot, G	Sr Case Manager	82,964.80
Boblinski, T	Director, Change & Knowledge Management	177,482.92
Bodanski, M	Sr Payroll Administrator	79,751.88
Bodnarchuk, G	Accredited Repair Inspector	87,315.76
Bodz, V	Manager, Serious & Long Term Case Management	132,902.36
Bohemier, C	Product Owner	81,884.52
Borowski, P	Hardware Technician	76,955.39
Bouchard, A	Estimator - City	79,193.87
Bouchard, J	SME - Instructional Designer	80,008.37
Bouchard, K	Assistant Manager, Service Centre	93,100.39
Bouchard, R	Sr Case Manager	91,571.17
Bouchard, R	Estimatics Coordinator	90,921.93
Bourgeois, S	Supervisor, Estimating	84,232.32
Bourgouin, C	Organizational Change Management Consultant	99,021.74

Name	Position Title	Total Compensation
Boutet Kolbuck, K	Sr Case Manager	85,503.56
Bouvier, S	Sr Underwriter	75,986.62
Bowering, J	Director, Product Management	143,469.64
Boyd, G	Sr Vendor Management Analyst	86,491.90
Brajczuk, K	Injury Mediation Specialist	89,965.98
Brannan, S	SME - Supervisor, Technical Communications	82,739.70
Bravi, D	Information Security Architect	149,197.70
Breault, C	Supervisor, Claims Processing	80,528.89
Breedon, E	Supervisor, Rural Service Centre	100,476.27
Brin, W	Out of Province Sr Adjuster	81,282.49
Briscoe, A	Internal Review Officer	127,746.59
Brisson, P	Special Investigator	93,715.85
Brooker, D	Research Technician	88,845.06
Brouwer, S	Legal Services Clerk	80,991.66
Brown, A	Claims Controller - Injury	99,830.03
Brown, A	Supervisor, Claims	90,115.52
Brown, D	Vehicle Safety Specialist	83,642.56
Brown, G	Case Manager	78,782.56
Brown, T	General Counsel & Corporate Secretary	154,669.01
Bruce, D	Building Systems Integration Specialist	96,108.37
Bryden, S	Value Stream Product Manager, HR	95,025.12
Buchanan, M	Talent Development Partner	98,257.23
Buchberger, K	Sr Case Manager	92,141.56
Buizer, K	Special Investigator	97,325.16
Bunko, B	Vice President & Chief Information & Technology Officer	247,761.00
Bunston, G	Director, ALM & Investment Management	159,356.27
Burdz, M	Customer Value Proposition Analyst	77,310.75
Burke, J	Systems Architect	100,375.66
Burns, D	Business Architect	92,382.62
Burns, K	IRI Analyst	84,970.34
Byrnes, J	Database Administrator	84,154.77
Cabral, L	Internal Review Officer	90,773.36
Caillier, T	Sr Case Manager	90,711.10
Caligiuri, C	Sr Vendor Management Analyst	84,994.90
Cameron, E	Manager, Premises & Administrative Services	95,596.98
Campbell, S	Director, Enterprise Architecture	172,341.38
Carias, H	Payroll Coordinator	104,523.56
Carriere, M	Supervisor, Salvage Operations	84,979.83
Carter, T	Supervisor, Contact Centre	77,255.11
Castaneda, Y	Supervisor, Business Intelligence	91,587.77
Castillo, F	Sharepoint Administrator	75,219.42
Castro, E	Developer 3	95,215.66
Caufield, A	Case Manager	76,465.42
Cawson, M	Driver Records Coordinator	86,164.11

Name	Position Title	Total Compensation
Chambers, W	SME - Supervisor, Technical Communications	77,903.69
Charles, D	Commercial Specialist	86,945.95
Chartier, N	SME - Supervisor, Customer Service Centre	78,029.81
Chartrand, M	Sr Case Manager	86,921.69
Chaudhuri, A	Product Owner	87,274.54
Cheadle, A	Road Safety Program Specialist	91,632.51
Cherlet, N	Sr Legislation Analyst	82,356.60
Chernecki, P	Supervisor, Estimating	86,847.99
Cheung, M	Business Analyst	83,853.50
Chicoine, C	Sr Database Administrator	109,227.94
Chochinov, C	Manager, PIPP Financial & Operational Support	96,075.92
Cholod, H	IT Operations Administrator	76,217.86
Chomski, A	Sr Investment Analyst	100,943.22
Chopp, J	Sr Case Manager	90,056.99
Chuatoco, B	Supervisor, Records & Information Management	91,930.88
Chugh, H	Quality Analyst	77,307.16
Clark, K	Sr Case Manager	91,395.29
Clark, L	Assistant Manager, Rehabilitation Management	96,570.17
Clarke, K	Deputy Registrar	117,065.68
Clearwater, T	Business Insights & Analytics Specialist	111,402.03
Clemens, D	Supervisor, Communications Infrastructure	125,429.70
Clemens, D	Developer 3	94,584.32
Coleman, C	Assistant Manager, Service Centre	87,660.25
Cook, T	Developer 2	76,510.13
Cooke, R	Operations Performance Lead	84,255.48
Cookson, R	Commercial Estimator	77,536.44
Corley, J	Commercial Specialist	85,868.89
Cormier, V	Value Stream Product Manager, Nova DVA	128,447.08
Cortens, P	Internal Review Officer	83,052.73
Costa de Albuquerque Meira,	Director, Regulatory Affairs	85,351.57
Cosyns, P	IT Service Continuity Specialist	99,555.39
Courchene, S	Product Owner	92,085.59
Court, T	Assistant Manager, Special Investigation Unit	112,779.34
Cowley, T	Assistant Manager, Special Investigation Unit	99,719.38
Cress, L	Campaign Specialist	80,342.17
Crittenden, R	Manager, Security Operations Centre	178,618.21
Crocker, K	Commercial Specialist	84,968.23
Crocker, W	Shop Relationship Advisor	98,656.85
Crowe, M	Vehicle Safety Officer	77,639.66
Cruz, R	Program Administrator	80,528.32
Cruz, S	Supervisor, Claims	86,325.45
Cudden, F	IRI Analyst	85,869.11
Cullen, C	Manager, Service Centre (Large)	131,207.91
Cupples, J	Sr Case Manager	92,388.17

Name	Position Title	Total Compensation
Curtaz, J	Value Stream Product Manager, ECM	99,626.26
Dalman, J	Communications Advisor	87,020.01
Danais, A	Developer 3	114,051.65
Dattero, G	Supervisor, Claims	94,423.97
Davey, P	Fleet Vehicle Administrator	79,935.04
Davis, L	HRMS Analyst	76,087.23
Davis, T	Estimator - City	90,428.50
Dayman, C	Supervisor, Rural Service Centre	97,299.35
de Jesus, E	Sr IT Platform Support Analyst	93,267.95
Debeuckelaere, T	Special Investigator	98,553.39
Decock, T	Supervisor, Commercial Claims	98,537.49
Demianiw, M	Supervisor, Rural Service Centre	98,078.82
Deogun, A	Developer 4	105,218.14
Derhak, A	Sr Case Manager	83,941.29
Desrosier, S	Azure Administrator	76,184.47
Dessler, G	Director, Nova Technical Solutions	186,384.96
Deveau, Y	French Language Services & Accessibility Coordinator	89,362.04
Dhillon, H	SME - Quality Analyst	76,270.23
Diduch, C	Sr Case Manager	90,983.22
Dirks, P	Manager, Service Operations Policy & Control	106,665.33
Disbrowe, C	Supervisor, PIPP Administrative Services	75,981.51
Dittmar, W	Injury Mediation Specialist	98,189.73
Dixon, B	Systems Architect	112,561.95
Doell, B	Manager, Loss Prevention Planning & Analysis	106,395.83
Domish, C	Sr Case Manager	90,593.22
Donay, M	Supervisor, Contact Centre	80,574.90
Doskoch, M	Supervisor, Accounting	92,292.14
Doucette, D	SME - Quality Analyst	89,721.60
Downie, K	Supervisor, Claims	94,832.47
Drosdoski, J	Community Relations Specialist	78,160.52
Drummond, R	IT Client Services Analyst	76,803.23
Druwe, A	Sr Case Manager	75,367.10
Du, R	Project Cost Analyst	89,729.89
Ducharme, M	Special Investigator	89,917.45
Dufault, L	Sr Case Manager	91,374.10
Duguay, J	Developer 3	84,608.48
Dunlop, D	Registration & Licensing Coordinator	107,456.63
Dunstone, D	Manager, Capital Management	142,588.39
Durand, B	Towing Coordinator	81,914.52
Dutka, C	Sr Policy Analyst	91,192.44
Dvorak, J	Manager, Product Ownership	138,627.46
Dyer, G	Developer 3	93,211.32
Eden, C	Assistant Manager, Road Safety Programs	122,128.26
Edginton, G	Systems Architect	101,498.92

Name	Position Title	Total Compensation
Edwards, A	Accredited Repair Inspector	86,719.89
Edwards, C	Solutions Architect	125,969.49
Eisner, E	Sr Case Manager	85,855.34
Ekdahl, S	Road Safety Program Specialist	90,781.66
Ellis, S	Executive Assistant	76,657.44
Engbrecht, A	Instructional Designer	77,396.06
Enns, L	Supervisor, Medical Assessment	122,376.08
Enright, L	Manager, Talent Management and Learning & Development	93,733.26
Esau, G	Training & Testing Quality Assurance Administrator	79,659.93
Estares, J	Supervisor, Production Support	97,781.73
Fahrenschon, T	Adjuster	80,664.54
Falkenberg, P	Special Investigator	89,803.47
Falkowski, C	Accredited Repair Inspector	80,601.53
Faria, P	Information Architect	102,266.20
Fecyk, K	Supervisor, Contact Centre	79,978.27
Feeney, M	Talent Acquisition Specialist	83,122.55
Feng, Y	Associate Personal Technologies Systems Support Analyst	80,109.63
Fernando, S	Systems Architect	108,110.72
Ferreira, R	Manager, Physical Damage Programs	127,537.27
Ferris, C	Supervisor, Rural Service Centre	98,094.67
Figueroa, E	Developer 3	81,430.30
Fillion, K	Sr Case Manager	91,294.85
Fish, D	Business Readiness Analyst	79,480.15
Fisher, D	SME - Developer 4	92,527.38
Fisher, L	Assistant Manager, Service Centre	92,288.84
Flikweert, L	Supervisor, Claims	94,375.05
Fontaine, D	Supervisor, Driver Testing	94,018.43
Forrester, M	Network Analyst	80,345.80
Fraiter, T	Developer 3	94,784.02
Frazer, D	Director, Operations Performance, Data & Quality	141,583.73
Frederickson, F	Supervisor, Instructional Design	91,120.85
Fredette, R	Estimator - City	78,306.76
Freeman, B	Digital Learning Specialist	85,441.12
Froelich, S	IT Remedy Administration & Reporting Specialist	85,159.10
Froese, G	Manager, Accredited Repair	122,128.28
Fujiwara, T	Estimator - City	75,900.99
Fuz, J	Commercial Specialist	87,278.12
Gagnon, R	Manager, Operations Compliance & Analytics	103,408.78
Gallant, N	Supervisor, Commercial Claims	98,315.32
Gandhi, M	Corporate Controller	162,766.64
Garn, P	Director, Software Development & Operations	154,766.25
Garofoli, D	Strategy & Portfolio Manager	97,210.01
Garwood, M	Internal Review Officer	91,482.64
Gaudry, G	Manager, Budgeting & Project Accounting	131,442.96

Name	Position Title	Total Compensation
Gendreau, L	Vice President & Chief People Officer	211,303.81
Germaniuk, F	Communications Advisor	84,400.36
Giannico, M	Fair Practices Analyst	80,339.73
Gibson, T	Assistant Manager, Subrogation Claims	101,536.65
Giesbrecht, B	Claims Cost Controller	123,990.72
Giesbrecht, M	Vice President & Chief Financial Officer	283,179.50
Gillies, G	Solutions Architect	162,601.14
Gilmore, C	Supervisor, Driver Testing	78,663.35
Glenday, C	Manager, Salvage & Compound Operations	103,129.72
Glowa, R	Supervisor, Subrogation Claims	96,794.02
Gobeil, L	Business Process Architect	80,270.18
Goddard, S	Supervisor, Injury Claims Management	93,881.08
Goertzen, I	Supervisor, Operations Analytics	103,165.71
Gomez-Sanchez, K	Supervisor, Injury Claims Management	93,650.47
Goodine, K	Special Investigator	99,432.71
Goos Berard, A	SME - Communications Advisor	88,165.44
Gowen, T	Commercial Specialized Repair Advisor	96,642.66
Grantham, D	Data Architect	82,583.40
Grausdin, E	Respectful Workplace Specialist	93,012.22
Gray, L	Manager, Subrogation	109,691.94
Greco, F	Transportation Risk Specialist	80,512.59
Green, D	Sr Case Manager	90,821.73
Greig, R	Vehicle Safety Officer	78,129.66
Grimwood, K	Sr Organizational Change Management Practitioner	94,515.16
Groen, L	Loss Prevention Analyst	84,281.40
Groenewegen, T	Sr Customer Insights Analyst	84,856.05
Gross, W	Sr Case Manager	85,428.88
Grossman, P	Manager, Subrogation	95,822.12
Guerra, A	Legal Counsel 3	146,295.47
Gunn, C	Director, Service Centre Delivery	136,416.33
Halabiski, J	Personal Technologies Systems Support Analyst	94,324.89
Halliday, B	Manager, Special Risk Extension	96,222.52
Halma, J	Accredited Repair Inspector	84,182.29
Hansell, C	Internal Review Officer	90,529.22
Harmacy, S	Supervisor, Estimating	77,190.68
Harron, P	Supervisor, Underwriting	93,192.45
Hartwich, S	Medical Fitness Administrator	115,302.35
Hauser, T	Assistant Manager, Rehabilitation Management	110,804.07
Hehn, K	Estimator - Rural	75,377.20
Heinrichs, C	Supervisor, Database Management	113,647.98
Heinrichs, L	Design Lead	81,211.97
Helgason, N	Manager, Service Centre (Large)	106,828.45
Henderson, K	Injury Mediation Specialist	92,321.72
Hendricks, C	Business Analyst	82,319.70

Name	Position Title	Total Compensation
Herbelin, E	President & CEO	375,563.51
Hildawa, R	Manager, Agile Program Management Office	117,613.52
Hildebrand, K	Accredited Repair Inspector	86,665.44
Hirmann, J	Supervisor, Premises	77,602.41
Hlatkey, R	Sr Adjuster	75,862.54
Hnatiuk, C	Sr Case Manager	87,927.95
Hochman, S	Instructional Designer	78,166.90
Hodzic, A	Sr Data Architect	100,151.00
Hoffman, M	Legal Counsel 4	151,621.27
Hogue, I	Hardware Technician	86,290.46
Holmes, K	Sr Driver Examiner	78,884.82
Holmes, L	Sr Driver Examiner	78,277.42
Hooper, S	Accredited Repair Inspector	86,916.93
Hopkins, D	Manager, Financial Reporting & Investment Accounting	146,873.97
Horn, L	Sr Case Manager	75,605.93
Horne, A	Legal Counsel 4	95,344.90
Horst, B	Transportation Risk Specialist	78,978.04
Howe, D	Supervisor, Claims	87,914.10
Hoy, K	Business Analyst	89,018.46
Hrabliuk, C	Supervisor, Injury Claims Management	97,608.11
Hreno, K	Sr Case Manager	81,112.75
Hristovski, M	Sr Case Manager	91,323.43
Hruda, M	Vehicle Safety Officer	78,919.29
Hudey, J	HR Administrative Supervisor	84,319.55
Hughes, J	Supervisor, Underwriting	143,533.99
Humble, J	Financial Forecasting Specialist	122,734.49
Hunter, D	Director, Platform Engineering & Infrastructure	167,865.68
Huppe, G	Fair Practices & Customer Relations Coordinator	99,810.10
Hutchinson, V	Sr Case Manager	90,629.48
Huzel, J	Business Process Analyst	86,060.17
Hykawy, R	Supervisor, Vehicle Safety	83,406.34
Ijebor, C	Customer Experience (CX) Design Lead	82,836.90
Iniobong, V	Supervisor, Injury Claims Management	90,642.44
Insch, K	Manager, Contact Centre Operations	118,625.95
Irving, C	Product Owner	83,999.28
Isaak, J	Broker Services Administration Coordinator	83,771.00
Isfjord, S	Sr HRMS Analyst	99,787.09
Isfjord, T	Supervisor, Production Support	108,899.09
Ismail, M	Assistant Manager, Financial Operations	115,128.26
Izzard, R	Supervisor, Accounting	100,396.03
Jackson, A	Supervisor, Underwriting	81,873.08
Jagger, H	Internal Review Officer	92,080.82
Jain, N	Robotic Process Automation Specialist	76,901.32
Jajam, J	Sr Adjuster	81,726.27

Name	Position Title	Total Compensation
Jaramilla, D	Medical Fitness Administrator	114,500.82
Jassal, G	Regulatory Affairs Specialist	96,425.55
Jatana, S	Vice President & Chief Customer Officer	254,020.29
Jayan, A	Sr Information Security Analyst	97,809.13
Jeffrey, K	Manager, Identity Verification & Data Integrity	123,743.60
Jia, H	Sr Network Analyst	118,017.12
Johnson, A	Legal Counsel 1	80,783.77
Johnson, D	Manager, IT Service Management	120,628.24
Johnson, K	Supervisor, Release Train Specialist	85,833.31
Johnson, K	Supervisor, Estimating	84,644.27
Johnson, L	Special Investigator	101,799.08
Jones, D	Special Investigator	89,344.21
Jones, L	Special Activities Services Officer	77,423.52
Jones, M	Supervisor, Underwriting	88,803.06
Jubinville, D	Supervisor, IT Operations	82,543.99
Jurkowski, R	Supervisor, Driver Improvement	85,319.01
Kabamba, B	Sr Legislation Analyst	90,407.12
Kacher, M	Vice President & Chief Operations Officer	227,259.30
Kaisaris, G	Government Relations Officer	81,490.81
Kalomiris, H	Systems Architect	97,856.26
Kalvacharla, S	SME - Quality Analyst	84,496.38
Kamenkovich, M	Enterprise Data Warehouse Specialist	90,735.20
Kamenkovich, M	Project Manager	86,665.69
Kaspersion, D	Assistant Manager, Financial Reporting	100,686.58
Kaspick, J	Shop Relationship Advisor	98,669.28
Kaushal, M	Director, HR Service Delivery	142,893.45
Keller, J	Operations Analyst	84,645.59
Kernaghan, B	Product Owner	118,521.33
Khan, D	Customer Value Proposition Analyst	84,423.73
King, K	Sr Case Manager	79,528.43
Kintop, K	Vendor Management Contract Advisor	104,261.23
Kirkbride-Taylor, B	Quality Analyst	76,555.30
Klassen, A	Supervisor, Bodily Injury - Out of Province	83,904.69
Klassen, C	Supervisor, COE Integrations	100,699.83
Kletke, A	Sr Operations Analyst	79,254.80
Klingbell, S	Developer 4	110,970.11
Klippenstein, E	Supervisor, Underwriting	95,641.21
Klohn, K	SME - Supervisor, Customer Service Centre	77,186.30
Kokan, D	Enterprise Architect	122,170.99
Koolage, L	Supervisor, Injury Claims Management	96,344.22
Koos, W	Director, Physical Damage Management	118,342.91
Kopec, C	Supervisor, Customer Service Centre	79,906.54
Koroscil, D	Manager, Special Investigation Unit	135,120.98
Koscielny, K	Sr Underwriter	87,083.55

Name	Position Title	Total Compensation
Kowalchuk, M	Sr Case Manager	91,170.05
Krahn, M	Supervisor, Bodily Injury - Out of Province	97,861.77
Kramer, L	Estimator - City	78,425.46
Krasnowski, G	Developer 4	108,654.58
Krawchuk, M	Automation COE Lead	86,570.48
Krueger, K	Director, Corporate Compliance, Privacy & Access	117,014.34
Ksiazek, K	Supervisor, PIPP Administrative Services	84,762.64
Kumka, J	Occupational Therapist	97,527.71
Kuypers, A	Manager, Estimating Operations	97,159.90
Kwiatkowski, B	Systems Architect	100,683.77
Kyliuk, T	Supervisor, Quality Analysis	98,770.08
Lacey, R	Analyst	78,412.84
Lachance, K	Subrogation Specialist	83,811.00
Lachance, S	Sr Driver Examiner	82,781.05
Lacroix, P	Privacy & Access Specialist	98,443.22
Laferriere, M	Developer 4	105,101.54
Lagace, C	Manager, Service Centre (Small)	107,029.43
Lahaie, O	Adjuster	76,728.09
Lambrecht, K	Developer 4	101,928.94
Lang, J	Director, Pricing	87,918.19
Lansard, S	Supervisor, Rural Service Centre	107,723.63
Lapointe, J	Sr Database Administrator	95,123.01
Lasuik, B	Manager, Service Centre (Large)	120,249.05
Lawless, S	PD Claim Audit Coordinator	87,259.67
Laxdal, G	Operations Analyst	85,777.49
Lazarko, L	Director, Data Management & Analytics	141,379.88
Lea, M	Technical Network Specialist	122,097.36
Leach, K	Supervisor, Subrogation Accounts	84,457.60
Lee, R	Sr Rate Modeller	101,629.13
Lee, S	Business Continuity Coordinator	87,726.44
Lee-Ward, B	Sr Database Administrator	85,284.42
Lehmann, K	Supervisor, Rural Service Centre	102,674.25
Leitold, K	Special Investigator	98,271.17
Lepki, G	Shop Relationship Advisor	92,837.46
Leslie, S	Estimator - City	76,344.91
Leys, E	Commercial Estimator	84,455.53
Li, V	Legal Counsel 3	84,823.38
Ligsa, J	PIPP Benefits Administrator	80,628.49
Lindenberg, L	Supervisor, Data Warehouse	94,755.60
Link, C	Manager, Rehabilitation Management	190,581.28
Lipscomb, A	Schedule Administration Coordinator	85,638.16
Litke, D	Supervisor, Accounting	133,003.46
Locke, C	Special Investigator	89,093.18
Locke, J	Sr Adjuster	83,152.79

Name	Position Title	Total Compensation
Loeppky, G	Internal Review Officer	95,986.01
Loewen, D	Mechanical Support Technician	87,745.83
Loree-Dueck, K	Developer 3	86,757.46
Loster, J	Identity & Access Management Specialist	101,211.03
Low, C	Vice President & Chief Actuary & Chief Risk Officer	259,666.91
Lucyk, T	Training & Testing Quality Assurance Administrator	76,283.67
Ludba, D	Information Security Officer	121,810.66
Lumbres, M	Sr Functional Support Analyst	93,442.96
Lupky, S	Sr Director, Physical Damage Claims	163,636.96
Ly, N	Manager, Pricing Operations	109,116.12
Lyburn, L	Supervisor, Commercial Claims	97,902.96
Lyons, J	Communications Advisor	92,925.10
Lysy, C	Developer 4	104,568.90
Lytwyn, C	Campaign Specialist	77,532.04
MacBeth, R	Developer 3	91,222.91
MacDonald, T	Commercial Adjuster	75,592.63
Machado, D	Injury Claims Analyst	77,524.84
Machado, N	Business Analyst	85,635.74
MacInnis, I	Investigator	85,765.32
MacKay, A	Supervisor, COE Digital Solutions	105,598.55
MacKeen, M	Fair Practices & Customer Relations Coordinator	86,066.36
Mackeen, T	Hardware Technician	75,898.26
Madden, K	Payroll Analyst	87,367.01
Madhosingh, T	Customer Value Proposition Lead	86,625.83
Madrigga, J	Sr Project Manager	110,465.00
Mahajan, P	SME - Supervisor, Instructional Design	88,779.73
Mai Moussa, C	Commercial Specialist	77,440.10
Main, H	Legal Counsel 3	110,862.10
Major, R	SME - Quality Analyst	88,461.87
Mangubat, R	Database Administrator	90,498.82
Mankewich, A	Supervisor, Commercial Estimating	87,464.87
Manmohan, S	IRI Analyst	82,942.52
Mann, C	Supervisor, Procurement & Strategic Sourcing	76,985.03
Mann, S	Customer Value Proposition Lead	104,534.24
Manzano, B	Assistant Manager, Contact Centre Operations	93,445.55
Marchant, J	Supervisor, Premises	92,400.19
Marcial, J	PIPP Support Controller	94,362.82
Marlatt, M	Manager, Community Relations	79,164.96
Marlatt, V	Adjuster	118,660.80
Martin, M	Corporate Business Continuity Officer	102,160.90
Martineau, B	Sr Case Manager	75,777.66
Maslanka, M	Legal Counsel 3	155,479.02
Mather, J	Supervisor, Vehicle Safety Programs	77,571.57
Matkowski, R	Adjuster/Sr Driver Examiner	89,605.52

Name	Position Title	Total Compensation
Matson, G	Manager, Driver Fitness	134,940.58
McComb, L	Subrogation Specialist	92,369.36
McCuaig, K	Sr Case Manager	76,739.39
McDivitt, M	Supervisor, Accounts Receivable	80,023.26
McFadyen, K	Manager, COE Quality	140,580.84
McGinnis, S	Accounting Clerk	98,062.67
McKee, J	Product Owner	93,873.77
McKinnon, S	Executive Assistant	82,605.02
McLaughlin, C	Sr Injury Claims Adjuster	91,579.68
McLean, P	Network Analyst	84,901.17
McMahon, C	Sr Case Manager	79,311.66
McNarry, N	Supervisor, Underwriting	86,293.92
Melnyk, C	Manager, Product Planning & Delivery	112,617.91
Melnyk, R	Sr Customer Insights Analyst	91,134.66
Mendez Barco, A	Business Architect	101,524.74
Mestdagh, L	Manager, Special Investigation Unit	137,433.32
Mestdagh, R	Legal Services Clerk	85,840.61
Michie, S	Business Analyst	85,776.66
Middlestead, W	Supervisor, COE Digital Solutions	133,978.61
Milette, C	Case Manager	79,129.15
Miller, B	Service Centre Representative - Rural	75,757.23
Minenna, M	Manager, Driver Education	121,519.45
Mitchell, B	Sr Functional Support Analyst	93,067.62
Mitra, S	Vice President & Chief Transformation Officer	235,960.83
Mohr, A	Manager, Accounting Services	153,852.96
Mohr, T	Sr Project Manager	104,308.80
Moins, M	Shop Relationship Advisor	98,643.22
Molinski, D	Shop Relationship Advisor	99,097.11
Monikandan, C	Project Manager	97,421.11
Moniuk, A	Sr Legal Processor	82,941.72
Monteith, L	Business Readiness Manager	111,311.60
Moore, B	Director, Customer Experience	156,014.35
Moorehead, D	Supervisor, Out of Province Claims	100,602.12
Morales Bastos, A	HRMS Analyst	76,763.07
Morcos, G	Reinsurance Analyst	80,314.57
Morin, L	Legal Processor	75,383.17
Moroz, B	Supervisor, Driver Testing	80,279.22
Morris, R	Estimator - Rural	76,294.39
Morrison, T	Supervisor, Vehicle Safety	98,428.84
Mosiuk, B	Business Analyst	84,740.28
Mraovic, M	Legal Counsel 2	113,699.28
Muir, W	Director, Strategic Sourcing & Vendor Management	163,178.42
Mulholland, J	Customer Value Proposition Analyst	85,244.78
Munyoro, V	Product Owner	88,141.42

Name	Position Title	Total Compensation
Murray, P	Workplace Safety Advisor	100,157.26
Muth, T	Assistant Manager, Accounting Services	111,222.80
Mutter, J	Supervisor, Accounting	93,208.89
Natt, G	Identity & Access Management Specialist	92,125.30
Nault, A	Manager, Total Rewards	91,262.50
Nelson, H	Medical Fitness Administrator	113,161.50
Neufeld, P	Product Owner	88,448.81
Neufeld, R	Commercial Estimator	78,293.99
Neumarkt, I	Talent Development Partner	88,492.38
Newbiggin, H	Manager, Transportation Risk & Safety	121,247.11
Newton, K	Assistant Manager, Rehabilitation Management	115,338.28
Newton, T	Manager, Special Risk Extension	124,834.96
Nickel, D	Sr Rate Modeller	100,440.84
Nietrzeba, A	Vehicle Safety Officer	77,381.97
Novak, D	Injury Mediation Specialist	97,292.04
Nuevo, M	Analyst	87,399.20
Nyomba, D	Supervisor, Contact Centre	76,557.62
O'Bomsawin, M	Supervisor, Total Loss & Evaluation	82,642.46
Ochulor, I	Product Owner	78,542.56
Oertel, E	Electrician Foreman	92,435.61
Okwumabua-Gbakima, Y	Assistant Manager, Road Safety Programs	79,059.60
Olijnek, J	Sr Graphic Designer	75,256.28
Olsen, C	Manager, HR Systems & Support	121,979.68
Ometoruwa-Miyebi, D	Service Delivery Manager	84,206.36
Ominski, B	Director, Business Architecture	92,151.07
Onofreychuk, L	Assistant Manager, Project Accounting	100,826.49
Opinga, R	Supervisor, Estimating	78,270.95
Ordonez, M	APMO Coordinator	76,753.02
Oriola, A	Data Architect	79,968.99
Ostapowich, C	Director, Valuation & Capital Management	179,679.09
Owen, R	Supervisor, Injury Claims Management	141,795.22
Ozkahriman, Y	Sr Case Manager	75,039.74
Ozouf, R	Personal Technologies Systems Support Analyst	93,147.63
Pabla, G	Sr Driver Examiner	85,230.25
Palatino, R	Value Management Coordinator	99,693.63
Pankratz Wieler, S	Customer Experience (CX) Assurance Specialist	92,000.80
Pantel, S	Supervisor, Rural Service Centre	82,799.41
Parent, S	Supervisor, Driver Testing	76,806.21
Pariyasamy, K	Director, Software Development & Operations	158,564.22
Park, J	Functional Support Analyst	79,749.65
Parti, S	Vice President & Chief Information & Technology Officer	275,518.53
Pashniak, D	Sr Project Manager	100,208.87
Patel, B	Developer 3	77,759.43
Patel, M	Quality Analyst	76,790.50

Name	Position Title	Total Compensation
Patel, N	Quality Analyst	76,250.28
Patton, J	Strategy Analyst	85,072.86
Patton, S	Manager, Customer Insights & Analytics	108,521.86
Paul, B	Case Manager	80,345.39
Pedrosa, J	Sr Case Manager	81,150.29
Pelissier, B	Manager, PIPP Support Services	94,362.11
Pellatt, K	HR Business Partner	94,681.00
Pendley, H	Mechanical Support Technician	79,610.07
Peniuk, K	Commercial Specialist	86,058.85
Pereira, D	Sr Case Manager	94,179.55
Perez, G	Customer Relations Officer	77,272.25
Perez, M	Employee & Labour Relations Advisor	84,211.03
Persad, R	Manager, Data Science & Operations	135,725.96
Philippot, C	Electrician Foreman	87,600.14
Phoa, T	Actuarial Analyst I	101,830.33
Phung, J	Business Analyst	76,732.60
Picard, M	Supervisor, Release Train Specialist	103,681.33
Piec, D	Assistant Manager, Subrogation Accounts & Operations	95,433.42
Piec, M	Manager, KMS Projects	111,518.03
Pilawski, C	Supervisor, Premises	91,243.48
Pitt, A	Accredited Repair Inspector	88,377.40
Pitzel, S	Legal Counsel 3	151,170.30
Place, D	Systems User Analyst	76,052.20
Plessis, M	Special Investigator	87,999.43
Poitras, K	Sr Driver Examiner	78,357.48
Polavaram, D	Manager, Data Governance & Architecture	97,452.98
Pollock, D	Supervisor, COE Digital Solutions	115,381.01
Ponton, J	Manager, KMS Instructional Design	111,529.78
Prasek, W	Supervisor, Platform Services	107,731.28
Price, R	Adjuster	153,970.21
Prozyk, C	Manager, Financial Operations	121,949.60
Prud'homme, M	Estimator - City	75,634.99
Prystenski, A	Medical Fitness Administrator	107,645.44
Prystupa, C	Customer Value Proposition Lead	131,722.20
Puchailo, D	Vehicle Safety Officer	80,338.05
Pudlo, K	Supervisor, Injury Claims Management	97,021.94
Puno, M	IT Incident & Problem Management Specialist	89,723.96
Pursaga, J	Manager, KMS, Technical Writing & Communications	109,230.28
Quan, T	Supervisor, Contact Centre	80,164.47
Quenelle, R	Transportation Risk Specialist	79,205.61
Rabichuk, C	Special Investigator	96,281.79
Ragasa, C	Operations Performance Lead	84,730.36
Rak, A	Associate Personal Technologies Systems Support Analyst	80,175.04
Rak, T	Project Cost Analyst	85,800.86

Name	Position Title	Total Compensation
Ramani Gopal, A	Value Stream Product Manager, Nova DVA	95,205.38
Ramchandar, S	Director, Strategy	76,329.35
Ramirez, A	Director, Nova Program Delivery	167,618.37
Randhawa, T	Product Owner	90,873.79
Ray, C	Business Architect	92,027.99
Redfern, D	Sr Payroll Administrator	76,027.37
Reis, D	Sr Case Manager	91,462.83
Rekrut, J	Strategy & Portfolio Manager	121,464.31
Revet, G	Underwriter	76,001.88
Reyes, A	IRI Calculator	79,586.18
Reynante, J	Database Administrator	94,946.85
Reznik, L	Adjuster/Sr Driver Examiner	84,450.89
Rhodes, T	Sr Customer Insights Analyst	91,053.22
Ricard, C	Registration Information Clerk	90,103.45
Richard, J	Assistant Manager, Broker Support & Autopac Services	87,081.48
Riddell, J	SME - Developer 4	109,582.95
Riddell, M	Value Stream Product Manager, Nova P&C	95,793.46
Riddell, M	Special Investigator	85,910.46
Riel, J	Sr Value Management Specialist	135,452.09
Rieu, D	Supervisor, User Analysis	79,406.95
Riffel, T	Supervisor, PIPP Administrative Services	82,162.12
Ring, M	Manager, Service Centre (Small)	115,767.54
Ripak, D	Developer 3	92,604.86
Riva, M	Corporate Interior Designer	95,252.51
Robbie, D	Candidate Attraction & Engagement Consultant	75,841.09
Robertson, A	Legal Counsel 3	135,379.12
Robertson, R	APMO Coordinator	97,649.72
Robins, R	Business Analyst	81,434.97
Robinson, D	Legal Counsel 3	145,898.55
Robinson, P	Manager, Safety, Security & Environment	131,891.16
Robson, K	Supervisor, Estimating	81,263.60
Rochon, A	Supervisor, Claims	92,821.96
Rodewald, L	Supervisor, Operations Analytics	90,824.01
Rodrigo, C	Telecommunications Analyst	122,521.97
Rogers, A	Manager, Service Centre (Large)	114,316.13
Roney, M	Manager, Business Architecture	98,402.30
Rosales-Orante, N	APMO Coordinator	83,400.46
Rosario, M	Injury Claims Analyst	104,326.35
Rosche, R	Sr Telecommunications Analyst	99,693.15
Rose, L	Adjuster/Sr Driver Examiner	82,422.49
Rowan, C	Disability Management Specialist	99,636.11
Roxas, B	Subrogation Analyst	76,970.20
Rudy, A	Sr Case Manager	79,881.06
Ruffeski, D	Manager, Strategic Sourcing & Vendor Management	123,650.22

Name	Position Title	Total Compensation
Rusak, D	Sr Case Manager	90,589.48
Russo, M	Financial Forecasting Specialist	110,470.83
Rydz, K	Manager, Communications	107,611.22
Ryz, C	Supervisor, Injury Claims Management	97,173.57
Safruk, D	Director, Government Relations	116,361.96
Saini, P	Developer 4	101,055.82
Salami, F	Supervisor, Accounting	80,615.93
Sam, S	Sr Strategic Change Advisor	118,011.35
Sarginson, P	Registrar of Motor Vehicles & Sr Director, DVA	150,897.80
Sass, J	Sr Director, Customer Service Delivery & Distribution	172,501.22
Saunderson, K	Manager, Marketing & Campaigns	105,525.55
Savard, G	Sr Case Manager	90,617.22
Savoie, A	Supervisor, Claims	95,739.08
Sawatsky, E	Manager, Employee Relations & Wellbeing	90,660.81
Sawatzky, A	Developer 4	91,836.28
Sawatzky, L	Mechanical Support Technician	87,471.92
Sawatzky, N	Sr Legislation Analyst	91,517.13
Scarff, N	Manager, Service Centre (Small)	103,194.48
Scarfone, S	Legal Counsel 4	163,711.29
Schesnuk, D	Associate Personal Technologies Systems Support Analyst	77,306.06
Schlag, J	Adjuster	79,638.85
Schmidt, B	Legal Counsel 1	81,966.64
Schmieder, E	Special Investigator	88,332.32
Schneiderat, T	Internal Review Officer	87,978.49
Schwab, D	SME - Resource Coordinator	117,053.72
Scott, J	Manager, Specialized Risk Claims	105,264.83
Seddon, T	Supervisor, Injury Claims Management	90,651.89
Selby, M	Developer 3	79,645.54
Sellar, E	Manager, Driver Testing Operations	88,936.21
Seniuk, L	Supervisor, Instructional Design	83,593.28
Sentner, C	Manager, Digital Experience	105,738.85
Shah, H	Sr Underwriter	91,600.87
Shea, L	Sr Operations Analyst	84,045.77
Shemeluk, G	Shop Relationship Advisor	102,923.64
Shenvi, S	Business Architect	88,537.44
Shostak, M	SME - Supervisor, Instructional Design	90,449.96
Shukin, K	Supervisor, Underwriting	85,010.59
Shum-McDonald, E	Sr Customer Insights Analyst	80,445.23
Siepman, K	Research Technician	91,654.04
Sierhuis, T	Assistant Manager, Finance Risk & Compliance	105,475.94
Sigurdson, D	Assistant Manager, Serious & Long Term Case Management	97,703.90
Simard, T	Special Investigator	87,275.17
Simmons, G	Systems Architect	99,719.98
Simmons, M	IT Incident & Problem Management Specialist	81,624.20

Name	Position Title	Total Compensation
Skarpias, S	Sr Case Manager	91,260.99
Skelton, C	Sr Case Manager	90,595.21
Skiba, K	Sr Hardware Technician	87,986.65
Skitcko, L	Sr Case Manager	91,679.34
Sladek, J	Accredited Repair Inspector	90,037.96
Sloggett, P	Medical Fitness Administrator	115,463.86
Smart, S	Supervisor, Vehicle Safety	89,222.81
Smiley, B	Media Relations Coordinator	111,253.06
Smith, C	Supervisor, Claims	109,882.03
Smith, R	Administrative Officer-Identity Verification&Data Integrity	76,814.12
Soares, A	Supervisor, Claims	90,796.83
Soifer, G	Manager, Operational Risk Management	96,671.83
Solomon, R	HR Business Partner	92,614.45
Soucy, M	Supervisor, Claims	135,016.07
Spencer, I	Subrogation Investigator	96,366.49
Sprenger, W	Director, Enterprise Risk Management	146,211.43
Sproule, R	Supervisor, Estimatics	114,930.01
St. Godard, D	Supervisor, Subrogation Claims	87,611.72
St. Vincent, K	Sr Case Manager	92,488.75
Stade, S	Supervisor, Injury Claims Management	92,863.44
Stein, J	Developer 3	78,992.82
Stephens, A	Product Owner	88,577.67
Sterzer, C	Estimatics Coordinator	95,510.06
Stock, N	Case Manager	78,966.51
Stoneham, C	Supervisor, Customer Service Centre	85,240.72
Stoyka, E	Operations Performance Lead	100,230.95
Streib, C	Sr Driver Examiner	83,751.62
Su, Y	Senior Actuarial Analyst	110,471.28
Subramaniam, T	IT Managed Services Analyst	82,298.96
Surla, J	Supervisor, Customer Accounts	80,410.18
Swanarchuk, R	Sr Director, Commercial Lines	159,719.58
Sysa, M	Systems User Analyst	94,077.73
Tackie Anderson, N	Service Delivery Manager	122,624.92
Tan, K	Systems Architect	115,285.72
Tanchak, P	Developer 4	110,611.21
Tapia, R	Training & Testing Quality Assurance Administrator	79,033.89
Taylor, B	Claims Controller - Injury	102,718.20
Taylor, C	Director, Corporate Services	155,071.26
Taylor, C	Estimator - City	80,584.25
Taylor, M	Sr Adjuster	78,465.57
Taylor, S	Manager, Licensing Services	119,147.99
Teklehaimanot, S	Case Manager	77,631.84
Telfer, D	Customer Value Proposition Analyst	85,525.26
Thompson, P	Supervisor, Rural Service Centre	98,084.15

Name	Position Title	Total Compensation
Thompson, T	Commercial Specialist	75,304.02
Thomson, A	Adjuster/Sr Driver Examiner	79,821.94
To, C	Supervisor, IRI	99,232.14
Tokar, R	Supervisor, Operations Analytics	80,616.52
Tolentino, J	Estimator - City	82,451.28
Toms, A	Supervisor, Estimating	83,840.75
Torgerson, J	Supervisor, Quality Analysis	91,362.35
Travica, D	Sr Case Manager	91,373.48
Treichel, A	Director, Total Rewards & Talent Acquisition	118,991.26
Triggs, M	General Counsel & Corporate Secretary	250,571.43
Trudel, P	Sr Application Services Technical Advisor	131,178.83
Turnley, C	Manager, Asset Management	102,349.64
Valliani, R	Manager, Cybersecurity & IT GRC	136,157.88
Van Bastelaere, A	Systems Architect	104,274.78
Van Landeghem, D	Supervisor, Injury Claims Management	97,900.69
Vandall, A	Manager, HR Business Partnerships	103,933.66
Vandurme, B	Road Safety Program Specialist	85,111.40
Vassart, M	SME - Quality Analyst	94,055.62
Velasco, A	Programmer/Analyst	82,659.47
Venton, B	Manager, Total Loss & Evaluation	102,166.19
Verdejo, A	Supervisor, Accounting	90,152.02
Verghetti, A	IT Client Services Analyst	94,392.24
Verghetti, T	Subrogation Specialist	128,541.61
Vermette, D	Sr Network Analyst	124,572.55
Vermette, R	Supervisor, Personal Technology Services	106,816.72
Verrier, B	Corporate Controller Clerk	83,340.07
Vieira, P	Director, Communications, Brand & Marketing	85,326.42
Vince, K	Supervisor, Driver Education Program	81,178.16
Vital, A	Business Analyst	87,819.55
Vokey, H	Premises Coordinator	77,456.16
Von Dohren, R	Value Management Coordinator	92,471.27
Wahl, M	Project Coordinator	96,869.66
Wai, E	Developer 3	100,401.79
Waldner, E	Sr IT Platform Support Analyst	105,979.49
Waldron, D	Developer 4	85,050.41
Walsh, K	Supervisor, Underwriting	78,881.21
Wang, F	Developer 3	94,061.51
Wang, J	SME - Business Analyst	81,645.66
Wang, X	Supervisor, Operations Analytics	106,633.53
Wannamaker, M	Manager, Special Risk Extension	115,650.06
Watson, D	Production Coordinator	80,139.19
Watson, K	Digital Forensic Specialist	96,535.25
Waver, C	Employee & Labour Relations Advisor	87,497.45
Way, C	Sr Director, Injury Claims Management	158,733.39

Name	Position Title	Total Compensation
Wazney, A	Sr Case Manager	82,574.82
Welligan, N	Enterprise Architect	142,036.57
Werdermann, M	Supervisor, Instructional Design	76,367.13
Weselake, S	Manager, Fair Practices & Customer Relations	135,902.88
Weselowski, N	Sr Customer Insights Analyst	90,900.48
Whalen, G	Manager, Health Care Services & Quality Assurance	150,064.47
Wheeler, J	Supervisor, Customer Service Centre	78,544.23
White, C	Sr Injury Claims Adjuster	91,568.73
White, T	Estimator - Rural	75,474.90
Wiebe, R	Supervisor, Bodily Injury - Out of Province	97,883.71
Wiedmer, R	Supervisor, Customer Service Centre	79,810.57
Wieler, D	Supervisor, IT Request Fulfillment	93,226.26
Winter, J	Instructional Designer	80,113.50
Wityshyn, W	Quality Analyst	99,833.25
Wlasiuk, D	Premises Coordinator	84,170.22
Wojtowicz, G	Supervisor, Rural Service Centre	84,201.70
Wong, P	Operations Analytics Specialist	103,321.91
Wood, J	Manager, Centre for Change Enablement	94,703.76
Worboys, C	Systems Architect	104,706.43
Wu, R	Accredited Repair Inspector	92,403.24
Wyche, C	Talent Development Partner	98,388.64
Wycislak, F	Supervisor, Injury Claims Management	97,102.52
Wyrzykowski, C	Developer 3	93,013.69
Yakel, J	Director, Software Development & Operations	272,161.19
Yewdall, H	Manager, Bodily Injury Centre	127,962.79
Yu, E	Customer Value Proposition Lead	111,174.51
Zadnepreannii, L	Data Architect	95,082.74
Zarrillo, D	Strategy & Portfolio Manager	128,956.98
Zeaton, G	Manager, Service Centre (Small)	120,628.62
Zhao, L	Sr Customer Insights Analyst	85,696.86
Zielke, M	Associate Case Manager	75,385.62
	Aggregate Total Board of Directors	97,105.37

NOTE TO SCHEDULE

Basis of presentation

The schedule lists employees or individuals affiliated with Manitoba Public Insurance Corporation who received compensation and benefits in excess of $75,000 for the year ended December 31, 2022. The amounts reported were calculated in accordance with the definition of compensation provided in Section 1 of The Public Sector Compensation Disclosure Act.

MANITOBA PUBLIC INSURANCE CORPORATION
NOTE TO SCHEDULE OF COMPENSATION IN ACCORDANCE WITH THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT
FOR THE YEAR ENDED DECEMBER 31, 2022

The Public Sector Compensation Disclosure Act requires public sector bodies to disclose:

- the compensation paid to the Chairperson of its Board of Directors, ifthe Chairperson's compensation is $75,000 or more;
- the aggregate of the benefits paid to the members of the Board of Directors;
- the individual compensation paid to its officers and employees whose compensation is $75,000 or more.

The compensation amount is calculated in accordance with the requirements of The Public Sector Compensation Disclosure Act.

Compensation includes but is not limited to:

- regular salary;
- all payments for overtime, acting pay, statutory holiday pay, retirement/severance payments, lump sum payments and vacation pay-outs; and
- value of the taxable benefits to board members, officers and employees.

CAC (MPI) 1-11

Part and Chapter:	Part IX Expenses	Page No.:	7 of 68
PUB Approved Issue No:	10. Cost of Operations		
Topic:	Government directed organizational review		
Sub Topic:			

Preamble to IR:

On page 7, Part IX – Expenses MPI states:

> *"An estimated $2.0 million is included in the 2023/24 forecast base to account 23 for the government directed organizational review"*

Question:

a) Please provide a narrative discussion on the status of the organization review directed by government.

b) Please file a copy, if available, of the service contract with the third party overseeing the review.

Rationale for Question:

To review the status of the organizational review directed by government.

RESPONSE:

a) The request for proposal ("RFP") was posted on MERX April 26, 2023, with the closing date of May 18, 2023. Seven proponents responded to the RFP and an evaluation committee completed the evaluations on May 22, 2023. The evaluation summary was provided to the Government of Manitoba on May 24, 2023 for approval. The Assistant Deputy Minister communicated on May 24, 2023 that there were no concerns with the top ranked vendor but requested additional time for the Minister responsible for MPI to complete further research prior to granting full approval. In parallel to the Government of Manitoba approving the evaluation, the MPI Board of Directors authorized, subject to Ministerial approval, management to enter into contract negotiations with Ernst & Young.

Final approval to proceed with contract negotiations was received from the Minister on June 23, 2023. The award was posted on MERX June 30, 2023 and negotiations with Ernst & Young are currently in progress.

b) See response to a) above. The service contract with Ernst & Young is not yet complete but should be available in time for disclosure through Round 2 information requests.

<u>CAC (MPI) 1-12</u>

Part and Chapter:	**Part IX Expenses** **Part II Overview**	**Page No.:**	**OV pages 6 and 7**
PUB Approved Issue No:	**10. Cost of operations and cost containment**		
Topic:	**Untendered contracts**		
Sub Topic:			

Preamble to IR:

On Page 6 Part II – Overview MPI states:

> *"Last year, the PUB heard that MPI entered into two untendered contractual 17 engagements with McKinsey related to Program NOVA. At the Information Technology*
> *18 Summit held in April 2023, MPI informed the PUB of the existence of a third*
> *19 untendered contract with McKinsey, unrelated to Program NOVA but related instead to*
> *20 MPI 2.0. The cost of this third engagement was $200,000."*

On Page 7 Part II – Overview MPI states:

> *"To be clear, MPI could have and should have provided the particulars of this third*
> *14 engagement with McKinsey to the PUB during the course of the 2023 GRA. That it did*
> *15 not is truly regrettable as it is not in keeping with the aspirational statements*
> *16 attributed to MPI 2.0. MPI appreciates that there may be additional questions from the*
> *17 PUB and stakeholder groups relating to its relationship with McKinsey as well as to the*
> *18 status of MPI 2.0. MPI will make every effort to answer any such questions."*

Order in Council 41/2023 issued February 1, 2023 included a Ministerial Directive to MPI requiring the corporation to adhere to contract tendering requirements.

Question:

a) Please file a copy of the scope of work assigned to McKinsey in this third untendered contract for services related to MPI 2.0.

b) Please provide a narrative description of the decision-making process including the timing of all relevant developments that led to the execution of the third untendered contract with McKinsey. Please file supporting documentation of relevant recommendations, decisions, etc.

c) Please file a copy of Order in Council 41/2023 as well as the attached Schedule A.

d) Please explain whether the Minister responsible for MPI was aware of the third untendered contract with McKinsey on the date of issue of Order in Council 41/2023.

e) Please indicate, list and explain any financial transactions under consideration or in progress that have not been explicitly reported in the 2024 GRA, either by management, the Board of Directors or Government, which could impact the 2024 GRA proposed rates, if any.

Rationale for Question:

Clarifying the process and time period during which MPI was not conducting tendering processes for certain contracts to assess potential impacts for ratepayers. Also to clarify any similar gaps in information before the PUB in the present process.

RESPONSE:

a) MPI previously filed on the public record a copy of the third untendered contract with McKinsey, which contains at Article 2.1, a statement of the background and description of services as well as assumptions on scope. Additionally, Article 2.2 identifies the deliverables for the MPI 2.0 assessment. Please see *Part IX Expenses EXP Appendix 23c – Redacted*, for the agreement dated August 10, 2022, which is in fact an amendment to the second agreement with McKinsey (dated March 8, 2022), found at *Part IX Expenses EXP Appendix 23b – Redacted*.

b) The following is a timeline of the events that resulted in the execution of the third untendered contract with McKinsey:

i. **July 19, 2022** - then President & CEO Eric Herbelin shares a presentation from McKinsey titled "*MPI 2.0 Assessment – Our Approach for Assessing MPI's Case for Transformational Change"* at a meeting of the Executive Committee and explains that McKinsey will be undertaking this work beginning in the next couple of weeks (to coincide with Project NOVA Release 3 Pre-Discovery) and a final report by mid-to-late August 2022 – please see *Appendix 1 – Executive Committee Redacted Minutes Jul 19-2022 – Confidential* for a copy of the meeting minutes and *Appendix 2 – MPI 2.0 Transformation Diligence and Roadmap Jul 19-2022 – Confidential* for a copy of the presentation;

ii. There are no records indicating that Executive Committee approved entering into a contract with McKinsey in respect of the work or received a break-down of the anticipated costs;

iii. **July 20, 2022** – Mr. Herbelin emails McKinsey, Mr. Chad Muir of MPI Strategic Sourcing & Vendor Management and Mr. Allan Horne of MPI Legal Services regarding the MPI 2.0 Assessment with McKinsey and directs Messrs. Muir and Horne to make finalizing the agreement with McKinsey their "…number 1 priority…" – please see *Appendix 3 – Email Jul 20-2022 - Confidential*;

iv. **July 22, 2022** – McKinsey sends Mr. Horne a draft amendment to the March 8, 2022 agreement for his review – please see *Appendix 4 – Emails Jul 22-2022 – Confidential*;

v. **July 25, 2022** – Mr. Horne confirms that the proposed amending agreement is acceptable to MPI – please see *Appendix 5 – Emails Jul 25-2022 - Confidential*;

vi. **July 26, 2022** – McKinsey presents slide deck titled: "*MPI 2.0 Kick Off*" to the Executive Committee – please see *Appendix 6 – Executive Committee Redacted Minutes Jul 26-2022 - Confidential* for a copy of the meeting minutes and *Appendix 7 – MPI 2.0 Kick Off Jul 26-2022 - Confidential* for a copy of the presentation;

vii. **July 27, 2022** – Mr. Muir provides Mr. Horne with the contract package (containing the contract approval form and consulting agreement amendment) for his review, approval and execution – please see *Appendix 8 – McKinsey Consulting Services Agreement CA July 27-2022 – Confidential* for the contract approval form and *Part IX Expenses EXP Appendix 23c – Redacted*, for the consulting agreement amendment;

viii. It should be noted that the Contract Approval at *Appendix 8* includes (in the text box labelled "If unbudgeted, explain:") the following statement:

> *"The additional scope was requested by Eric Herbelin and the funds will be allocated from the existing project budget."*

Mr. Muir advises that he added this statement to the document for the purposes of helping the reader to understand that this was unbudgeted and where the funds for the work would be coming from. Mr. Muir also explains that adding "…at the direction of Eric…" provided context on why MPI was moving ahead with unbudgeted work.

It should also be noted that the document expressly identifies that:

- Tender was not required as "[a]n amendment has been created to add scope to an existing Consulting Agreement as there is additional scope that has been requested."

- Board approval (meaning approval of the MPI Board of Directors) was not required.

In terms of authority to proceed with the work, *Corporate Directive S.3, Signing and Approval Authorities,* provides that the President & Chief Executive Officer has the unilateral authority to waive the requirement of using a tender on contracts with a value of up to $500,000. As the contract amending agreement set out price of $200,000, Mr. Herbelin had the authority to approve this work without requiring the approval of the Executive Committee and/or the Board of Directors.

ix. **July 28, 2022** – Technology Committee of the Board meets but, according to meeting minutes, appears to neither discuss nor approve the consulting agreement amendment - *Appendix 9 – Technology Committee Redacted Minutes Jul 28-2022 - Confidential*;

x. **August 9-10, 2022** – parties sign the consulting agreement amendment;

xi. **August 11, 2022** – Board of Directors meets but, according to meeting minutes, appears to neither discuss nor approve the consulting agreement amendment - *Appendix 10 – Board of Directors Redacted Minutes Aug 11-2022 - Confidential*;

xii. There are no records of the Board of Directors and/or the Technology Committee of the Board discussing or approving the consulting agreement amendment.

c) A copy of the Order in Council 41/2023 as well as the attached Schedule A has been filed with this Information Request as *Appendix 11*.

d) MPI (Government Relations) sent an email the Minister's Office and the Department of Corporate and Strategic Services on January 25, 2023. The email noted the status of multiple contracts with McKinsey, including the third untendered contract. The Directive (i.e., Order in Council 41/2023) was issued on February 1, 2023.

e) There are no financial transactions under consideration or in progress that have not been explicitly reported in the 2024 GRA, either by management, the Board of Directors or Government, which could impact the 2024 GRA proposed rates.

Appendix 1 to 10:

This material is the subject of a confidential motion.

Appendix 1	Executive Committee Redacted Minutes Jul 19-2022 - Confidential
Appendix 2	MPI 2.0 Transformation Diligence and Roadmap Jul 19-2022 – Confidential
Appendix 3	Email Jul 20-2022 - Confidential
Appendix 4	Emails Jul 22-2022 - Confidential
Appendix 5	Emails Jul 25-2022 - Confidential
Appendix 6	Executive Committee Redacted Minutes Jul 26-2022 - Confidential
Appendix 7	MPI 2.0 Kick Off Jul 26-2022 - Confidential
Appendix 8	McKinsey Consulting Services Agreement CA July 27-2022 – Confidential
Appendix 9	Technology Committee Redacted Minutes Jul 28-2022 - Confidential
Appendix 10	Board of Directors Redacted Minutes Aug 11-2022 - Confidential

M A N I T O B A

O R D E R I N C O U N C I L

DATE: **February 1, 2023**

ORDER IN COUNCIL NO.: **41/2023**

RECOMMENDED BY: **Finance**

ORDER

1. Approval is given to the minister responsible for *The Crown Corporations Governance and Accountability Act* (the "Minister") to issue a directive to The Manitoba Public Insurance Corporation in the form attached at Schedule "A".

2. This Order comes into effect on the day that it is made.

AUTHORITY

The Crown Corporations Governance and Accountability Act, C.C.S.M. c. C336, states:

Directives
13(1) The minister may — with the approval of the Lieutenant Governor in Council — issue a directive to a corporation
(a) respecting matters of policy;
(a.1) requiring the corporation to conduct an organizational review as specified in the directive;
(a.2) requiring the corporation to do something in accordance with its approved annual business plan or prohibiting it from doing anything inconsistent with that plan;
(b) to ensure that practices of two or more corporations are consistent; and
(c) to ensure that two or more corporations act in concert with each other or with government departments or agencies when doing so will further efficiency and effectiveness.

…

Compliance
13(3) A corporation must comply with a directive given under this section.

Directives to be made public
13(4) The minister must make a directive public, in a manner he or she determines reasonable, within 30 days of the directive being given to the corporation.

BACKGROUND

1. The Minister recommends that the attached directive be issued to The Manitoba Public Insurance Corporation.

A Directive to
The Manitoba Public Insurance Corporation
Respecting Procurement Policies and Procedures

Issued by: Honourable Minister Cliff Cullen

Effective: February 1, 2023

BACKGROUND

The *Crown Corporations Governance and Accountability Act* provides for the issuing of directives to one or more Crown corporations as follows:

Directives

13(1) The minister may — with the approval of the Lieutenant Governor in Council — issue a directive to a corporation
(a) respecting matters of policy;
(a.1) requiring the corporation to conduct an organizational review as specified in the directive;
(a.2) requiring the corporation to do something in accordance with its approved annual business plan or prohibiting it from doing anything inconsistent with that plan;
(b) to ensure that practices of two or more corporations are consistent; or
(c) to ensure that two or more corporations act in concert with each other or with government departments or agencies when doing so will further efficiency and effectiveness.

PURPOSE

This directive instructs The Manitoba Public Insurance Corporation (the "Corporation") to comply with certain policies and procedures for the procurement of goods and services.

APPLICATION AND SCOPE

This directive applies to the procurement of goods and services by the Corporation through non-competitive processes.

DIRECTIVE

For the purpose of this directive:

"direct award" means a non-market created situation where the procurement process is subject to limitations that result in the selection of the vendor without competition, or where there is a material change to the value of an existing agreement with a vendor.

"emergency" means non-routine adverse events that require immediate action to prevent or limit: (i) loss of life; (ii) harm to the safety, health or welfare of people; (iii) damage to property or the environment; or (iv) impacts to critical government services or functions. An essential agreement expiring, or failure to plan and allow time for the procurement process are specifically excluded from the definition of emergency.

"sole source" means a market created situation where no competitive environment exists.

The Corporation is directed to comply with the following policies and procedures for procurement of goods and services:

1. A fair, competitive process should be used for all agreements for goods or services to ensure that the best value is received, and to provide a fair and equal opportunity for vendors to present their goods and services.

2. Where an agreement for goods or services is entered into on the basis of a direct award or sole source arrangement or by reason of an emergency, the Corporation is required to keep a detailed record of the circumstances, rationale and approvals for that procurement.

3. The Corporation must obtain the approval of the minister responsible for the Corporation for the proposed procurement, or if the minister responsible for the Corporation refers the proposed procurement to Treasury Board, the approval of Treasury Board:

   a. prior to entering into an agreement for goods or services:

      i. pursuant to a direct award or sole source arrangement, if the value of the goods or services over the term of the agreement is over $50,000;
      ii. as a result of an emergency, if the value of the goods or services over the term of the agreement is over $100,000;

   b. prior to amending an agreement for goods or services:

      i. if the original agreement was entered into pursuant to a direct award or sole source arrangement, and as a result of the proposed amendment the total value of the goods or services over the term of the agreement would be over $50,000;
      ii. if the original agreement was entered into as a result of an emergency, and as a result of the proposed amendment the total value of the goods or services over the term of the agreement would be over $100,000;
      iii. if the original agreement was entered into pursuant to a direct award or sole source arrangement or as a result of an emergency and was approved by the minister or by Treasury Board and as a result of the proposed amendment the total value of the goods or services over the term of the agreement would be increased by 10 per cent or $10,000 or more.

4. The Corporation shall publish as part of its annual report the following information regarding agreements entered into pursuant to a direct award or sole source arrangement or as a result of an emergency:

   a. the names of the parties to the agreement;

b. a description of the subject matter;

c. total value of the goods or services over the term of the agreement or, if it is not a fixed amount, an estimate of the anticipated total value of the goods or services over the term of the agreement.

CAC (MPI) 1-13

Part and Chapter:	Part XII - RMF	Page No.:	
PUB Approved Issue No:	17. Risk Assessment and Risk Management		
Topic:	MPI risk profile changes, if any		
Sub Topic:			

Preamble to IR:

Question:

a) Please discuss and elaborate on any material changes to the Corporation's risk profile since last year's GRA, with respect to financial risk, operational risk, continuation of service risk, unpaid claims risk, information technology risk, people risk and investment risk or with respect to any other risk factors, if any.

b) Please discuss and elaborate whether the Corporation expects any changes to its risk profile going forward through the outlook period.

Rationale for Question:

Assess material risk profile changes or material transactions in progress or outstanding potentially impacting the 2024 GRA forecasts, if any.

RESPONSE:

a) The risk profile of Basic is documented in the *Financial Condition Test, which will be filed in October 2023*. Please see *Part XII Risk Management Framework RMF Appendix 4 – Top Corporate Risks- Redacted* for a list of the top seven corporate risks. Please see response to *PUB (MPI) 1-80(c) Appendix 3 – Top 8 Risk Profiles - Redacted* for the risk profiles of the top eight corporate risks.

b) At this time, MPI does not expect any material changes to its risk profile over the forecasted outlook period.

CAC (MPI) 1-14 **reviewed by SMS July 30 at 7:25pm**

Part and Chapter:	**Part IX Expenses**	**Page No.:**	**8 of 68**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Operational basic expenses trending downward**		
Sub Topic:			

Preamble to IR:

On page 8 of Part IX - Expenses) MPI states:

> *"Basic operating expenses in the rating years (2024/25 and 2025/26) are*
> *2 approximately 6.3% lower versus 2023 General Rate Application (GRA)*
> *3 forecast mainly due to commitment to improve and manage expense ratios*

Question:

Please provide a narrative discussion of the impact on the organization including operations of this reduction in expenses, as well as explanations of the expense categories targeted to reduce expenses by 6.3% from the previous GRA.

Rationale for Question:

To better understand management's strategy to reduce operating expenses going forward on top of absorbing inflation growth in years 2024/25 and outward.

RESPONSE:

Please see large expense account variances discussed in the 2024 General Rate Application *Part IX Expenses Chapter*. Also, further expense comparative analysis is provided in *Part IX Expenses EXP Appendix 7* and *Part IX Pro Formas Chapter PF-6 and PF-7*.

MPI has significantly reduced normal operating expenses as compared to the 2023 GRA. MPI is committed to containing costs and being financially prudent. As described in the 2024 GRA, MPI has applied significant cost reductions to salaries, data processing, and special service expenses. The reduced salaries are attributed to staffing reductions compared to the 2023 GRA. Data processing expenses are considerably lower due to reductions in external labor, while special service expenses are also considerably lower due to the removal of a $5 million placeholder that was included in the 2023 GRA.

CAC (MPI) 1-15

Part and Chapter:	**Part IX Expenses**	**Page No.:**	**16, 53 and 68 of 68**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Focus on core requirements, improvement initiatives and absorption of Manitoba Inflation impact going forward**		
Sub Topic:			

Preamble to IR:

On page 68 of Part IX (Expenses) MPI states the following:

> *"MPI has significantly reduced the expectation for staffing requirements, in line with*
> *8 Government direction, returning its **focus on core requirements** and attention on value*
> *9 for money. In addition, a reset of expected costs for (special services) and*
> *10 amortization costs to better reflect the economic reality of system implementation**."** [Emphasis added]*

Page 53:

> *"From 2023/24 through 2025/26, MPI expects an overall growth in Basic Normal*
> *6 Operating expenses of -0.4%. This decreased growth is primarily driven by the*
> ***7 absorption of Manitoba inflation impacts**, an average annual decrease of 4.6% in data*
> *8 processing expenses and an average annual decrease of 9.5% related to building*
> *9 expenses."*

Page16:

> *"The figure below illustrates total corporate expenses for 2023/24 FB. The majority of*
>
> *14 expenses incurred relate to normal operations or day-to-day expenses. MPI expects*
> *15* ***approximately 15% of all expenses to be related to improvement initiatives*** *in the*
> *16 2023/24 fiscal year. This is an increase versus prior years wherein approximately 8%*
> *17 to 13% of all corporate expenses related to improvement initiatives. The increase in improvement initiatives relative to total corporate expenses is 1 mainly attributable to*
> *2 NOVA Program funding requirements."*

Question:

a) Please provide a narrative discussion on MPI's pivot toward its focus on core requirements in relation to absorbing CPI impacts in its operating expenses, balancing the retention of qualified/competent resources and with its initiative expenses in the range of 15% of overall expenses.

b) Please calculate the impact on forecasted expenses and indicated rates for basic insurance by increasing expenses (excluding the expenses already increased by a factor) by 50% of Manitoba CPI.

c) Please re-forecast PF-8, PF-9 and PF-10 by incorporating the results of b. above.

Rationale for Question:

To better understand MPI's strategic direction going forward in light of its current focus, including its responses to changes in CPI.

RESPONSE:

a) Over the past few months, MPI has undergone significant change with people and processes including turnover within the Executive Team and its Board Chairperson. While MPI has always put fiscal responsibility at the forefront, the new Board Chair has indicated[1] that processes and a governance structure will be put in place that will ultimately maximize value.

One of the three business objectives that will help deliver value includes meeting financial obligations with a continued focus on fiscal prudence and responsible financial management. For example, MPI has committed to absorbing expected CPI increases in some of the expense cost categories such as special services, postage, printing/stationery, and advertising. Also, to further demonstrate commitment on re-emphasizing a focus on controlling costs/meeting financial obligations, MPI is significantly reducing forecasted improvement initiative expenses. As, illustrated in *EXP Chapter – Appendix 7*, (page 3 of 24 lines, 7 and 8), MPI is forecasting significant decreases to overall improvement initiative expenses. By the year 2027/28, improvement initiative expenses are expected to be less than 2% of corporate expenses versus the current 15% in the 2023/24 fiscal year.

b) Please see *Figure 1*, *Figure 2*, and *Figure 3* for a 5-year summary of Basic expense forecast. These figures reflect the application of CPI to 2024/25 normal operating expense categories that did not factor in CPI. The categories impacted by applying 50% of CPI, including special services, postage, advertising, and merchant fees.

c) Figure 4 shows marginal differences when compared to the base forecast as shown in *Part IX Expenses EXP Appendix 2.* This is primarily due to a large proportion of expenses already tied to contractual or economic increases (such as Compensation).

[1] MPI Moving Forward under Strong Governance & Board Oversight - https://www.mpi.mb.ca/Pages/nr2023june6.aspx

Improvement Initiatives have not changed from the base forecast. However, Figure 5 and Figure 6 have been included to tie to the Pro-formas provided in part c).

Given the marginal difference from the base forecast, the indicated rate changes from -0.13% to -0.12%.

Figure 1 5 year Summary of Basic Expenses per CAC 1-15 -Normal Operations

5 Year Summary of Basic Expenses by Category - Normal Operations Expenses

Line No.	Expense	Claims 2021/22A	Claims 2022/23A	Claims 2023/24BF	Claims 2024/25F	Claims 2025/26F	Operating 2021/22A	Operating 2022/23A	Operating 2023/24BF	Operating 2024/25F	Operating 2025/26F	Road Safety 2021/22A	Road Safety 2022/23A	Road Safety 2023/24BF	Road Safety 2024/25F	Road Safety 2025/26F
1	*($000's, except where noted)*															
2	**Compensation - Salaries**	68,537	68,738	70,627	69,845	72,204	31,178	35,771	39,723	39,215	40,528	1,534	1,600	1,573	1,549	1,600
3	**Compensation - Overtime**	1,106	1,316	1,085	988	1,000	268	392	351	320	323	11	3	4	4	4
4	**Compensation - Benefits**	17,060	16,582	16,947	16,224	16,426	7,848	8,980	9,762	9,329	9,443	339	322	313	298	302
5	**Compensation - H & E Tax**	1,530	1,536	1,617	1,657	1,651	704	831	931	952	948	30	30	30	30	30
6	**Subtotal - Compensation**	**88,233**	**88,172**	**90,276**	**88,714**	**91,281**	**39,998**	**45,974**	**50,767**	**49,816**	**51,242**	**1,914**	**1,955**	**1,920**	**1,881**	**1,936**
7	**Data Processing**	20,645	23,298	23,069	21,042	20,060	7,150	9,827	10,028	9,144	8,716	-	-	-	-	-
8	**Special Services**	7,320	8,591	6,400	4,310	4,325	2,871	4,098	6,411	4,293	4,301	72	91	269	180	180
9	**Building Expenses**	4,790	4,673	4,352	3,554	3,594	1,739	1,774	1,431	1,167	1,180	60	62	72	59	59
10	**Safety/Loss Prevention Programs**	512	474	485	433	426	-	-	-	-	-	1,930	2,459	4,464	3,983	3,916
11	**Telephone/Telecommunications**	1,023	894	832	755	764	443	444	434	394	398	-	-	-	-	-
12	**Public Information/Advertising**	3	10	12	7	7	45	30	153	188	189	2,333	1,855	2,376	1,323	1,325
13	**Printing, Stationery, Supplies**	679	765	416	373	371	569	641	491	444	444	20	16	22	19	19
14	**Postage**	358	1	1	1	1	3,099	3,236	2,864	2,826	2,830	-	-	-	-	-
15	**Regulatory/Appeal**	9	-	-	-	-	4	-	-	-	-	-	-	-	-	-
16	**Travel and Vehicle Expense**	402	574	822	771	781	80	225	470	441	446	19	19	26	24	24
17	**Driver Education Program**	-	-	-	-	-	-	-	-	-	-	3,100	3,200	4,465	4,406	4,527
18	**Grants in Lieu of Taxes**	1,014	972	972	960	971	363	370	319	315	319	13	13	16	16	16
19	**Furniture & Equipment**	1,119	1,040	777	564	562	624	684	648	470	468	-	-	-	-	-
20	**Merchant Fees & Bank Charges**	8	-	-	-	-	7,734	7,443	7,405	7,733	7,809	-	-	-	-	-
21	**Other**	825	1,064	1,573	1,349	1,351	4,499	4,621	4,008	3,784	3,799	53	66	96	88	89
22	**Subtotal - Other Expenses**	**38,707**	**42,356**	**39,711**	**34,119**	**33,213**	**29,220**	**33,393**	**34,662**	**31,199**	**30,899**	**7,600**	**7,781**	**11,806**	**10,098**	**10,155**
23	**Depreciation-Capital Assets**	3,235	3,028	3,349	3,725	4,222	1,140	1,120	1,141	1,268	1,438	112	90	69	77	87
24	**Amortization-Deferred Development**	8,160	4,158	3,478	3,200	2,404	1,756	1,458	1,700	1,706	1,343	711	704	666	123	-
25	**Total**	**138,335**	**137,714**	**136,814**	**129,758**	**131,120**	**72,114**	**81,945**	**88,270**	**83,989**	**84,922**	**10,337**	**10,530**	**14,461**	**12,179**	**12,178**

26 ***Rounding may affect totals**

27 **** Please refer to respective Expense Chapter sections for variance analysis**

Line No.	Expense	Regulatory Appeal 2021/22A	Regulatory Appeal 2022/23A	Regulatory Appeal 2023/24BF	Regulatory Appeal 2024/25F	Regulatory Appeal 2025/26F	Total 2021/22A	Total 2022/23A	Total 2023/24BF	Total 2024/25F	Total 2025/26F
28	**($000's, except where noted)**										
29	**Compensation - Salaries**	243	280	394	398	414	101,492	106,389	112,317	111,007	114,746
30	**Compensation - Overtime**	2	8	3	3	3	1,387	1,719	1,443	1,315	1,330
31	**Compensation - Benefits**	49	57	92	90	92	25,296	25,941	27,114	25,941	26,263
32	**Compensation - H & E Tax**	4	5	9	9	9	2,268	2,402	2,587	2,648	2,638
33	**Subtotal - Compensation**	**298**	**350**	**498**	**500**	**518**	**130,443**	**136,451**	**143,461**	**140,911**	**144,977**
34	**Data Processing**	-	-	-	-	-	27,795	33,125	33,097	30,186	28,776
35	**Special Services**	1	-	-	-	-	10,264	12,780	13,080	8,783	8,806
36	**Building Expenses**	5	5	-	-	-	6,594	6,514	5,855	4,780	4,833
37	**Safety/Loss Prevention Programs**	-	-	-	-	-	2,442	2,933	4,949	4,416	4,342
38	**Telephone/Telecommunications**	-	-	-	-	-	1,466	1,338	1,266	1,149	1,162
39	**Public Information/Advertising**	-	-	-	-	-	2,381	1,895	2,541	1,518	1,521
40	**Printing, Stationery, Supplies**	-	-	-	-	-	1,268	1,422	929	836	834
41	**Postage**	-	-	-	-	-	3,457	3,237	2,865	2,827	2,831
42	**Regulatory/Appeal**	4,222	4,408	4,137	3,737	3,807	4,235	4,408	4,137	3,737	3,807
43	**Travel and Vehicle Expense**	-	1	1	1	1	501	819	1,319	1,237	1,252
44	**Driver Education Program**	-	-	-	-	-	3,100	3,200	4,465	4,406	4,527
45	**Grants in Lieu of Taxes**	1	1	-	-	-	1,391	1,356	1,307	1,291	1,306
46	**Furniture & Equipment**	-	-	-	-	-	1,743	1,724	1,425	1,034	1,030
47	**Merchant Fees & Bank Charges**	-	-	-	-	-	7,742	7,443	7,405	7,733	7,809
48	**Other**	-	1	1	1	1	5,377	5,752	5,678	5,222	5,240
49	**Subtotal - Other Expenses**	**4,229**	**4,416**	**4,139**	**3,739**	**3,809**	**79,756**	**87,946**	**90,318**	**79,155**	**78,076**
50	**Depreciation-Capital Assets**	3	3	-	-	-	4,490	4,241	4,559	5,070	5,747
51	**Amortization-Deferred Development**	-	-	-	-	-	10,627	6,320	5,844	5,029	3,747
53	**Total**	**4,530**	**4,769**	**4,637**	**4,239**	**4,327**	**225,316**	**234,958**	**244,182**	**230,165**	**232,547**

Figure 2 5 year Summary of Basic Expenses per CAC 1-15 -Improvement Initiatives

5 Year Summary of Basic Expenses by Category - Initiative Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	**Compensation - Salaries**	456	228	1,426	741	(1,893)	226	121	824	523	(395)	-	-	-	-	-
3	**Compensation - Overtime**	4	11	-	-	-	2	6	-	-	-	-	-	-	-	-
4	**Compensation - Benefits**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	**Compensation - H & E Tax**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Subtotal - Compensation**	**460**	**239**	**1,426**	**741**	**(1,893)**	**228**	**127**	**824**	**523**	**(395)**	**-**	**-**	**-**	**-**	**-**
7	**Data Processing**	7,294	7,912	17,663	16,081	17,830	3,514	4,234	9,258	8,975	10,120	-	-	-	-	-
8	**Special Services**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Building Expenses**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	**Safety/Loss Prevention Programs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Telephone/Telecommunications**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	**Public Information/Advertising**	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-
13	**Printing, Stationery, Supplies**	11	-	7	-	-	5	-	-	-	-	-	-	-	-	-
14	**Postage**	-	-	-	(25)	(69)	-	-	-	(8)	(20)	-	-	-	-	-
15	**Regulatory/Appeal**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	**Travel and Vehicle Expense**	2	1	1	1	1	1	-	-	-	-	-	-	-	-	-
17	**Driver Education Program**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	**Grants in Lieu of Taxes**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	**Furniture & Equipment**	52	385	-	-	-	25	212	-	-	-	-	-	-	-	-
20	**Merchant Fees & Bank Charges**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	**Other**	123	14	8	(109)	(121)	58	8	5	(38)	(41)	-	-	-	-	-
22	**Subtotal - Other Expenses**	**7,482**	**8,312**	**17,682**	**15,948**	**17,641**	**3,603**	**4,454**	**9,263**	**8,929**	**10,059**	**-**	**-**	**-**	**-**	**-**
23	**Depreciation-Capital Assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	**Amortization-Deferred Development**	-	-	-	-	761	-	-	-	-	436	-	-	-	-	-
25	**Total**	**7,942**	**8,551**	**19,108**	**16,689**	**16,509**	**3,831**	**4,581**	**10,087**	**9,452**	**10,100**	**-**	**-**	**-**	**-**	**-**
26	***Rounding may affect totals**															

Line		Regulatory Appeal					Total				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	**($000's, except where noted)**										
28	**Compensation - Salaries**	-	-	-	-	-	682	349	2,250	1,264	(2,288)
29	**Compensation - Overtime**	-	-	-	-	-	6	17	-	-	-
30	**Compensation - Benefits**	-	-	-	-	-	-	-	-	-	-
31	**Compensation - H & E Tax**	-	-	-	-	-	-	-	-	-	-
32	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**688**	**366**	**2,250**	**1,264**	**(2,288)**
33	**Data Processing**	-	-	-	-	-	10,808	12,146	26,921	25,056	27,950
34	**Special Services**	-	-	-	-	-	-	-	-	-	-
35	**Building Expenses**	-	-	-	-	-	-	-	-	-	-
36	**Safety/Loss Prevention Programs**	-	-	-	-	-	-	-	-	-	-
37	**Telephone/Telecommunications**	-	-	-	-	-	-	-	-	-	-
38	**Public Information/Advertising**	-	-	-	-	-	-	-	3	-	-
39	**Printing, Stationery, Supplies**	-	-	-	-	-	16	-	7	-	-
40	**Postage**	-	-	-	-	-	-	-	-	(33)	(89)
41	**Regulatory/Appeal**	-	-	-	-	-	-	-	-	-	-
42	**Travel and Vehicle Expense**	-	-	-	-	-	3	1	1	1	1
43	**Driver Education Program**	-	-	-	-	-	-	-	-	-	-
44	**Grants in Lieu of Taxes**	-	-	-	-	-	-	-	-	-	-
45	**Furniture & Equipment**	-	-	-	-	-	77	597	-	-	-
46	**Merchant Fees & Bank Charges**	-	-	-	-	-	-	-	-	-	-
47	**Other**	-	-	-	-	-	181	22	13	(147)	(162)
48	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**11,085**	**12,766**	**26,945**	**24,877**	**27,700**
49	**Depreciation-Capital Assets**	-	-	-	-	-	-	-	-	-	-
50	**Amortization-Deferred Development**	-	-	-	-	-	-	-	-	-	1,197
51	**Total**	**-**	**-**	**-**	**-**	**-**	**11,773**	**13,132**	**29,195**	**26,141**	**26,609**
52	***Rounding may affect totals**										

Figure 3 5 year Summary of Basic Expenses per CAC 1-15 -Total

5 Year Summary of Basic Expenses by Category - Total Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	68,993	68,966	72,053	70,586	70,311	31,404	35,892	40,547	39,738	40,133	1,534	1,600	1,573	1,549	1,600
3	Compensation - Overtime	1,110	1,327	1,085	988	1,000	270	398	351	320	323	11	3	4	4	4
4	Compensation - Benefits	17,060	16,582	16,947	16,224	16,426	7,848	8,980	9,762	9,329	9,443	339	322	313	298	302
5	Compensation - H & E Tax	1,530	1,536	1,617	1,657	1,651	704	831	931	952	948	30	30	30	30	30
6	**Subtotal - Compensation**	**88,693**	**88,411**	**91,702**	**89,455**	**89,388**	**40,226**	**46,101**	**51,591**	**50,339**	**50,847**	**1,914**	**1,955**	**1,920**	**1,881**	**1,936**
7	Data Processing	27,939	31,210	40,732	37,123	37,890	10,664	14,061	19,286	18,119	18,836	-	-	-	-	-
8	Special Services	7,320	8,591	6,400	4,310	4,325	2,871	4,098	6,411	4,293	4,301	72	91	269	180	180
9	Building Expenses	4,790	4,673	4,352	3,554	3,594	1,739	1,774	1,431	1,167	1,180	60	62	72	59	59
10	Safety/Loss Prevention Programs	512	474	485	433	426	-	-	-	-	-	1,930	2,459	4,464	3,983	3,916
11	Telephone/Telecommunications	1,023	894	832	755	764	443	444	434	394	398	-	-	-	-	-
12	Public Information/Advertising	3	10	15	7	7	45	30	153	188	189	2,333	1,855	2,376	1,323	1,325
13	Printing, Stationery, Supplies	690	765	423	373	371	574	641	491	444	444	20	16	22	19	19
14	Postage	358	1	1	(24)	(68)	3,099	3,236	2,864	2,818	2,810	-	-	-	-	-
15	Regulatory/Appeal	9	-	-	-	-	4	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	404	575	823	772	782	81	225	470	441	446	19	19	26	24	24
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,100	3,200	4,465	4,406	4,527
18	Grants in Lieu of Taxes	1,014	972	972	960	971	363	370	319	315	319	13	13	16	16	16
19	Furniture & Equipment	1,171	1,425	777	564	562	649	896	648	470	468	-	-	-	-	-
20	Merchant Fees & Bank Charges	8	-	-	-	-	7,734	7,443	7,405	7,733	7,809	-	-	-	-	-
21	Other	948	1,078	1,581	1,240	1,230	4,557	4,629	4,013	3,746	3,758	53	66	96	88	89
22	**Subtotal - Other Expenses**	**46,189**	**50,668**	**57,393**	**50,067**	**50,854**	**32,823**	**37,847**	**43,925**	**40,128**	**40,958**	**7,600**	**7,781**	**11,806**	**10,098**	**10,155**
23	Depreciation-Capital Assets	3,235	3,028	3,349	3,725	4,222	1,140	1,120	1,141	1,268	1,438	112	90	69	77	87
24	Amortization-Deferred Development	8,160	4,158	3,478	3,200	3,165	1,756	1,458	1,700	1,706	1,779	711	704	666	123	-
25	**Total**	**146,277**	**146,265**	**155,922**	**146,447**	**147,629**	**75,945**	**86,526**	**98,357**	**93,441**	**95,022**	**10,337**	**10,530**	**14,461**	**12,179**	**12,178**
26	*Rounding may affect totals															
27	** Please refer to respective Expense Chapter sections for variance analysis															

Line		Regulatory Appeal					Total				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
28	*($000's, except where noted)*										
29	Compensation - Salaries	243	280	394	398	414	102,174	106,738	114,567	112,271	112,458
30	Compensation - Overtime	2	8	3	3	3	1,393	1,736	1,443	1,315	1,330
31	Compensation - Benefits	49	57	92	90	92	25,296	25,941	27,114	25,941	26,263
32	Compensation - H & E Tax	4	5	9	9	9	2,268	2,402	2,587	2,648	2,638
33	**Subtotal - Compensation**	**298**	**350**	**498**	**500**	**518**	**131,131**	**136,817**	**145,711**	**142,175**	**142,689**
34	Data Processing	-	-	-	-	-	38,603	45,271	60,018	55,242	56,726
35	Special Services	1	-	-	-	-	10,264	12,780	13,080	8,783	8,806
36	Building Expenses	5	5	-	-	-	6,594	6,514	5,855	4,780	4,833
37	Safety/Loss Prevention Programs	-	-	-	-	-	2,442	2,933	4,949	4,416	4,342
38	Telephone/Telecommunications	-	-	-	-	-	1,466	1,338	1,266	1,149	1,162
39	Public Information/Advertising	-	-	-	-	-	2,381	1,895	2,544	1,518	1,521
40	Printing, Stationery, Supplies	-	-	-	-	-	1,284	1,422	936	836	834
41	Postage	-	-	-	-	-	3,457	3,237	2,865	2,794	2,742
42	Regulatory/Appeal	4,222	4,408	4,137	3,737	3,807	4,235	4,408	4,137	3,737	3,807
43	Travel and Vehicle Expense	-	1	1	1	1	504	820	1,320	1,238	1,253
44	Driver Education Program	-	-	-	-	-	3,100	3,200	4,465	4,406	4,527
45	Grants in Lieu of Taxes	1	1	-	-	-	1,391	1,356	1,307	1,291	1,306
46	Furniture & Equipment	-	-	-	-	-	1,820	2,321	1,425	1,034	1,030
47	Merchant Fees & Bank Charges	-	-	-	-	-	7,742	7,443	7,405	7,733	7,809
48	Other	-	1	1	1	1	5,558	5,774	5,691	5,075	5,078
49	**Subtotal - Other Expenses**	**4,229**	**4,416**	**4,139**	**3,739**	**3,809**	**90,841**	**100,712**	**117,263**	**104,032**	**105,776**
50	Depreciation-Capital Assets	3	3	-	-	-	4,490	4,241	4,559	5,070	5,747
51	Amortization-Deferred Development	-	-	-	-	-	10,627	6,320	5,844	5,029	4,944
52	**Total**	**4,530**	**4,769**	**4,637**	**4,239**	**4,327**	**237,089**	**248,090**	**273,377**	**256,306**	**259,156**
53	*Rounding may affect totals										

Figure 4 PF-8 Statement of Operations: CAC 1-15 with 0.12% Basic Rate Change - IFRS 17 Forecast with IFRS 4 Presentation

Line		IFRS 4		IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
No.	*2024 GRA Base - CAC 1-15 with -0.12% RI in 2024/25*				*For the Years Ended March 31,*				
1	*(C$ 000s, rounding may affect totals)*	**2023A**	**IFRS 17**	**2023BF**	**2024BF**	**2025F**	**2026F**	**2027F**	**2028F**
2	**BASIC**								
3	Motor Vehicles	1,121,811	-	1,121,811	1,112,046	1,148,090	1,184,975	1,220,445	1,258,751
4	Capital Release Provision	(57,026)	-	(57,026)	-	(1,402)	-	-	-
5	Drivers	59,085	-	59,085	62,520	64,822	66,634	67,982	70,043
6	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
7	**Total Net Premiums Written**	**1,107,478**	**-**	**1,107,478**	**1,158,180**	**1,194,632**	**1,234,225**	**1,270,521**	**1,310,351**
8	**Net Premiums Earned**								
9	Motor Vehicles	1,103,695	-	1,103,695	1,119,108	1,130,299	1,166,769	1,202,938	1,239,844
10	Capital Release Provision	(65,568)	-	(65,568)	(28,558)	(710)	(692)	-	-
11	Drivers	59,896	-	59,896	61,180	63,693	65,745	67,321	69,032
12	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
13	**Total Net Premiums Earned**	**1,081,631**	**-**	**1,081,631**	**1,135,344**	**1,176,404**	**1,214,438**	**1,252,353**	**1,290,433**
14	Service Fees & Other Revenues	27,277	(588)	26,689	26,904	27,120	27,705	28,335	29,001
15	**Total Earned Revenues**	**1,108,908**	**(588)**	**1,108,320**	**1,162,248**	**1,203,524**	**1,242,143**	**1,280,688**	**1,319,434**
16	Claims Incurred	903,129	57,095	960,224	922,894	969,379	1,002,628	1,038,266	1,074,941
17	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-	-	-
18	(a) Claims Incurred - Interest Rate Impact	(101,437)	(21,018)	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
19	**Total Claims Incurred**	**801,692**	**36,077**	**837,769**	**930,071**	**964,848**	**991,476**	**1,026,755**	**1,062,759**
20	Claims Expense	146,265	-	146,265	155,922	146,447	147,626	140,867	140,707
21	Road Safety/Loss Prevention	10,530	-	10,530	14,461	12,180	12,178	12,348	12,599
22	**Total Claims Costs**	**958,487**	**36,077**	**994,564**	**1,100,454**	**1,123,475**	**1,151,280**	**1,179,970**	**1,216,065**
23	**Expenses**								
24	Operating	86,526	-	86,526	98,357	93,441	95,024	91,783	91,797
25	Commissions	47,548	935	48,483	50,817	56,222	56,078	56,311	56,596
26	Premium Taxes	32,941	775	33,716	35,239	36,347	37,550	38,655	39,866
27	Regulatory/Appeal	4,769	-	4,769	4,637	4,239	4,328	4,382	4,440
28	**Total Expenses**	**171,784**	**1,710**	**173,494**	**189,050**	**190,249**	**192,980**	**191,131**	**192,699**
29	**Underwriting Income (Loss)**	**(21,363)**	**(38,375)**	**(59,738)**	**(127,256)**	**(110,200)**	**(102,117)**	**(90,413)**	**(89,330)**
30	**Investment Income**	98,194	-	98,194	125,102	127,143	131,854	138,086	147,271
31	(b) Investment Income - Interest Rate Impact	(115,602)	-	(115,602)	496	-	-	-	-
32	**Net Investment Income**	**(17,408)**	**-**	**(17,408)**	**125,598**	**127,143**	**131,854**	**138,086**	**147,271**
33	**Gain (Loss) on Sale of Property**	112	-	112	-	-	-	-	-
34	**Net Income (Loss) from Annual Operations**	**(38,659)**	**(38,375)**	**(77,034)**	**(1,658)**	**16,943**	**29,737**	**47,673**	**57,941**
35	Total net Impact due to interest rate change (b) - (a)	(14,165)	21,018	6,853	(6,681)	4,531	11,152	11,511	12,182
36	**Net Income (Loss) from Annual Operations**				**(1,658)**	**16,943**	**29,737**	**47,673**	**57,941**
37	Adjust for Initiative Expenses (BO 12.1 d)				(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
38	**Net Income (Loss) for Rate Setting Purposes**				**27,537**	**43,085**	**56,346**	**58,408**	**61,575**

Figure 5 PF-9 Statement of Financial Position: CAC 1-15 with 0.12% Basic Rate Change - IFRS 17 Forecast with IFRS 4 Presentation

Line No.	2024 GRA Base - CAC 1-15 with -0.12% RI in 2024/25 (C$ 000s, rounding may affect totals)		IFRS 4		IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
			As at March 31,							
				IFRS 17						
1		(Reclass)	2023A	Adj.	2023BF	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**									
3	**Assets**									
4	Cash and cash equivalents		102,396	-	102,396	2,090	4,906	7,782	11,003	14,860
5	Investments		2,786,044	-	2,786,044	2,918,650	2,974,615	3,072,764	3,227,002	3,402,152
6	Investment property		5,759	-	5,759	5,604	5,449	5,295	5,140	4,985
7	Due from other insurance companies		28	(28)						
8	Accounts receivable	(c)	435,767	(435,767)	-	-	-	-	-	-
9	Prepaid expenses		-	-	-	-	-	-	-	-
10	Deferred policy acquisition costs		39,383	(39,383)						
11	Reinsurance asset	(d)	-	4,322	4,322	-	-	-	-	-
12	Reinsurers' share of unearned premiums		-	-						
13	Reinsurers' share of unpaid claims	(d)	4,657	(4,657)						
14	Property and Equipment		124,238	-	124,238	133,543	144,396	167,842	168,994	170,146
15	Deferred development costs		28,271	-	28,271	33,972	36,422	34,057	27,862	21,971
16	**Total Assets**		**3,526,543**	**(475,513)**	**3,051,030**	**3,093,859**	**3,165,788**	**3,287,740**	**3,440,001**	**3,614,114**
17	**Liabilities**									
18	Due to other insurance companies	(d)	363	(363)						
19	Accounts payable and accrued liabilities		58,748	-	58,748	69,113	66,069	64,633	62,086	61,755
20	Reinsurance Liability	(d)	-	-	-	320	320	320	320	320
21	Lease obligation		5,308	-	5,308	5,276	5,153	5,031	4,908	4,785
22	Unearned premiums and fees	(a)	580,335	(580,335)						
23	Insurance contract liability	(a)(b)(c)		2,203,302	2,203,302	2,230,879	2,277,024	2,319,270	2,365,061	2,414,188
24	Provision for employee current benefits		19,784	-	19,784	20,670	21,347	22,024	22,701	23,378
25	Provision for employee future benefits		328,847	-	328,847	340,182	351,515	362,847	374,180	385,513
26	Provision for unpaid claims	(b)	2,121,691	(2,121,691)						
27	**Total Liabilities**		**3,115,076**	**(499,087)**	**2,615,989**	**2,666,440**	**2,721,428**	**2,774,125**	**2,829,256**	**2,889,939**
28	**Equity**									
29	Retained Earnings		354,676	23,570	378,246	417,467	434,410	503,662	600,793	714,223
30	Accumulated Other Comprehensive Income		56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
31	**Total Equity**		**411,469**	**23,570**	**435,039**	**427,414**	**444,357**	**513,609**	**610,740**	**724,170**
32	**Total Liabilities & Equity**		**3,526,545**	**(475,516)**	**3,051,029**	**3,093,855**	**3,165,785**	**3,287,735**	**3,439,996**	**3,614,109**

Figure 6 PF-10 Statement of Changes in Equity: CAC 1-15 with 0.12% Basic Rate Change - IFRS 17 Forecast with IFRS 4 Presentation

Line No.	2024 GRA Base - CAC 1-15 with -0.12% RI in 2024/25 (C$ 000s, except where noted)	IFRS 4 2023A	IFRS 17 Adj.	IFRS 17 2023BF	IFRS 17 2024BF	IFRS 17 2025F	IFRS 17 2026F	IFRS 17 2027F	IFRS 17 2028F
		For the Years Ended March 31,							
1	**BASIC**								
2	**Total Equity**								
3	**Retained Earnings**								
4	Beginning Balance	359,335		378,246	378,246	417,467	434,410	503,662	600,793
5	Restatement of AOCI on AFS Assets (IFRS 9)				46,845	0	(0)	(0)	0
6	Restatement of MUSH Assets to FVTPL (IFRS 9)				(5,966)	-	-	-	-
7	Restatement of Claims Discount Rate (IFRS 17)	-	86,273		-	-	-	-	-
8	Restatement of Risk Adjustment (IFRS 17)	-	13,345		-	-	-	-	-
9	Restatement of DPAC (IFRS 17)	-	(37,673)		-	-	-	-	-
10	Net Income (Loss) from annual operations	(38,659)	(38,375)		(1,658)	16,943	29,737	47,673	57,941
11	Rebate to Policyholders	-	-		-	-	-	-	-
12	Transfer (to) / from Non-Basic Retained Earnings	34,000	-		-	-	39,515	49,458	55,489
13	**Total Retained Earnings**	**354,676**	**23,570**	**378,246**	**417,467**	**434,410**	**503,662**	**600,793**	**714,223**
14	**Total Accumulated Other Comprehensive Income**								
15	Beginning Balance	51,428		51,428	56,793	9,947	9,947	9,947	9,947
16	Other Comprehensive Income on Available for Sale Assets	(31,291)		(31,291)	(1)	0	(0)	-	-
17	Restatement of AOCI on AFS Assets (IFRS 9)				(46,845)	(0)	0	0	(0)
18	Change in Remeasurement of Employee Future Benefits	36,656		36,656	-	-	-	-	-
19	**Total Accumulated Other Comprehensive Income**	56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
20	**Total Accumulated Other Comprehensive Income Balance**								
21	**Employee Future Benefits Portfolio**								
22	Available for Sale Assets	30,889		30,889	0	0	0	0	0
23	Employee Future Benefits Liabilities	9,946		9,946	9,946	9,946	9,946	9,946	9,946
24	**Rate Stabilization Reserve Portfolio**								
25	Available for Sale Assets	15,957		15,957	0	0	0	0	0
26	**Total Accumulated Other Comprehensive Income Balance**	56,793		56,793	9,947	9,947	9,947	9,947	9,947
27	**Total Equity Balance**	**411,469**	**23,570**	**435,039**	**427,414**	**444,357**	**513,609**	**610,740**	**724,170**
28	MINIMUM CAPITAL TEST (C$ 000s)								
29	**Total Equity Balance**	**411,467**	**23,570**	**435,037**	**427,414**	**444,357**	**513,609**	**610,740**	**724,170**
30	Less: Assets Requiring 100% Capital	28,366		28,366	33,972	36,422	34,057	27,862	21,971
31	Capital Available	383,101	23,570	406,671	393,442	407,935	479,552	582,878	702,199
32	Minimum Capital Required (100% MCT)	345,847	5,526	351,373	430,401	448,137	467,361	489,899	519,706
33	MCT Ratio % (Line 30) / (Line 31)	**110.8%**	**5.0%**	**115.8%**	**91.4%**	**91.0%**	**102.6%**	**119.0%**	**135.1%**

CAC (MPI) 1-16

Part and Chapter:	Part IX Expenses	Page No.:	21 and 22 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Staffing Figure EXP – 11 and Figure EXP -12		
Sub Topic:			

Preamble to IR:

Based on Figure EXP – 11 the budgeted FTEs for 2022/23 are 1,995.2 FTE, for 2023/24 2,055.8 FTE (increase of +60.6 FTEs) and 2024/24 2,052.5 FTE (decrease of -3.3 FTEs).

Based on Figure EXP 12 per line 8 FTE Normal Operations Additions/Changes (2023/24) is +$8.7 million or approximately **$144, 000 per FTE** ($8,723,000 / 60.6 FTEs). Per line 9 FTE Normal Operations Additions/Changes (2024/25) is $-3.7 million or approximately **$1,118,000 per FTE** ($-3,690,000 / -3.3 FTE).

Question:

Please provide an explanation of the FTE Normal Operations Additions/Changes for 2023/24 and 2024/25 of $+8.7 million and $-3.7 million respectively and the corresponding per FTE values.

Rationale for Question:

To clarify the additions/changes in FTEs and the corresponding salary costs and/or savings.

RESPONSE:

MPI does not accept the conclusion drawn by CAC in the Preamble of this information request. The increase of $8.7 million in 2023/24 is primarily due to the anticipated retroactive salary payment of $2.7M and the preliminary projection of $6.0M related to the FTE budget increase from 1,995.2 in 2022/23 to 2,055.8 in 2023/24.

The decrease of $-3.7M in 2024/25 is primarily due to the anticipated FTE efficiencies resulting from the Nova project.

CAC (MPI) 1-17

Part and Chapter:	Part IX Expenses	Page No.:	26 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Employee future benefits		
Sub Topic:			

Preamble to IR:

On page 26 of Part IX (Expenses) MPI states:

> ***"Forecasting Assumptions***
> *7 MPI forecasts each benefit based on individual behaviors, expected rate*
> *8 increases/decreases, and discussions and advice from benefit consultants."*

Question:

Please file a copy of the most recent actuarial pension and other benefit plans valuation reports prepared by the external benefit consultant.

Rationale for Question:

To review the pension and other benefits plans actuarial valuation reports and the financial impact on basic insurance operations.

RESPONSE:

Please refer to the following attachments:

Attachment A – Ellement Actuarial Valuation Report In-Scope Post Retirement

Attachment B – Ellement Actuarial Valuation Report Out-of-Scope Post Retirement.

Attachment C - Ellement Actuarial Valuation Report Pension Liabilities

Pensions | Benefits | Investments

Manitoba Public Insurance

Liabilities for Post-Retirement Health Benefits for In-Scope Employees

IAS 19
Actuarial Valuation Report
as at March 31, 2023

May 2023

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NOTICE TO READER – This Report is Privileged and Confidential

The primary purpose of this engagement is to prepare a report that provides the financial disclosure information based on our understanding of the International Financial Reporting Standards, and the Canadian Institute of Actuaries Standards of Practice in effect at the date of this report. The list of intended purposes of this report is noted in the Terms of Engagement discussed in Section 2.

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Over time, a plan's actual cost will depend on several factors, including but not limited to:

- the level of the benefits the plan provides;
- the number of individuals paid benefits, the age at which their benefit is settled, and the length of time benefits are paid in retirement;
- the amount of expenses incurred for operating and investing; and
- the amount earned on any invested assets.

These amounts and other variables are uncertain and impossible to predict with precision at any particular point in time.

Due to the nature of our engagement, the actuarial assumptions, as described in Appendix III (Summary of Actuarial Accounting Assumptions), have been selected to develop results for a single scenario from the range of possibilities for each valuation basis. Actual experience will differ from the results based on the assumptions from the single scenario illustrated herein. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Differences between actual experience and the selected assumptions may prove to be significant or material. As such, frequent monitoring and periodic valuations are recommended. In any case, the actuary will review the selected assumptions at the next actuarial valuation date and may make adjustments for a number of factors including changes in regulatory requirements, plan experience, and changes in expectations about the future.

Given the intended purpose of the engagement and the uncertainty in the financial condition and health of the plan into the future described above, decisions about benefit reductions or enhancements, benefit security and sustainability, investment policy, funding policy, and benefit policy should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely based on an actuarial valuation report or reports focused on a particular point in time.

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APPENDICES

1. ACTUARIES' OPINION

We have been engaged by the management of Manitoba Public Insurance (M.P.I.) to value the benefit obligations for Post-Retirement Health Benefits for In-Scope Employees as at March 31, 2023 (Measurement Date). The Post-Retirement Health Benefits for In-Scope Employees Actuarial Valuation Report (Report) has been prepared to provide an estimate of the defined benefit obligation as at March 31, 2023, which will be incorporated into the entity's financial statements under the International Financial Reporting Standards (IFRS).

The guidance for the calculation of the obligations and the preparation of this Report are the Practice-Specific Standards for Post-Employment Benefit Plans (Section 6000) of the Canadian Institute of Actuaries (CIA) and the IFRS – International Accounting Standards 19 (IAS 19) Post-Employment Benefits. The calculations have been made in accordance with our understanding of these standards and applicable laws and regulations.

The defined benefit obligation is based on the assumptions and methods outlined in Appendix III. The discount rate utilized to determine the results was developed and provided by M.P.I. using Fiera Capital's CIA Method Discount Rate Curve as at March 31, 2023. The assumptions used in this Report are considered to be managements best estimate assumptions selected for accounting purposes. The assumptions will continue to be monitored and updated as appropriate.

In our opinion:

- The membership data on which the valuation is based are sufficient and reliable for the purpose of the valuation;
- The assumptions and methods are appropriate for the purpose of the valuation;
- The calculations have been made in accordance with my understanding of the requirements of the International Financial Reporting Standards – IAS 19 Post-Employment Benefits; and
- This Report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Nevertheless, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent actuarial valuations, and we recommend that the next report be prepared no later than March 31, 2024.

Respectfully submitted,

ELLEMENT CONSULTING GROUP

Dennis Ellement

Dennis Ellement, FSA, FCIA
Winnipeg, Manitoba
May 19, 2023

K. Meilleur

Kyle Meilleur, FSA, FCIA

2. TERMS OF ENGAGEMENT

We are pleased to present the results of the actuarial valuation as of March 31, 2023 (Plan), for the Manitoba Public Insurance (M.P.I.). Further to the Notice to Reader found at the beginning of the report, we note the following terms of engagement and other important information.

Purpose

Ellement has been engaged by the management of M.P.I. to perform an actuarial valuation of the Plan as of March 31, 2023 for accounting purposes, in accordance with the International Financial Reporting Standards and applicable Standards of Practice developed by the Canadian Institute of Actuaries. The previous valuation, as of March 31, 2022, was also performed by Ellement.

Specifically, the purpose of this Report is to:

- Indicate the liabilities (Defined Benefit Obligation) which M.P.I. has as at March 31, 2023, as a result of the provision of Post-Retirement Health Benefits to in-scope employees; and
- Provide the change in Defined Benefit Obligation for the period beginning April 1, 2022 and ending March 31, 2023.

The results of this Report may not be appropriate for any other purpose, other than the purposes listed above.

These liabilities are an estimate of the present value of the future payments which M.P.I. is expected to pay to provide Post-Retirement Health Benefits to in-scope employees after their retirement. The Post-Retirement Health Benefits include eligible health benefits.

A summary of the Post Retirement Health Benefits is provided in Appendix II.

The liabilities have been computed on an accounting basis. This basis contemplates the continued existence of the Post-Retirement Health Benefits and the funding arrangements for the benefits.

The analysis and recommendations presented in this Report is not intended to be a legal opinion and Ellement is not a law firm. If you require a legal opinion on the material reviewed in this Report, we recommend securing the advice of legal counsel.

Intended Recipients and Users

The intended recipients and users of this Report include the following:

- Manitoba Public Insurance.

Subsequent Events

Emerging experience differing from the assumptions after March 31, 2023, will result in gains or losses, which will be revealed in subsequent valuations.

Further, any impacts to the demographics of the Plan's membership, including increased retirement rates, morbidity, and mortality, will be monitored. As with other experience, the financial impact of this event, as it applies to the Plan, will be reflected in future actuarial valuation reports.

We are not aware of any other matters or subsequent events occurring since the completion of this Report which would materially affect the financial position of the Plan as at March 31, 2023.

3. VALUATION RESULTS

The following table shows the benefit liabilities which M.P.I. has as at March 31, 2023 with comparable results as at March 31, 2022. This information is utilized in the preparation of the accounting disclosure information.

The benefit liabilities and current service cost has been determined based on the membership data (Appendix I), benefit plan provisions (Appendix II), and the methodology and assumptions (Appendix III). Experience differing from the assumptions will result in gains or losses which will be revealed in the future.

	31-Mar-2022	31-Mar-2023
Benefit Liabilities		
- Current Employees	$ 2,899,000	$ 2,061,600
- Retired Employees	2,589,200	2,368,800
Total Liabilities	**$ 5,488,200**	**$ 4,430,400**

	Cost Per Member	Fiscal 2023	Cost Per Member	Fiscal 2024
Benefit Current Service Cost				
Total Current Service Cost	$ 159	$ 217,500	$ 78	$ 106,200

	31-Mar-2022	31-Mar-2023
Key Assumptions		
Discount Rate - End of Period	4.01%	4.90%
Increase in Post-Retirement Benefit Rates	vary by year / 2.00%	vary by year / 2.00%
Benefit Per Year (Family / Single)	$350 / $350	$350 / $350

The economic assumptions have been chosen by management of M.P.I. The specific choices are made after a review with internal staff and the actuary. The existing economic assumptions were confirmed to us on January 24, 2023, and subsequently on April 10, 2023, by management after management's review of the assumptions.

4. ACCOUNTING DISCLOSURE INFORMATION

The accounting disclosure information has been prepared with reference to IFRS International Accounting Standards 19 – Post Employment Benefits as at March 31, 2023, with comparative results as at March 31, 2022. The disclosure information provides the Change in Defined Benefit Obligation only. We have not been engaged to provide the Change in Fair Value of Plan Assets or the Defined Benefit Cost.

	April 1, 2021 to March 31, 2022	April 1, 2022 to March 31, 2023
Change in Defined Benefit Obligation		
Defined Benefit Obligation - Beginning of Period	5,926,000	5,488,200
Current Service Cost	288,500	217,500
Interest Expense	199,300	220,000
Benefit Payments	(207,200)	(223,300)
Defined Benefit Obligation - Projected	6,206,600	5,702,400
Remeasurements		
Change due to Demographic Assumptions	-	-
Change due to Financial Assumptions	(626,100)	(1,094,800)
Change due to Experience	(92,300)	(177,200)
Defined Benefit Obligation - End of Period	**5,488,200**	**4,430,400**

For this valuation, the liabilities were $177,200 less than projected prior to reflecting changes in actuarial accounting assumptions.

The change due to financial assumptions includes changes to the health cost inflation assumption, and the discount rate. Specifically, the increase in the discount rate from 4.01% to 4.90% decreased the liabilities by $1.1 million.

5. SENSITIVITY / MATURITY ANALYSIS

The impact on obligations due to changes in the actuarial assumptions depends largely upon the number of years over which benefits will be paid and the exact pattern of the expected benefits cash flow.

The demographics of the group covered by a valuation basis have an impact on the resulting change in obligation for a given change in an actuarial assumption.

Different parts of the actuarial valuation are affected differently by a change in a specific actuarial valuation assumption. One of the more significant assumptions is the assumed discount rate.

There are rules of thumb to estimate the effect upon obligations due to a change in the assumed discount rate. These rules of thumb can be expressed mathematically by introducing the concept of duration where:

% change in obligation = - duration x % change in assumed rate

The approximation is usually quite good for small changes in the assumed discount rate. We will test a negative 0.50% change – the "Estimated Duration" shown below is the effect of a 0.50% decrease in the assumed discount rate.

The following table summarizes the application of the above formula to the plan data as at March 31, 2023.

Benefit Obligation Sensitivity	4.90% Discount Rate	4.40% Discount Rate	% Change in Liability	Estimated Duration
Total Liabilities	$ 4,430,400	$ 4,786,300	8.0%	16.1

Benefit Obligation Current Service Cost Sensitivity	4.90% Discount Rate	4.40% Discount Rate	% Change in Liability	Estimated Duration
Total Current Service Cost	$ 106,200	$ 121,100	14.0%	28.1

The following table shows the estimated future benefits as at March 31, 2023 and March 31, 2022:

	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
31-Mar-2023	$ 155,000	$ 166,000	$ 566,000	$ 10,289,700	$ 11,176,700
31-Mar-2022	142,300	157,600	564,500	9,972,000	10,836,400

APPENDIX I

MEMBERSHIP DATA

Liabilities and membership information are calculated for March 31, 2023 based on December 31, 2022 data.

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

Information on each in-scope employee covered by the Post-Retirement Health Benefits was obtained from M.P.I. The data was checked for missing information, illogical information and reconciled with the prior valuation data. A few minor changes to the data resulted from the checks made.

Membership Reconciliation

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

	EMPLOYEES			PENSIONERS & SURVIVORS		
	Males	Females	Total	Males	Females	Total
Participants as at 31-Mar-2022	647	974	1,621	245	347	592
New employees	668	967	1,635	-	-	-
Retirements	-	-	-	-	-	-
Terminations	(647)	(974)	(1,621)	-	-	-
Deaths	-	-	-	15	31	46
Adjustments	-	-	-	-	-	-
Participants as at 31-Mar-2023	668	967	1,635	260	378	638

APPENDIX II

SUMMARY OF PLAN PROVISION

An annual post-retirement health benefits spending account is available, in the amount of $200, for eligible in-scope employees who retired after September 27, 2008.

Effective January 1, 2015, all eligible in-scope retirees who retired after September 27, 2008 had their post-retirement health benefits spending account increased from $200 to $350.

M.P.I. share of Premiums

It has been anticipated that M.P.I. will continue to pay 100% of the premiums (benefits) required to finance the Post-Retirement Health Benefits for in-scope employees.

APPENDIX III

SUMMARY OF ACTURAIL ACCOUNTING ASSUMPTIONS

	31-Mar-2023	31-Mar-2022
1. Annual Discount Rate:	4.90%	4.01%
2. Post-Retirement Benefit Rates (as at valuation date):		
- increase in post-retirement benefit rates	4.10% for 0.75 year, 2.40% for 1.00 year, 2.00% thereafter	3.00% for 0.75 year, 2.20% for 1.00 year, 2.10% for 1.00 year, 2.00% thereafter
- family rate (benefit) per year	$350	same
- single rate (benefit) per year	$350	same
3. Marital Status at Retirement:	same as at Valuation Date	same
4. Annual Rates of Death:	CPM 2014 Public Mortality Projected using Scale B	same
5. Annual Rates of Termination of Service:	(see TABLE)	same
6. Annual Rates of Disability:	(see TABLE)	same
7. Annual Rates of Retirement:	(see TABLE)	same
8. Portion of Health Spending Account Expected to be Utilized:	65%	same

The demographic assumptions used in this Report have been adopted from the Manitoba Public Insurance Pension Benefit Obligations Actuarial Valuation Report as at March 31, 2023.

Actuarial Cost Method

Actuarial cost methods are used to recognize and benefits over the working lifetimes of employees who will ultimately receive a benefit from the Plan. Different actuarial cost methods use different approaches to assign the costs of future benefits, in all cases the premiums plus investment income should equal or exceed the benefit at retirement plus any associated expenses.

The projected benefit method prorated on service has been used to determine the accrued liabilities and the current service cost applicable to each year after the Measurement Date. For each in-scope employee, the present value of the expected post-retirement premiums (benefits) was determined. The proportion of this amount held as the accrued liability is equal to the ratio of the completed service as at the Measurement Date divided by the total service expected to be completed at the date of retirement.

For each retired in-scope employee, the present value of the expected post-retirement premiums (benefits) was determined. This full amount is held as the accrued liability.

Annual Discount Rate

The assumed accounting discount rate is based on the Canadian Institute of Actuaries Educational Note & Fiera Capital guidelines that tracks the bond economic environment independently for actuaries (Fiera Capital's CIA Method Accounting Discount Rate Curve as at March 31, 2023).

The discount rate developed based on this methodology is equal to 4.90% for this Report, provided by M.P.I.

Mortality Assumption

The Canadian Institute of Actuaries published a report in February 2014 named "Canadian Pensioners' Mortality Report." The report discusses Canadian specific mortality for registered pension plans and develops/reviews separate tables based on employment sector. The final report presents base table experience for public sector, private sector, and combined experience for public sector and private sector.

This Report uses the 2014 Canadian Pensioner Public Sector Mortality Table projected with CPM improvement Scale B. Pre-retirement mortality has been used when calculating the liabilities.

Pension Size Adjustment

The Canadian Pensioners Mortality Report includes a section on pension size adjustment factors. Based on these factors and the guidance in the report, a single adjustment factor has been calculated for each gender. The adjustment factor for males and females is equal to 1.039 and 1.001 respectively (previously 1.043 and 1.003 respectively).

Termination Rates

This Report reflects termination rates based on age and gender. The termination rates are in accordance with the following schedule:

Age	Male	Female
20	10.00%	12.00%
25	10.00%	9.00%
30	5.00%	7.00%
35	5.00%	5.00%
40	5.00%	5.00%
45	4.00%	4.00%
50	4.00%	4.00%
55	0.00%	0.00%

Disability Rates

This Report reflects disability rates based on age and gender. The disability rates are in accordance with the following schedule:

Age	Male	Female
35	0.01%	0.01%
40	0.04%	0.06%
45	0.09%	0.13%
50	0.23%	0.30%
55	0.66%	0.76%

Retirement Age Assumption

For this Report, retirement rates are based on age and gender and are in accordance with the following schedule:

Age	Male	Female
55	14.00%	16.00%
56	8.00%	9.00%
57	9.00%	9.00%
58	8.00%	8.00%
59	8.00%	8.00%
60	15.00%	16.00%
61	12.00%	11.00%
62	12.00%	11.00%
63	11.00%	15.00%
64	13.00%	14.00%
65	100.00%	100.00%

Ellement Consulting Group

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- The assumptions and methods are appropriate for the purpose of the valuation;
- The calculations have been made in accordance with my understanding of the requirements of the International Financial Reporting Standards – IAS 19 Post-Employment Benefits; and
- This Report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Nevertheless, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent actuarial valuations, and we recommend that the next report be prepared no later than March 31, 2024.

Respectfully submitted,

ELLEMENT CONSULTING GROUP

Dennis Ellement

Dennis Ellement, FSA, FCIA
Winnipeg, Manitoba
May 19, 2023

K. Meilleur

Kyle Meilleur, FSA, FCIA

2. TERMS OF ENGAGEMENT

We are pleased to present the results of the actuarial valuation as of March 31, 2023 (Plan), for the Manitoba Public Insurance (M.P.I.). Further to the Notice to Reader found at the beginning of the report, we note the following terms of engagement and other important information.

Purpose

Ellement has been engaged by the management of M.P.I. to perform an actuarial valuation of the Plan as of March 31, 2023 for accounting purposes, in accordance with the International Financial Reporting Standards and applicable Standards of Practice developed by the Canadian Institute of Actuaries. The previous valuation, as of March 31, 2022, was also performed by Ellement.

Specifically, the purpose of this Report is to:

- Indicate the liabilities (Defined Benefit Obligation) which M.P.I. has as at March 31, 2023, as a result of the provision of Post-Retirement Health Benefits to out-of-scope employees; and
- Provide the change in Defined Benefit Obligation for the period beginning April 1, 2022 and ending March 31, 2023.

The results of this Report may not be appropriate for any other purpose, other than the purposes listed above.

These liabilities are an estimate of the present value of the future payments which M.P.I. is expected to pay to provide Post-Retirement Health Benefits to out-of-scope employees after their retirement. The Post-Retirement Health Benefits include Ambulance/Hospital Benefits, Extended Health Benefits, Vision Care Benefits and Dental Benefits. M.P.I. pays premiums to Blue Cross to provide these benefits.

A summary of the Post Retirement Health Benefits is provided in Appendix II.

The liabilities have been computed on an accounting basis. This basis contemplates the continued existence of the Post-Retirement Health Benefits and the funding arrangements for the benefits.

The analysis and recommendations presented in this Report is not intended to be a legal opinion and Ellement is not a law firm. If you require a legal opinion on the material reviewed in this Report, we recommend securing the advice of legal counsel.

Intended Recipients and Users

The intended recipients and users of this Report include the following:

- Manitoba Public Insurance.

Subsequent Events

Emerging experience differing from the assumptions after March 31, 2023, will result in gains or losses, which will be revealed in subsequent valuations.

Further, any impacts to the demographics of the Plan's membership, including increased retirement rates, morbidity, and mortality, will be monitored. As with other experience, the financial impact of this event, as it applies to the Plan, will be reflected in future actuarial valuation reports.

We are not aware of any other matters or subsequent events occurring since the completion of this Report which would materially affect the financial position of the Plan as at March 31, 2023.

3. VALUATION RESULTS

The following table shows the benefit liabilities which M.P.I. has as at March 31, 2023 with comparable results as at March 31, 2022. This information is utilized in the preparation of the accounting disclosure information.

The benefit liabilities and current service cost has been determined based on the membership data (Appendix I), benefit plan provisions (Appendix II), and the methodology and assumptions (Appendix III). Experience differing from the assumptions will result in gains or losses which will be revealed in the future.

	31-Mar-2022		31-Mar-2023
Benefit Liabilities			
- Current Employees	$ 9,436,000		$ 8,534,700
- Retired Employees	10,305,800		10,205,000
Total Liabilities	**$ 19,741,800**		**$ 18,739,700**

	Cost Per Member	Fiscal 2023	Cost Per Member	Fiscal 2024
Benefit Current Service Cost				
Total Current Service Cost	$ 3,156	$ 991,000	$ 2,219	$ 696,800
Key Assumptions				
Discount Rate - End of Period		4.01%		4.90%
Increase in Post-Retirement Premium Rates		4.10%		4.60%
Premium Rates (Family / Single)		$171.72 / $87.05		$171.91 / $86.94

The economic assumptions have been chosen by management of M.P.I. The specific choices are made after a review with internal staff and the actuary. The existing economic assumptions were confirmed to us on January 24, 2023, and subsequently on April 10, 2023, by management after management's review of the assumptions.

4. ACCOUNTING DISCLOSURE INFORMATION

The accounting disclosure information has been prepared with reference to IFRS International Accounting Standards 19 – Post Employment Benefits as at March 31, 2023, with comparative results as at March 31, 2022. The disclosure information provides the Change in Defined Benefit Obligation only. We have not been engaged to provide the Change in Fair Value of Plan Assets or the Defined Benefit Cost.

	April 1, 2021 to March 31, 2022	April 1, 2022 to March 31, 2023
Change in Defined Benefit Obligation		
Defined Benefit Obligation - Beginning of Period	23,970,600	19,741,800
Current Service Cost	1,379,000	991,000
Interest Expense	815,600	801,600
Benefit Payments	(482,800)	(494,600)
Defined Benefit Obligation - Projected	25,682,400	21,039,800
Remeasurements		
Change due to Demographic Assumptions	-	-
Change due to Financial Assumptions	(5,999,300)	(2,224,300)
Change due to Experience	58,700	(75,800)
Defined Benefit Obligation - End of Period	**19,741,800**	**18,739,700**

For this valuation, the liabilities were $75,800 less than projected prior to reflecting changes in actuarial accounting assumptions.

The change due to financial assumptions includes changes to the health cost inflation assumption, and the discount rate. Specifically, the increase in the discount rate from 4.01% to 4.90% decreased the liabilities by $3.7 million.

5. SENSITIVITY / MATURITY ANALYSIS

The impact on obligations due to changes in the actuarial assumptions depends largely upon the number of years over which benefits will be paid and the exact pattern of the expected benefits cash flow.

The demographics of the group covered by a valuation basis have an impact on the resulting change in obligation for a given change in an actuarial assumption.

Different parts of the actuarial valuation are affected differently by a change in a specific actuarial valuation assumption. One of the more significant assumptions is the assumed discount rate.

There are rules of thumb to estimate the effect upon obligations due to a change in the assumed discount rate. These rules of thumb can be expressed mathematically by introducing the concept of duration where:

% change in obligation = - duration x % change in assumed rate

The approximation is usually quite good for small changes in the assumed discount rate. We will test a negative 0.50% change – the "Estimated Duration" shown below is the effect of a 0.50% decrease in the assumed discount rate.

The following table summarizes the application of the above formula to the plan data as at March 31, 2023.

Benefit Obligation Sensitivity	4.90% Discount Rate	4.40% Discount Rate	% Change in Liability	Estimated Duration
Total Liabilities	$ 18,739,700	$ 20,497,800	9.4%	18.8

Benefit Obligation Current Service Cost Sensitivity	4.90% Discount Rate	4.40% Discount Rate	% Change in Liability	Estimated Duration
Total Current Service Cost	$ 696,800	$ 801,000	15.0%	29.9

The following table shows the estimated future benefits as at March 31, 2023 and March 31, 2022:

	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
31-Mar-2023	$ 527,900	$ 558,800	$ 1,898,200	$ 51,882,600	$ 54,867,500
31-Mar-2022	506,100	552,700	1,937,200	36,526,100	39,522,100

APPENDIX I

MEMBERSHIP DATA

Liabilities and membership information are calculated for March 31, 2023 based on December 31, 2022 data.

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

Information on each out-of-scope employee covered by the Post-Retirement Health Benefits was obtained from M.P.I. The data was checked for missing information, illogical information and reconciled with the prior valuation data. A few minor changes to the data resulted from the checks made.

Membership Reconciliation

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

	EMPLOYEES			PENSIONERS & SURVIVORS		
	Males	Females	Total	Males	Females	Total
Participants as at 31-Mar-2022	175	158	333	186	71	257
New employees	40	51	91	-	-	-
Retirements	(8)	(4)	(12)	8	4	12
Terminations	(18)	(12)	(30)	-	-	-
Deaths	-	-	-	(4)	(3)	(7)
Adjustments	-	-	-	-	-	-
Participants as at 31-Mar-2023	189	193	382	190	72	262

APPENDIX II

SUMMARY OF PLAN PROVISION

AMBULANCE/HOSPITAL BENEFITS

The Plan provides for complete coverage for Ambulance and Hospital Semi-Private charges in Manitoba.

Full payment for reasonable and customary charges for ambulance services provided within the province, and payment of up to $250 per trip, (based on provincial rates) for ambulance services provided elsewhere.

Full payment for the charge of a semi-private room in a Manitoba hospital if the hospital does not normally provide the semi-private room, without charge to any patient.

EXTENDED HEALTH CARE BENEFITS

Prescription drugs are reimbursed at 70%.

Other necessary health expenses are reimbursed at 80%. Various limits and benefit periods apply for these other health expenses.

An annual deductible of $20 per person to a maximum of $40 applies.

Other necessary health expenses include expenses incurred for: travel health care, dental treatment due to accident, athletic therapy, paramedical practitioner, physiotherapy, chiropody, clinical psychology, nutritional counseling, private duty nursing, prosthetic appliances and miscellany, wigs, rental or purchase of medical equipment and cardiac rehabilitation.

VISION CARE BENEFITS

Eligible eye care expenses are reimbursed at 100% up to $150 per person per 24-month benefit period.

Eligible eye care expenses include the cost of eyeglasses, replacement glasses, repairs to existing glasses and contact lenses which are prescribed as a result of an eye examination by a licensed medical doctor, ophthalmologist or optometrist. Various limits and exclusions apply.

DENTAL BENEFITS

Basic Dental Services are reimbursed at 80%.

Major Dental Services are reimbursed at 50%.

Reimbursement for dental services is subject to an annual maximum of $800.

If the cost of the treatment is expected to exceed $500, then pre-treatment authorization is required.

Benefit payments are based on the Dental Fee Guide established by the Manitoba Dental Association.

Various exclusions apply. The exclusions depend on the type of dental treatment or the conditions giving rise to the charges.

SURVIVOR BENEFITS

The surviving spouse of a retired member receives the benefits under the Plan for up to 24 months following the death of the member.

M.P.I. share of Premiums

It has been anticipated that M.P.I. will continue to pay 100% of the premiums (benefits) required to finance the Post-Retirement Health Benefits for out-of-scope employees.

APPENDIX III

SUMMARY OF ACTURAIL ACCOUNTING ASSUMPTIONS

	31-Mar-2023	31-Mar-2022
1. Annual Discount Rate:	4.90%	4.01%
2. Post-Retirement Premium Rates (at valuation date):		
- increase in post-retirement premium rates	4.60%	4.10%
- family rate per month	$171.91	$171.72
- single rate per month	$86.94	$87.05
3. Marital Status at Retirement:	same as at Valuation Date	same
4. Annual Rates of Death:	CPM 2014 Public Mortality Projected using Scale B	same
5. Annual Rates of Termination of Service:	(see TABLE)	same
6. Annual Rates of Disability:	(see TABLE)	same
7. Annual Rates of Retirement:	(see TABLE)	same

The demographic assumptions used in this Report have been adopted from the Manitoba Public Insurance Pension Benefit Obligations Actuarial Valuation Report as at March 31, 2023.

Actuarial Cost Method

Actuarial cost methods are used to recognize and benefits over the working lifetimes of employees who will ultimately receive a benefit from the Plan. Different actuarial cost methods use different approaches to assign the costs of future benefits, in all cases the premiums plus investment income should equal or exceed the benefit at retirement plus any associated expenses.

The projected benefit method prorated on service has been used to determine the accrued liabilities and the current service cost applicable to each year after the Measurement Date. For each out-of-scope employee, the present value of the expected post-retirement premiums (benefits) was determined. The proportion of this amount held as the accrued liability is equal to the ratio of the completed service as at the Measurement Date divided by the total service expected to be completed at the date of retirement.

For each retired out-of-scope employee, the present value of the expected post-retirement premiums (benefits) was determined. This full amount is held as the accrued liability.

Annual Discount Rate

The assumed accounting discount rate is based on the Canadian Institute of Actuaries Educational Note & Fiera Capital guidelines that tracks the bond economic environment independently for actuaries (Fiera Capital's CIA Method Accounting Discount Rate Curve as at March 31, 2023).

The discount rate developed based on this methodology is equal to 4.90% for this Report, provided by M.P.I.

Mortality Assumption

The Canadian Institute of Actuaries published a report in February 2014 named "Canadian Pensioners' Mortality Report." The report discusses Canadian specific mortality for registered pension plans and develops/reviews separate tables based on employment sector. The final report presents base table experience for public sector, private sector, and combined experience for public sector and private sector.

This Report uses the 2014 Canadian Pensioner Public Sector Mortality Table projected with CPM improvement Scale B. Pre-retirement mortality has been used when calculating the liabilities.

Pension Size Adjustment

The Canadian Pensioners Mortality Report includes a section on pension size adjustment factors. Based on these factors and the guidance in the report, a single adjustment factor has been calculated for each gender. The adjustment factor for males and females is equal to 1.039 and 1.001 respectively (previously 1.043 and 1.003 respectively).

Termination Rates

This Report reflects termination rates based on age and gender. The termination rates are in accordance with the following schedule:

Age	Male	Female
20	10.00%	12.00%
25	10.00%	9.00%
30	5.00%	7.00%
35	5.00%	5.00%
40	5.00%	5.00%
45	4.00%	4.00%
50	4.00%	4.00%
55	0.00%	0.00%

Disability Rates

This Report reflects disability rates based on age and gender. The disability rates are in accordance with the following schedule:

Age	Male	Female
35	0.01%	0.01%
40	0.04%	0.06%
45	0.09%	0.13%
50	0.23%	0.30%
55	0.66%	0.76%

Retirement Age Assumption

For this Report, retirement rates are based on age and gender and are in accordance with the following schedule:

Age	Male	Female
55	14.00%	16.00%
56	8.00%	9.00%
57	9.00%	9.00%
58	8.00%	8.00%
59	8.00%	8.00%
60	15.00%	16.00%
61	12.00%	11.00%
62	12.00%	11.00%
63	11.00%	15.00%
64	13.00%	14.00%
65	100.00%	100.00%

Ellement Consulting Group

Ellement Consulting Group is a national provider of integrated Retirement, Benefit, Actuarial, and Investment Consulting, as well as Administration Services for Retirement and Benefit programs, and Retirement and Benefit Software Solutions for internally administered organizations.

Led by a team of experienced professionals from our offices in Vancouver, Edmonton, Winnipeg, and Toronto, who provide valuable insight, stewardship, and customized solutions to our valued client partners.

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Pension Benefit Obligations Under The Civil Service Superannuation Act

IAS 19
Actuarial Valuation Report
as at March 31, 2023

May 2023

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NOTICE TO READER – This Report is Privileged and Confidential

The primary purpose of this engagement is to prepare a report that provides the financial disclosure information based on our understanding of the International Financial Reporting Standards, and the Canadian Institute of Actuaries Standards of Practice in effect at the date of this report. The list of intended purposes of this report is noted in the Terms of Engagement discussed in Section 2.

Additionally, the intended recipients are noted in the Terms of Engagement and no party other than the parties noted shall rely upon the information presented herein. The recipient shall neither reproduce the report nor parts thereof unless reproduction is necessary for its evaluation and approved by Ellement Consulting Group (Ellement). The recipient agrees to protect the confidentiality of the information contained in this report and shall take all the necessary and reasonable measures to prevent the unauthorized use, disclosure, or distribution of the report or parts thereof. The recipient agrees not to use, amend, adapt, convert, translate, or exploit the contents of this document without written consent from Ellement, nor allow Ellement's competitors or unintended recipients to have access to its contents.

An actuarial valuation report is a snapshot of a pension plan's estimated financial condition and health at a particular point in time; it does not predict the pension plan's future financial condition or its ability to pay benefits indefinitely. The actual financial condition and contribution adequacy will be more favourable, or less favourable, depending on actual experience, when the next formal actuarial valuation report is prepared. Further, the financial condition and health may change due to a change in assumptions, a change in the provisions in the plan text, or a change in governing legislation.

Over time, a pension plan's actual cost will depend on several factors, including but not limited to:

- the level of the benefits the pension plan provides;
- the number of individuals paid benefits, the age at which their benefit is settled, and the length of time benefits are paid in retirement;
- the amount of expenses incurred for operating and investing; and
- the amount earned on any invested assets, if any.

These amounts and other variables are uncertain and impossible to predict with precision at any particular point in time.

Due to the nature of our engagement, the actuarial assumptions, as described in Appendix III, have been selected to develop results for a single scenario from the range of possibilities for each valuation basis. Actual experience will differ from the results based on the assumptions from the single scenario illustrated herein. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Differences between actual experience and the selected assumptions may prove to be significant or material. As such, frequent monitoring and periodic valuations are recommended. In any case, the actuary will review the selected assumptions at the next actuarial valuation date and may make adjustments for a number of factors including changes in regulatory requirements, plan experience, and changes in expectations about the future.

Given the intended purpose of the engagement and the uncertainty in the financial condition and health of the pension plan into the future described above, decisions about benefit reductions or enhancements, benefit security and sustainability, investment policy, funding policy, and benefit policy should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely based on an actuarial valuation report or reports focused on a particular point in time.

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APPENDICES

1. ACTUARIES' OPINION

We have been engaged by the management of Manitoba Public Insurance (M.P.I.) to value the pension benefit obligations as at March 31, 2023 (Measurement Date) as a result of the participation of its eligible employees in the Civil Service Superannuation Act (CSSA). The Pension Benefit Obligations Actuarial Valuation Report (Report) has been prepared to provide an estimate of the defined benefit obligation as at March 31, 2023, which will be incorporated into the entity's financial statements under the International Financial Reporting Standards (IFRS).

The pension benefit obligations are a portion of the defined benefit plan, which is classified as post-employment benefits. The guidance for the calculation of the obligations and the preparation of this Report are the Practice-Specific Standards for Financial Reporting of Pension Costs (Section 3400) of the Canadian Institute of Actuaries (CIA) and the IFRS – International Accounting Standards 19 (IAS 19) Post-Employment Benefits. The calculations have been made in accordance with our understanding of these standards and applicable laws and regulations.

M.P.I. is a non-matching employer under the CSSA. The calculations made contemplate that the pension benefits, described in this Report and the CSSA, will continue to exist and that employees are entitled to these pension benefits upon their fulfillment of eligibility requirements (going concern basis).

Pursuant to CSSA subsection 22(11), employer funding for employees of more than one non-matching Agency shall be on a pro rata basis in accordance with the portion of the amount paid or transferred to the employee in respect of which no employer matching contributions were made effective for events on or after January 1, 1998. This may decrease or increase the pension benefit obligations in the absence of CSSA subsection 22(11). However, for enhanced benefits, it is the administrative practice to bill all the enhanced benefits to the current or last employer.

The defined benefit obligation is based on the assumptions and methods outlined in Appendix III. The discount rate utilized to determine the results was developed and provided by M.P.I. using Fiera Capital's CIA Method Discount Rate Curve as at March 31, 2023. The assumptions used in this Report are considered to be managements best estimate assumptions selected for accounting purposes. The assumptions will continue to be monitored and updated as appropriate.

In our opinion:

- The membership data on which the valuation is based are sufficient and reliable for the purpose of the valuation;
- The assumptions and methods are appropriate for the purpose of the valuation;
- The calculations have been made in accordance with my understanding of the requirements of the International Financial Reporting Standards – IAS 19 Post-Employment Benefits; and
- This Report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Nevertheless, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent actuarial valuations, and we recommend that the next report be prepared no later than March 31, 2024.

Respectfully submitted,

ELLEMENT CONSULTING GROUP

Dennis Ellement

K. Meilleur

Dennis Ellement, FSA, FCIA
Winnipeg, Manitoba
May 19, 2023

Kyle Meilleur, FSA, FCIA

2. TERMS OF ENGAGEMENT

We are pleased to present the results of the actuarial valuation as of March 31, 2023 (Plan), for the Manitoba Public Insurance (M.P.I.). Further to the Notice to Reader found at the beginning of the report, we note the following terms of engagement and other important information.

Purpose

Ellement has been engaged by the management of M.P.I. to perform an actuarial valuation of the Plan as of March 31, 2023 for accounting purposes, in accordance with the International Financial Reporting Standards and applicable Standards of Practice developed by the Canadian Institute of Actuaries. The previous valuation, as of March 31, 2022, was also performed by Ellement.

Specifically, the purpose of this Report is to:

- Indicate the liabilities (Defined Benefit Obligation) which M.P.I. has as at March 31, 2023 (Valuation Date), as a result of the participation of its employees in the Civil Service Superannuation Act (CSSA); and
- Provide the change in Defined Benefit Obligation for the period beginning April 1, 2022 and ending March 31, 2023.

The results of this Report may not be appropriate for any other purpose, other than the purposes listed above.

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

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

The analysis and recommendations presented in this Report is not intended to be a legal opinion and Ellement is not a law firm. If you require a legal opinion on the material reviewed in this Report, we recommend securing the advice of legal counsel.

Intended Recipients and Users

The intended recipients and users of this Report include the following:

- Manitoba Public Insurance.

Subsequent Events

Emerging experience differing from the assumptions after March 31, 2023, will result in gains or losses, which will be revealed in subsequent valuations.

Further, any impacts to the demographics of the Plan's membership, including increased retirement rates, morbidity, and mortality, will be monitored. As with other experience, the financial impact of this event, as it applies to the Plan, will be reflected in future actuarial valuation reports.

We are not aware of any other matters or subsequent events occurring since the completion of this Report which would materially affect the financial position of the Plan as at March 31, 2023.

3. VALUATION RESULTS

The following table shows the pension benefit liabilities which M.P.I. has as at March 31, 2023 with comparable results as at March 31, 2022 as a result of the participation of its employees and former employees in the CSSA. This information is utilized in the preparation of the accounting disclosure information.

The pension benefit liabilities and current service cost has been determined based on the membership data (Appendix I), pension benefit plan provisions (Appendix II), and the methodology and assumptions (Appendix III). Experience differing from the assumptions will result in gains or losses which will be revealed in the future.

	31-Mar-2022		31-Mar-2023
Pension Benefit Liabilities			
- Contributors	$ 179,052,000		$ 156,300,400
- Deferred Pensioners	12,046,400		10,342,600
- Pensioners & Survivors	232,020,300		227,725,900
Total Liabilities	**$ 423,118,700**		**$ 394,368,900**

	% of Employee Contributions	Fiscal 2023	% of Employee Contributions	Fiscal 2024
Pension Benefit Current Service Cost				
Total Current Service Cost	134.4%	$ 15,582,700	113.2%	$ 13,518,400
- Total Actual/Expected Contributions		11,594,300		11,942,100
Key Assumptions				
Discount Rate - End of Period		4.01%		4.90%
Assumed Rate of Inflation*		vary by year / 2.00%		vary by year / 2.00%
Assumed General Salary Increase*		vary by year / 2.00% + Merit		2.00% + Merit

* Please refer to Appendix III - Assumtions & Methodology for the Merit Scale table

The economic assumptions have been chosen by management of M.P.I. The specific choices are made after a review with internal staff and the actuary. The existing economic assumptions were confirmed to us on January 24, 2023, and subsequently on April 10, 2023, by management after management's review of the assumptions.

The expected average remaining service life (EARSL) of contributing employees is 15.0 years.

4. ACCOUNTING DISCLOSURE INFORMATION

The accounting disclosure information has been prepared with reference to IFRS International Accounting Standards 19 – Post Employment Benefits as at March 31, 2023, with comparative results as at March 31, 2022. The disclosure information provides the Change in Defined Benefit Obligation only. We have not been engaged to provide the Change in Fair Value of Plan Assets or the Defined Benefit Cost.

	April 1, 2021 to March 31, 2022	April 1, 2022 to March 31, 2023
Change in Defined Benefit Obligation		
Defined Benefit Obligation - Beginning of Period	457,311,000	423,118,700
Current Service Cost	16,384,300	15,582,700
Interest Expense	15,244,700	16,969,700
Benefit Payments	(18,152,000)	(15,453,000)
Defined Benefit Obligation - Projected	470,788,000	440,218,100
Remeasurements		
Change due to Demographic Assumptions	-	-
Change due to Financial Assumptions	(49,884,800)	(53,880,800)
Change due to Experience	2,215,500	8,031,600
Defined Benefit Obligation - End of Period	**423,118,700**	**394,368,900**

For this valuation, the liabilities were $8,031,600 more than projected prior to reflecting changes in actuarial accounting assumptions.

The change due to financial assumptions includes changes to the indexing assumption, wage growth assumption, and the discount rate. Specifically, the increase in the discount rate from 4.01% to 4.90% decreased the liabilities by $58.3 million.

5. SENSITIVITY / MATURITY ANALYSIS

The impact on pension obligations due to changes in the actuarial assumptions depends largely upon the number of years over which benefits will be paid and the exact pattern of the expected benefits cash flow.

The demographics of the group covered by a valuation basis have an impact on the resulting change in pension obligation for a given change in an actuarial assumption.

Different parts of the actuarial valuation are affected differently by a change in a specific actuarial valuation assumption. One of the more significant assumptions is the assumed discount rate.

There are rules of thumb to estimate the effect upon pension obligations due to a change in the assumed discount rate. These rules of thumb can be expressed mathematically by introducing the concept of duration where:

% change in pension obligation = - duration x % change in assumed rate

The approximation is usually quite good for small changes in the assumed discount rate. We will test a negative 0.50% change – the "Estimated Duration" shown below is the effect of a 0.50% decrease in the assumed discount rate.

The following table summarizes the application of the above formula to the plan data as at March 31, 2023.

Pension Benefit Obligation Sensitivity	4.90% Discount Rate	4.40% Discount Rate	% Change in Liability	Estimated Duration
Total Liabilities	$ 394,369,000	$ 425,857,900	8.0%	16.0

Pension Benefit Obligation Current Service Cost Sensitivity	4.90% Discount Rate	4.40% Discount Rate	% Change in Liability	Estimated Duration
Total Current Service Cost	$ 13,518,400	$ 15,228,400	12.6%	25.3

The following table shows the estimated future pensions as at March 31, 2023 and March 31, 2022:

	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
31-Mar-2023	$ 15,613,000	$ 16,302,300	$ 52,365,600	$ 966,159,900	$1,050,440,800
31-Mar-2022	13,667,200	14,328,400	46,342,900	841,715,900	916,054,400

APPENDIX I

Membership Data

It is anticipated no amendments will be made to the CSSA.

Liabilities and membership information are calculated for March 31, 2023 based on December 31, 2022 data plus 0.25 years of age and services. Salary is increased by 2.00% from December 31, 2022 due to the wage growth assumptions of 2023.

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

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

Information on the pensions and benefits paid by M.P.I. and the employee contributions for 2023 were estimated using the 2022 data obtained from M.P.I., as reported by the Superannuation Board.

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

Membership

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

	31-Mar-2023			31-Mar-2022		
	Males	Females	Total	Males	Females	Total
Contributors	895	1,211	2,106	842	1,161	2,003
Deferred Pensioners	111	124	235	98	126	224
Reciprocal Transfers	1	-	1	1	-	1
Pensioners & Survivors	572	633	1,205	554	601	1,155
Total	1,579	1,968	3,547	1,495	1,888	3,383

Membership Reconciliation

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

The numbers shown for pensioners includes 97 beneficiary records as at March 31, 2023 and 92 as at March 31, 2022.

TOTAL	ACTIVES	DEFERREDS	RECIPROCAL	PENSIONERS	SURVIVORS
Opening 31-Mar-2022	2,003	224	1	1,063	92
New Entrants	258	-	-	-	-
Retirements	(55)	-	-	55	-
Terminations - Deferred	(49)	49	-	-	-
Terminations - Refunds	(51)	(38)	-	(3)	(2)
Terminations - Deaths	-	-	-	-	-
Death - Survivors	-	-	-	(7)	7
Closing 31-Mar-2023	2,106	235	1	1,108	97

MALES	ACTIVES	DEFERREDS	RECIPROCAL	PENSIONERS	SURVIVORS
Opening 31-Mar-2022	842	98	1	533	21
New Entrants	119	-	-	-	-
Retirements	(22)	-	-	22	-
Terminations - Deferred	(22)	22	-	-	-
Terminations - Refunds	(22)	(9)	-	(3)	-
Terminations - Deaths	-	-	-	-	-
Death - Survivors	-	-	-	(4)	3
Closing 31-Mar-2023	895	111	1	548	24

FEMALES	ACTIVES	DEFERREDS	RECIPROCAL	PENSIONERS	SURVIVORS
Opening 31-Mar-2022	1,161	126	-	530	71
New Entrants	139	-	-	-	-
Retirements	(33)	-	-	33	-
Terminations - Deferred	(27)	27	-	-	-
Terminations - Refunds	(29)	(29)	-	-	(2)
Terminations - Deaths	-	-	-	-	-
Death - Survivors	-	-	-	(3)	4
Closing 31-Mar-2023	1,211	124	-	560	73

Membership Data

Contributors

CONTRIBUTORS - MALES 31-Mar-2023

MALES		Average			Number of Members in Each Years of Service Cell								
Age	Count	Age	Service	Salary	00 - 04	05 - 09	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44
15 - 19	-	-	-	$ -	-	-	-	-	-	-	-	-	-
20 - 24	20	22.75	1.42	50,302.60	20	-	-	-	-	-	-	-	-
25 - 29	76	27.46	1.99	60,889.07	72	4	-	-	-	-	-	-	-
30 - 34	93	32.15	4.95	67,046.15	50	32	11	-	-	-	-	-	-
35 - 39	132	37.08	8.06	73,608.87	42	37	43	10	-	-	-	-	-
40 - 44	159	41.92	9.35	83,224.86	47	40	43	21	8	-	-	-	-
45 - 49	148	46.75	11.76	88,370.07	33	27	38	24	25	1	-	-	-
50 - 54	111	51.88	14.72	85,709.55	21	15	21	17	23	12	2	-	-
55 - 59	93	56.97	16.98	88,027.86	10	21	10	14	15	10	8	5	-
60 - 64	48	61.40	16.22	85,751.58	8	8	10	5	7	4	2	2	2
65 - 69	15	66.53	18.35	82,687.40	3	1	1	1	6	1	-	2	-
70 - 74	-	-	-	-	-	-	-	-	-	-	-	-	-
Mar 2023 Total/Avg	895	43.59	10.28	$ 79,277.71	306	185	177	92	84	28	12	9	2
Mar 2022 Total/Avg	842	43.74	10.97	$ 78,108.03	245	197	176	88	80	19	22	14	1

CONTRIBUTORS - FEMALES 31-Mar-2023

FEMALES		Average			Number of Members in Each Years of Service Cell								
Age	Count	Age	Service	Salary	00 - 04	05 - 09	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44
15 - 19	-	-	-	$ -	-	-	-	-	-	-	-	-	-
20 - 24	21	22.86	1.04	50,007.29	21	-	-	-	-	-	-	-	-
25 - 29	88	27.13	2.59	55,039.47	76	12	-	-	-	-	-	-	-
30 - 34	169	32.10	5.12	63,177.25	94	61	14	-	-	-	-	-	-
35 - 39	223	37.06	7.69	69,129.26	72	72	74	5	-	-	-	-	-
40 - 44	195	41.93	10.01	75,944.40	46	43	67	33	6	-	-	-	-
45 - 49	156	46.92	12.73	76,707.83	23	26	50	32	24	1	-	-	-
50 - 54	147	52.10	14.23	76,569.73	29	20	32	27	19	14	5	1	-
55 - 59	128	56.76	20.62	74,033.13	9	13	21	21	21	10	24	9	-
60 - 64	62	61.48	19.73	64,973.18	6	9	8	12	7	5	9	5	1
65 - 69	19	66.21	17.10	61,380.32	2	1	8	-	5	1	-	1	1
70 - 74	3	70.67	21.20	56,997.33	-	-	1	-	1	1	-	-	-
Mar 2023 Total/Avg	1,211	43.15	10.83	$ 70,073.93	378	257	275	130	83	32	38	16	2
Mar 2022 Total/Avg	1,161	43.05	11.18	$ 67,594.71	329	276	247	133	80	35	48	10	3

Deferred Pensioners

DEFERREDS - MALES 31-Mar-2023

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	-	-	-	-
30 - 34	3	433.01	-	-
35 - 39	8	344.09	-	-
40 - 44	21	1,481.39	-	-
45 - 49	26	2,045.36	-	-
50 - 54	22	1,138.55	-	-
55 - 59	16	1,199.20	-	-
60 - 64	10	538.11	-	-
65 - 69	5	666.51	-	-
70 - 74	-	-	-	-
Mar 2023 Total/Avg	111	$ 1,272.88	-	$ -
Mar 2022 Total/Avg	98	$ 1,167.15	-	$ -

DEFERREDS - MALES 31-Mar-2022

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	-	-	-	-
30 - 34	3	428.01	-	-
35 - 39	8	516.48	-	-
40 - 44	18	1,957.02	-	-
45 - 49	20	1,317.48	-	-
50 - 54	22	1,327.79	-	-
55 - 59	13	849.54	-	-
60 - 64	14	509.55	-	-
65 - 69	-	-	-	-
70 - 74	-	-	-	-
Mar 2022 Total/Avg	98	$ 1,167.15	-	$ -
Mar 2021 Total/Avg	93	$ 901.52	-	$ -

DEFERREDS - FEMALES 31-Mar-2023

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	-	-	-	-
30 - 34	4	315.74	-	-
35 - 39	16	736.33	-	-
40 - 44	19	795.20	-	-
45 - 49	30	839.59	-	-
50 - 54	16	801.17	-	-
55 - 59	23	1,030.16	-	-
60 - 64	9	585.00	-	-
65 - 69	7	430.34	-	-
70 - 74	-	-	-	-
Mar 2023 Total/Avg	124	$ 791.37	-	$ -
Mar 2022 Total/Avg	126	$ 757.42	-	$ -

DEFERREDS - FEMALES 31-Mar-2022

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
15 - 19	-	$ -	-	$ -
20 - 24	-	-	-	-
25 - 29	1	212.67	-	-
30 - 34	5	423.26	-	-
35 - 39	17	661.66	-	-
40 - 44	16	522.78	-	-
45 - 49	28	899.62	-	-
50 - 54	17	796.22	-	-
55 - 59	24	1,094.80	-	-
60 - 64	14	529.91	-	-
65 - 69	4	268.51	-	-
70 - 74	-	-	-	-
Mar 2022 Total/Avg	126	$ 757.42	-	$ -
Mar 2021 Total/Avg	118	$ 770.06	-	$ -

Pensions in Payment

PENSIONERS & SURVIVORS - MALES 31-Mar-2023

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	2	4,482.41	-	-
50 - 54	1	1,030.22	1	39.83
55 - 59	35	3,663.69	23	81.47
60 - 64	107	2,883.96	98	164.33
65 - 69	149	2,190.97	146	220.83
70 - 74	145	2,208.35	145	336.88
75 - 79	72	1,938.80	72	431.19
80 - 84	37	1,506.69	37	474.36
85 - 89	14	1,987.47	14	733.30
90 - 94	9	768.02	9	498.10
95 - 99	1	408.18	1	514.21
100 -105	-	-	-	-
Mar 2023 Total/Avg	572	$ 2,314.62	546	$ 298.47
Mar 2022 Total/Avg	554	$ 2,254.68	521	$ 262.83

PENSIONERS & SURVIVORS - MALES 31-Mar-2022

MALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	-	-	-	-
50 - 54	1	1,030.22	1	20.54
55 - 59	39	3,577.97	29	73.41
60 - 64	102	2,686.61	89	131.84
65 - 69	159	2,084.33	153	178.42
70 - 74	128	2,255.01	124	318.53
75 - 79	76	1,866.32	76	396.14
80 - 84	25	1,483.96	25	469.39
85 - 89	15	1,848.95	15	650.96
90 - 94	9	862.62	9	516.62
95 - 99	-	-	-	-
100 -105	-	-	-	-
Mar 2022 Total/Avg	554	$ 2,254.68	521	$ 262.83
Mar 2021 Total/Avg	538	$ 2,248.16	511	$ 267.64

PENSIONERS & SURVIVORS - FEMALES 31-Mar-2023

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	-	-	-	-
50 - 54	-	-	-	-
55 - 59	48	2,769.14	30	60.87
60 - 64	158	2,249.60	135	135.51
65 - 69	163	1,540.51	154	160.61
70 - 74	129	1,410.59	128	213.76
75 - 79	73	977.17	73	218.91
80 - 84	30	871.13	30	291.79
85 - 89	18	676.75	18	312.91
90 - 94	11	778.97	11	434.32
95 - 99	1	825.06	1	453.33
100 -105	1	292.09	1	196.40
105 -110	1	76.13	1	108.44
Mar 2023 Total/Avg	633	$ 1,644.29	582	$ 185.77
Mar 2022 Total/Avg	601	$ 1,596.88	557	$ 159.11

PENSIONERS & SURVIVORS - FEMALES 31-Mar-2022

FEMALES Age	Count	Average Monthly Basic Pension	Count	Average Monthly Cola Pension
40 - 44	-	$ -	-	$ -
45 - 49	-	-	-	-
50 - 54	1	162.60	1	20.59
55 - 59	60	2,579.78	42	55.79
60 - 64	135	2,208.70	120	105.47
65 - 69	173	1,597.42	165	151.42
70 - 74	109	1,164.22	106	174.07
75 - 79	62	933.31	62	196.80
80 - 84	29	888.87	29	272.59
85 - 89	20	667.35	20	331.11
90 - 94	9	610.53	9	326.70
95 - 99	1	292.09	1	186.93
100 -105	2	285.63	2	156.85
105 -110	-	-	-	-
Mar 2022 Total/Avg	601	$ 1,596.88	557	$ 159.11
Mar 2021 Total/Avg	566	$ 1,558.46	533	$ 153.77

Note:

Both the pension amounts and cost-of-living (cola) amounts shown in the above table are the total amounts paid.

APPENDIX II

Summary of Plan Provision

The calculations in this Report are based on the Civil Service Superannuation Act (CSSA) as amended to the Measurement Date. The Civil Service Superannuation Board (Board) is responsible for administering the CSSA. The Fund is a contributory defined benefit final pay pension plan that covers eligible employees of the Province of Manitoba and its participating Agencies. The following is a brief summary of the benefits as they existed at the Measurement Date. For a more complete description of the benefits, reference should be made to the CSSA.

1. Effective Date:

The Board and Fund were established under the CSSA in May, 1939.

2. Recent Changes:

Bill 43, The Civil Service Superannuation Amendment Act, received Royal Assent in the Manitoba legislature on October 14, 2020. This Bill changes the provisions of the CSSF pension plan and requires the going concern actuarial valuation assumptions be used in the calculation of the commuted value lump sum calculations.

Contribution rates to the Plan were increased over a four year period (2012 – 2015) until the contribution rates are 2% higher than they were previously. The increased contributions are not intended to provide increased pension benefits, but are necessary to fund existing benefits in the future.

Effective May 31, 2010, the Manitoba Pension Benefits Act was amended to provide immediate vesting (previously 2 years of service required) which has been reflected in this Valuation. Other changes dealing with the payment of commuted values, interest credits, marriage breakups, etc. are not expected to have a material cost to the Plan.

Effective January 1, 2001, the employee contribution rate will be 6.0% of pensionable earnings up to Canada Pension Plan (CPP) maximum pensionable earnings and 7.0% of pensionable earnings above the CPP maximum each year. On pensionable earnings up to the CPP maximum, the matching employer contribution rate remains the same at 5.1%.

Effective September 1, 2000, the CSSA was amended to provide benefit improvements. The most significant benefit improvement was to amend the pension formula to increase the pension benefits payable effective September 1, 2000 from 1.4% to 1.6% of average earnings below the average CPP maximum. There were also changes to buy back provisions respecting pensionable service as well as to other administrative matters. The cost of these benefit improvements will be funded by the Fund and by an increase in employee contribution rates.

Employer Billings: Effective January 1, 1998, pursuant to subsection 22(11) of the CSSA, employer funding for employees of more than one non-matching Agency shall be on a pro-rata basis in accordance with the portion of the amount paid or transferred to the employee in respect of which no employer matching contributions were made effective for events on or after January 1, 1998.

3. Eligibility:

Each full-time employee of the Province of Manitoba or an Agency immediately begins to participate in the Fund.

Each part-time, temporary or term employee must become a participant upon completing 2 consecutive years of employment in which salary exceeds 25% of the Year's Maximum Pensionable Earnings as defined in the Interpretation Section of the Canada Pension Plan. Any such employee has the option to participate in the Fund any time after employment commences.

4. Contributions:

The Fund is financed by contributions required to be made by employees who are participants in the Fund and by participating employers.

Recently, a contribution rate was changed to the Plan to increase the rates by 2.00% of salary (matched by employers).

The rates of required contributions for employees who are participants in the Fund are scheduled as follows:

for pay periods ending:	Contribution rate on salary up to CPP earnings	Contribution rate on salary over CPP earnings
before July 1, 2012	6.00%	7.00%
on or after July 1, 2012 but before 2013	6.50%	7.50%
in 2013	7.00%	8.00%
in 2014	7.50%	8.50%
after 2014	8.00%	9.00%

In accordance with the CSSA, 10.2% of the contributions are allocated to the Indexing Account.

Some of the participating employers are "matching" the contributions made by their employees. The remaining employers are financing their portion of benefits on a pay-as-you-go basis.

5. Pension Formula:

The lifetime pension formula equals:

- 2.00% of a member's best 5-year average pensionable earnings multiplied by pensionable service, minus
- .4% of the average Canada Pension Plan's earnings for the same period multiplied by pensionable service since January 1, 1966.

The lifetime pension is subject to an overall maximum of 70% of the average earnings. Some pensions for members retiring prior to age 60 are subject to an early retirement reduction.

6. Retirement:

A participant receives an unreduced pension if such a participant retires on the last day of the calendar year in which the member attains age 71; on or after age 65 with one year of qualifying service; on or after age 60 with 10 years of qualifying service; or on or after age 55 if age plus qualifying service is equal to 80.

A participant is eligible to receive a reduced pension if such a participant retires on or after age 55 having completed 10 years of qualifying service. The 10-year service requirement has been eliminated after May 31, 2010.

The pension is paid for as long as a retired participant lives. If the participant dies before the total of the pension payments is at least equal to the participant's contributions with interest, the excess amount of these contributions over the pension payments made is paid to the participant's beneficiary or estate, whichever is applicable.

If the participant has a spouse at the date of retirement, a joint annuity is payable during the lives of the participant and the spouse. This annuity is reduced by one-third on the death of the participant. This annuity is reduced so that it is actuarially equivalent in value to the pension that would otherwise be payable. This form of payment is also guaranteed so that the total payments are at least equal to the participant's contributions with interest.

This form of payment can be waived if the spouse signs the appropriate waiver form.

7. Termination:

Pension entitlements are protected (vested) for participants immediately (previously 2 or more years of qualifying service required). These entitlements are portable and may be transferred to another pension plan or to a suitable locked-in vehicle. Calculation of a commuted value of pension in respect of service is performed at the time of termination, death, or retirement. A test is made to ensure that the participant's required contributions plus interest (less 10.2% allocated to the Indexing Account) provide no more than 50% of the benefit in respect of eligible service. This test may cause an additional benefit to be paid for such eligible service.

8. Disability:

A participant who has 10 or more years of qualifying service, has not reached age 60 and suffers from a disability may apply for a disability allowance.

If the disability is total and permanent, the participant qualifies immediately for an allowance calculated as a normal retirement pension.

Average annual salaries are determined at the date of disablement.

9. Death:

If a participant dies prior to retirement and has not 10 completed years of qualifying service, the death benefits are equal to the commuted value of the participant's accrued pension. This amount may be paid as an annuity if there is a surviving spouse.

If a participant dies prior to retirement and has completed 10 years of qualifying service, the participant's spouse receives an annuity equal to 60% of the participant's accrued pension. The value of the spouse's annuity must be at least equal to the commuted value of the participant's accrued pension.

If a participant dies prior to retirement and has completed 10 years of qualifying service but there is no surviving spouse, the value of the death benefit must be at least equal to the commuted value of the participant's accrued pension.

If there is no spouse, the commuted value benefit will be paid to the estate. If the participant dies prior to retirement and does not have a spouse, the death benefit is at least the commuted value of the participant's accrued pension.

10. Indexing:

Post-retirement: Increases to pensions in payment of up to 2/3 of the change in the Consumer Price Index (CPI) are granted if there is a sufficient amount available in the Indexing Account and there is an increase in the cost of living. A separate report has been prepared on the Indexing Account. Such amounts are not charged to the basic part of the Fund.

Pre-retirement: Increases to deferred annuities of up to 2/3 of the change in CPI are prefunded on the Valuation Balance Sheet between the date of termination and date of pension commencement. Such amounts are charged to the basic part of the Fund.

M.P.I. Share of Benefit Payments

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

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

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

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

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

- a portion (currently about 44%) of each pension payment to retired employees,
- a portion (currently about 44%) of each pension payment to a beneficiary of a deceased pensioner or the survivor of an employee who dies in service,
- a portion of any amounts transferred to other pension plans under reciprocal agreements,
- a portion of any commuted values paid out as a result of employees terminating service or as a result of marriage breakdowns, and
- a portion of the administrative costs of operating the CSSF in respect of M.P.I. records.

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

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

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

(b) after March 31, 1961, the employer is responsible for a portion (currently about 44%) of the pension paid.

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

APPENDIX III

Summary of Actuarial Accounting Assumptions

		31-Mar-2023	31-Mar-2022
1.	Annual Discount Rate	4.90%	4.01%
	Annual Rate of Inflation Included in Rate of Return	4.10% for 0.75 year, 2.40% for 1.00 year, 2.00% thereafter	3.00% for 0.75 year, 2.20% for 1.00 year, 2.10% for 1.00 year, 2.00% thereafter
2.	General Salary Increases (service and merit is separate and age specific)	2.00%	0.75% for 0.50 years, 1.00% for 1.00 year, 2.00% thereafter
3.	Annual Salary Merit Increases	see TABLE	same
4.	Indexing of Pensions (2/3 of the assumed rate of inflation) (include deferred period)	2.73% for 0.75 year, 1.60% for 1.00 year, 1.33% thereafter	2.00% for 0.75 year, 1.47% for 1.00 year, 1.40% for 1.00 year, 1.33% thereafter
5.	Annual Increase in Earnings under Canada Pension Plan	same as general salary increases	same
6.	Annual Increase in Maximum Pension under Income Tax Act	2023: $3,506.67 Indexed ≥ 2024: same as 5. above	2022: $3,420.00 Indexed ≥ 2023: same as 5. above
7.	Annual Rate of Interest Credited to Employee Contributions	3.75%	1.01% for 0.75 year, 1.81% for 1.00 year, 1.91% for 1.00 year, 2.01% thereafter
8.	Annual Rates of Death	CPM 2014 Public Mortality Projected using Scale B	same
9.	Annual Rates of Termination of Service	see TABLE	same
10.	Annual Rates of Disability	see TABLE	same
11.	Annual Rates of Retirement	see TABLE	same

The demographic assumptions have been developed from the accumulated experience of the CSSF. This experience is reflected in the demographic assumptions adopted for the actuarial valuations of the CSSF. Changes to these assumptions were made for the actuarial valuation of the CSSF as at December 31, 2021 (CSSF AVR 2021).

Actuarial Cost Method

Actuarial cost methods are used to recognize and fund pension benefits over the working lifetimes of employees who will ultimately receive a pension benefit from the Plan. Different actuarial cost methods use different approaches to assign the costs of future pension benefits, in all cases the contributions plus investment income should equal or exceed the benefit at retirement plus any associated expenses.

The projected unit credit cost method was used to calculate the liabilities and current service cost presented in this Report. This cost method accounts for salary increases by projecting employee earnings to the assumed retirement date. The benefit is then calculated at the assumed retirement date and redistributed across the employee's career. The liabilities presented in this report only reflect service accrued up to the Measurement Date and the current service cost reflects service that will be earned in the year following the Measurement Date. The sum of these liabilities obtained for all employees in aggregate is the pension benefit obligation.

Annual Discount Rate

The assumed accounting discount rate is based on the Canadian Institute of Actuaries Educational Note & Fiera Capital guidelines that tracks the bond economic environment independently for actuaries (Fiera Capital's CIA Method Accounting Discount Rate Curve as at March 31, 2023).

The discount rate developed based on this methodology is equal to 4.90% for this Report, provided by M.P.I.

General Salary Increases

The salary increase rate is developed based on a building block approach using the following components: inflation, productivity, and merit. The inflation and productivity assumption is 2.00% per annum provided by M.P.I.

Age based merit rates are in accordance with the following table, plus allowance for use of accrued vacation in calculation of average annual salary at date of retirement at 3.45%.

Age	Merit
20	3.41%
25	2.90%
30	2.40%
35	1.89%
40	1.37%
45	0.94%
50	0.70%
55	0.00%

Annual Rate of Increase in Yearly Maximum Pensionable Earnings (YMPE)

The YMPE is the maximum salaried covered under the Canadian Pension Plan (CPP) in each year. The benefit in this Plan offsets the CPP benefit by covering a smaller percentage of salary below the YMPE. Therefore, YMPE is used to calculate employee retirement benefits and like the earnings must be projected to the assumed retirement date. For the purposes of this Report, we assume that the annual increase of YMPE is the same as the general salary increases. The YMPE in 2022 and 2021, are equal to $64,900 and $61,600 respectively. These values are indexed at the same rates as the general salary increases.

Rate of CRA Maximum Pension Increase Under the Income Tax Act

The Income Tax Act limits the maximum lifetime annual pension per year of pensionable service that a defined benefit pension plan can provide its members. The defined benefit maximum for 2023 and 2022, are equal to $3,506.67 and $3,420.00 respectively. These values are indexed at the same rates as the general salary increases.

Mortality Assumption

The Canadian Institute of Actuaries published a report in February 2014 named "Canadian Pensioners' Mortality Report." The report discusses Canadian specific mortality for registered pension plans and develops/reviews separate tables based on employment sector. The final report presents base table experience for public sector, private sector, and combined experience for public sector and private sector.

This Report uses the 2014 Canadian Pensioner Public Sector Mortality Table projected with CPM improvement Scale B. Pre-retirement mortality has been used when calculating the liabilities.

Pension Size Adjustment

The Canadian Pensioners Mortality Report includes a section on pension size adjustment factors. Based on these factors and the guidance in the report, a single adjustment factor has been calculated for each gender. The adjustment factor for males and females is equal to 1.039 and 1.001 respectively (previously 1.043 and 1.003 respectively).

Termination Rates

This Report reflects termination rates based on age and gender. The termination rates are in accordance with the following schedule:

Age	Male	Female
20	10.00%	12.00%
25	10.00%	9.00%
30	5.00%	7.00%
35	5.00%	5.00%
40	5.00%	5.00%
45	4.00%	4.00%
50	4.00%	4.00%
55	0.00%	0.00%

Upon termination, 50% of members are assumed to elect a deferred pension under the Plan and 50% of members are assumed to elect a lump sum payment.

Disability Rates

This Report reflects disability rates based on age and gender. The disability rates are in accordance with the following schedule:

Age	Male	Female
35	0.01%	0.01%
40	0.04%	0.06%
45	0.09%	0.13%
50	0.23%	0.30%
55	0.66%	0.76%

Retirement Age Assumption

We note that there are many acceptable retirement age assumptions, and certainly it would be appropriate to use the first subsidized age.

The retirement age assumption should consider:

- the plan design features;
- historical experience; and
- the future outlook for retirement experience.

For a plan that includes material early retirement subsidies, in some cases it may be viewed as inappropriate to use a retirement age assumption that ignores the possibility of members taking advantage of the plan's early retirement options.

For this Report, retirement rates are based on age and gender and are in accordance with the following schedule:

Age	Male	Female
55	14.00%	16.00%
56	8.00%	9.00%
57	9.00%	9.00%
58	8.00%	8.00%
59	8.00%	8.00%
60	15.00%	16.00%
61	12.00%	11.00%
62	12.00%	11.00%
63	11.00%	15.00%
64	13.00%	14.00%
65	100.00%	100.00%

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Part and Chapter:	**Part IX Expenses**	**Page No.:**	**23 of 68**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Salary changes**		
Sub Topic:			

Preamble to IR:

Figure EXP – 13 shows Average Actual FTE for 2021/22 as 1,815.3 FTE and 2022/23 as 1,995.2 FTE, an increase of **179.9 FTEs**.

Figure EXP – 14 shows in the column "Change due to Salary FTE and other Changes" for 2021/22 the change amount is $**3,684,000** and for 2022/23 the change amount is $**4,816,000**.

Question:

a) Please provide an analysis and reasons for the increase in FTEs of 179.9 from 2021/22 to 2022/23.

b) Please provide a detailed analysis of the 'change due to salary FTE and other changes' of $3.7 million and $4.8 million. Please also highlight and detail any bonuses included in 'other changes'.

Rationale for Question:

To review FTE and salary changes year over year.

RESPONSE:

a) The average actual full-time equivalent (FTE) figure increased by 132.5 between 2021/22 and 2022/23. Please note that the revised 2022/23 Actual FTE is 1,947.80, not 1,995.2 (*Exhibit #11 Figure EXP–13* has been updated). *Figure 1* below provides a detailed breakdown of FTE changes by category and by Division:

Figure 1 FTE Changes by Category and by Division

TOTAL NORMAL OPERATIONS INCLUDING SPECIALTY PROGRAMS STAFFING LEVELS
2022/23 Total Staff Actual (FTE)

Line No.	Category	Insurance & Risk Management	Legal & Compliance	Customer	Finance	People & Culture	Information & Technology	Executive	Operations	Digital & Transformation	Total
1	**Management**	6.7	7.4	10.7	16.5	6.4	51.7	8.9	55.5	10.2	**174.0**
2	**Supervisory**	-	1.0	2.5	18.3	1.6	12.1	-	125.6	7.2	**168.3**
3	**Technical/Professional**	23.7	32.0	46.2	81.3	32.0	224.2	2.8	607.5	50.0	**1,099.7**
4	**Clerical**	0.2	5.2	1.0	27.7	-	4.9	-	449.0	3.0	**491.0**
5	**Student/Intern**	2.0	-	1.0	1.3	3.8	4.8	-	1.9	-	**14.8**
6	**Total**	**32.6**	**45.6**	**61.4**	**145.1**	**43.8**	**297.7**	**11.7**	**1,239.5**	**70.4**	**1,947.8**

Line No.	Category	Insurance & Risk Management	Legal & Compliance	Customer	Finance	People & Culture	Information & Technology	Executive	Operations	Digital & Transformation	Total
7	TOTAL NORMAL OPERATIONS INCLUDING SPECIALTY PROGRAMS STAFFING LEVELS										
8	2021/22 Total Staff Actual (FTE)										
9		Insurance &	Legal &			People &	Information &			Digital &	
10	Category	Risk Management	Compliance	Customer	Finance	Culture	Technology	Executive	Operations	Transformation	Total
11	**Management**	7.3	7.8	5.9	15.0	6.3	33.0	7.5	53.8	6.6	**143.2**
12	**Supervisory**	4.5	1.0	2.4	19.7	2.9	13.5	-	118.2	4.7	**166.9**
13	**Technical/Professional**	37.4	31.8	38.3	73.7	43.1	214.0	3.0	554.1	29.6	**1,025.0**
14	**Clerical**	7.1	5.0	1.7	26.6	2.5	9.8	-	421.0	3.7	**477.4**
15	**Student/Intern**	-	-	-	0.5	0.6	-	-	1.7	-	**2.8**
16	**Total**	**56.3**	**45.6**	**48.3**	**135.5**	**55.4**	**270.3**	**10.5**	**1,148.8**	**44.6**	**1,815.3**
17		(23.7)	0.0	13.1	9.6	(11.6)	27.4	1.2	90.7	25.8	132.5

The FTE changes noted in the above graphic are the result of changes to MPI's organizational structure, increased operational requirements (e.g., adjusting, driver examining, etc.) as well as normal staffing fluctuations.

b) MPI does not pay bonuses. Out of scope staff receive pay for performance (merit pay). Merit pay is determined considering the employee performance rating and placement within the salary range. Those who are the maximum of the salary range are eligible for a lump sum merit should they receive a high enough performance rating. MPI has traditionally budgeted 2.5% for this.

In 2021/2022, an additional $503,000 spend was approved by MPI Board of Directors to include an additional lump sum program which provided a lump sum reward for individuals where performance and retention met certain criteria. This program was not administered in 2022/2023.

Please see *Figure 2* below.

Figure 2 Change in Salary due to FTE and Other Changes

Line No.	Fiscal Year	per EXP-13 Corporate Annual Salary (a)	Change in Corporate Annual Salary from Prior Year (b)	per EXP-14 Change due to Economic Increase (c)	per EXP -14 Change due Step in Scale (d)	Change due to FTE and Other Changes (e) = (b) - (C) - (d)
1	*(C$ 000s, except where noted)*					
2	**2020/21**	127,598				
3	**2021/22**	133,515	5,917	-	2,233	3,684
4	**2022/23**	143,004	9,489	2,337	2,337	4,816

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Part and Chapter:	**Part IX Expenses**	**Page No.:**	**29 of 68**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Special services**		
Sub Topic:			

Preamble to IR:

On page 29 MPI states:

> *"Special Services variances result 1 from the following:*
> *2 • In 2022/23 the Special Services expenses were approximately $4.6 million*
> *3 higher than budget. This is due to approximately $2.2 million in special*
> *4 services – other, $1.2 million in online auctioneer fee, and approximately $360*
> *5 thousand in security services.*
> *6 • In 2023/24 MPI expects Special Service expenses to be approximately $680*
> *7 thousand greater than forecast from the 2023 GRA primarily due to the*
> *8 estimated $2 million costs related to the Government directed organizational*
> *9 review, $1.9 million in special services – other for various departments, $575*
> *10 thousand in SRE fronting fees, $325 thousand greater than expected audit and*
> *11 actuary fees, $300 thousand for security services, and $225 thousand in*
> *12 surveys/evaluations. Offsetting these increases is a $5 million placeholder*
> *13 included in the 2023 GRA for anticipated business requirements.*
> *14 • In 2024/25 and onward, the lower than expected special services expenses is*
> *15 primarily due to the removal of a $5.0 million placeholder for expected*

16 business requirements that was included in the 2023 GRA."

QUESTION:

Please provide a chart detailing the audit and actuary fees by year for 2021/22, 2022/23 and forecast for 2023/24 and explanations for any significant increases.

RATIONALE FOR QUESTION:

To review changes/increases in audit and actuary fees.

RESPONSE:

Please see *Figure 1* below.

Figure 1 Audit & Actuary Fees

Line No.	Audit & Actuary Fees	2021/22A	2022/23A	2023/24FB
1	*($C 000s, except where noted)*			
2	**Audit Fees**	553	584	735
3	**Actuary Fees**	24	154	258

The increase year over year in audit fees is to allow for additional scope and number of audits.

In terms of the Actuary Fees, in 2021/22A, the external Appointed Actuary fees were allocated between two accounts with $24,000 allocated to Actuary Fees.

For 2022/23A, the full amount of the external Appointed Actuary fees was included, as well as the scope of the work performed by the external Appointed Actuary increased to include the professional services rendered for the Actuarial Report on the Operating MCT Target for the Basic line of business.

For 2023/24FB, the external Appointed Actuary fees are included plus additional costs due to external consulting to help with the implementation of GLM's, and external consulting fees for a review of the enhancement to claims forecasting.

CAC (MPI) 1-20

Part and Chapter:	**Part IX Expenses**	**Page No.:**	**32 of 68**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Postage**		
Sub Topic:			

Preamble to IR:

On page 32, Part IX – Expenses MPI states:

> *"In 2022/23, the over budget variance of approximately $954 thousand is primarily due*
> *15 to a greater than expected Postage spend of $690 thousand that is related to*
> *16 expedited mail charges and $233 thousand in other postage related expenses."*

Question:

Please explain the need for expedited mail services.

Rationale for Question:

RESPONSE:

Expedited mail services are needed to satisfy legal requirements.

For example, Section 1 of the *Rules of Procedure (Universal Bodily Injury Compensation) Regulation,* M.R. 38/94, which regulation outlines the process for internal reviews of injury claims decisions, provides that:

> *"1(1) Where a document is required under this regulation to be given, sent to or otherwise served on a person, service may be effected*

> *personally or, subject to confirmation of delivery by Canada Post, by delivery by mail to the last address provided by the person to the corporation."*

By way of another example, the *Automobile Insurance Coverage Regulation,* M.R. 290/88 provides for an informal dispute resolution mechanism under Section 70, in the case of disputes between MPI and insureds regarding the nature and extent of damage to or the Actual Cash Value of the insured vehicle. In such cases, the parties engage the process by nominating appraisers and providing notice to each other of the contact information of their chosen appraiser. Per Section 70(8) of the Regulation, this notice must be provided as follows:

> *"70(8) Any notice required under subsection (2) shall be given by postage pre-paid mail that provides the sender with an acknowledgment of receipt."*

CAC (MPI) 1-21

Part and Chapter:	Part IX Expenses	Page No.:	36 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Expense Allocations—IFRS presentation in October, 2023		
Sub Topic:			

Preamble to IR:

On page 43, Part IX-EXP, MPI states:

> *"Based on the above illustration, MPI expects Corporate normal 1 operations operating*
> *2 expense FB of approximately $353.2 million for the fiscal year 2023/24. Once these*
> *3 Corporate expenses are processed through the allocation process, Basic normal*
> *4 operations expenses total approximately $244.2 million.* ***MPI will be presenting the Pre IFRS 17 view of expenses for the 2024 GRA base application. The update,***
> ***6 explanations, and impacts of the expense allocation process under IFRS 17 will be***
> ***7 forthcoming in the October rate update filing.****" [Emphasis added]*

Question:

When presenting the IFRS 17 expense allocation process, **for greater clarity**, please include lead sheets reconciling IFRS 17 to IFRS 4 presentations.

Rationale for Question:

Suggesting a process to, hopefully, assist in efficiently reviewing the transition to IFRS 17 expense allocations in October, 2023.

RESPONSE:

MPI will include a presentation of impacts and updates to the expense allocation process that occurred during the conversion to IFRS 17 in October 2023.

CAC (MPI) 1-22

Part and Chapter:	Part IX Expenses	Page No.:	47 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Claims incurred allocator		
Sub Topic:			

Preamble to IR:

Figure EXP -33 indicates a reduction to basic insurance expenses as a result of the claims allocator falling from the 2023 GRA to the 2024 GRA.

Figure EXP- 33 Claims Incurred Allocator Variance

Fiscal Year	2024 GRA Forecast	2023 GRA Forecast	Variance 2024 vs 2023
2023/24FB	81.5%	83.0%	-1.5%
2024/25F	78.6%	82.1%	-3.5%
2024/26F	77.9%	82.0%	-4.1%

"The above variances indicate that MPI will allocate a smaller portion of expenses to 17 the Basic LOB in the 2024 GRA, as compared to that forecast in the 2023 GRA."

Question:

Please provide a narrative discussion including reasons for the variance from 2023 to 2024 GRA in the claims allocator and whether MPI believes this change to be permanent going forward. Please include in the discussion if the claims incurred allocator is based on a net or gross of reinsurance claims incurred and if this would make a difference.

Rationale for Question:

To better understand the reasons for the change in the claims incurred allocator.

RESPONSE:

The claims incurred allocator is driven by claims incurred proportions of the corporate amount for each line of business. In the past couple of years, the Special Risk Extension (SRE) line of business has experienced significant growth in claims incurred. This has contributed to the decreased allocator proportion for Basic as seen in the above table. MPI believes there will be continued claims incurred pressure on the SRE line of business, however, doesn’t expect to see the significant year over year increases experienced in the past two years. MPI plans to combat these recent increases by ensuring compliance with all safety initiatives, capping third party liability limits on new business and by applying strict criteria for any existing customers operating in the USA. The claims incurred allocator is based on net claims incurred amounts.

CAC (MPI) 1-23

Part and Chapter:	Part IX Expenses	Page No.:	51 and 61 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Depreciation and Amortization		
Sub Topic:			

Preamble to IR:

Figure EXP – 38 on lines 23 to 25 shows the depreciation and amortization amounts for years 2022/23 to 2027/28 for basic insurance.

Figure EXP -43 on line 34 shows the total ongoing depreciation and amortization amounts by year.

QUESTION:

Please reconcile Figure EXP – 38 line 25 to Figure EXP – 43 line 34 and explain the differences.

RATIONALE FOR QUESTION:

To clarify amounts reported on Figure EXP – 38 and Figure EXP 43 and understand the difference.

RESPONSE:

Please refer to *MPI Exhibit #9* for the blackline and clean versions of Figure EXP-43.

Historically, as projects are completed, the deferred costs are transferred into normal operations and amortized utilizing a 'best fit" accounting unit which is not exactly aligned to the project allocation. Figure EXP-43 uses the best estimate project allocator (based on story points for NOVA and independent allocation reviews for each project) whereas Figure EXP-38 (based on ICAM or normal operations allocations) uses a "best fit" normal operations allocator. These allocators are and always have been different.

2023/24 will be the first year in which MPI anticipates amortizing NOVA project streams. There are three streams to be amortized in 2023/24 whereby two of those streams are directly allocated to the SRE and DVA line of business. The third stream is NOVA – digital costs which is expected to have 13% allocation to Basic in 2023/24 and onward. As this amortization expense will transition to normal operations there is a mismatch based on using the "best fit" allocation within normal operations described above. MPI does concede that the "best fit" applied normal operating allocation is overstating Basic amortization expenses in 2023/24 (and onward) and will, in October 2023, update the 2024 GRA rate with a more accurate reflection. MPI expects the impacts to be negligible as it relates to the overall rate indication.

<u>**CAC (MPI) 1-24**</u>

Part and Chapter:	**Part IX Expenses**	**Page No.:**	**55 of 68**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Deferred development costs**		
Sub Topic:			

Preamble to IR:

On page 55 MPI states:

> *"Basic capital is comprised of seven asset categories: land, buildings, 1 building*
> *2 components, land improvements, data processing equipment, automobiles, office*
> *3 furniture and equipment, and deferred development costs. Deferred development*
> *4 costs are associated with project initiatives. MPI ultimately expenses all capital*
> *5 expenditures over the life of the asset with each asset class having varying*
> *6 amortization/depreciation periods. For example, MPI recognizes building capital costs*
> *7 as an expense over a period of 40 years and data processing equipment costs over a*
> *8 period of three years. All capital expenditures utilize the straight-line*
> *9 depreciation/amortization method."*

Question:

Please file a copy of MPI's current capitalization policy relating to deferred development costs.

Rationale for Question:

To review the current capitalization policy relating to deferred development costs.

RESPONSE:

Please refer to IR Response *PUB (MPI) 1-54(a)*. In part (a) of this response is the current capitalization policy related to deferred development costs.

CAC (MPI) 1-25

Part and Chapter:	Part IX Expenses	Page No.:	56, 60 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Deferred development costs		
Sub Topic:			

Preamble to IR:

Figure EXP – 41 line 5 shows sub-total of deferred development costs by year.

Figure EXP – 42 line 116 shows Total basic capital expenditures by year.

Question:

Please reconcile line 5 (Figure EXP – 41) to line 116 (Figure EXP – 42) and explain the differences.

Rationale for Question:

To clarify amounts reported on Figure EXP – 41 and Figure EXP 42 and understand the difference.

RESPONSE:

Figure 1 Figure EXP-41 and EXP-42 Reconciliation *(originally filed Part IX Expenses Chapter)*

Line No.		2022/23A	2023/24F	2024/25F	2025/26F	2026/27F	2027/28F
1	**Exp - 41**						
2	**Subtotal**	17,540	40,740	30,542	27,377	3,684	503
3		**LTD Actual**	**2023/24F**	**2024/25F**	**That**	**2026/27F**	**2027/28F**
4	**Exp - 42**						
5	**Total SPM/Nova Project Costs**	79,388	40,740	30,541	27,378	3,683	503
6	**Difference**	(61,848)	-	1	(1)	1	-
7	**Explanation for difference:**						
8	Exp 41 includes actuals for FY 2022/23 only while Exp 42 includes actuals for 2013/14 to 2022/23 for all current projects only						
9	No differences beyond rounding for the 2023/24 to 2027/28 forecasts						

CAC (MPI) 1-26

Part and Chapter:	**Part IX Expenses** **Part IX Pro Formas, PF-1, page 5**	**Page No.:**	**EXP Appendix 2, page 4**
PUB Approved Issue No:	**10. Cost of operations**		
Topic:	**Improvement initiative expenses**		
Sub Topic:			

Preamble to IR:

PF – 1 Statement of Operations line 38 shows the adjustment for Initiative Expenses by year.

Part IX – EXP Appendix 2, page 4 shows the total improvement expenses for basic on line 51.

Question:

Please reconcile line 38 (PF -1) to line 51 (EXP Appendix 2) and explain the differences.

Rationale for Question:

To clarify amounts reported on PF 1 and EXP Appendix 2 and understand the difference.

RESPONSE:

MPI does not see any differences. Please see figure below.

Figure 1 Initiative Expense Comparison - PF 1 to EXP Appendix 2

Line No.		For the Years Ended March 31, 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	Total Initiatve Expenses - EXP Appendix 2	11,773	13,132	29,195	26,141	26,609
2	Adjust for Initiative Expenses (BO 12.1 d) - PF 1	n/a	n/a	29,195	26,142	26,609

<u>**CAC (MPI) 1-27**</u>

Part and Chapter:	**Part I Introduction** **Part V Value Assurance**	**Page No.:**	**Part I page 7 of 14** **Part V Page 8-10 of 141**
PUB Approved Issue No:	**15. Information Technology (IT) and value management**		
Topic:	**Value Assurance re-brand**		
Sub Topic:			

Preamble to IR:

In Part I – Introduction, page 7 it describes the rebranding of value management and is now labeled 'Value Assurance' as follows:

> *"The Value Assurance chapter, labeled previously as Value Management,*
> *1 is the portion*
> *2 of the filing dedicated to report on the work of MPI's Value Management Office (VMO).*
> *3 Established in 2017, the office has been providing support to managers on change*
> *4 initiatives. In early 2023, it was rebranded as Enterprise Value Assurance (EVA) with a*
> *5 focus on achieving lasting results and outcomes. The EVA team aims to identify,*
> *6 guide, and enable targeted business outcomes through strategic programs, projects,*
> *7 and product enhancements. Their current focus for 2023/24 includes understanding*
> *8 and evolving portfolios of work, establishing an EVA framework, documenting common*
> *9 definitions and taxonomy for benefits, and understanding investment management for*
> *10 strategic change initiatives."*

In Part V – Value Assurance, page 8 it describes in greater detail the current year's focus:

1. Understand and Evolve MPIs Portfolios of work

2. Establish and seek approval for an Enterprise Value Assurance (EVA) Framework

3. Document common definitions, nomenclature, and taxonomy

4. Understand (and document) how MPI Invests and Reports on Strategic Change Initiatives

Question:

For greater clarity, please explain in a narrative the rationale for Value Management to be re-branded as Value Assurance. The explanation should include scope changes, personnel changes, lack of documentation, lack of value added by the previous version of value management, etc.

Rationale for Question:

To better understand the effectiveness of the corporation's risk assessment, management and mitigation.

RESPONSE:

Value Management was re-branded as Enterprise Value Assurance (EVA) to keep up with best practices and standards and to support the new SAFe methodology MPI has implemented. While there were no issues with the past practices; due to shifts in the Corporation's approach, a review of best practices utilizing this method was undertaken to support its ongoing mandate to ensure consistency and value for the money being invested. Please refer to *Part V Value Assurance Chapter, page 8,* which speaks to the rebranding of the department in 2023 and its prior mission.

MPI is currently delivering an integrated portfolio of change initiatives, projects that are delivered based on a waterfall methodology, and product enhancements that are delivered by an agile (SAFe) methodology. In the latest version, the Lean 6.0 methodology introduces the Value Management Office (VMO), so the Enterprise Value

Assurance department will align activities and best practices more closely to the SAFe methodology.

Lean Portfolio Management 6.0 states –

> *"From PMO to VMO Many enterprises have discovered that centralized decision-making and traditional mindsets can undermine the move to Lean-Agile practices. As a result, some enterprises have abandoned the PMO approach, distributing all the responsibilities to ARTs and Solution Trains. Unfortunately, this choice can inhibit the adoption of successful execution patterns, standard measures, and reporting that can be developed and applied across the portfolio. One option is redesigning the traditional PMO to become a Value Management Office (VMO). Operating through LPM, the VMO leverages the specialized skills, knowledge, and relationships of the current PMO while transitioning themselves and the portfolio to a new Lean-Agile way of working. VMO activities often include the following:*
>
> - *Facilitates the portfolio events*
> - *Works with the LACE to develop, harvest, and apply successful ART execution patterns across the portfolio*
> - *Facilitates Lean budgeting and coordinates portfolio governance*
> - *Fosters decentralized PI Planning and operational excellence*
> - *Establishes objective metrics and reports progress toward business agility*
> - *Focuses the portfolio on measuring and improving value delivery*
> - *Leads the move to objective metrics, milestones, and Lean-Agile budgeting*
> - *Establishes and maintains the systems and reporting capabilities*

- *Offer guidance for OKRs and KPIs*
- *Communicates and amplifies the portfolio's strategy*
- *Fosters more Agile contracts and leaner Supplier and Customer partnerships"*

Personnel changes – The Enterprise Value Assurance department currently has two (2) full-time equivalents (FTEs). Future state estimates eight (8) FTEs that will be needed to support the new Enterprise Value Assurance framework and associated functions. These positions are critical as MPI sets up the EVA framework to ensure it can track and value change initiatives consistently across MPI's integrated portfolio.

The future state will have two areas of support. Both will support our integrated portfolios of work (product enhancements and projects), reporting to a Portfolio Manager to ensure that both portfolios are being run and evaluated consistently.

The Lean Specialists will support the product portfolio and value mapping, while the Benefits Specialists will support the project portfolio and ensure that best practices in the benefits realization management process are being followed.

<u>CAC (MPI) 1-28</u>

Part and Chapter:	**Part II Overview**	**Page No.:**	**3 of 10**
PUB Approved Issue No:	**17. Risk Assessment and Management** **20. Project Nova**		
Topic:	**Changes in staffing, senior management and Board of Directors**		
Sub Topic:			

Preamble to IR:

On page 6 of Part II – Overview it states:

> *"Over the past two years, MPI experienced significant turnover in its Executive Office,*
> *9 culminating with the dismissal of its President and Chief Executive Officer, Eric*
> *10 Herbelin and the resignation of its Chief Information and Technology Officer, Siddartha*
> *11 Parti. Further, MPI experienced a change in its Board of Directors with the substitution*
> *12 of Dr. Michael Sullivan for Ward Keith. While these changes come at a time when MPI*
> *13 is preparing to enter the discovery phase of a major release of Project NOVA, the*
> *14 largest transformation project in its history, MPI believes that it remains well*
> *15 positioned to see the project, which is essential for its long-term functioning, through*
> *16 to its planned conclusion."*

Question:

a) Please provide a narrative discussion on the impact of significant personnel turnover on Project Nova as described in the Preamble in terms of time line to completion, budget variations, quality of work relating to Project Nova systems, and impact on staffing morale, and any other factor deemed relevant by MPI.

b) In general, please provide a narrative discussion on the Project Nova staffing turnover during the last two years and how MPI has managed to retain Project Nova technical expertise. Please also, in this context, discuss the status of the Request for Standing Offer mentioned in Part II – COM Appendix 2, page 10.

Rationale for Question:

To better understand the overall impact and risks (time, costs, quality of work and staffing morale) associated with senior and technical staff turnover on Project Nova going forward.

RESPONSE:

a) The impact of the Executive turnover on Project Nova as described in the Preamble in terms of timeline to completion, budget variations, quality of work relating to Project Nova systems, and impact on staffing morale, and any other factor deemed relevant by MPI is minimal. Key resources have stepped in to fulfill interim positions and bring their internal knowledge and support to Nova to ensure the program continues a successful trajectory with a commitment to quality, maintaining budget and minimizing impacts to timelines as Project Nova moves through its delivery lifecycle.

b) Project Nova technical expertise has been retained through documentation, sharing of information amongst technical staff and delegation of responsibilities to minimize the chance of a single resource becoming a single point of failure.

MPI has issued a Request for Standing Offer (RFSO) for services for eleven (11) vertical streams. Under the streams there are eighteen (18) categories for Vendor selection:

1. Software Development & Operations
    - 6 separate categories:
        i. Duck Creek;
        ii. Dynamics;

    iii. Informatica;
    iv. Mulesoft;
    v. Azure; and
    vi. Other,

2. Data Management & Analytics
3. Cloud Services
4. Cyber and Information Security
5. Platform Engineering and Infrastructure
6. Digital Workplace and Service Management
    - 3 separate categories:
        i. 1. Automation;
        ii. 2. Digital Workplace; and
        iii. 3. Service Management,
7. Business Architecture
8. Enterprise Architecture
9. Project Management
10. Program Management
11. Organizational Change Management

At the time of this submission 7 categories have completed the final selection with 7 completing the evaluation review prior to finalization. The remaining categories are being evaluated by the appropriate teams.

CAC (MPI) 1-29

Part and Chapter:	Part II Overview	Page No.:	5 of 10
PUB Approved Issue No:	15. Value Management		
Topic:	Enterprise Value Assurance Team		
Sub Topic:			

Preamble to IR:

Per page 5 of Part II – Overview MPI states:

> *"This GRA also describes the way in which MPI is improving the 1 Value Management*
> *2 Office (VMO) it established in 2017. MPI is implementing Enterprise Value Assurance*
> *3 (EVA) and will continue its mission of supporting business partners in achieving lasting*
> *4 results and outcomes by providing a line of sight from ideation through to delivery.*
> *5 The main objective of the EVA team is to identify, guide, and enable targeted business*
> *6 outcomes and report on the realization of benefits and attainment of results through*
> *7 strategic programs, projects, and product enhancements. The EVA team will evolve*
> *8 and mature the value assurance practice to ensure alignment with strategy, consistent*
> *9 processes, and that industry best practices are being leveraged in Strategic Portfolio*
> *10 Management, Value Management, and Benefit Realization Management."*

Question:

Please provide a discussion on the size of the EVA department, Organization Chart, skill sets of staff in the EVA department, EVA department budget, and results achieved to-date.

Rationale for Question:

To clarify and better understand the current value management (value assurance) department, skill sets on hand and achievements to-date in light of the fact that the Value Management department had been operational for a number of years.

RESPONSE:

Enterprise Value Assurance (EVA) department, Organization Chart, skill sets of staff in the EVA department

Current Department Structure

Currently, the Enterprise Value Assurance Department has two (2) Full-Time Equivalents (FTE).

Future Vision

The future state is to have a total staff complement of eight (8) FTEs to support integrated portfolios of work (product enhancements, projects) as part of ensuring consistent practices and strategic portfolio management processes are being applied. These positions are critical in the establishment of the EVA framework in ensuring the consistent tracking and valuation of change initiatives while utilizing a portfolio level approach, repeatable framework of actions that span across all initiatives within the enterprise to maximize efficiency, savings and enhance the effectiveness of the EVA framework.

The future state will include two streams of support specialists as part of supporting these Integrated Portfolios of work (product enhancements and projects). A Portfolio Manager role will be added as part of providing oversight in ensuring that both Portfolios are being managed consistently as part of this framework. *The Lean Specialists* will support the Product Portfolio and Value Mapping, while the *Benefits Specialists* will provide expertise as part of supporting the Project Portfolio to ensure best practices and various documentation inclusive of templates, etc. are utilized.

Skillset of EVA Team

Dedicated support is required as part of requirements for these roles that will include advanced skills in financial analysis, managerial accounting, project management, Benefits Realization Management (BRM), value mapping etc. Due to the competitive nature of the current labour market, there may be a challenge in attracting talent, specifically candidate(s) with a BRM skillset and as a result training materials, coaching and certifications will be required to grow this capability internally.

EVA department budget

Currently (2023/24), the EVA department has received approval for three (3) FTEs, a Director and two Value Specialists. Due to retirement earlier this year, one of the Value Specialist positions is currently being backfilled.

EVA Activities /Accomplishments to date

Since February of 2023, the EVA department has:

1. Supported BAU work, all lean business cases, which included reviewing the information as part of reviewing objectives/deliverables, financial assumptions and raising questions related to feasibility, resourcing impacts as part of working in collaboration with Business Owners in the development of a sound proposal.

2. Departmental efforts continue to monitor, track and review the attainment of objectives, benefits and financial outcomes as it relates to completion of Lean Business Cases/EHS initiatives.

3. Documented a draft version of the EVA Framework, strategy, approach, and roadmap (work in progress).

4. Documented and created templates for a Benefits Realization Management (BRM) process. This process follows best practices in managing benefits (APMG International, Optimizing the return from investments by Steve Jenner).

5. The EVA team has begun drafting a Nova Benefits Realization Workbook that will outline details of the benefits for Nova (as identified within the Business Case). Future Nova Business Case tracking will *not* transition to the EVA, but will be supported by the EVA team as they assist in the enablement of benefits and review change enablers as part of ensuring benefits are being realized once the capabilities are complete within the various application(s).

The following 4 key templates and reference documents are being created and will be ready for approval in the fall of 2023:

1. **Benefits Register** – This template allows MPI to identify, track, manage, and quantify all benefits of a project.

2. **Benefits Profiles** – This template contains all information for the planning of the benefit, such as beneficiaries, dependencies, realization date, key metric(s), identifying measurement owner(s), baseline(s), target(s), frequency of measurement, etc. Change enablement plans for the benefit will also be included.

3. **Benefits Realization Guide** – The purpose of these guidelines is to:

    - provide a consistent approach to Benefits Realization Management based on best practices from Steve Jenner’s, Managing Benefits Practitioners Certification

    - define benefits terminology, benefits eligibility rules, financial methods, classifications, and appraisal techniques for the BRM framework

    - describe benefits dashboards and reporting at MPI

- assist with best practices of benefits from a change initiative perspective, including products, projects, programs, and managed work

4. **Benefits Realization Plan -** This document will be used to profile all benefits and the mechanism used to forecast them as part of their realization from baseline to target, which will include baseline and measurement information, dependencies, identified benefit risks and realization milestones. Executive leadership will be responsible for providing sign-off of the benefits realization process as part of ensuring team support, alignment, accountability, and attainability.

CAC (MPI) 1-30

Part and Chapter:	Part II Overview	Page No.:	5 of 10
PUB Approved Issue No:	20. Project Nova		
Topic:	Meetings with PUB Consultants		
Sub Topic:			

Preamble to IR:

On page 5 of Part II – Overview it states:

> *"MPI also held meetings with PUB consultants outside of the GRA process to proactively 17 share information about Program NOVA."*

The slide deck for the meeting is filed in Part II COM Appendix 2 pages 3 to 23.

Question:

Please provide a narrative summary of the results/outcome of the meeting including any suggested/recommended changes as 'take-aways' to Program Nova. If so, please list these suggestions/recommendations and provide comments on actions taken to-date.

Rationale for Questions:

To review and understand the outcomes/recommendations made at the April 17, 2023 PUB consultants Program Nova update meeting.

RESPONSE:

The meeting held with the PUB consultants allowed for MPI to provide an update on the status of Nova. There were no specific take-aways, suggestions or recommendations as an outcome of the meeting.

CAC (MPI) 1-31

Part and Chapter:	Part V Project Nova	Page No.:	16 of 48
PUB Approved Issue No:	20. Project Nova		
Topic:	Release 2 work deferred to Release 3		
Sub Topic:			

Preamble to IR:

Pages 16 to17 of Part V – (Program Nova) MPI deferred work from Release 2 to Release 3 as follows:

> *"The objectives for Release 2 will focus on deployment of Celtic 1 for IRP and integrated*
> *2 through the MuleSoft Platform, to Microsoft Dynamics for the portal, and to the*
> *3 existing applications. The following Release 2 scope has been deferred to Release 3*
> *4 timelines as per a decision request approved in the fall 2022. In the meantime, the*
> *5 deferred scope will continue to leverage existing processes until the functionality is*
> *6 developed and enabled in R3.*
> *7 • IRP online services for corporate customers – To be enabled under the R3*
> *8 Customer Portal (Dynamics) effort*
> *9 • Creation of IRE user interface in Celtic is deferred and will be developed in R3.*
> *10 • Automated information sharing with external parties. Creation of vehicle and*
> *11 driver look up tools in Dynamics for 3rd Parties/Law Enforcement. This will be*
> *12 enabled under R3 Partner Portal*
> *• Consolidation of IRP registration process to be wholly 1 managed in Celtic. This*
> *2 requires many integrations/batches to be modified to insert IRP*
> *3 registration/vehicle information into Celtic from Legacy. This integration*

4 effort will be developed in R3 as it is not relevant until completely moving off
5 AOL."

Question:

Please describe the impact the deferral of work from Release 2 to Release 3 will have in terms of time line and costs for Release 3, and reduction of costs for Release 2, if any, due to a reduction of anticipated work for Release 2.

Rationale for Question:

To better understand the impact of moving work from one release to another.

RESPONSE:

As part of Release 3 Discovery, Release 2 deferred work will be planned along with Release 3. The costs and scope of the Release 2 deferred work has been shifted to align with Release 3 implementation, and are still included within Release 2 budget/forecasts, with no spend to date. This work, and the costs associated with it, are being tracked separately from Release 3 within a separate project. At this time, there are no known or anticipated impacts to Release 3 costs or timing due to Release 2 deferred work.

CAC (MPI) 1-32

Part and Chapter:	**Part V Project Nova**	**Page No.:**	**19**
PUB Approved Issue No:	**20. Project Nova**		
Topic:	**Release 3 pre-discovery**		
Sub Topic:			

Preamble to IR:

Page 19 of Part V – (Program Nova) MPI is indicating the Release 3 pre-discovery is complete:

> *"Release 3 pre-discovery activities completed on April 1 21, 2023. The discovery phase of*
> *2 this release began internally in early May of 2023 and is expected to continue with*
> *3 onboarded Sis in the summer of 2023. Before MPI can begin to implement Release 3,*
> *4 it must complete three to four months of discovery with its Sis. Objectives will focus*
> *5 on deployment of Celtic for Vehicle Registration and Driver Licensing, deployment of*
> *6 Duck Creek for Personal auto insurance, and integrated through the MuleSoft*
> *7 Platform, to Microsoft Dynamics for the portal, and to the existing applications."*

Question:

a) Please file a copy of the pre-discovery output document and, for greater clarity, describe the steps undertaken in the pre-discovery activity for Release 3.

b) Please describe the steps undertaken in a discovery activity and the expected output upon completion of discovery.

Rationale for Question:

To better understand the activities and output as part of Release 3 pre-discovery and discovery.

RESPONSE:

a) Please see *Appendix 1 - R3 Pre-Discovery Readout* and *Appendix 2 - R3 Release Objectives*

   NOTE: The "R3 Pre-Discovery Readout" document contains target timeframes for Discovery and Implementation phases that were determined at that the point in time. Those timeframes are under review as the Release 3 Discovery phase is now expected to start in early 2024.

b) Please see *Appendix 1 - R3 Pre-Discovery Readout, slides 3-4*.

NOVA
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R3 Pre-Discovery: Final Readout

May 2023

Objectives for today

Provide an **overview of R3 release objectives** (across products/services & shared functionalities)

Outline the **preliminary R3 release packages**

Discuss **R3 Discovery** next steps

Overview of objectives and outcomes addressed during pre-discovery vs. subsequent stages of discovery and implementation

From Jan 30 to Apr 21

Key activities in pre-discovery…

- **Baseline the as-is and identify breakpoints (conducted in waves)**
  - Map current-state experience, process and system flows
  - Identify pain-points and opportunities to solve for in future blueprint
- **Define / prioritize future-state blueprint (conducted in waves):**
  - Define future-state experience, process and system flows at a high level
  - Define high value online candidates
  - Determine treatment for potential customizations/exceptions
  - Identify technical/business enablers required
- **Determine approach for release (conducted following waves)**:
  - Define release objectives and estimate high-level effort by stream per release objective
  - Define draft 1 of release sequence (incl. core transactions, shared services, online ideas) to help prep for Discovery

Targeting May 2023 start

…discovery…

- **Test requirements against system capabilities:**
  - Validate base requirements function as expected through DCOD/Celtic JADS & demos
  - For requirements not passed in demos, design how the solution will function in DCOD/Celtic/MSD/related integrations
- **Prototype portal functionalities:**
  - Design portal lay-out/interactions at a high level
  - Design select online candidates
  - Design web architecture and associated enablers (e.g., SSO)
- **Refine/finalize implementation approach and roadmap :**
  - Sequence releases based on value and feasibility
  - Update release roadmap based on validation of requirement complexity/size
  - Finalize timeline/budget for Nova vs. Operations
  - Finalize team structure across workstreams

Targeting Fall 2023

… and implementation

- **Design and deliver requirements specific to the stories in a sprint:**
  - Clarify specific business logic or design for each story through story, user acceptance criteria and unit test case definition
  - Validate requirements through wireframe/prototype testing (for front end functionalities) and functional unit testing
- **Continue to refine prioritization & sequencing of work in PIs:**
  - Based on realized status and velocity, adjust roadmap at least quarterly to ensure release critical workflows/enablers are prioritized
  - Test requirements for the quarter with business stakeholders to maintain alignment on target scope

We completed 5 waves of pre-discovery for R3, covering multiple products & services

Wave (start)	**Business**	**Workflows**	**Components**
1A (Jan 30)	Insurance & Registration	Obtain insurance	Autopac, rental vehicle insurance
1B (Jan 30)		Obtain registration	Vehicle registration (incl. temp. registration and plates)
2A (Feb 13)	Insurance & Registration	Service insurance	Renew, cancel, change insurance and similar products (incl. fleets and vehicle for hire)
2B (Feb 13)		Service registration	Renew, cancel, change registration
3A (Feb 27)	Shared experiences	Becoming a customer, customer account management	Create customer account, change name, edit contact information, modify address, etc.
3B (Feb 27)	Driver's license	Obtain & service driver's license, and testing, and ID services	Obtain and service driver's license, test booking for Driver Z/class 5-6 tests, obtain/service ID Card, identity verification
4A (Mar 13)	Compliance and driver records	Driver records, driver fitness, compliance, and professional driver licenses	Driver records (e.g., DSR, abstracts), Medical compliance, Class 1-4 licenses, MELT, DI&C
4B (Mar 13)	Permits	Permits for organizations (dealers, inspection station, etc.)	Inspection Station Permit, Dealers Permit, etc.
5 (Mar 23)	Finance	Revenue & billing management, and finance & controlling processes	General accounting, ledger management, tax collections, refunds, payments, manage delinquencies, financing agreements, credits, etc.

Each wave covered customer, employee, and back-end touchpoints

1 Wave | Front counter/ online process | Front counter & back-end | Back-end process

Phase / interaction point with customers and employees

Product/service	Entry/engagement	Front counter: Obtain	Front counter: Service	Back-office and background processes
Account mgmt.	3 Become a customer		3 Change customer info	3 Verify Identity
Insurance & Registration		1 Obtain Rental Vehicle Insurance 1 Obtain Insurance & Registration 1 Obtain Temp Registration	2 Renew insurance & registration (including early renewals) 2 Change insurance & registration mid-term 2 Cancel insurance & registration	1 Assess & Underwrite Policy 1 Assign VIN
Ownership			2 Change vehicle ownership	
Plates		1 Obtain Plates (Personalized, Specialty, Antique, Collector, etc.)	2 Transfer plates 2 Replace plates	1 Issue and maintain Vehicle Safety Controlled Inventory
ID Card		3 Obtain ID Card	3 Renew ID 3 Replace ID 3 Cancel ID	
Licensing	3 Register/pay for/take Driver Z 3 Book/pay for KT & Road Test 4 Register/pay/take MELT	3 Obtain Class 5 License 3 Obtain Class 6 License 4 Obtain Class 1-4 License 4 Obtain/Issue Abstract	3 Renew DL 3 Replace DL 3 Cancel DL	4 Update Driver Records 4 Calculate/obtain DSR
Driver Fitness			4 DI&C (Suspension, Serious Offence, Warning) 4 Ignition Interlock Program 4 Appeal suspensions & obtain 45-day permit	4 Process DL/medical questionnaire 4 Medical compliance assessment (process incoming, review info) 4 DL Suspensions for non-payment

5 Finance capabilities/processes (across products/services)

- Planning and Accounting Mgmt. (Budgeting, Cost Accounting)
- General Accounting & Reporting, including General Ledger Mgmt.
- Tax Mgmt. (Collections, Processing, Returns)
- Treasury Operations Mgmt.
- Controlling Management
- Customer Credits Management (Financing agreements, credits)
- Billing/Invoicing Management (administration of fees/charges, invoices, payments)
- Manage Delinquencies (dishonoured payments, arrears)
- Reimbursement Mgmt.
- Funds Transfer Mgmt.
- Commissions Mgmt. (Broker/Collection Agency Commissions, Adjustments, Overrides, Broker Audits)

Workshops, sessions, and interviews on these processes generated 4 four types of requirements

Core transactions: we defined core workflows and technologies to migrate to the new systems, and integrations required between systems

Online functionality: we identified workflows that are strong candidates for customers to process transactions/access information online without SCRs or brokers

Partner communities/online capabilities: we identified requirements to enhance MPI's interaction with external organizations and associated online capabilities

Shared services: we created a more complete picture of common functionalities needed to support MPI business capabilities

In addition, there are **IT dependencies** that support both Nova and non-Nova MPI functionality that will be part of the architectural roadmap. There may also be **non-Nova business process changes** (including back-end process automation) that could occur in parallel to R3

Guiding principles shaping Nova R3 future state design

Prioritize digital customer documents/communications over paper: E.g., use customer portal for secure messaging and transmission of documents

Make online the preferred method of customer interaction: where possible, offer an online option for processes not requiring in-person verification or time sensitive material reception

Autofill fields: Automatically fill forms using existing data where possible

Update systems automatically with real-time data: Leverage integrations to update information across system

Reduce complexity of business processes, for example:

- Standardize and consolidate business rules
- Create information prompts for brokers/SCRs to improve & standardize in-person processing experience
- Streamline signature needs, eliminating collecting them where possible or using e-signatures where required
- Eliminate overrides by using required fields/documents, role-based access, supervisor workflows, and broker audits

We have translated the requirements from pre-discovery research into release objectives

There are three sets of release objectives that span multiple products/services, transaction types, and shared services:

1. **Foundational Shared Services** supporting core business and online transactions
2. **Core business transactions** utilized by broker, SCRs and internal staff.
3. **Online transactions** & optional partner communities

In addition to determining the functionality within each release objective, each stream has estimated the relative complexity to help inform future sizing discussions during Discovery & Design

Core transactions/shared services release objectives: overview & initial estimates

77 ROs are required for Nova R3, covering core transactions, required partner communities, and foundational shared services

- 41 ROs that represent core transactions from technology that will be decommissioned with R3 release
- 2 ROs for required partner communities
- 34 ROs for foundational shared services

Each stream has estimated the relative complexity associated with these ROs. Sizing is relative and follows the Fibonacci sequence (1-2-3-5-8-13-21). **Across all required ROs, relative size is:**

- DVA: 226 (29%)
- P&C: 81 (10%)
- Digital: 477 (61%)

		Initial Business Estimate		
	Core Release Objectives	**DVA**	**P&C**	**Digital**
Registration/ Insurance	Administer Temporary Registration Permit	3	2	1
	Obtain Registration and Autopac (+extension add ons)	13	13	1
	Transfer Registration Insurance	8	5	1
	Administer/Manage rental vehicle insurance	N/A	2	1
	Change registration & insurance + Early renewals	5	2	2
	Renew registration & insurance + Early renewals	8	5	8
	Suspend and cancel registration & insurance	8	5	5
	Administer Interim registration permit	5	2	2
	Winter tire program	1	N/A	TBD
	Administer Fleets Program	N/A	13	1
	Administer Vehicle for hire program	N/A	8	1
	Obtain Layup, IRI (TBD: any other Ins.-only products)	N/A	3	1
Ownership	Administer Vehicle Ownership	3	N/A	1
	Maintain vehicle descriptions	N/A	N/A	8
Plates	Administer/manage customer plates	5	N/A	1
IRP	IRP deferred scope - ownership moving to CMVS	5	N/A	N/A
	IRP deferred scope - AOL integration	8	N/A	N/A
Permits	Vehicle/ customer related permits	2	N/A	1
	Administer Dealer/ Partner permits and plates	13	1	1
Customer Account Management	Create customer account	5	1	2
	Profile updates: Edit customer profile/info (e.g., in person or 3rd party initiated)	8	1	13

Core transactions/shared services release objectives: overview & initial estimates

77 ROs are required for Nova R3, covering core transactions, required partner communities, and foundational shared services

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- 2 ROs for required partner communities
- 34 ROs for foundational shared services

Each stream has estimated the relative complexity associated with these ROs. Sizing is relative and follows the Fibonacci sequence (1-2-3-5-8-13-21). **Across all required ROs, relative size is:**

- DVA: 226 (29%)
- P&C: 81 (10%)
- Digital: 477 (61%)

		Initial Business Estimate		
	Core Release Objectives - Continued	**DVA**	**P&C**	**Digital**
Identity Verification	ID verification for non-corporate customers	1	N/A	21
	Conduct ID verification for corporate customers	1	N/A	21
Driver License and ID	Obtain driver licence and ID	5	N/A	5
	Cancel driver licence or ID	3	N/A	2
	Renew DL/ ID	5	N/A	5
	Replace DL/ ID	1	N/A	3
	Amend DL/ ID	3	N/A	TBD
Driver Records	Obtain/Issue Driver Abstract	2	N/A	2
	Administer/ manage Driver Safety Rating (incl. DSR review and rerating)	3	N/A	5
	Update driver records	13	N/A	1
	Maintain sanctions (incl. suspensions)	13	N/A	3
Driver Testing	Integrate test result and course status	1	N/A	N/A
	Booking appointment for road and knowledge test	2	N/A	5
	Enroll in Driver Ed programs and related integrations	2	N/A	3
Driver Fitness	Obtain 45 Day Permit	2	N/A	1
	Process DL/Medical Questionnaire	2	N/A	3
	Process Mail for Medical Compliance & Assessments	3	N/A	2
	Administer Medical Compliance & Assessments (incl. Review medical Information)	13	N/A	8
	Administer Driver Improvement & Control processes	8	N/A	2
	Administer Ignition Interlock Program	8	N/A	N/A
Partner Community	Partner community: External agency portal for driver and vehicle information	N/A	N/A	8
	Enhance MPI Connect for R3 related broker portal access	N/A	N/A	3
# Release Objectives:	43	191	63	154

Core transactions/shared services release objectives: overview & initial estimates

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Each stream has estimated the relative complexity associated with these ROs. Sizing is relative and follows the Fibonacci sequence (1-2-3-5-8-13-21). **Across all required ROs, relative size is:**

- DVA: 226 (29%)
- P&C: 81 (10%)
- Digital: 477 (61%)

		Initial Business Estimate		
	Release Objectives	**DVA**	**P&C**	**Digital**
Shared Service - General	IRE Hub - Search and information sharing	8	N/A	N/A
	Business Transaction Manager	N/A	N/A	13
	Shopping cart	N/A	N/A	13
	Post-payment action event processing	8	8	8
	Individual Customer (& guardian) consent management	N/A	N/A	1
	Third party consent management	N/A	N/A	2
	Controlled inventory management	5	N/A	N/A
	Non-controlled inventory management	TBD	N/A	TBD
Shared Service - Portal	MyMPI Customer portal setup (incl. adding corporate customers)	N/A	N/A	8
	MSD Portal online document upload, storage, and access	N/A	N/A	5
	Customer Summary on MyMPI and MPI	1	1	3
	MyMPI and MPI Connect Secure messaging (in-portal)	N/A	N/A	5
Shared Service - Finance	Monitor financial compliance & control and report control compliance	N/A	N/A	21
	Setup General Accounting	N/A	N/A	5
	Calculate Fees, Allowances & Accruals	N/A	N/A	8
	Administer and Return Taxes	N/A	N/A	5
	Perform Banking Management	N/A	N/A	3
	Process Financing Agreements Part A & B	N/A	N/A	16
	Process Customer Credit Accounts Part A & B	N/A	N/A	13
	Administer Fees/Charges	5	1	8
	Process Quotes	N/A	N/A	13
	Invoice Customers	8	5	8
	Administer Payment Methods	N/A	N/A	8
	Process Payments Part A & B	N/A	N/A	21
	Manage Delinquencies	N/A	3	3
	Manage Arrears (Subro) Part A & B	N/A	N/A	16
	Manage Write-Offs Part A	N/A	N/A	13
	Process Direct Refunds (PINPads and Same day)	N/A	N/A	8
	Perform Customer Refunds	N/A	N/A	5
	Daily Balance Funds Managament (Include Reports)	N/A	N/A	13
	Balance Banks Deposits	N/A	N/A	13
	Administer Commissions and Administration	N/A	N/A	13
	Adjust & Audits Commissions	N/A	N/A	13
	Manage General Ledger Part A & B	N/A	N/A	26
# Release Objectives:	34	35	18	310

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Context on online transactions

Nova has a fixed capacity (scope & time) for online transactions

Several transactions were identified and included in the original Nova R3 business case; while many remain high-priority items, some priorities have changed as we have gotten further input from CX research and during pre-discovery.

Not all online transactions identified during pre-discovery can be delivered within Nova's planned scope & timeline. We have reflected this by:

- Only including the highest-value items
- Ordering items based on the feedback received so far in pre-discovery
- Separating ideas that are online but tangential to Nova (e.g., edits to website, pre-authentication virtual agents, personalized plate slogan availability tool) for non-Nova business decision & prioritization

Final set of Online transactions for Nova is being review with Leaders

Online transactions & partner communities: overview & initial estimates

Online transactions part of original business case | High-value (CX/Business input) online transactions not part of original business case

28 ROs cover online transactions and partner communities. This includes some **online transactions part of the original Nova R3 business case**, as well as the **highest-value ideas for online transactions and partner communities coming out of pre-discovery**

ROs have been prioritized and ranked based on CX research and business & leader input during pre-discovery+

Each stream has estimated the relative complexity associated with these ROs. Across all these discretionary ROs, relative size is:

- DVA: 28 (18%)
- P&C: 5 (4%)
- Digital: 119 (78%)

Priority	Release objective	Type/Product	Initial Estimate DVA	Initial Estimate P&C	Initial Estimate Digital
Higher	Edit contact info, banking info, and contact/notification preferences on portal	Online - Customer Account Mgmt.	N/A	N/A	2
	Online renewal of registration and Autopac	Online - Registration/ Insurance	3	1	5
	Online appointment scheduling and booking for knowledge test, road test and Driver Z registration	Online - Driver Testing	N/A	N/A	8
	New customer prospects in the portal w/info entry and document upload	Online - Customer Account Mgmt.	N/A	N/A	5
	Manage third party authorization/consent on the portal	Online - Customer Account Mgmt.	N/A	N/A	2
	DL Questionnaire for online transactions	Online - Driver Licence and ID	2	N/A	3
	Obtain/Issue Driver Abstract on Portal	Online - Driver Records	1	N/A	3
	Online ID Card & DL replacement	Online - Driver Licence and ID	3	N/A	3
	Online cancellation of registration and Autopac	Online - Registration/ Insurance	3	1	5
	Online mid-term changes/corrections for insurance (incl. layup)	Online - Registration/ Insurance	N/A	1	5
	IRP online transaction *(from R2; not assessed as part of R3 Pre-Discovery)*	Online - IRP	2	N/A	2
	Edit customer address (permanent, mailing) on the portal	Online - Customer Account Mgmt.	N/A	N/A	5
	Partner community: Enhance law enforcement community to allow two-way communications and edits	Partner community	N/A	N/A	3
	Partner community: physicians and health care providers	Partner community	N/A	N/A	8
	Online ID Card & DL cancellation	Online - Driver Licence and ID	3	N/A	3
	Online ID Card & DL renewal	Online - Driver Licence and ID	3	N/A	3
	Online appointment booking for dealer/partner permits and products	Online - Permits	3	N/A	5
	Online comparison tool for insurance quotes on portal	Online - Registration/ Insurance	N/A	1	8
	Online purchase/ cancel for Rental Vehicle Insurance	Online - Registration/ Insurance	N/A	1	5
	Appointment schedule and booking for driver fitness related items	Online - Driver Fitness	5	N/A	3
	Partner community: MB Safety Services (Motorcycle Course Certificate)	Partner community	N/A	N/A	5
	Partner community: Driver Z	Partner community	N/A	N/A	8
	In-portal live chat for customers and partners	Shared service	N/A	N/A	5
	Schedule/change appointments for customer prospects to 'become a customer'	Online - Customer Account Mgmt.	N/A	N/A	5
	Partner community: Inspection, Dealer and Recycler communities	Partner community	N/A	N/A	5
	Fleet renewal policy	Online - Fleet	N/A	N/A	TBD
	Fleet correction policy registration	Online - Fleet	N/A	N/A	TBD
Lower	Fleet reassess policy	Online - Fleet	N/A	N/A	TBD
	Total: 28 items		**28**	**5**	**119**

Notes: DL re-assessments was identified as an additional RO part of original business case, but has been deprioritized given shift to annual renewals; Fleet online items were not estimated given majority of the value of online transactions would likely arrive from automations within the core fleets process

Guiding principles for sequencing Nova R3

Set up core elements of the portal early to allow individual transactions or services to follow as they are built

Focus on **delivering customer and business value** as early as possible, including with **online elements**

Shift **the core (in-person) transaction before** developing the **online** solution

Start with **establishing core transactions** with multiple downstream dependents

Strive towards **modular releases** with minimal tech debt (avoid big-bang releases)

Optimize team & partner capacity to minimize idle time (e.g., avoid PIs with extensive DVA work but minimal P&C work, or vice versa)

Preliminary Release Plan

Nova Release		Items delivered	Migration	Estimated Effort DVA	P&C	Digital
3.0	Foundational shared services	• **MSD setup:** business transaction manager, product catalog, post-payment action event processing, transaction shopping cart, secure messaging • **Portal:** MyMPI Customer portal		8	8	60
3.1	Finance and portal setup	• **Finance:** e.g., fees, taxes, delinquencies, payments, general accounting, refunds • **Portal:** Enhancements to MPIConnect • **Customers:** Load all customers into CRM and enable Sync from IWS • **Less complex transactions to test foundations:** rental vehicle insurance, winter tire program		14	11	258
3.2	Registration, Ownership and new Policies	• **Core Registration/Ownership**: obtain, change, cancel, transfer • **Permits:** e.g., dealer/partner permits, interim registration permit, temporary registration permit • **New Insurance Policies** : • Autopac (Basic and Extension), Vehicle for Hire , Lay up	Big Bang for Reg/Ownership New Insurance Policies	91	33	28

3.3	Autopac Renewals	• **Renewals:** Annual Autopac Insurance Renewal
		  • 5-year policies are converted to 1-year at renewal
		  • Auto Renewals
		• Fleets
			At policy renewal	8	26	10

3.4	Customer setup, licensing and identity	• **Customer setup & Identity verification:** create customer account, edit customer profile, corporate and non-corporate identity verification • **Driver licence & ID Card:** obtain, amend, renew, replace, cancel; DSR • **Testing & Driver's Ed:** enroll in Driver Z, integrate test results, book appointments	Big Bang	41	2	84
3.5	Driver records and driver fitness	• **Driver records:** obtain driver abstract, update driver records, maintain sanctions • **Driver fitness:** ignition interlock program, 45-day permit, medical compliance, driver improvement and control	Big Bang	63	0	23

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Solution Led Discovery Approach

Approach

- Align each stream's work to the larger solution objectives and timelines
- Streams must understand how their units of work fit into the overall solution
- Definition of done and success will be measured at the solution level

Sessions

- Discovery sessions will be aligned by release
- Topics will focus on the release objectives
- Allocating time in the week of parking lot items, operational items

R3 Discovery

May 22, 2023 – September 8, 2023

	Monday	Tuesday	Wednesday	Thursday	Friday
AM	Solution (9AM – 12PM)	Solution (9AM – 12PM)	Solution (9AM – 12PM)	Solution (9AM – 12PM)	Operational Catch Up
PM	Stream Break out (1PM – 3PM)	Stream Break out (1PM – 3PM)	Stream Break out (1PM – 3PM)	Stream Break out (1PM – 3PM)	

R3 Discovery - 4 days / week

- Mornings – Cross Stream Solutioning
  2.75 hours per day
  11 hrs (30%) per week
- Afternoons – Stream Details
  2 hours per day
  8 hrs (22%) per week

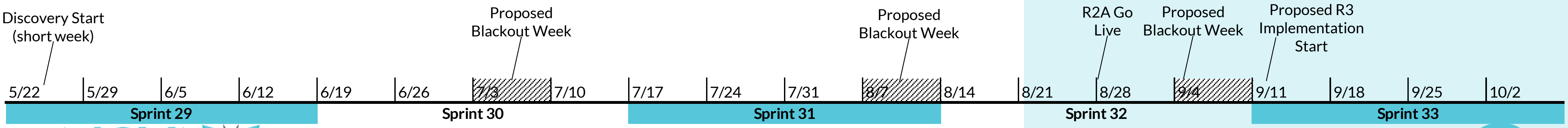
Operational / Other Duties - 1 day / week

- 7.25 (20%) week

Option:

Blackout Week after Long Weekend

- Catch up
- Parking Lot Items



Getting to the Implementation Phase

Phase	Sprint	Date	Summary	Outcome/Outputs
Pre-Discovery	S26	27-Feb	The Pre-Discovery phase is the first phase of the project to baseline as-is, define and prioritize RO's, and to draft Release Roadmap.	1. DRAFT Release Roadmap 2. DRAFT RO Prioritization 3. Requirements Framework 4. Customer Experience Strategy
		6-Mar		
		13-Mar		
		20-Mar		
	S27	27-Mar		
		3-Apr		
		10-Apr		
		17-Apr		
Transition to Discovery	S28	24-Apr	The phase is to socialize the draft Release Roadmap and finalize RO's and EPICs.	1. Working - Release Roadmap 2. RO & Epic Defined and Approved 3. Requirements Framework Implemented
		1-May		
		8-May		
		15-May		
Discovery - Phase 1	S29	22-May	The Discovery phase serves to further analyze the high-level requirements including reviewing scope to original business case and working towards finalizing MVP for delivery.	1. Working - Release Roadmap 2. RO & Epic into Solution Backlog 3. Requirements Framework Implemented 4. Systems integrators ready to start will begin onboarding in S29 5. Target for all System Integrators onboarded by S30
		29-May		
		5-Jun		
		12-Jun		
	S30	19-Jun		
		26-Jun		
		3-Jul		
		10-Jul		
Discovery - Phase 2	S31	17-Jul	The Phase 2 of Discovery will further breakdown the Solution Backlog Epics into Features and Business Processes.	1. FINAL - Release Roadmap 2. Features and Business Process Defined and Approved 3. Implementation contracts for System Integrators
		24-Jul		
		31-Jul		
		7-Aug		
	S32	14-Aug		
		21-Aug		
		28-Aug		
		4-Sep		
Implementation	S33	11-Sep	The Implementation phase is to prepare for and execute the implementation of the R3 solution following the agile PI/Sprint planning cycle.	1. R3 – PI and Sprint Plans
	And beyond			

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Closing and next steps

Are there any questions about the pre-discovery outputs as it relates to discovery?

Do you have any feedback on the discovery approach described?

Next Steps:

- Gather feedback from the System Integrator
- Close out any remaining pre-discovery action items/parking lot items and transition activities
- Reviewing architectural enablers and conversion / migration implications for the release plan
- System Integrator contracts for Discovery

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R3 Release Objectives

May 2023

Core transactions/shared services release objectives: overview & initial estimates

77 ROs are required for Nova R3, covering core transactions, required partner communities, and foundational shared services

- 41 ROs that represent core transactions from technology that will be decommissioned with R3 release
- 2 ROs for required partner communities
- 34 ROs for foundational shared services

Each stream has estimated the relative complexity associated with these ROs. Sizing is relative and follows the Fibonacci sequence (1-2-3-5-8-13-21). **Across all required ROs, relative size is:**

- DVA: 226 (29%)
- P&C: 81 (10%)
- Digital: 477 (61%)

		Initial Business Estimate		
	Core Release Objectives	**DVA**	**P&C**	**Digital**
Registration/ Insurance	Administer Temporary Registration Permit	3	2	1
	Obtain Registration and Autopac (+extension add ons)	13	13	1
	Transfer Registration Insurance	8	5	1
	Administer/Manage rental vehicle insurance	N/A	2	1
	Change registration & insurance + Early renewals	5	2	2
	Renew registration & insurance + Early renewals	8	5	8
	Suspend and cancel registration & insurance	8	5	5
	Administer Interim registration permit	5	2	2
	Winter tire program	1	N/A	TBD
	Administer Fleets Program	N/A	13	1
	Administer Vehicle for hire program	N/A	8	1
	Obtain Layup, IRI (TBD: any other Ins.-only products)	N/A	3	1
Ownership	Administer Vehicle Ownership	3	N/A	1
	Maintain vehicle descriptions	N/A	N/A	8
Plates	Administer/manage customer plates	5	N/A	1
IRP	IRP deferred scope - ownership moving to CMVS	5	N/A	N/A
	IRP deferred scope - AOL integration	8	N/A	N/A
Permits	Vehicle/ customer related permits	2	N/A	1
	Administer Dealer/ Partner permits and plates	13	1	1
Customer Account Management	Create customer account	5	1	2
	Profile updates: Edit customer profile/info (e.g., in person or 3rd party initiated)	8	1	13

Core transactions/shared services release objectives: overview & initial estimates

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- DVA: 226 (29%)
- P&C: 81 (10%)
- Digital: 477 (61%)

		Initial Business Estimate		
	Core Release Objectives - Continued	**DVA**	**P&C**	**Digital**
Identity Verification	ID verification for non-corporate customers	1	N/A	21
	Conduct ID verification for corporate customers	1	N/A	21
Driver License and ID	Obtain driver licence and ID	5	N/A	5
	Cancel driver licence or ID	3	N/A	2
	Renew DL/ ID	5	N/A	5
	Replace DL/ ID	1	N/A	3
	Amend DL/ ID	3	N/A	TBD
Driver Records	Obtain/Issue Driver Abstract	2	N/A	2
	Administer/ manage Driver Safety Rating (incl. DSR review and rerating)	3	N/A	5
	Update driver records	13	N/A	1
	Maintain sanctions (incl. suspensions)	13	N/A	3
Driver Testing	Integrate test result and course status	1	N/A	N/A
	Booking appointment for road and knowledge test	2	N/A	5
	Enroll in Driver Ed programs and related integrations	2	N/A	3
Driver Fitness	Obtain 45 Day Permit	2	N/A	1
	Process DL/Medical Questionnaire	2	N/A	3
	Process Mail for Medical Compliance & Assessments	3	N/A	2
	Administer Medical Compliance & Assessments (incl. Review medical Information)	13	N/A	8
	Administer Driver Improvement & Control processes	8	N/A	2
	Administer Ignition Interlock Program	8	N/A	N/A
Partner Community	Partner community: External agency portal for driver and vehicle information	N/A	N/A	8
	Enhance MPI Connect for R3 related broker portal access	N/A	N/A	3
# Release Objectives:	43	191	63	154

Core transactions/shared services release objectives: overview & initial estimates

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- DVA: 226 (29%)
- P&C: 81 (10%)
- Digital: 477 (61%)

		Initial Business Estimate		
	Release Objectives	**DVA**	**P&C**	**Digital**
Shared Service - General	IRE Hub - Search and information sharing	8	N/A	N/A
	Business Transaction Manager	N/A	N/A	13
	Shopping cart	N/A	N/A	13
	Post-payment action event processing	8	8	8
	Individual Customer (& guardian) consent management	N/A	N/A	1
	Third party consent management	N/A	N/A	2
	Controlled inventory management	5	N/A	N/A
	Non-controlled inventory management	TBD	N/A	TBD
Shared Service - Portal	MyMPI Customer portal setup (incl. adding corporate customers)	N/A	N/A	8
	MSD Portal online document upload, storage, and access	N/A	N/A	5
	Customer Summary on MyMPI and MPI	1	1	3
	MyMPI and MPI Connect Secure messaging (in-portal)	N/A	N/A	5
Shared Service - Finance	Monitor financial compliance & control and report control compliance	N/A	N/A	21
	Setup General Accounting	N/A	N/A	5
	Calculate Fees, Allowances & Accruals	N/A	N/A	8
	Administer and Return Taxes	N/A	N/A	5
	Perform Banking Management	N/A	N/A	3
	Process Financing Agreements Part A & B	N/A	N/A	16
	Process Customer Credit Accounts Part A & B	N/A	N/A	13
	Administer Fees/Charges	5	1	8
	Process Quotes	N/A	N/A	13
	Invoice Customers	8	5	8
	Administer Payment Methods	N/A	N/A	8
	Process Payments Part A & B	N/A	N/A	21
	Manage Delinquencies	N/A	3	3
	Manage Arrears (Subro) Part A & B	N/A	N/A	16
	Manage Write-Offs Part A	N/A	N/A	13
	Process Direct Refunds (PINPads and Same day)	N/A	N/A	8
	Perform Customer Refunds	N/A	N/A	5
	Daily Balance Funds Managament (Include Reports)	N/A	N/A	13
	Balance Banks Deposits	N/A	N/A	13
	Administer Commissions and Administration	N/A	N/A	13
	Adjust & Audits Commissions	N/A	N/A	13
	Manage General Ledger Part A & B	N/A	N/A	26
# Release Objectives:	34	35	18	310

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CAC (MPI) 1-33

Part and Chapter:	Part V Project Nova	Page No.:	Page 21 of 48
PUB Approved Issue No:	20. Project Nova		
Topic:	Program Governance and Delivery Organization		
Sub Topic:			

Preamble to IR:

On page 21 Part V –Nova it states:

> *"Program NOVA is a complex program consisting of three product streams (i.e., DVA,*
> *6 P&C and Digital) and seven shared services. In addition, the Program executive*
> *7 sponsorship is shared between the Chief Information and Technology Officer (CITO),*
> *8 Chief Operations Officer (COO) and the Chief Transformation Officer (CTO). The*
> *9 Program Delivery Director, and nPMO support the program's coordinated delivery.*
> *10* ***Resources are dedicated to each product stream working to develop business functionality within MPI Commercial off-the shelf (COTS) products."*** [Emphasis added]

Question:

a) For greater clarity and understanding of the completeness of the COTS products, please explain in detail the amount/volume/cost of work involved "to develop business functionality within MPI Commercial off-the shelf (COTS) products."

b) Please discuss whether 'to develop business functionality" includes modifications/customizations to the COTS systems, if yes please elaborate on the extent and costs resulting from these modifications/customizations to COTS systems.

c) Please provide a schedule listing and describing all the modifications/customizations made to COTS products to-date.

Rationale for Question:

To better understand the amount and extend of modifications/customization that appear to be required to the COTS systems/products, if any.

RESPONSE:

a) The development of business functionality for a COTS product is referring to configuration. The costs associated with each release encompasses the configuration, integration, data migration, testing, process development and people readiness activities. The primary costs to configure (develop) on Project Nova COTS solutions are the costs for the System Integrators and development streams.

MPI has purchased two COTS products in Duck Creek on Demand, and Celtic. These solutions need to be configured to meet MPI business requirements. This is what is being referenced with the word "developed." There are two other platforms that MPI has purchased in Microsoft Dynamics 365 and MuleSoft. These two platform solutions are core development platforms that are meant to allow customers to both configure and customize within those platforms.

One of the primary objectives of the program is to maximize the out of the box functionality of the COTS solutions by configuring and not customizing these products (Duck Creek on Demand and Celtic).

For further clarity on guidelines that are followed to configure versus customize, please see *Appendix 1 Project Nova – Configuration vs. Customization 4/20/21*.

b) Yes, in alignment with Nova Configuration versus Customization guidelines provided above. To avoid budget overruns due to any approved customization, the System Integrator contracts are negotiated as fixed price. To date there are no significant customizations made to any products. To control alignment to our configuration objectives and avoid technology debt, we have contracted for a service with Duck Creek called conformance review. This conformance review service executes a deep dive assessment of the coded software on a quarterly basis to ensure there is no deviation from the base COTS products. This is to ensure that there are no deviations that would limit the organization from able to cleanly upgrade a product and maintaining the true objectives of a COTS product.

To date on the program, MPI has had one major customization decision pertaining to the limitation of the Celtic product with billing functionality requirements. The final decision was to not customize the Celtic product, but to build the functionality in the Microsoft Dynamics 365 platform. This ensures full alignment to the configuration versus customization guidelines.


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Nova Program Update
Executive Committee
April 27, 2021
This report has been prepared as advice, opinions, proposals, recommendations, analyses or policy options developed by or for the public body or a minister, as per Section 23(1) of the Freedom of Information and Protection of Privacy Act.
1

Configuration vs. Customization

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Configuration vs. Customization for Applications Implemented by Nova

Solution	Primary Development Activity	Solution Type	Customization Impacts	Nova Approach	Approach Alignment Steps Followed
Duck Creek P&C	Configuration	COTS/ SaaS	Technical Debt, Increased TCO, Difficult Upgrade Path	Configuration First Customizations require EC approval	Conformance Review Service and SaaS delivery
Celtic DVA	Configuration	COTS	Technical Debt, Increased TCO, Difficult Upgrade Path	Configuration First Customizations require EC approval	Fit/Gap Analysis
Microsoft Dynamics365 - Application Platform	Customization Configuration	aPaaS	None - provides building blocks to custom build applications	Both Customization and Configuration are allowed while the core aPaaS remains intact	Made for customization with full aPaaS vendor responsibilities and support
Mulesoft - Integration Platform	Customization Configuration	iPaaS	None - provides building blocks to custom build API's/Integrations	Both Customization and Configuration are allowed while the core iPaaS remains intact	Made for customization with full iPaaS vendor responsibilities and support

- Customizations must be avoided at all costs for the COTS solutions.
- Remaining Out of the Box for the COTS solutions is a priority
- The Application and Integration Platforms are made for building custom applications using their building blocks (low to high code development)
- The Platform as a Service (PaaS) vendor retains the responsibility for supporting/upgrading the core infrastructure and building blocks.

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CAC (MPI) 1-34

Part and Chapter:	Part V Project Nova	Page No.:	Page 25
PUB Approved Issue No:	20. Project Nova		
Topic:	Vendor Management		
Sub Topic:			

Preamble to IR:

On page 25 Part V – Nova it states:

> *"MPI has put in place a Partner Consortium and Governance 1 framework, which allows*
> *2 MPI to realize maximum value with its vendor partnerships within the multi-vendor*
> *3 environment of Program NOVA. A shared risk approach is being leveraged with all*
> *4 Program NOVA vendors to ensure alignment of program goals and expectations across*
> *5 the three product streams (DVA, P&C, and Digital) and shared services delivery."*

Question:

a) Please file a copy of the "Partner Consortium and Governance framework".

b) For greater clarity, please describe in a narrative MPI's Vendor Management organization, processes and skill sets deployed to ensure vendors are aligned with MPI's governance and cost control requirements.

Rationale for Question:

To better understand MPI's Vendor management organization and processes ensuring cost containment and maximizing vendor value.

RESPONSE:

a) Please see *Appendix 1 - NOVA Partner Consortium Strategy and Governance - Mar 2 2023*.

b) Formed in 2017, the current Vendor Management department oversees all strategic partnerships with MPI's IT providers including the contracts for data centre operations (managed services) and core business applications.

The implementation of a centralized Vendor Management framework has enabled MPI to ensure maximum possible value from all strategic contractual agreements through a win-win partnership and relationship governance model.

Through the adoption of 25 areas of discipline, a successful framework for new services and demand management, operations and service delivery, and strategic and pro-active vendor management has been developed. These services that Vendor Management delivers to the organization will be leveraged throughout the life of Project NOVA. Once NOVA is complete, the Vendor Management team will not require a transition to operations and will simply continue with the services they provided NOVA during the project phase.

Vendor Management Responsibilities		
Category	**Areas of Responsibility**	**Brief Description**
New Services and Demand Management	**Contract Negotiations**	-Leading contract negotiations for new engagements, contract renewals and projects (RFS or new services under existing MSA/SOW)
	IT Tendering Process	-Manage a robust RFP/RFI governance model -Own end to end RFP cycle including final recommendations to the MPI Executive team
	RFS Management and Oversight	-Reviewing new service requests & analyzing against contract -Oversight, management and governance of end-to-end process (partner with project teams) -Operational oversight once projects complete
	Vendor Demand and Capacity Mgmt	-Review vendor priority list and ability to handle MPI priorities

		-Manage volume (steady state and projects) to ensure vendor can be successful and deliver
Operations and Service Delivery	Relationship Management	-Developing a partnership philosophy within the overall outsourcing arrangement - Completing relations health-checks to determine misalignments
	Contract Management	- Advising on contract interpretation - Ensuring obligations and deliverables are managed, tracked and reported - Managing contract changes
	Governance	- Managing governance forums, meetings (MSC, ESC, Operational) and follow up actions. - Providing input on strategy generation or capacity management processes
	Issue and Dispute Management	- Ensuring disputes are managed tracked and documented - Managing contract issues through robust implementation of governance and frameworks.
	Vendor and Staffing Performance Management	- Managing vendor performance through SLA management, monitoring and trending - Staff Augmentation Performance Management - Providing dashboard reporting on vendor performance - Yearly vendor evaluations and feedback
	Operations and Service Delivery Mgmt	- Service Delivery oversight (Incident, Change, Problem) - Service and Technology capacity and performance management
	Document, Process and Policy Mgmt	- Ensuring important documents and contractual artefacts are managed - Developing and maintaining process documents and ensuring adherence by vendors and MPI
	Software and License Compliance	- Ensure MPI has a clear understanding of contractual responsibilities to reduce license compliance risks - Ensure a license compliance framework and governance is implemented - Utilize strategic relationships to reduce risk
	Reporting and Dashboards	- Maintaining all Vendor Management reports and dashboards
	Financials and Budgets	- Ensuring financial control through finance & invoicing management - Establishing annual budgets

		- Ensuring the service credit mechanisms drive correct behaviors
Strategic and Proactive Management	**Vendor Risk Management**	- Development and evaluation of vendor risk management framework - Performing risk management analysis of vendors
	Assessment, Analysis and Recommendation Process	- Leverage existing Assessment, Analysis and Recommendation process to enable MPI leadership to make decisions that reduce risk and optimize vendor service and delivery
	Multivendor Integration	- Developing & maintaining cross-service provider standards & procedures. - Managing & driving service integration collaboration
	Implementation, Transition & Transformation Oversight	- Overseeing transition & transformation planning, monitoring, reporting and change management - Driving vendor account behaviors - Project Governance oversight or management
	Security Compliance Management	- Ensure contracts adhere to Security compliance requirements - Ensure vendors are compliant to contractual security deliverables
	Audit Compliance Management	- Ensure all contracts support the required MPI audit requirements for each service - Manage the Audit compliance deliverables
	Business Case Development and Review and Approval	- Manage all business case development that leverages our strategic vendors - Build a yearly process to engage vendors for roadmap planning

	Business Alignment and Advisory Services	- Engage the business to ensure vendor alignment to business requirements and expectations - Build a framework to solicit the business unit on vendor performance and satisfaction
	Architecture and Technology Planning	- Facilitate architecture and technology planning sessions - Ensure vendor collaboration in architecture and technology planning and discussions
	Innovation	- Develop a partnership philosophy that includes a continual innovation cycle - Ensure contracts provide provisions for continual innovation opportunities
	Value Added Service Management	- Using relationship management to receive value added services (i.e., no cost POC, workshops, discussion groups)

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Partner Consortium

Strategy and Governance Framework

March 2, 2023

1

Agenda

- Purpose
- Strategy
- Governance Structure
- Governance Ceremonies
- Decisions, Issues & Escalation Management

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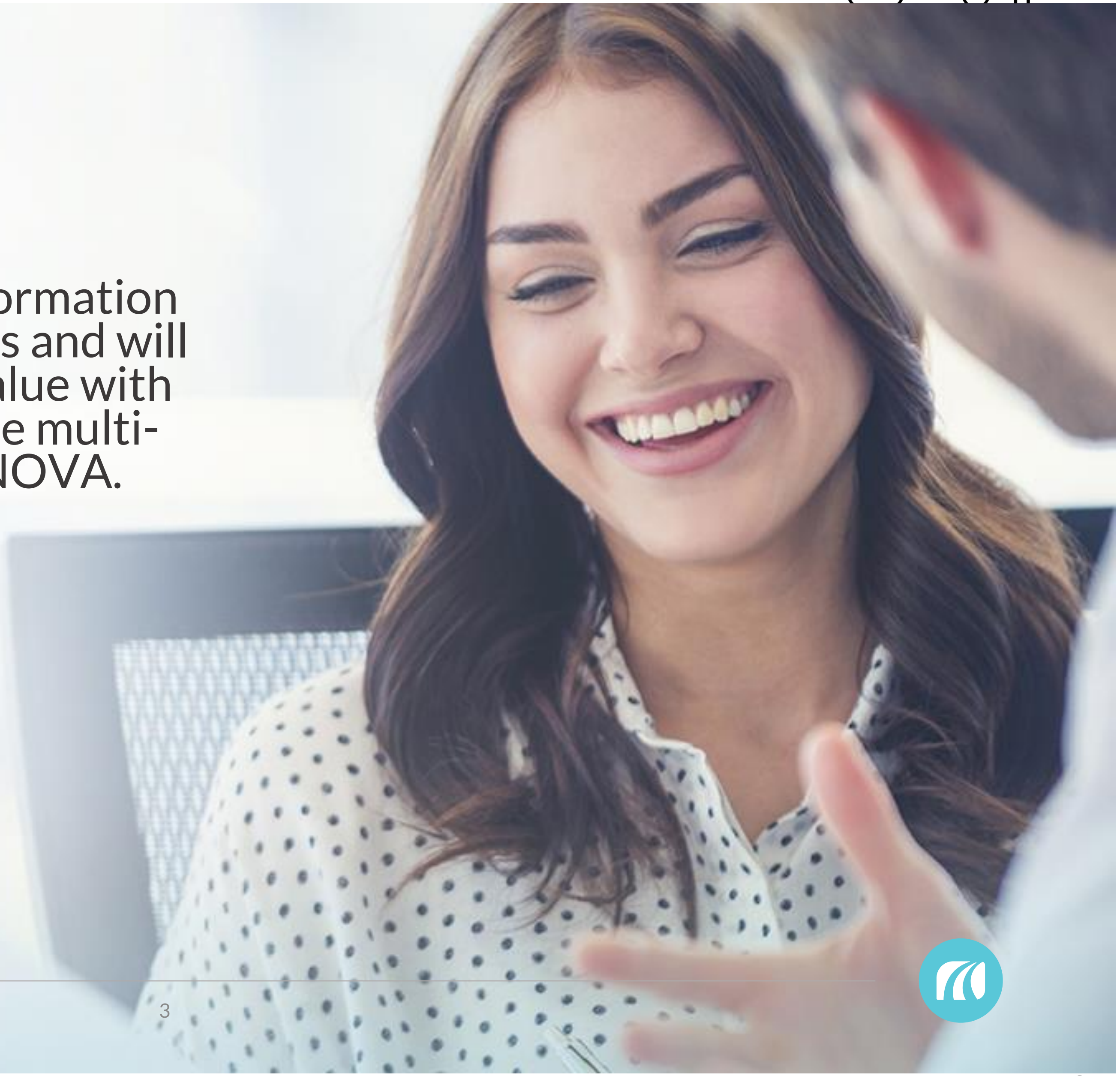
Purpose

This framework will enable the formation of successful vendor partnerships and will allow MPI to realize maximum value with its vendor partnerships within the multi-vendor environment of Project NOVA.



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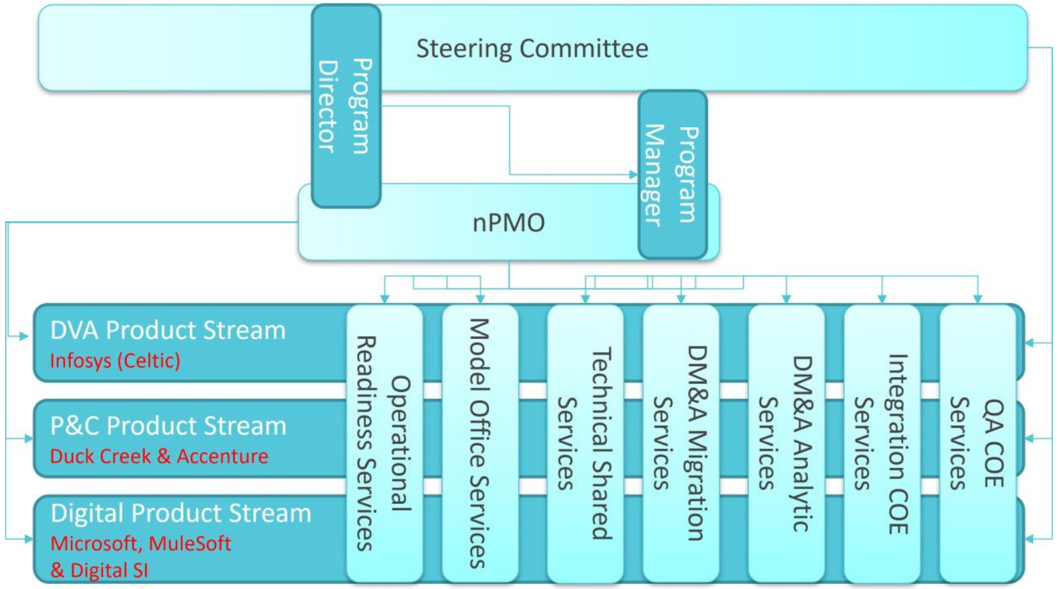
Project NOVA

Is a complex program consisting of 3 Product Streams (DVA, P&C, and Digital) and 7 Shared Services being delivered by a combination of 7 vendors and MPI is responsible for the integrated project plan ensuring alignment with all streams. A share risk approach will be leveraged with all Project NOVA vendors to ensure alignment to project goals and expectations



Denotes the flow of governance and decision making from streams and services to the upper levels of Program NOVA

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Strategy

This will enable and guide MPI and Project NOVA Partners to achieve the goals and objectives of the Program through the use of the following strategies

Communicate Regularly and Frequently

- Strong partnerships are built on fact based, open, honest and timely communication.
- MPI will focus on transparent and inclusive communication with all partners.
- Regular touchpoint sessions will be held with each partner ensuring constant and consistent information channels are established.

Engage Partners in Key Strategy Sessions & Collaboration Activities

- Successful collaboration with partners is key to the success of Project NOVA.
- Partners will be required to participate in standing committees and cross-functional teams, to encourage collaborative and cooperative discussions as required for quick decisions and clear direction among the Program streams.

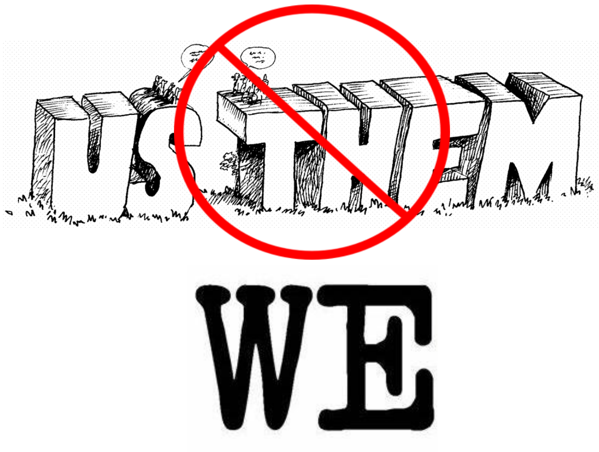
Strategy

Build Partnerships for the Long Term

- Throughout the Program, MPI will invest time and energy into the development of strong partner relationships to ensure that the Program will ultimately deliver not just solid solutions but also strong partnerships for the long-term success of MPI.

No Us and Them

- Vendor success is MPI success and vice versa. MPI will consider all partner advice with the focus of doing the right thing for the success of the overall Program



NOVA
transforming customer experience

Strategy

Win-Win is the Goal

- By establishing mutual respect for and trust in the expertise of each party, focusing on needs rather than solutions, sharing information, adapting when necessary and jointly attacking problems instead of people MPI and partners will strive for a win-win approach, wherever possible.

Align on Value

- As a crown corporation, MPI's goal is to get the best value for all goods and services purchased and we recognize that vendors are in the business of being profitable in the delivery of goods and services.
- This acknowledgement allows for value alignment as each side needs the other in order to succeed.

Strategy

Shared Risk Approach

- Part of outsourcing is transfer of risk. MPI remains accountable but all partners must take on risk responsibility in alignment to the services they are contracted to deliver.
- This will ensure a shared risk approach where MPI and the partners can hold each other responsible based on ownership of deliverables.
- This risk model allows for transparency, early communication and champions a partnership approach.

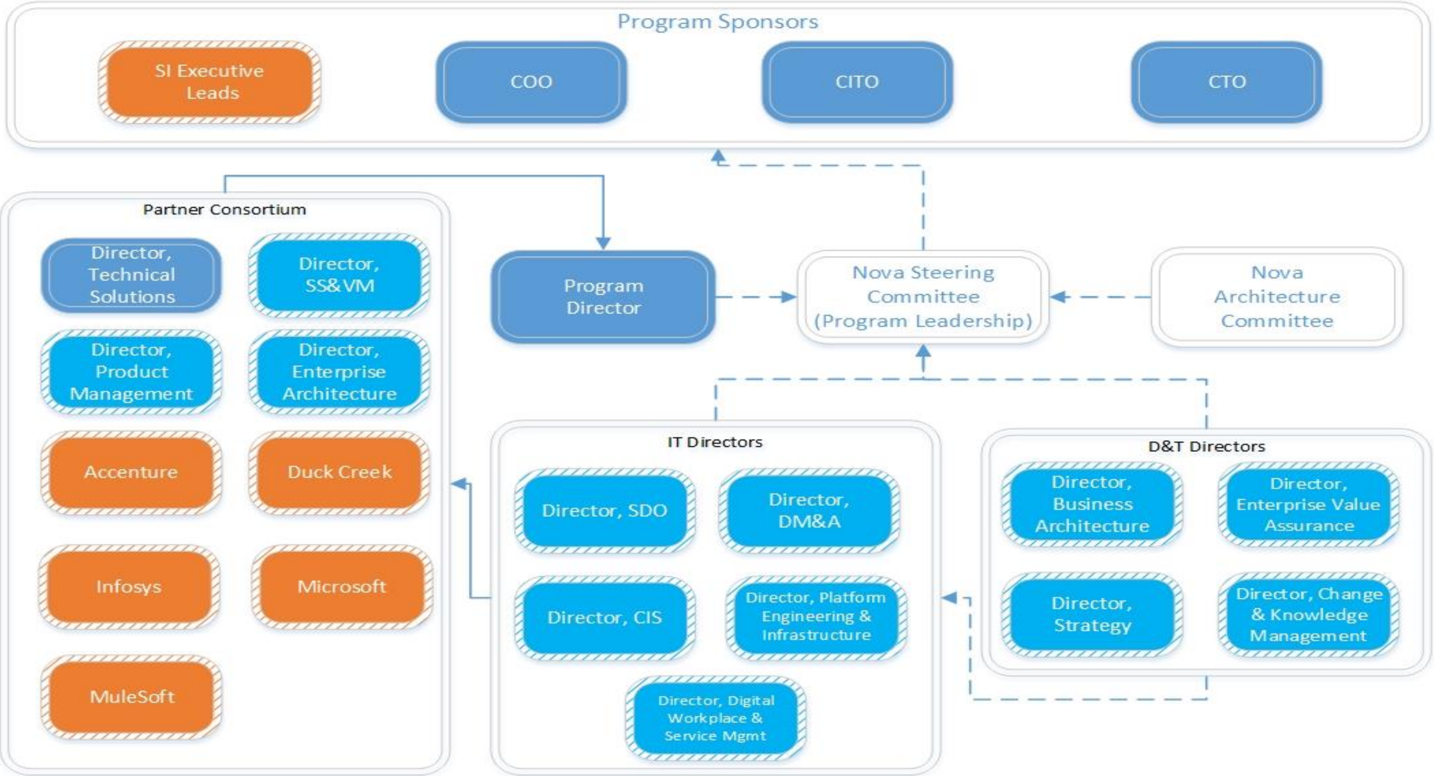
Operational Readiness Now not Later

- Project NOVA will be focused on the development of playbooks and process interface manuals (‘PIM’). And work with operational leaders and the NOVA partners to approve and operationalize these procedures.

NOVA transforming customer experience

Governance Structure

The framework will act as a supporting structure that overlays Program NOVA activities to allow MPI and Partners to effectively collaborate, communicate and focus on jointly achieving the Program objectives



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Governance Ceremonies

Partners will be invited to participate in Program meetings and steering committees as required.

Executive Committees
- Occurs Monthly

- **Performed By:** CTO, CIT, COO, Nova Program Director, Director Nova Technical Solutions, Director SDO, Director Product Management.
- **Executive Status Reports** will summarize the items from Stream level reports along with finance and resourcing information.
- **Digital Dashboard** to show high level program level metrics.

Steering Committee
- Performed by Program Director
- Occurs Weekly

- **Steering Status Reports** will summarize the items from Stream level reports along with finance and resourcing information.
- **Digital Dashboard** to show high level program level metrics.

Scrum of Scrums of Scrums
- Solution Project Manager facilitate meeting
- Audience consists of Steering Committee, Product Managers, and Business Owners
- Occurs twice a week

- **Summary Reports** will be used to collect status' from product streams.
- **Project Plan and Roadmap** will be used to measure milestone progress from the streams.
- **Digital Dashboards** will be used to provide real-time status.

Scrum of Scrums
- Project Release Manager to facilitate with Product Owner
- Occurs weekly

- **Digital Dashboards** will be used to measure and report product stream progress.
- **Kanban & Scrum boards** will be used to identify bottlenecks, key performers and concerns.

Daily Scrums
- Scrum Master to facilitate daily with the Product Owner and the development team

- **Stand ups** used to keep shared teams advise of work from development pods.
- **Kanban & Scrum boards** used to display and illustrate Pod progress.

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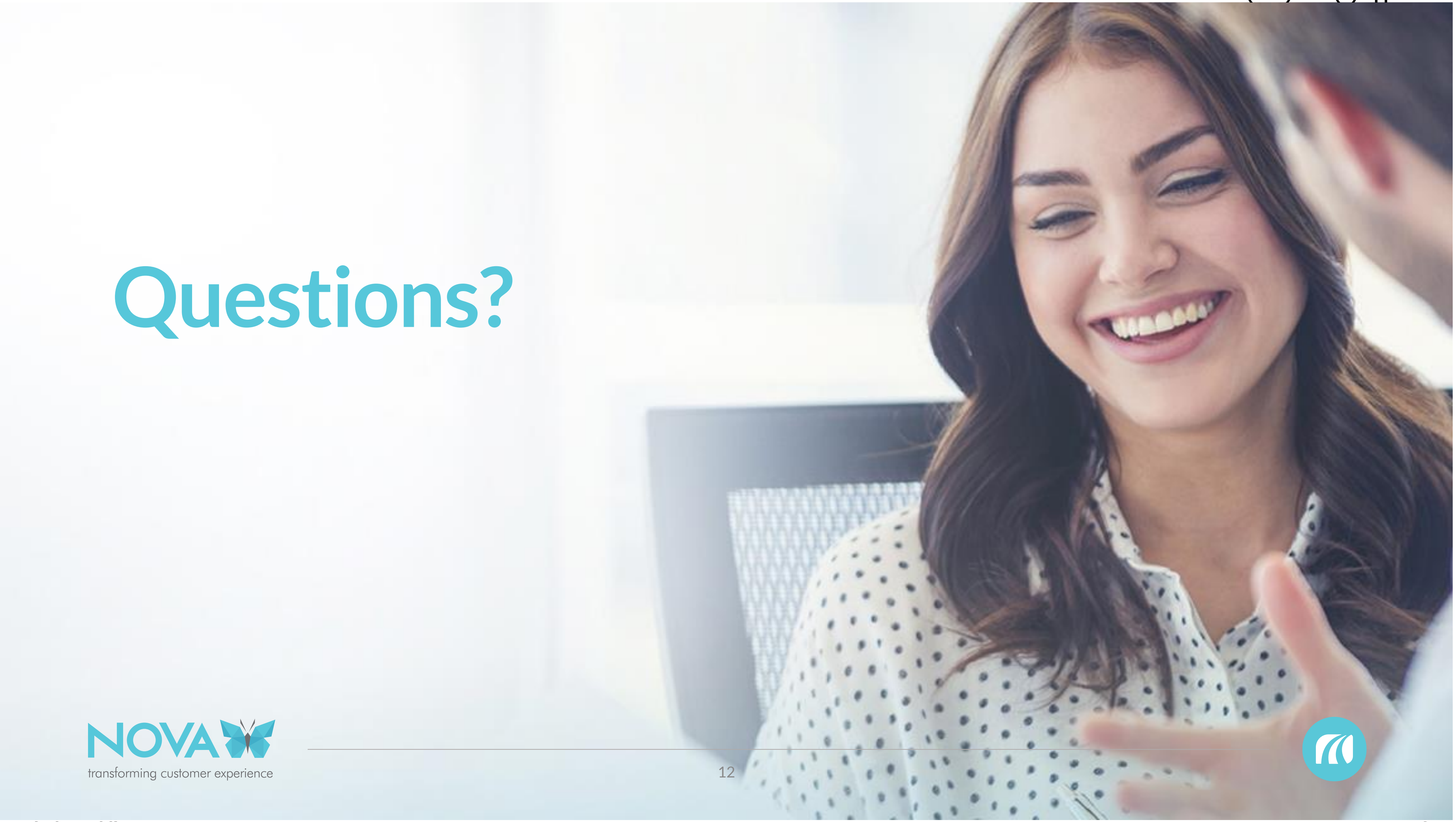
Decisions, Issues & Escalation Management

- Decisions and Project issues that cannot be resolved within the allocated timeframe will be escalated to Project and/or Program leadership for resolution as per the escalation table.
- Any decision or issue that remains unresolved to the satisfaction of both Parties beyond the thresholds below shall be escalated to the next resource level in writing.
- Escalation communications must include current status as well as the actions and timelines taken to resolve and the timelines

Resource Level	Threshold to Resolve (from Identification)
Vendor Functional and Technical Leads NOVA Project Managers	1 Business Day
Vendor Program Delivery Lead NOVA Stream Leads	3 Business Days
Vendor Delivery Executive NOVA Program Director	5 Business Days
Vendor Senior Leadership Chief Information & Technology Officer	10 Business Days


Questions?
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12

CAC (MPI) 1-35

Part and Chapter:	**Part V Project Nova**	**Page No.:**	**25 of 48**
PUB Approved Issue No:	**20. Project Nova**		
Topic:	**Program governance and risk advisory services**		
Sub Topic:			

Preamble to IR:

Per page 25 Part V – Nova MPI issued RFP3186 for a Program Governance and Risk Advisory Service. The successful vendor is in the process of being selected and the final report will be filed with the PUB in compliance with Directive 12.18 per PUB Order 4/23 in due course.

Question:

Please file a copy of RFP3186.

Rationale for Question:

To better understand the requirements as described in the mentioned RFP re the Program Governance and Risk Advisory Service for Program Nova. This could assist when reviewing the final report.

RESPONSE:

Please see *Appendix 1 - RFP3186 Program Governance and Risk Advisory*

REQUEST FOR PROPOSAL

#3186

FOR

PROGRAM GOVERNANCE AND RISK ADVISORY SERVICES

ISSUE DATE: **February 17, 2023**

PROPOSAL DUE DATE: **March 17, 2023 at 4:30 PM (Central Time)**

Vendors intending to submit a Proposal must do so by the Due Date and in accordance with Article 6.00 of this Request for Proposal. Late Proposals will not be accepted.

MPI intends to negotiate an Agreement with the Successful Vendor(s) that incorporates the accepted terms and conditions of this RFP (including Schedule A) and the Successful Vendor's Proposal.

THE CONTENTS OF THIS RFP SUPERSEDE ANY INFORMATION CONTAINED ON THE MERX WEBSITE.

TABLE OF CONTENTS

1.00 DEFINITIONS

"Agreement(s)" means the agreement(s) to be entered into between MPI and the Successful Vendor as contemplated by this RFP.

"Board" means MPI's Board of Directors.

"Due Date" means the due date for the submission of a Proposal to MPI as set out on the front page of this RFP.

"ISO" means International Standards Organization.

"KPI" means key performance indicator.

"Manitoba Public Insurance" or "**MPI**" means The Manitoba Public Insurance Corporation.

"**MERX**" means the MERX online tendering service operated by Mediagrif Interactive Technologies Inc. or one of its affiliates.

"NIST" means National Institute of Standards and Technology.

"nPMO" means Nova Program Management Office.

"Proposal" means the proposal submitted by a Vendor in response to, and in accordance with, the provisions of this RFP.

"Representatives" means the directors, officers, shareholders, employees, subcontractors, partners, volunteers, affiliates, agents, delegates and other representatives of a party.

"RFP" means this Request for Proposal, including all schedules, appendices, addenda and MPI's responses to Vendor questions that are posted to MERX.

"Services" means the goods and/or services to be supplied to MPI by the Successful Vendor as proposed and contemplated by this RFP and the Proposals.

"Service Requirements" means MPI's requirements for the Services as provided in this RFP.

"Successful Vendor" means the Vendor(s) who enters into an Agreement with MPI to provide MPI with the Services.

"Vendor" means any person, corporation, or entity who submits a Proposal in response to and in accordance with this RFP.

2.00 MPI PROFILE

MPI is a provincial Crown corporation which has served Manitobans since 1971. It provides universal mandatory basic automobile insurance coverage for all drivers and for private and commercial vehicles, as well as a number of optional automobile insurance products. MPI also administers driver and vehicle licensing services for the Government of Manitoba.

The Corporation's other key role is fostering safety on Manitoba roads, by educating drivers and helping communities to initiate safety programs locally. In all, MPI's products and services reflect its mission of "exceptional coverage and service, affordable rates and safer roads through public auto insurance".

MPI provides direct employment to approximately 2,000 Manitobans. Its products are distributed by more than 300 independent brokers across Manitoba.

Insurance

The basic compulsory insurance is called Basic Autopac. Basic Autopac provides coverage for physical damage sustained by vehicles involved in collisions. It also includes the Personal Injury Protection Plan (PIPP), which provides no-fault coverage for all Manitoba residents injured in automobile collisions in Canada or the United States.

Manitobans can choose to add other MPI products to their Basic Insurance, such as lower deductibles and coverage for rented, leased and off-road vehicles. MPI offers Special Risk Extension products, primarily for commercial fleets. All optional products are sold in competition with private insurers.

Driver and Vehicle Licensing

On behalf of the Government of Manitoba, MPI tests and licenses all classes of drivers and oversees vehicle registrations and safety inspections. The Corporation also administers the Manitoba Identification Card, the Enhanced Identification Card, and the Enhanced Driver's Licence programs.

Community Safety and Support

MPI delivers Manitoba's High School Driver Education Program in schools across the province, and leads road safety programs. It is also a major sponsor of community-based efforts such as Operation Red Nose, MADD, Teens Against Destructive Decisions (TADD), and the CAA School Safety Patrol Program.

For more information, see www.mpi.mb.ca.

3.00 PURPOSE AND SERVICE REQUIREMENTS

3.01 Purpose of RFP

MPI wishes to engage a Vendor to perform independent program governance and risk advisory services (the “**Services**”) for MPI’s project Nova (“**Nova**”) as more particularly described in Schedule B.

3.02 Detailed Description of the Service Requirements

The Successful Vendor must deliver the Services in accordance with MPI’s Service Requirements. Vendors are referred to Schedule B for a detailed description of the Service Requirements.

3.03 Optional/Alternative Solutions

In addition to the Service Requirements, Vendors are invited to describe in their Proposals such further additional or alternative solutions and services as they consider appropriate to meet MPI’s Service Requirements. Such alternatives should be specifically stated in Appendix C.2 of the Proposal - “Optional/Alternative Solutions” and itemized separately in a Vendor’s Proposal with respect to pricing.

4.00 SCHEDULE OF EVENTS

4.01 Schedule of Procurement Process

EVENT	DATE
Release of RFP to Vendor	February 17, 2023
Last date for receipt of specific questions	February 24, 2023 at 4:30 PM (Central Time)
Date by which MPI will respond to questions	March 3, 2023
Due Date for submitting a Proposal	March 17, 2023 at 4:30 PM (Central Time)
Demonstrations and/or Interviews…......	March 31, 2023
Invitation to First Vendor to begin Agreement negotiations (estimated date)	April 2023
Finalization of Agreement and commencement of Services (estimated date)......................................	April 2023

4.02 Negotiation Phase

MPI intends to rank Vendors based on their Proposals using pre-determined evaluation criteria, all as outlined in Article 7.00. MPI then intends to enter into negotiations for the purposes of entering into an Agreement for the Services as outlined in Article 7.00.

4.03 Term of Agreement

It is anticipated that the term of the Agreement shall come into effect in April 2023 and shall remain in effect for a period of approximately two (2) years and six (6) months until October 2025 (the "**Term**"). This will be negotiated.

5.00 COSTS

5.01 Vendors must provide their cost for the Services by completing Appendix C.3 - Cost Breakdown. In providing cost, Vendors must take into account all of the Service Requirements set out in Schedule B.

5.02 Vendors must include <u>all</u> costs, fees and charges they intend to bill MPI (including but not limited to delivery charges and administrative fees, if applicable). MPI will not pay any other costs, fees or charges, with the exception of expenses contemplated by, and in accordance with, Article 5.00 of Schedule A, which are not expressly stated in a Vendor's Proposal.

5.03 Prices submitted by a Vendor must be in Canadian Dollars. As MPI is a Goods and Services Tax and Harmonized Sales Tax-exempt corporation, Vendors should not include the Goods and Services Tax and Harmonized Sales Tax into their prices.

6.00 GUIDELINES FOR SUBMITTING A PROPOSAL

6.01 **The Vendor shall provide, in the strictest of confidence, the information set out in Schedule C – Response Forms and Information.** This schedule is solely intended to aid a Vendor in the preparation of its Proposal and may not be exhaustive. It is a Vendor's sole responsibility to ensure that it has complied with all of the requirements of this RFP.

6.02 The completed Proposal must be submitted no later than the Due Date, as follows:

The Proposal must be submitted through MERX (www.merx.com) preferably in Portable Document Format (PDF), and be word searchable with appropriate bookmarks and organization to allow for easy navigation. The determination of whether the Proposal has been submitted by the deadline will be based on the time and date recorded by MERX.

Vendors should allow sufficient time to upload their Proposals on MERX and to resolve any issues that may arise with their electronic submission. Each Vendor is responsible for ensuring their Proposal is not corrupted, defective or blank and that the submitted documents can be opened and legibly viewed by MPI. MPI may reject a Proposal that cannot be opened or legibly viewed by MPI.

It is the sole responsibility of the Vendor to ensure that its Proposal is received by MPI prior to the Due Date, in accordance with the submission requirements above. MPI will reject a Proposal received after the Due Date, regardless of the cause of the delay.

6.03 All questions regarding this RFP must be directed to MPI via e-mail as follows:

To e-mail address purchasingservices@mpi.mb.ca addressed in the Subject line as: ***RFP #3186, Attention: Vendor Management***

All questions and corresponding answers which MPI reasonably deems to be of interest to all Vendors will be posted through MERX. No telephone, facsimile or verbal inquiries will be responded to or entertained.

6.04 A Proposal may be modified or withdrawn by a Vendor. Any withdrawal must be submitted via the same method as the Vendor's Proposal was submitted. Modifications shall be submitted in the form of a revised Proposal, with any deletions and/or modifications highlighted.

6.05 If any Vendor discovers any ambiguity, conflict, discrepancy, omission or other defect or error in this RFP, such Vendor should immediately notify MPI at *purchasingservices@mpi.mb.ca*. MPI will reasonably endeavour to resolve same expeditiously and shall post the issues and resolutions to MERX.

7.00 EVALUATION AND AWARD

7.01 Evaluation Criteria

MPI will evaluate and score Proposals and demonstrations/interviews, if applicable, according to the following criteria:

Evaluation Criteria	Applicable Section	%
Mandatory Requirements	Appendix B.1	Pass/Fail
Requirements Evaluation		
Vendor Evaluated Requirements	Schedule B Appendix B.1	10
Services Requirements	Schedule B Appendix B.1	50
Costs	Appendix C.3	40
Total		**100**
Interview and/or Demonstration and Reference Check		Response Validation

7.02 Rectification

(a) After the Due Date, MPI may in its sole discretion contact a Vendor who has submitted its Proposal prior to the Due Date, to ask the Vendor to rectify their Proposal prior to its Evaluation ("**Rectification**").

(b) Rectification may include:

(i) Clarifying information included in a Proposal for the purpose of evaluation;
(ii) Supplying information pertaining to missing Requirements; or
(iii) Correcting an obvious error identified by MPI.

(c) If MPI contacts a Vendor and requests any of the information set out above, the Vendor must respond to MPI within two (2) business days of receiving the Rectification request.

(d) If the Vendor does not supply MPI with the requested information within two (2) business day of receiving the Rectification request, MPI may in its sole discretion either evaluate the Proposal as submitted or deem the Proposal non-compliant and reject the Proposal for not complying with the Mandatory Requirements, or extend the timeline for the Vendor to comply with the Rectification request.

7.03 **Demonstrations and/or Interviews**

(a) MPI will evaluate Proposals based on the evaluation criteria described in Section 7.01. Each Vendor will then be ranked based on its Proposal evaluation score, and, at MPI's sole discretion, MPI may create a short-list of the highest ranked Vendors. Further at its sole discretion, MPI may invite the short-listed Vendors to be interviewed and/or demonstrate their products and services to MPI.

(b) A schedule of demonstrations and/or interviews will be arranged by MPI with the short-listed Vendors. At such time, MPI will provide detailed instructions to the short-listed Vendors with respect to the expected format and content of the demonstrations and/or interviews. The demonstrations and/or interviews will be held virtually on the dates provided in Article 4.00. Notwithstanding the foregoing, MPI reserves the right to vary the scheduling, timing and content of the demonstrations and/or interviews.

(c) Short-listed Vendors should be flexible in their demonstration and/or interview formats and schedules to accommodate MPI schedules. Short-listed Vendors who are unable to attend a demonstration and/or interview during MPI's required timeframes may have their Proposals removed from consideration, at MPI's sole discretion. The demonstrations and/or interviews must be provided by the short-listed Vendors to MPI free of charge.

7.04 **Negotiations with Vendor(s)**

(a) MPI will invite the Vendor that has attained the highest score (the "**First Vendor**") to negotiate an Agreement for the Services. In the event that two (2) or more Vendors obtain identical highest-ranking scores based on the above evaluation criteria, MPI reserves the right to request additional information from these Vendors to determine the highest ranked between them.

(b) If at any time during negotiations, MPI determines, in its sole and unfettered discretion, that continued negotiations will not result in the timely finalization of an Agreement with terms and conditions that are satisfactory to MPI, then:

(i) MPI shall provide the First Vendor a specified period of time (to be determined by MPI) to present its best and final offer; and

(ii) If MPI does not accept the First Vendor's best and final offer, MPI shall terminate negotiations with the First Vendor.

(c) Should MPI terminate negotiations with the First Vendor, the process under subsections (a) and (b) above may be repeated with the remaining Vendor(s) in the order of highest to lowest ranking until:

 (i) MPI arrives at an Agreement with one of the Vendors; or

 (ii) chooses to reject all remaining Proposals. MPI shall not resume negotiations with a Vendor with which negotiations have been terminated.

(d) MPI anticipates and expects that the terms and conditions set out in Schedule A of this RFP may be incorporated into any negotiated Agreement for the Services, or the terms of any master agreement already existing between MPI and a Vendor. Notwithstanding the foregoing, such terms and conditions may be amended or adjusted during the negotiation process as deemed necessary by the parties. Vendors must negotiate and be flexible with the terms of any ancillary agreements they require MPI to sign.

8.00 OTHER RULES OF THE RFP PROCESS

Non-Binding Process

8.01 This RFP does not constitute the formation of a binding contract between MPI and a Vendor, and a Vendor shall not acquire any legal or equitable rights relative to this RFP, the Services, or the Agreement until a binding Agreement has been executed on terms satisfactory to MPI and all conditional obligations have been fulfilled by the Successful Vendor.

Confidentiality

8.02 Anything submitted to MPI that a Vendor considers to be confidential because of its proprietary nature should be marked "confidential". Subject to Section 8.10, MPI will not disclose such confidential documents to third parties, unless such disclosure is compelled by the terms of *The Freedom of Information and Protection of Privacy Act* (Manitoba), *The Personal Health Information Act* (Manitoba), other applicable legislation, order of a court of competent jurisdiction, or other valid legal process. By submitting any information requested in this RFP, the Vendor agrees to the use of such information by MPI, and its Representatives, as part of the evaluation process of this RFP, for any audits of this procurement process and for contract management purposes.

8.03 No Vendor shall furnish any information, make any statement or issue any document or other written or printed material concerning the acceptance of any Proposal in response to this RFP for publication in any media without the prior written approval of MPI.

MPI's Rights

8.04 MPI reserves the right to:

(a) vary the timing and processes referred to in this RFP;
(b) add or remove any Vendor;
(c) obtain clarification from Vendors for which the Vendors will bear the cost;
(d) provide additional information to Vendors;
(e) cancel the RFP competition at any time without awarding the Services;
(f) award the Services to multiple Successful Vendors;
(g) award only a portion of the Services to a Successful Vendor; and,
(h) award the Services to a Vendor who has not submitted the lowest priced Proposal.

8.05 Where MPI cancels the RFP competition without awarding the Services, MPI may choose to contract with one or more persons to provide the Services, whether or not they were Vendors, on such terms as the parties may agree.

8.06 MPI may modify or clarify any or all provisions of this RFP by written addenda issued to all Vendors prior to the Due Date. All addenda issued will become part of the RFP.

8.07 Where MPI has estimated any of its Service Requirements, MPI reserves the right to modify such Service Requirements prior to signing any Agreements with the Successful Vendor and MPI will have no liability to any Vendor in the event that the estimated Service Requirements are modified for any reason.

8.08 By submitting a Proposal, the Vendor agrees that it will not claim damages, for whatever reason, relating to the Agreement or in respect of the competitive process in excess of an amount equivalent to the reasonable costs incurred by the Vendor in preparing its Proposal, and the Vendor, by submitting a Proposal, waives any claim for loss of profits if no Agreement is made with the Vendor. The Vendor agrees this is a reasonable allocation of risk and is a fundamental part of this RFP.

8.09 The Proposal, once submitted, becomes the property of MPI.

8.10 MPI will publicly post the name of the Successful Vendor and the total price set out in the Successful Vendor's Proposal within seventy-two (72) days of awarding the Services. In submitting a Proposal, a Vendor is signifying its acceptance of having its name, address, and total price released if it is chosen as the Successful Vendor.

Vendor Responsibilities

8.11 The Vendor shall be solely responsible for the accuracy of its Proposal. The Vendor must ensure that assumptions made in the preparation of the Proposal are specifically stated in the Proposal. The Vendor must satisfy itself as to the correctness and sufficiency of its Proposal including Proposal prices.

8.12 All information, whether written, oral or in any other form, which has been and may subsequently be made available to Vendors is provided on the following conditions:

(a) in deciding to submit or not to submit a Proposal or in interpreting this RFP, Vendors are not to rely on any representation, whether oral or written, other than as expressed in this RFP;

(b) while the contents of this RFP are believed to be accurate, the statements, opinions, estimates, forecasts, or other information in this RFP may change;

(c) this RFP is only designed to reflect and summarize information concerning MPI's Service Requirements and is not a comprehensive description of it; and,

(d) Vendors should seek their own professional advice where appropriate.

8.13 Vendors are considered to have:

(a) examined this entire RFP, any documents referenced herein, and any other information made available in writing by MPI to Vendors for the purpose of submitting a Proposal;

(b) participated in any mandatory conference calls, site visits, information sessions, demonstrations, interviews, or other such events scheduled by MPI as part of the RFP process, if applicable; and,

(c) examined all further information which is obtainable by the making of reasonable inquiries relevant to the risks, contingencies and other circumstances having an effect on their Proposal.

8.14 Where MPI decides to award the Services to more than one Vendor, each Successful Vendor agrees to co-operate with one another in performing the Services.

8.15 Each Vendor shall disclose if, at the time of the delivery of its Proposal, there is a conflict of interest that exists, or is likely to arise, that may affect the performance of its obligations. A conflict of interest includes, but is not limited to the following examples:

(a) the Vendor has helped in the preparation of this RFP in any manner; or
(b) the Vendor will be part of the evaluation of this RFP in any manner.

In the event of a conflict of interest being identified, MPI may, at its sole discretion, exclude the Proposal from further consideration.

8.16 Each Vendor guarantees that neither the Vendor nor any of its Representatives has attempted to or will attempt to improperly influence a Representative of MPI in connection with the evaluation of Proposals.

8.17 Each Vendor must genuinely compete for the Services.

8.18 Each Vendor guarantees that:

(a) it has the necessary power and authority to submit the Proposal;

(b) should the Vendor be invited by MPI to enter into negotiations, it will negotiate in good faith and with the intention of finalizing a binding Agreement with MPI, based on the accepted terms and conditions of this RFP (including Schedule A) and the Successful Vendor's Proposal; and,

(c) it is not bound by any law or other legal obligation that may be breached by, or under which any default may occur, as a result of the delivery of a Proposal, negotiations with MPI, the execution of an Agreement, or the provision of the Services.

8.19 The Vendor shall comply with every federal, provincial, and municipal law which is applicable to its Proposal.

8.20 This RFP and all Agreements shall be subject to the laws of the Province of Manitoba and the laws of Canada applicable therein.

MANITOBA PUBLIC INSURANCE

SCHEDULE A
TERMS AND CONDITIONS

1.00 SCOPE

1.01 The Vendor agrees to provide the goods, services and/or deliverables listed in this Agreement, statement of work, and/or purchase order as applicable to MPI's reasonable satisfaction (the "**Services**"). MPI and the Vendor agree that any work performed by the Vendor outside the scope of the Services without prior written approval of MPI shall be deemed to be gratuitous on the Vendor's part, and MPI has no liability with respect to such work.

1.02 The Vendor agrees to be bound solely by this agreement, any schedules attached hereto, any statement of work, and/or purchase order, and these attached terms and conditions (collectively, the "**Agreement**"). If the Vendor begins the Services with MPI's permission before the start of this Agreement's term, all Services provided by the Vendor before the start of this Agreement's term will be considered to have been provided under all of the terms and conditions of this Agreement.

1.03 MPI reserves the right to change, modify, delete or add to the Services, if necessary. In addition to the foregoing, the Vendor shall provide to MPI any other services, documentation, or data related to the Services as may be reasonably required by MPI.

1.04 Unless specifically stated to the contrary, nothing in this Agreement grants the Vendor exclusivity in providing the Services to MPI.

2.00 PERFORMANCE OF VENDOR'S OBLIGATIONS

2.01 The Vendor represents and warrants that:

(a) it possess the necessary skills, expertise and experience to perform the Services in accordance with this Agreement;
(b) the Services shall be provided in a professional manner and as outlined in this Agreement unless MPI and the Vendor agree otherwise in writing;
(c) the Services shall be provided in compliance with every federal, provincial, and municipal law which is or could be applicable to the Services;
(d) the Representatives designated to perform the Services shall devote the time, attention, abilities, and expertise necessary to properly perform the Vendor's obligations;
(e) it shall comply with all reasonable directions and requests of MPI within the scope of the Services as set out in this Agreement;
(f) all representations and warranties contained in this Agreement are true and correct and shall so remain throughout the Term of this Agreement;
(g) MPI shall have the right of prior approval of any Representatives designated to provide the Services. MPI shall have the right to request the removal of any Representatives so designated and the Vendor shall immediately comply with all such requests for removal;
(h) it shall conduct itself in a manner that does not negatively affect the public perception, business reputation, community standing, or business operations of MPI (collectively, "**Reputation**"); and,
(i) it has full right and authority to enter into this Agreement.

2.02 The Vendor shall provide written progress reports at such intervals as MPI may reasonably request. Such progress reports shall be in form and content satisfactory to MPI acting reasonably.

2.03 If applicable, and unless explicitly stated otherwise in this Agreement, delivery of goods and/or deliverables shall be to MPI's mail & warehouse services at B100 – 234 Donald Street, in Winnipeg, Manitoba. All goods/deliverables shall remain at the risk of the Vendor until they are delivered to the reasonable satisfaction of MPI. All goods/deliverables supplied shall be subject to inspection and acceptance by MPI for a period of sixty (60) days after delivery. Defective or deficient goods/deliverables or goods/deliverables not conforming to specifications may be returned at the Vendor's expense. At MPI's option, such deficient or non-conforming goods/deliverables shall be returned for either exchange or full refund. In addition to the foregoing, the Vendor shall pass through any other warranties that are applicable to such goods/deliverables, and MPI shall have the right to rely on same, and on any other warranties offered by the Vendor that are applicable to such goods/deliverables.

3.00 RESTRICTION ON OTHER WORK

3.01 For the purposes of this Agreement, "**Representatives**" shall mean the directors, officers, shareholders, employees, subcontractors, partners, volunteers, affiliates, agents, delegates and other such representatives of a party. While this Agreement is in effect, the Vendor and its Representatives shall not provide services to any other person, corporation, or entity in a manner that interferes or conflicts with the proper performance of the Vendor's obligations under this Agreement.

4.00 INDEPENDENT CONTRACTOR

4.01 The Vendor is an independent contractor, and this Agreement does not create the relationship of employer and employee, of principal and agent, of joint venture, or of partnership between MPI and the Vendor or between MPI and any Representatives of the Vendor. The Representatives of one party shall not be deemed or construed to be the Representatives of the other party for any purpose whatsoever.

4.02 The Vendor is responsible for any deductions or remittances, which may be required by law.

4.03 Except as authorized in this Agreement, the Vendor shall not incur any expenses or debts on behalf of, nor make any commitments for MPI without first obtaining written permission from MPI.

5.00 VENDOR'S FEES

5.01 The Vendor shall provide invoices to MPI. All Services listed on an invoice must have been completed by the Vendor prior to that invoice being submitted to MPI. All invoices shall be in writing and satisfactory to MPI, acting reasonably, in both form and content. The Vendor shall also provide to MPI such supporting documents, vouchers, statements, and receipts as may be requested by MPI acting reasonably.

5.02 MPI shall pay the invoice within thirty (30) days after the receipt and approval of an invoice and any supporting materials requested under Section 5.01. In the event any invoice is not satisfactory, MPI shall notify the Vendor of the problem within seven (7) days of receipt of invoice.

5.03 If MPI in good faith (i) disputes any invoice on the grounds that there is an objectively verifiable error in any invoice; or (ii) disputes the adequacy or correctness of any supporting documentation provided in connection with any invoice, or (iii) the Vendor has materially breached this Agreement, then MPI may withhold, in the case of (i) and (ii), the disputed portion of the invoice until the dispute is resolved, and in the case of (iii), all outstanding balances of the invoice until the dispute is resolved. The parties shall work promptly to resolve any such disputes. MPI will advise the Vendor of the amount of the invoice MPI considers to be in dispute and the basis for such dispute, and will pay any undisputed portion in accordance with this Article 5.00. Payment by MPI shall not preclude MPI from questioning any fees or charges MPI believes to be improper or incorrect.

5.04 Those undisputed invoiced amounts not paid by MPI within thirty (30) days of receipt and approval, shall bear interest from the thirty-first (31st) day at the prime rate in effect on that day at the Winnipeg main branch of the Bank of Montreal.

5.05 Where not tax-exempt, MPI shall also pay all applicable sales and use taxes. Where tax-exempt, MPI shall provide the Vendor with the applicable exemption number and/or certificate as required.

5.06 Unless explicitly stated otherwise in this Agreement, MPI shall reimburse the Vendor for reasonable out-of-pocket expenses relating to the provision of the Services if:

(a) such expenses were reasonably required for the performance of the Services;
(b) prior written permission to incur such expenses was first obtained from MPI;
(c) the Vendor uses the most economical rates possible for the expenses;
(d) the Vendor provides receipts and/or supporting documents to the satisfaction of MPI, unless it is agreed that submission of receipts for certain categories of expenses is not required (e.g. a per diem approach); and,
(e) reimbursement to the Vendor for out-of-pocket expenses shall be in accordance with the amounts and guidelines set out in the MPI's Corporate Directives.

MPI shall not be responsible for payment of any other expenses incurred by the Vendor in the performance of this Agreement.

5.07 The Vendor shall advise MPI if any non-resident of Canada will be, or has performed any of the Services in Canada. MPI may withhold and/or remit any taxes or duties required by federal, provincial, or municipal law in relation to the purchase or performance of the Services.

6.00 CONFIDENTIALITY AND INFORMATION SECURITY

6.01 The Vendor acknowledges that *The Freedom of Information and Protection of Privacy Act* ("**FIPPA**") and *The Personal Health Information Act* ("**PHIA**") each impose obligations on MPI to collect, use, or disclose "personal information" and "personal health information", as those terms are defined in FIPPA and PHIA (collectively called "**Personal Information**"), in the strictest of confidence, and in accordance with those Acts. In performing the Services under this Agreement, the Vendor acknowledges that they may collect, use, or have access to Personal Information.

6.02 While this Agreement is in effect, and at all times thereafter, the Vendor agrees to treat as confidential all information and materials acquired by it, or to which it has been given access, in the course of the performance of this Agreement (collectively called "**Confidential Information**"), excluding information that is in the public domain (for greater certainty, this does not include information in the public domain which was made public as a result of an unauthorized disclosure by a third party). For the purposes of this Agreement, Personal Information shall be considered to be Confidential Information.

6.03 The Vendor agrees that during the Term of this Agreement and at all times thereafter:

(a) the Personal Information disclosed to the Vendor by MPI may only be used by the Vendor in a manner expressly permitted by FIPPA or PHIA (as the case may be);
(b) it shall not disclose or permit the disclosure of Confidential Information, or any copies of it, in any format, to any third party without the express prior written consent of MPI;
(c) it shall comply with all directives given to it by MPI with respect to safeguarding, or otherwise ensuring the confidentiality, of any Confidential Information disclosed to it by MPI;
(d) it shall ensure that access to the Confidential Information by the Representatives of the Vendor is restricted to a "need-to-know" basis, and that access, when given, shall be to the minimum amount of Confidential Information necessary to accomplish the task;
(e) it shall use the Confidential Information only for those purposes that have been expressly permitted by MPI;
(f) it shall not reproduce Confidential Information, in any format, without the express prior written consent of MPI provided that it shall be able to reasonably reproduce the Confidential Information for internal use only in the normal performance of the Services;
(g) it shall ensure that it, or its Representatives, do not transport or store any Confidential Information outside of Canada without the express prior written consent of MPI. Without limiting the generality of the foregoing, in MPI's sole discretion, the Vendor may be permitted to remotely access Confidential Information if required to provide the Services, provided that the Vendor follows all of MPI's policies regarding remote access; and,
(h) after the Confidential Information has been used for its authorized purpose, or upon termination or expiration of this Agreement for any reason, or where destruction of the Confidential Information is requested by MPI or is required by this Agreement, the Vendor shall securely destroy the Confidential Information (and all copies of the Confidential Information in any form) in a manner which adequately protects the confidentiality of the Confidential Information. The Vendor shall ensure that the Confidential Information that is destroyed cannot be reconstructed (whether physical or electronic, or any other form).

6.04 The Vendor represents and warrants that it has established an information security management practice that follows accepted industry information security standards and best practices. During the Term of this Agreement and at all times thereafter, the Vendor shall take reasonable technical, administrative and physical measures and precautions to protect against known cyber-attack methods and to prevent any unauthorized access to, modification or disclosure of the Confidential Information. The standard of such precautions taken by the Vendor shall be the greater of:

(a) the standards the Vendor has in place to protect its own confidential information; or,
(b) the standards imposed on the Vendor by MPI.

6.05 The Vendor shall, without undue delay, notify MPI in writing upon becoming aware of any actual or suspected unauthorized use, disclosure, or destruction of, or any unauthorized access to, Confidential Information (a "**Confidentiality Breach**"). The written notification must include full details of the Confidentiality Breach. The Vendor shall immediately take all reasonable technical, administrative and physical measures and precautions to prevent the recurrence of any such Confidentiality Breach and shall notify MPI in writing of the steps taken. In the event of a Confidentiality Breach, MPI may do any combination of the following: (i) impose increased standards on the Vendor related to its treatment of the Confidential Information and the Vendor shall comply with such increased standards, and/or (ii) if applicable, limit the Vendor's access to the MPI's systems, and/or (iii) enforce or use any other applicable section of this Agreement.

6.06 The Vendor shall inform its applicable Representatives of the obligations imposed upon it in this Agreement with respect to Confidential Information, and shall take whatever steps are necessary to ensure that all of its applicable Representatives comply with those obligations.

6.07 The Vendor acknowledges that monetary damages may not be a sufficient remedy for a Confidentiality Breach, and that MPI may, without waiving any other rights or remedies, seek appropriate injunctive or equitable relief from a court of competent jurisdiction.

6.08 If the Vendor receives a subpoena or other validly issued administrative or judicial order seeking Confidential Information, the Vendor shall provide prompt notice to MPI and deliver to MPI a copy of its proposed response to the demand. Unless the demand has been time-limited, quashed, or extended, the Vendor shall thereafter be entitled to comply with the demand to the extent permitted or required by law. If requested by MPI, the Vendor shall cooperate with MPI in the defence of the demand, at MPI's expense.

6.09 The Vendor undertakes not to publish any public statement or advertisement with respect to this Agreement, and further undertakes not to seek publicity of this Agreement without the express prior written consent of MPI, except as otherwise required by law or by this Agreement.

6.10 In the event that the Vendor or its Representatives use any of MPI's premises, the Vendor and such Representatives shall comply with all of such premises' security requirements as may be in effect from time to time.

6.11 The Vendor shall cooperate with MPI so that MPI can verify that the Vendor has complied, and is complying, with the provisions of this Article 6.00.

7.00 ACCESSIBILITY

7.01 The Vendor acknowledges that *The Accessibility for Manitobans Act* ("**AMA**") and the regulations made under the AMA, impose obligations on MPI to prevent and remove barriers that disable people in its business and administrative practices ("**Accessibility Obligations**") in accordance with the following principles:

(a) Access: Persons should have barrier-free access to places, events and other functions that are generally available in the community;
(b) Equality: Persons should have barrier-free access to those things that will give them equality of opportunity and outcome;
(c) Universal design: access should be provided in a manner that does not establish or perpetuate differences based on a person's disability; and
(d) Systemic responsibility: the responsibility to prevent and remove barriers rests with the person or organization that is responsible for establishing or perpetuating the barrier.

7.02 Throughout the Term of this Agreement, the Vendor agrees to comply with the Accessibility Obligations under the AMA and regulations, and further agrees that when providing the Services or otherwise acting on MPI's behalf, the Vendor shall comply with all obligations under the AMA and regulations applicable to public sector bodies.

8.00 OWNERSHIP OF INFORMATION

8.01 Unless otherwise explicitly stated in this Agreement, upon payment of all amounts due, all goods, data, and materials that are submitted or required to be submitted by the Vendor or its Representatives to MPI in the performance of this Agreement, and all copyright therein (collectively referred to as the "**Submitted Materials**") shall be the exclusive property of MPI and shall be forthwith delivered to MPI, at no further cost to MPI. The Vendor agrees to execute all documents that may be necessary to transfer ownership of, or waive moral rights to the submitted Materials to MPI.

8.02 In the event that the Vendor is licensing or reselling to MPI a license for the goods or Services, the goods and Services shall be subject to the specific licensing terms and conditions agreed to between MPI and the licensor of such goods and Services.

8.03 Any property provided by MPI to the Vendor under this Agreement is only provided for the limited use in the performance of the Services, shall remain the property of MPI, and shall be returned, without cost, to MPI upon request or upon termination of this Agreement. The foregoing shall not give the Vendor or its Representatives any rights in any of MPI's intellectual property.

9.00 INDEMNIFICATION OF MPI

9.01 The Vendor shall indemnify and save harmless MPI and its Representatives from all losses, damages, costs, causes of action, claims, liabilities, or demands of any kind with respect to any injury to persons (including, without limitation, death), damage to or loss of property, economic loss, incidental or consequential damages, or infringement of rights (including, without limitation, privacy rights) caused by, or arising directly or indirectly from:

(a) the default of the Vendor or its Representatives of any term of this Agreement; or,
(b) any negligent or willful act or omission of the Vendor or its Representatives.

The above includes all costs and expenses associated therewith, including reasonable solicitors' fees.

9.02 The Vendor shall immediately notify MPI in writing upon the Vendor becoming aware that it (or its Representatives) has, or will soon be likely to have committed a breach or is under default of this Agreement. The written notification must include full details of the actual or potential breach or default. The Vendor shall immediately take all reasonable steps to prevent the breach or the recurrence or continuation of the breach or default and shall notify MPI in writing of the steps taken. Nothing in this section shall be construed as waiving or reducing MPI's rights of termination or other applicable remedies at law.

10.00 SUSPENSION

10.01 MPI may, at its sole option, from time to time, delay or suspend the Services being provided under this Agreement, in whole or in part, for such period of time as may, in the opinion of MPI, be necessary. Unless another notice period has been provided elsewhere in this Agreement, MPI shall provide five (5) days prior written notice to the Vendor of its intention to delay or suspend the Services. MPI shall not be obliged to make payments to the Vendor except with respect to those Services already satisfactorily performed prior to such delay or suspension.

10.02 Where there is a delay or suspension under Section 10.01, all terms and conditions of this Agreement shall continue in full force and effect against the Vendor. The Vendor shall not be entitled to make any claim for damages by reason of the delay or suspension.

11.00 TERMINATION

11.01 MPI may terminate this Agreement at any time for any reason by giving the Vendor fourteen (14) days prior written notice.

11.02 Neither party shall be responsible for any failure to comply with, or for any delay in performance of the terms of this Agreement where such failure or delay is directly or indirectly caused by, or results from events of force majeure beyond the control of either party. The time in which the Services are to be provided shall be extended by a period of time at least equal to the length of the force majeure event, provided that in the event the extended period of time exceeds, or is reasonably anticipated to exceed a period of fourteen (14) days, then MPI may terminate this Agreement and pay the Vendor for all Services performed to the date of the force majeure event.

11.03 In addition to its rights under Sections 10.01, 11.01 and 11.02 above, and without restricting any other remedies available, MPI may immediately terminate, or immediately suspend this Agreement in writing if:

(a) the Vendor makes an assignment for the benefit of creditors, takes any other action for the benefit of creditors, becomes bankrupt or insolvent, or takes the benefit of or becomes subject to any legislation in force relating to bankruptcy and insolvency;
(b) in the opinion of MPI, the Services provided by the Vendor or its Representatives are unsatisfactory, inadequate, or otherwise improperly performed;
(c) in the opinion of MPI, the Vendor or its Representatives have failed to comply with, or breached any term or condition of this Agreement; or
(d) in the opinion of MPI, continuing to engage the Vendor under this Agreement may adversely affect its Reputation.

11.04 Upon termination of this Agreement, the Vendor shall cease to perform any further Services. MPI shall be under no obligation to the Vendor other than to pay, upon receipt of an invoice or statement and supporting documentation satisfactory to MPI acting reasonably, such compensation as the Vendor may be entitled to receive under this Agreement for Services satisfactorily completed up to the date of termination. Upon MPI's request, the Vendor will work in good faith to facilitate the orderly transition of the Services, in whole or in part, to MPI or to a successor service provider.

12.00 GENERAL TERMS

12.01 The terms and conditions contained in this Agreement that by their sense and context are intended to survive the performance of this Agreement by the parties shall so survive the completion and performance, suspension, or termination of this Agreement.

12.02 The Vendor shall not assign or transfer this Agreement or any of its rights or obligations under this Agreement without first obtaining written permission from MPI. This Agreement shall be binding upon the executors, administrators, heirs, successors, and any permitted assigns of the parties.

12.03 This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. There are no undertakings, representations, or promises, either express or implied, other than those contained in this Agreement and none have been relied on.

12.04 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.

12.05 This Agreement shall be interpreted, performed, and enforced in accordance with the laws of Manitoba and the laws of Canada applicable therein. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Manitoba and all courts competent to hear appeals therefrom.

12.06 Any failure or delay by either party to exercise or partially exercise any right hereunder shall not be deemed a waiver of any of the rights under this Agreement. The waiver by either party of a breach of any provision of this Agreement shall not operate as, or be construed as, a waiver of any subsequent breach thereof. The election of any one or more remedies by either party shall not constitute a waiver of that party's right to pursue other available remedies.

12.07 The Vendor agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

12.08 Any notice or communication:

(a) sent by registered mail shall be deemed to have been received on the third business day following the date of mailing;
(b) sent by facsimile or other electronic transmission (including email) shall be deemed to have been received on the day of transmission; and,
(c) sent by courier or personal delivery shall be deemed to have been received on the day that it was delivered.

SCHEDULE B
OVERVIEW AND SERVICES REQUIREMENTS

1.00 OVERVIEW

1.01 BACKGROUND

Nova is a multi-year, multi-phased initiative intended to modernize current in-house applications and technology systems to deliver services under various MPI lines of business.

Nova is intended to proceed as per the releases set out below:

Release 1A	Commercial Insurance (Complete)
Release 2A	International Registration Plan Vehicles (In-flight)
Release 3A	Personal Auto Insurance, Vehicle Registration, and Driver Licensing (Upcoming)
Release 3B	Customer Portal Services (Upcoming)
Release 4A	Physical Damage Claims (Upcoming)
Release 4B	Customer Portal Enhancement for Physical Damage (Upcoming)

1.02 SERVICES

MPI wishes to engage a Vendor to deliver Services, expert advice and coaching that will result in measurable gains to enable MPI's success in delivering the full scope of Nova on time and on budget. The Services will include the following:

(a) Governance and risk assessment across Nova's work streams set out in Appendix B.2 – Proposed Communications Structure;

(b) Coaching and advisory services to identify gaps, ensure team alignment, and facilitate development of mitigations;

(c) Develop governance best practices to:
   (i) enable Nova and MPI leadership to address risks prior to risks becoming issues;
   (ii) provide actionable and concrete mitigation steps; and
   (iii) provide proactive solutions to risks and issues.

(d) Nova and MPI risk mitigation and governance including:
   (i) assessment and evaluation of Nova's current state, risks and issues and validation of action plans;
   (ii) facilitate Lean communication on prioritization of governance and status reporting;
   (iii) industry experts in MPI's core lines of business; and
   (iv) fact-based reporting that would allow MPI to mitigate or remediate issues.

(e) Measurable benefits in achieving program objectives.
   (i) Measuring internal control effectiveness; and

(f) Periodic reports and presentations.

2.00 NON-EVALUATED REQUIREMENTS

2.01 SUBCONTRACTORS

(a) The Successful Vendor shall not subcontract any portion of the Services without the prior written consent of MPI, which consent may be granted or withheld at MPI's sole unfettered discretion.

(b) All subcontractors are subject to MPI's ongoing approval.

(c) Performance by subcontractors shall meet, at a minimum, the same standards as required for performance by the Successful Vendor, and the Successful Vendor shall be responsible for such performance.

(d) If a Vendor intends to use subcontractors to perform any of the Services, the Vendor must include a list of subcontractors that it proposes to use as indicated in Appendix C.5.

2.02 RECORD KEEPING, INSPECTION OF RECORDS AND AUDITS

At all reasonable times throughout the Term, the Successful Vendor shall maintain and make available for inspection and audit by MPI and its Representatives all accounts and records, including payroll records, relating to the Services or the Agreement, and shall produce said documents upon request. The Vendor agrees to co-operate fully in any such inspection or audit, and to promptly provide copies of, and extracts from the accounts and records requested by MPI and its Representatives, and any such other information as may be reasonably requested from time to time by MPI and its Representatives.

2.03 CORPORATE VALUES & SUSTAINABLE DEVELOPMENT PROCUREMENT GUIDELINES

MPI wishes to engage a Vendor who shall service the Corporation's needs in a manner that is consistent with MPI's Corporate Values and Sustainable Development Procurement Guidelines. A description of MPI's Corporate Values and Sustainable Development Procurement Guidelines are included below. Vendors should describe or provide information on how their own policies and practices align with the following:

(a) **Corporate Values:**

- Striving for Excellence - We provide exceptional coverage and service. We adapt to meet evolving customer and industry needs, focusing on continuous improvement.

- Providing Value to Manitobans - We maintain affordable rates and ensure accessible coverage. As a public auto insurer, fiscal responsibility is at the forefront of everything we do.
- Doing What's Right - We act with integrity and accountability. We strive to be open and transparent.
- Investing in People - We empower our employees to provide excellent service. We work together with business, community and road safety partners to fulfil our mission.

(b) **Sustainable Development Procurement Guidelines:**

- Protect Human Health and Well-Being
  - Anticipate, prevent and mitigate significant adverse economic, environmental, human health and social effects of purchasing decisions.
  - Where practicable, require the purchase of substitute or alternative goods, materials or services in place of goods or materials that contain, or services that use, toxic substances or are otherwise harmful to the environment or human health.
  - Ensure that toxic substances are managed properly to protect the environment and human health.
  - Ensure those goods, materials and services that may otherwise pose an elevated risk to human health, safety and the environment are managed properly.

- Promote Environmentally Sustainable Economic Development
  - Recognize economic, ecological and social interdependence among communities, provinces and nations that require the integration of economic, environmental, human health and social factors in purchasing decisions.
  - Purchase decisions may assist in the development of local environmental industries and markets for environmentally preferable products and services.

- Conserve Resources
  - Evaluate and reduce the need to purchase goods, materials and services.
  - Purchase goods, materials and services that use recycled products.
  - Purchase goods and materials with structures that require less material to manufacture.
  - Purchase goods and materials that require less packaging.
  - Reuse, recycle and recover goods and materials.

- Conserve Energy
  - Purchase goods, materials and services where the consumption of energy (electricity and fossil fuels) during production, transportation, usage and delivery is minimized.

- Purchase goods, materials and services where renewable forms of energy are substituted during production, transportation, usage and delivery for non-renewable forms of energy.
- Purchase goods, materials and services that have or use a structure that facilitates energy efficiency and resource conservation.

- Promote pollution prevention, waste reduction and diversion
  - Purchase goods and materials that are easy to recycle.
  - Purchase goods and materials with structures that facilitate disassembly for processing, recycling and waste management.
  - Purchase goods and materials packed with recycled products or materials that are recyclable.
  - Purchase goods and materials with a manufacturing process that avoids the creation of waste and pollutants at source.
  - Purchase goods and materials that are used or remanufactured.
  - Purchase goods, materials and services that are suitable alternatives or substitutes.
  - Purchase services that minimize adverse environmental impacts.
  - Purchase goods and materials that have greater durability and longer life-span.
  - Use goods and materials in a manner that minimizes adverse environmental impacts.

- Evaluate value, performance and need
  - Purchase environmentally preferable goods, materials and services that perform adequately and are available at a reasonable price, with careful consideration of full-costing.
  - Purchase goods, materials and services that comply with recognized environmental standards.
  - Evaluate and reduce the need to purchase goods, materials and services.
  - Evaluate the appropriate scale and utilization of a good, material or service.
  - Evaluate market factors for goods, materials and services, such as specifications, quality, delivery date and price.

APPENDIX B.1
SERVICES REQUIREMENTS

1.01 MPI requires Services that meet the requirements set out in the tables below.

1.02 **ALTERNATIVES**

Where a specific brand of goods and services has been specified by MPI, Vendors are permitted to submit a Proposal based on alternative brands. However, MPI reserves the right, in its sole and unfettered discretion, to accept or reject any proposed alternative brands based on whether it determines them to be functional and viable equivalents to the brand(s) specified herein.

1.03 **CURRENT FUNCTIONALITY**

In providing all of the information requested in this Appendix B.1, the Vendor must describe only items that are part of its current services as of the Due Date. Vendors may also provide information about future functionality, so long as such future functionality is clearly described as being functionality that is not available as of the Due Date.

1.04 **RESPONSES**

VENDOR PROPOSALS MUST INCLUDE RESPONSES FOR EACH REQUIREMENT LISTED IN THE TABLES BELOW. RESPONSES MUST INCLUDE A COMPREHENSIVE DESCRIPTION AND DETAILS OF HOW THE VENDOR WOULD PROVIDE THE SERVICES.

Requirement Number	Mandatory Requirements	Mandatory (M) Pass/Fail
MR-01	**Information Security Management Practices** In performing the Services, when the Vendor or its Representatives collect, handle, access, use, or store MPI's Confidential Information (as defined in Schedule A), the Successful Vendor must have approved information security policies, standards, and guidelines that align with industry accepted security frameworks and have been communicated to its Representatives.	P/F
MR-02	**Information Storage in Canada or the USA** In performing the Services, the Vendor may from time to time collect, use, and store "Confidential Information", as that term is defined in Schedule A.	P/F

	Vendors must confirm that personal information and personal health information would only be collected, used, and stored in Canada or the United States of America.	
MR-03	**Remote Work Security Standard** If the Vendor or any of its Representatives are delivering all or a portion of the Services from a remote location (e.g., working from home), the Vendor must cause its Representatives to comply with MPI's Remote Work Security Standard attached as Schedule B.3 "Remote Work Security Standard".	P/F

Requirement Number	Vendor Evaluated Requirements
VR-01	The Successful Vendor shall have well-tested methodologies proven to be effective for providing governance and risk assessment services. Vendors to describe their methodologies for providing governance and risk assessment services.
VR-02	The Successful Vendor shall have extensive experience in providing governance and risk assessment services to organizations similar to MPI in size, business focus and in the public sector. Vendors to detail their experience in providing governance and risk assessment services.
VR-03	The Successful Vendor shall have extensive experience in providing governance and risk assessment services on projects similar in size and scope to Nova. Vendors to detail their experience and technical knowledge of large-scale information technology services in private and public sectors.
VR-04	The Successful Vendor shall have extensive experience in working with boards of directors and senior management on determining the metrics and KPIs to be tracked for projects like Nova. Vendors to detail their experience in working with boards of directors and senior management to complete this work.

VR-05	The Successful Vendor will have extensive experience in reporting and presenting on project progress to boards of directors, senior management, and regulators. Vendors to detail their experience providing such reports and presentations and provide information on: (a) How analysis is performed; (b) The frequency of analysis; (c) Whether research is peer reviewed; and (d) How analysis accuracy is ensured.
VR-06	The Successful Vendor will provide a sufficient number of experienced and effective Representatives to provide the Services. Vendors to provide curriculum vitae for all Representatives that would be assigned to provide the Services to MPI including a description of each Representative's role and responsibilities.
CI-01	**Security Program** The Successful Vendor shall have a security program that aligns with accepted industry standards such as the ISO 27002, and NIST Cybersecurity Framework. Vendors to specify the industry standards with which their security program aligns.
CI-02	**Human Resources Security** The Successful Vendor shall have robust security and background screening processes for all of their Representatives that includes the requirement that Representatives sign confidentiality agreements before being granted access to Confidential Information. Vendors to describe their security and background screening processes for Representatives and confirm that Representatives are required to sign confidentiality agreements before being granted access to Confidential Information.
CI-03	**Security Training and Awareness** The Successful Vendor shall have established security and privacy awareness training programs that: (a) Representatives are required to complete prior to being granted access to Confidential Information; and (b) Representatives are required to review on at least an annual basis. Vendors to Provide details of their security and privacy awareness training programs.

CI-04	**Data Protection** The Successful Vendor shall enforce security best practices and protections to protect against internal and external threats in ways that will not impact the confidentiality, integrity, and the availability of the Confidential Information. Vendors to detail how they enforce security best practices and protections.
CI-05	**Data Retention** The Successful Vendor shall have technical controls in place to enforce: (a) data retention requirements as specified by MPI; and (b) processes for the secure deletion, wiping or otherwise destruction of MPI data from wherever it is stored including from reallocated storage space, and damaged hardware. Vendors to describe their data retention requirements and processes.
CI-06	**Access Management** The Successful Vendor shall have access management policies and practices that ensure: (a) access to Confidential Information (as defined in Schedule A) would only be granted to individuals where access is essential to their work. Access activities are logged and can be provided to MPI to support security investigations. (b) access control procedures are in place to revoke access promptly when its Representatives change roles or leave the Vendor's organization, and to immediately revoke all physical and remote access in the event of an employee dismissal, and that such access is provisioned through unique user accounts that are traceable to an individual; (c) passwords require a minimum of 8 characters containing alphanumeric and special characters, requiring a combination of 3 out 4, and are managed and controlled in a manner appropriate to the sensitivity of the information stored; and (d) there is a process to obtain prior written approval from MPI in cases where Confidential Information would be accessed from outside of Canada or the United States of America. Vendors to detail their access management policies and procedures.
CI-07	**Physical Security** The Successful Vendor shall have physical and environmental security policies and practices that ensure Vendor premises and computing environments are continuously protected, with controls in place for

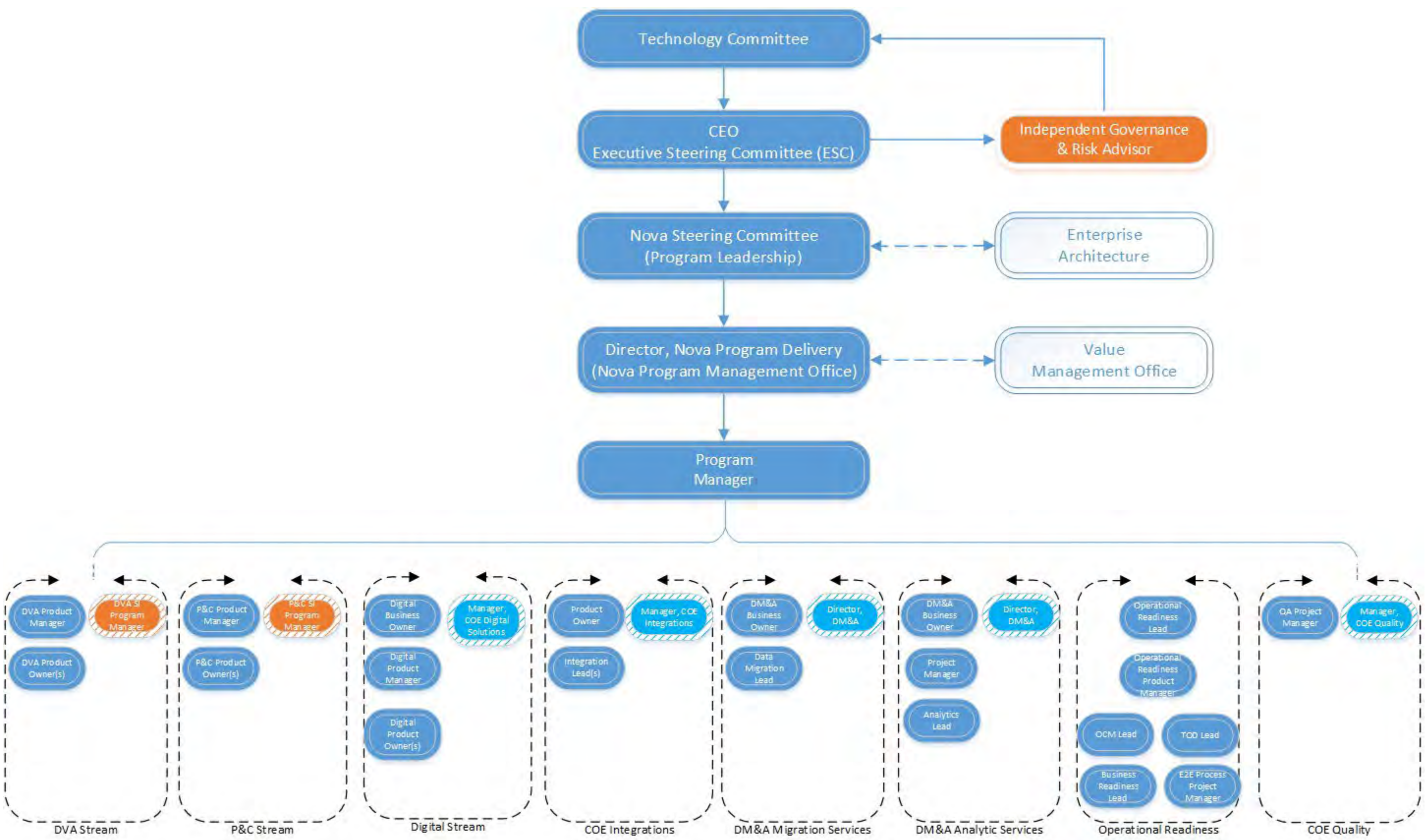
	access to these environments that mitigate the potential and impact of unauthorized access to Confidential Information. Vendors to describe their physical and environmental security policies and practices.
CI-08	**Security Incident Management** The Successful Vendor shall have formal information security incident management practices under which MPI would immediately be notified through a single point of contact of any security incident impacting MPI's Confidential Information, or the services provided to MPI. Vendors to confirm how MPI would be notified of a security incident.

Requirement Number	Services Requirements
SR-01	The Successful Vendor will develop an understanding of Nova, sequencing, and Nova's overall roadmap. Vendors to detail how they would develop this understanding.
SR-02	The Successful Vendor will assess Nova's current management capabilities for governance, process, tools, and skill sets. Vendors to detail how they would assess Nova's current state.
SR-03	The Successful Vendor will provide input on the critical requirements for Nova's successful execution. Vendors to detail their methodology for developing and providing such input.
SR-04	The Successful Vendor will provide feedback on the following: (a) nPMO structure; (b) Nova governance and decision-making process and rights; (c) Nova roles and responsibilities; (d) Nova reporting and KPIs related to Nova management; (e) Nova risk management; and (f) Value management tracking. Vendors to detail their methodologies for completing such work.

SR-05	The Successful Vendor will be required to work with the Board's Technology Committee (or a similar level committee) to define and agree on the metrics and KPIs to be tracked. This work may include: (a) Identifying Nova KPIs to measure and report; (b) Reviewing existing Nova status and value realization reports; (c) Consolidating specific targets for vendors based on contracts with those vendors; (d) Developing standard templates for reporting on KPIs. Vendors to detail their methodologies for completing such work.
SR-06	The Successful Vendor will provide reporting and/or presentations on Nova's progress as follows: (a) Quarterly assessments; (b) Dashboards; (c) Periodic reports on KPIs as required by the Technology Committee; (d) Presentation of results and KPIs in a dedicated monthly meeting with the Board's Technology Committee, the CEO, executive sponsors and Nova directors; (e) Testifying before, and/or providing an annual assessment to, the Manitoba Public Utilities Board or similar organization. Vendors to provide sample reports, assessments, and dashboards and detail their experience testifying before regulators.
SR-07	The Successful Vendor will identify, assess, and escalate Nova risks and recommend remediation actions. Vendors to detail their methodology for the above.
SR-08	The Successful Vendor will work with MPI to ensure that recommended remediation actions are incorporated into the Nova plan and future activities. Vendors to detail how they would work with MPI to ensure the above.

APPENDIX B.2
PROPOSED COMMUNICATIONS STRUCTURE

The following describes the proposed communications structure for the Services.
Program Nova – Governance and Risk Advisor



APPENDIX B.3
RESPONSE GUIDELINES

In providing responses to all requirements, questions and information requests as part of Schedule B the Vendor must describe ONLY items that are part of its CURRENT SERVICES as of the Due Date. Vendors may also provide information about future services, so long as such future services is clearly described as being functionality that was not available as of the Due Date.

1.00 INTRODUCTION

1.01 INSTRUCTIONS

	Req #	Requirement Description	Response Description	Alternate Approach (Optional)
Instructions	Requirement schedule ID number.	Requirement as per the RFP language.	**Describe how the requirement is addressed by the proposed solution**. The description must include constraints and/or limitations.	Suggest alternate processes that would remove or alter the stated requirement, and explain how the proposed solution will work.
Example	**SR-03**	The Successful Vendor will provide input on the critical requirements for Nova's successful execution. Vendors to detail their methodology for developing and providing such input.	Vendors description of how this requirement is met.	Optional alternate approach of how this requirement can be met.

APPENDIX B.4
REMOTE WORK SECURITY STANDARD

Purpose

This standard describes the requirements for cyber and information security practices and mechanisms which must be implemented by the Vendor and adhered to by its Representatives working from locations other than the Vendor's facilities.
The intent of this standard is to reduce the likelihood of cybersecurity and privacy incidents from occurring as a result of remote work arrangements.

Definitions

"**Access Control**" means to ensure that access to assets is authorized and restricted based on business and security requirements.
"**Authentication**" means the verification of the authenticity of either a person or system. Authentication techniques usually form the basis for all forms of access control to systems and/or data.
"**Confidential Information**" has the same meaning as that set out in Schedule A.
"**Controls**" means the safeguards or countermeasures to avoid, counteract or minimize information security risks. May include people, process and/or technology.
"**VPN**" stands for virtual private network.
"**WPA2**" stands for Wi-Fi Protected Access 2.

Standard

The Vendor shall implement the following security controls whenever they or their Representatives access Confidential Information or when providing the Services:

1. Endpoint Security

Wherever supported by the endpoint device, all workstations (desktops, laptops, tablets and mobile devices) must have:

(a) Encrypted hard drives and/or storage media.
(b) Up to date patches to ensure that the workstations are kept current with all required operating system and application security patches.
(c) The ability to prevent unapproved software from being installed.
(d) Up to date antivirus software including the associated signature files, with real-time scanning enabled and a minimum of a weekly full scan.
(e) Firewalls installed and configured to protect the workstations from unauthorized access.
(f) Data loss prevention capabilities.
(g) Web traffic directed through a web filtering technology to help prevent accidental access to malicious sites; and
(h) A process to securely dispose of any hard drive or removable media storage device.

2. Access Control

Access control mechanisms will be in place as follows:

(a) Enforcement of principle of least privilege, allowing only the minimum level of access to Confidential Information necessary to accomplish assigned tasks in accordance with the agreement.

(b) Multifactor authentication must be enabled for all types of remote access.

(c) User authentication credentials will be promptly deactivated where such credentials have not been used for a maximum period of three (3) months, or within two (2) days if the user has changed roles and no longer requires such access.

(d) User authentication credentials will be immediately revoked for all remote access capabilities (e.g.: VPN accounts, remote access tokens) and physical access to Vendor premises in the event of a Representative's termination or end of Vendor engagement; and

(e) Authentication credentials must not be shared with other individuals.

3. Connectivity

Network security control mechanisms will be in place as follows:

(a) Representatives will connect only to secure Wi-Fi networks using strong encryption such as WPA2 or higher. If secure Wi-Fi is not available, a wired connection will be used instead.

(b) Vendor provided and managed workstations shall be used, leveraging secure connectivity mechanisms (e.g., VPN), when accessing Confidential Information or when providing the Services; and

(c) Unmanaged workstations shall only be used when leveraging secure connectivity mechanisms to connect to Vendor managed endpoint services or devices (e.g., Desktop-as-a-Service or Remote Desktop Protocol).

4. Physical Controls

Vendor's Representatives shall:

(a) Ensure that physical working space is appropriately cordoned off to limit the exposure of Confidential Information to other individuals. This includes precautions related to preventing verbal communications from being overheard by other individuals.

(b) Protect the workstations and software against unauthorized use and access; and

(c) Be authorized to print Confidential Information to local printers at remote locations, provided that printed materials are kept secured at all times and are securely destroyed prior to disposal or recycling.

5. Collaboration Requirements

Vendor’s Representatives shall use secure collaboration, storage, and application platforms for conducting virtual meetings and sharing of documents.

SCHEDULE C
RESPONSE FORMS AND INFORMATION

The checklist below is intended to help Vendors submit a valid Proposal. Vendors must submit the Proposal in accordance with Section 6.02, and must ensure their submission includes the following:

- ☐ The name, address, telephone number, facsimile number, and email address of an individual that the Vendor nominates to answer any inquiries which may arise during the examination of the Vendor's Proposal.

- ☐ Chart or list of key staff who will be involved in delivering the Services, along with their names, functions, and level of responsibility.

- ☐ If applicable, samples of any ancillary agreements that the Vendor may require MPI to execute if chosen as the Successful Vendor, including, but not limited to, licensing agreements.

- ☐ All details and information requested in Schedule B – Overview and Services Requirements including the following completed appendices:

  - ☐ Appendix B.1 – Services Requirements
  - ☐ Appendix B. 2 – Proposed Communications Structure
  - ☐ Appendix B. 3 – Response Guideline and Response Forms
  - ☐ Appendix B.4 – Remote Work Security Standard

- ☐ Completed appendices which are attached to this Schedule C:

  - ☐ Appendix C.1 - Vendor Authorization
  - ☐ Appendix C.2 - Optional / Alternative Solutions
    (only to be completed if applicable)
  - ☐ Appendix C.3 - Cost Breakdown
  - ☐ Appendix C.4 - References
  - ☐ Appendix C.5 - Proposed Subcontractors

APPENDIX C.1
VENDOR AUTHORIZATION

I certify that I have the authority on behalf of the Vendor to submit this Proposal. I further represent that in making this Proposal, the Vendor has not consulted with others for the purpose of restricting competition and that the Vendor has not knowingly made any false statement in its Proposal.

____

Name (“wet” signature, electronic signature or digital signature, as applicable)

____

Name (Printed in Capital Letters)

____

Title

____

Vendor’s Full Legal Name

____

Date

____

Vendor’s Address (including postal code)

____

Vendor’s Address for Remitting Payments (if different than above)

____

Phone number of Vendor Fax number of Vendor

____

E-mail address of Vendor

APPENDIX C.2
OPTIONAL / ALTERNATIVE SOLUTIONS
(only complete if applicable)

Name of Vendor: ____

APPENDIX C.3
COST BREAKDOWN

Name of Vendor: ____

Vendors are reminded to include all costs, fees and charges they intend to bill MPI for the Services (see Section 5.02 for further details):

1. Advisory Services

   Vendors must provide their estimated overall spend for providing the Services requested under this RFP on an annual basis as well over the term of 2 years and 6 months. Vendors must include and breakdown all costs, based on roles and responsibilities, that they intend to bill MPI. Vendors must explain which services are delivered as time and materials and which are delivered as fixed price.

2. Estimated Travel and Living Expenses

3. Any other costs, fees or charges including, but not limited to, testifying at and/or preparing documentation for Manitoba Public Utilities Board hearings, if applicable.

APPENDIX C.4
REFERENCES

Name of Vendor: ____

Please provide names of not less than three (3) Canadian clients for whom the Vendor has provided similar services:

Reference #1	
Name of Company/ Organization:	
Name and Title of Contact:	
Contact Phone Number:	
Contact E-mail Address:	
Period of Services:	
Description of services provided:	
Reference #2	
Name of Company/ Organization:	
Name and Title of Contact:	
Contact Phone Number:	
Contact E-mail Address:	
Period of Services:	
Description of services provided:	
Reference #3	
Name of Company/ Organization:	
Name and Title of Contact:	
Contact Phone Number:	
Contact E-mail Address:	
Period of Services:	
Description of services provided:	

APPENDIX C.5
PROPOSED SUBCONTRACTORS

Name of Vendor: ____

Subcontractor #1	
Name of Company:	
Address of Company:	
Contact Name & Title:	
Contact Phone Number:	
Contact E-mail address:	
Description of Services to be subcontracted:	
Subcontractor #2	
Name of Company:	
Address of Company:	
Contact Name & Title:	
Contact Phone Number:	
Contact E-mail address:	
Description of Services to be subcontracted:	
Subcontractor #3	
Name of Company:	
Address of Company:	
Contact Name & Title:	
Contact Phone Number:	
Contact E-mail address:	
Description of Services to be subcontracted:	

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Part and Chapter:	Part V Project Nova	Page No.:	26-27 of 48
PUB Approved Issue No:	20. Project Nova		
Topic:	Program Nova Financial Summary		
Sub Topic:			

Preamble to IR:

On page 26 Figure NOV – 8 provides an updated Nova program financial summary. The Life-to-date Reforecast indicate that the Total Program costs are $233,121,805 before contingency. Adding the 2022 Re-baseline contingency of $49,390,871 to the LTD Reforecast would make the Total Estimated Program costs to be $282,512,676 compared to the 2022 Re-baseline amount of $273,545,093, an increase of $8,967,583.

The above estimated Nova Program costs are before completing the discovery phase of Release 3 and 4.

Question:

a) Please confirm the numbers in the preamble and correct if necessary. Also please provide a brief explanation of the increase costs of about $9 million.

b) Please elaborate, in a narrative, the process MPI is going to follow in advising PUB in the event there are significant cost changes to Program Nova upon completion of the discovery phase for Releases 3 and 4.

Rationale for Question:

To review the current cost update re Project Nova and the potential impact Releases 3 and 4 may have on the current estimate.

RESPONSE:

a) How the numbers in the preamble are being summed up is incorrect. Program Nova has a base budget of $224,154,222 with a contingency range of 20-40%. At 30% the contingency amount is $49,390,871 for a total budget of $273,545,093. Our reforecast of $233,121,805 includes $8,967,583 that would need to come from contingency.

The total Nova Program costs remain within the Re-baseline 2022 budget which includes contingency, as shown in the below figure.

Figure 1 – Nova Budget and Contingency

Line No.	as at 31-Mar-2023		
1	**Base Budget**	$ 224,154,222	
2	**Life to Date Reforecast***		$ 233,121,805
3	**Forecasted Potential Contigency Spend***	$ 8,967,583	
4	**Forecasted Balance of Contigency****	$ 40,423,288	$ 40,423,288
5	**Re-Baseline 2022 Budget**	**$ 273,545,093**	**$ 273,545,093**
6	*Reforecast of $233,121,805 includes $8,967,583 from contingency		
7	**Re-Baseline 2022 Contingency based on 30%	$ 49,390,871	

At this time, Nova is forecasting to potentially consume $8,967,583 from the budgeted contingency, based on detailed forecasts and actuals relating to the current status of Releases 1 and 2. This is within the overall Nova Program budget, and will be validated at the completion of Release 3 discovery phase.

b) On July 27 MPI will update R2 schedule and provide details on other relevant matters to the Technical Committee of the MPI Board of Directors. At this time, MPI will also share findings of R3 pre-discovery phase, providing updates to the costs or timeline as required. While the first round of information requests is due shortly thereafter (August 2, 2023), MPI's Reponses will contain the most current information on costs and timeline.

Also, MPI is of the view that Directive 27 of PUB Order 4/23[1] required MPI to report on changes to budgeted expenditures, including NOVA. MPI will continue reporting to the PUB accordingly, requesting all correspondence be marked as exhibits to this and future proceedings.

[1] "27. If the MPI Board of Directors approves material changes to MPI's budgeted expenditures, including to its operating expenses or to the Project Nova budget, it shall provide the Board with written notice within 14 days of MPI Board approval, and such change will be the subject of discussions at the process review meeting to take place no later than April 30, 2023."

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Part and Chapter:	**Part V Project Nova**	**Page No.:**	**27-29 of 48**
PUB Approved Issue No:	**20. Project Nova**		
Topic:	**Program Nova Staffing**		
Sub Topic:			

Preamble to IR:

Per page 28-29 Part V – Nova MPI lists the FTEs (resources) for Program Nova. Figure NOV – 9 Resource Type Breakdown as at May 5, 2023 for 2023/24 shows a total FTE increase from 2022 Re-baseline of 190 to Actual/Forecast of 230, an increase of 40 FTEs.

On page 29 the GRA discusses the FTE impact of the "bubble budget" by fiscal year. It also indicates that the bubble budget estimates were included in the Re-baseline 2022.

On page 27 it states:

> *"Overall, resourcing makes up 53% of the NOVA program budget. Management of the*
> *16 resource type (external consultant or vendor services, incremental employee, non*
> *17 incremental employees) is critical to program financial objectives. Any deviation on*
> *18 the type of resources assigned has financial impacts for the program."*

Question:

a) Please provide an explanation relating to the 40 FTE increase for the 2023/24 fiscal year.

b) Please discuss, in general terms, how MPI is managing the bubble budget FTEs and confirm that they are included in Figure NOV – 9 Total Actual/Forecast.

c) MPI states that any deviation on the type of resources, as indicated, could have a significant financial impact on Program Nova. Please elaborate on MPI's confidence in its current Program Nova resource complement to stay within the 2022 Re-baseline budget.

Rationale for Question:

To better understand the resources currently assigned to Project Nova to stay within its current budget estimates.

RESPONSE:

a) As MPI has yet to begin implementation of Nova Release 3, it shifted its Release 3 implementation resources in fiscal 2022/23 (approximately 30 full-time equivalents (FTEs) to fiscal 2023/24.

MPI also added resources as part of its strategy to mitigate Release 2 issues, which accounts for approximately ten (10) FTEs. for the remaining variance in 2023/24 forecasts.

Overall the above two reasons accounts for the approximate 40 additional resources identified for the 2023/24 fiscal year.

b) Nova Temporary Staff Bubble budget is funded and tracked completely separate from one time implementation delivery resources. MPI uses its Nova Temporary Staff Bubble for operational staff to support Nova products for a limited period post go-live while maintaining the legacy systems. These resources are not part of the Nova one-time costs implementation budget. But these costs are included in the Re-baseline 2022 ongoing costs budget within the Nova business case.

MPI publishes reviews and reporting of Nova Temporary Staff Bubble Budget forecasts/actuals monthly. Management, collaborates with operational teams, updates forecasts (as changes occur) and uses modelling to assess impacts and make decisions. Year over year, and monthly forecasts/actual dollar to budget comparisons provide insights and trending, allowing for the proactive adjustments, as required.

MPI manages the Nova Temporary Staff Bubble Budget using the following criteria:

- Nova temporary staff bubble budget may provide a temporary operational resource for legacy systems while an operational FTE works on Nova (at no cost); and

- Nova temporary staff bubble budget may provide resources operationally to support Nova implemented products post go-live while operational FTEs support legacy systems.

For the reasons, above the Nova Temporary Bubble Staff is not included *Part V NOVA Chapter NOV Figure NOV– 9*.

Part V NOVA Chapter, page 29 reflects the Nova Temporary Bubble Budget temporary resources.

c) As part of the Program Resource process resource allocation ratios are tracked and reported on to ensure alignment to commitments and business case objectives. Please refer to *Part V NOVA Chapter NOV-8 – Resourcing Update, page 27 to 29*.

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Part and Chapter:	**Part V Project Nova**	**Page No.:**	**33 and 44 of 48**
PUB Approved Issue No:	**20. Project Nova**		
Topic:	**Figure NOV – 12 Implementation Costs: Current Forecast vs. 2022 Re-baseline**		
Sub Topic:			

Preamble to IR:

Per page 33 Part V – Nova Figure NOV – 12 compares the 2022 Re-baseline estimate including the contingency of about $49.4 million to the current estimate excluding an amount for contingency indicating an improvement of $40.4 million.

Per Page 44 the Program NOVA current estimate for implementation costs does not include a contingency and, as well, the Net Present Value of $-(154.8) is calculated excluding a contingency.

Question:

a) Please comment on whether the contingency included in the 2022 Re-baseline is no longer required since the current estimate does not include a contingency. If the contingency is still required for the current estimate please refile Figure NOV – 12 including the required contingency in the current estimate.

b) If the contingency is required for the Program Nova Current Estimate, please include the contingency in the current estimate and re-file the chart as displayed on page 44.

Rationale for Question:

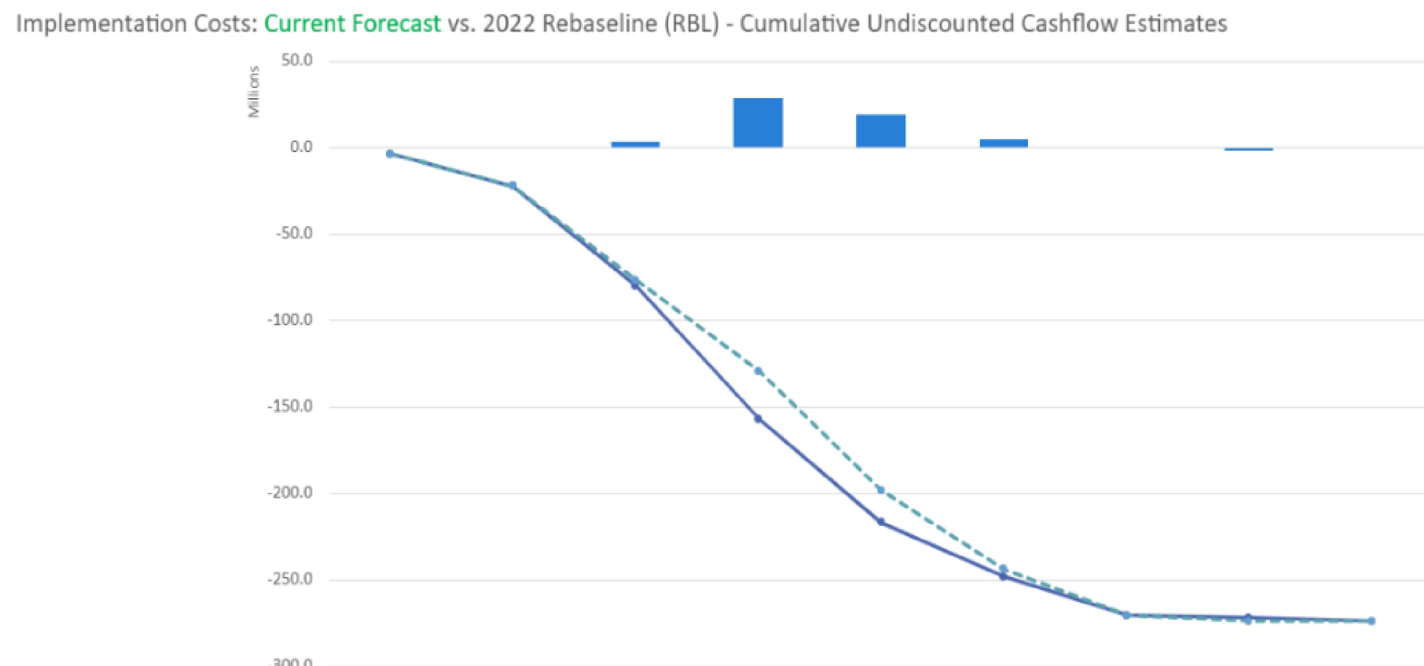
To better understand whether a contingency is still required for Program Nova.

RESPONSE:

a) At this time, Nova is forecasting a potential contingency need of $8,967,583, based on detailed forecasts and actuals relating to the current status of Releases 1 and 2. Releases 3 and 4 are currently forecasting to implementation budget, pending completion of Discovery and the associated detailed planning with System Integrators. Overall, the contingency budget of 20% to 40% is still required at this time.

b) Please refer to Figure 1 below:

Figure 1 Nova Implementation Costs: Current Forecast vs. 2022 Re-baseline



	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Sum of Increase / Decrease	0.0M	0.0M	3.2M	28.1M	18.6M	4.6M	0.0M	-1.9M	0.0M
2022 RBL: Cumm. Project + 30% Contingency Estimate	-3.4M	-22.2M	-79.8M	-157.1M	-216.6M	-248.3M	-270.3M	-271.6M	-273.5M
Sum of Forecasted Cashflow Estimate (UnDiscounted)	-3.4M	-22.2M	-76.7M	-129.1M	-198.0M	-243.7M	-270.3M	-273.5M	-273.5M

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Part and Chapter:	Part V Information Technology	Page No.:	5 of 11
PUB Approved Issue No:	15. Information Technology		
Topic:	External labour strategy		
Sub Topic:			

Preamble to IR:

Per page 5 Part V – Information Technology it states:

> *"MPI completed all Phases of its External Labour Strategy to convert external Full-Time*
> *10 Equivalents (FTEs) or replacing them with MPI employees. MPI will assess any*
> *11 additional conversion opportunities on a case-by-case basis, and confirm them, as*
> *12 required, at the completion of Project NOVA."*

Question:

Please file an analysis detailing the number of external FTEs converted to MPI employees and the annualized compensation cost savings resulting from this initiative.

Rationale for Question:

To assess the success of this initiative.

RESPONSE:

In the *2017 GRA* MPI shared its external labour strategy to reduce costs by insourcing key knowledge and skills with a target of 27 key roles over 3 years with a $3.0 - $3.5M in net savings. In the 2020 GRA MPI reported completing the 27 transitions with a savings of $3,5M. A further 9 roles were identified with an estimated savings of

$1.0 M, with a confirmation in the 2022 GRA that the transformations and anticipated savings of $1,0 had been completed.

Figure 1 External FTEs Converted to MPI

Line No.		Roles	Savings
1	**2020 GRA**	27	$3,500,000
2	**2022 GRA**	9	$1.000,000
3	**Total**	**36**	**$4,500,000**

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Part and Chapter:	Part V Information Technology	Page No.:	5-6 of 11
PUB Approved Issue No:	15. Information Technology		
Topic:	Request for Standing Offer (RFSO) to manage external labour requirements		
Sub Topic:			

Preamble to IR:

Per page 6 Part V – Information Technology MPI states:

> *"The services will provide explicit deliverables and outcomes with the goal of creating*
> *8 specific work packages as service requests that are delivered by third parties in place*
> *9 of engaging individual contractors, leading to better management of cost specific to*
> *10 external labour. Under the RFSO, MPI will request quotes from the selected Vendors*
> *11 for specific work packages with specific outcomes and deliverables in a service-based*
> *12 Statement of Work, as services are transitioned to this model, in addition to providing*
> *13 lower rates and balancing on-shore and off-shore rates, MPI will reduce its need for*
> *14 contingent labour."*

On page 5 it states that MPI reduced its "*IT consultants to 114 as of March 14, a reduction of 23 since October 2023".*

Question:

Please provide a narrative discussion comparing the current individual contractor approach to the RFSO strategy in terms of labour cost savings and effective contractor EFT reductions.

Rationale for Question:

To better understand the advantages and cost savings of deploying the RFSO strategy compared to the current external labour strategy.

RESPONSE:

The current individual contractor approach is a contingent labour approach to contract for temporary or on-demand workforce to provide skills and services on a provisional basis under a contract to fill a role for a defined amount of time.

The Request for Standing Offer is focused on services for 11 vertical streams. Under these streams are 18 categories for Vendor selection:

- Software Development & Operations
    - 6 separate categories (Duck Creek, Dynamics, Informatica, MuleSoft, Azure, and Other)
- Data Management & Analytics
- Cloud Services
- Cyber and Information Security
- Platform Engineering and Infrastructure
- Digital Workplace and Service Management
    - 3 separate categories (Automation, Digital Workplace, and Service Management)
- Business Architecture
- Enterprise Architecture
- Project Management
- Program Management
- Organizational Change Management

The services requested under the RFSO will be outcome / deliverable based statements of work with clearly defined acceptance criteria. When a work item is identified, the secondary process will reach out to the short-listed vendors to obtain quotes on the work packages. This approach shifts from obtaining individual resources for a defined role to procuring services with a defined scope and outcome, thereby reducing cost and the number of Information Technology (IT) consultants.

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Part and Chapter:	Part V Information Technology	Page No.:	7 of 11
PUB Approved Issue No:	15. Information Technology 10. Cost of Operations		
Topic:	Shift to Lean Portfolio Management and impact on budgeting process		
Sub Topic:			

Preamble to IR:

Per page 7 Part V – Information Technology it states:

> *"The shift by MPI to LPM and Agile delivery represents a shift in its thinking and*
> *6 approach to new business ideas and modes of delivery. MPI no longer employs a once*
> *7 a-year business cases submission and approval process. It replaced this process with*
> *8 a continuous intake of new business ideas to flow-in by an LPM committee. The shift is*
> *9 also in how MPI manages ideas and resulting initiatives from just being initiated by the*
> *10 business to being led by the business.*

Question:

a) Please describe MPI's operational budgeting and approval process in light of its shift to Lean Portfolio Management approach.

b) Please provide a schematic of the Board of Directors Committee structure and highlight which Committee reviews and recommends for approval to the Board of Directors the Annual Operational Budgets and LPM business cases which flow in on a continuous/periodic basis during the year.

Rationale for Question:

To better understand the operational budgeting and approval process in light of a shift by MPI towards LPM.

RESPONSE:

a) The operating budget process employed by MPI is as follows:

i. the Executive Committee (a group comprised of the President & Chief Executive Officer, the General Counsel & Corporate Secretary, and all Vice-Presidents) agree on a strategic direction ahead of a new fiscal year;

ii. Based on the strategic direction agreed to by the Executive Committee, Finance Division creates new budget guidelines for that fiscal year and presents them to the Senior Leadership Team (a group comprised of all MPI directors and managers);

iii. A budgeting team within Finance then creates and distributes draft budgets to the MPI Divisions;

iv. Upon receipt of their draft budget, each Division finalizes and submits it to the Executive Committee for approval;

v. Once the Executive Committee approves the final budgets, they present them for approval to the MPI Board of Directors – the highest authority in the organization.

Lean Portfolio Management (LPM) occurs independently from the operational budgeting process, serving as an input into the annual expense budget request.

Regarding LPM, the budgeting process employed by MPI is as follows:

i. The Project Accounting team receives a budget request by focus area from Agile Program Management Office (aPMO);

ii. Project Accounting performs calculations to allocate the budget to specific expense accounts under Data Processing (i.e., External Labour, Licence Fees, Computer Costs – other, and Software – other) using historical trend data;

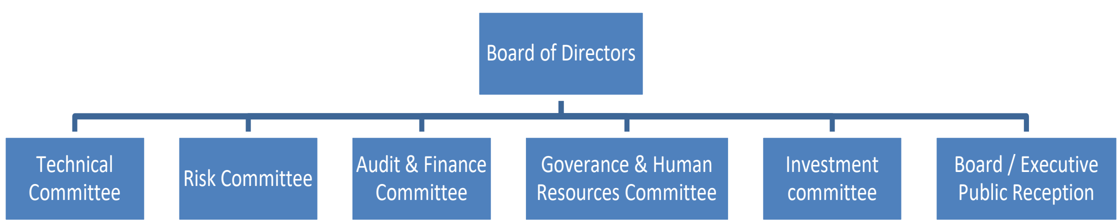
iii. Estimates are made for the ongoing cost budget based on total focus area budget and these are budgeted under Data Processing (i.e., Licence Fees expense account);

iv. Estimates based on trend data are required due to budgeting at the Focus Area level instead of budgeting based on individual business cases;

v. The expense account allocations are provided to the Budgeting Team for inclusion in the annual expense budget request.

b) Please see the schematic below for the Board of Directors Committees:

Figure 1 Board of Directors Committees



Please refer to *Part II Compliance with PUB Orders COM Appendix 3* for the 2023 schedule of Board of Directors meetings held/to be held in 2023.

A capital budget slide deck is prepared by the business that includes the aPMO and Corporate Services budget requests. This is presented to the BOD for approval by the Audit & Finance Committee.

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Part and Chapter:	**Part V Value Assurance**	**Page No.:**	**26–27 of 141**
PUB Approved Issue No:	**15. Value management**		
Topic:	**Human Resource Management System (HRMS)**		
Sub Topic:			

Preamble to IR:

Per page 26 Part V – Value Assurance it states:

> *"The Infor Global Human Resources™ (GHR) is a complete core Human Resource*
> *6 system. Previous projects have focused on the initial implementation of the system*
> *7 and upgrades to core functionality and the elimination of manual processes. The*
> *8 outcome of the 2018 upgrade resulted in some defects that impact Human Resources*
> *9 (HR) and Payroll transactional processing. Due to many interfaces with the application,*
> *10 many manual corrections or adjustments occurred that are often complex in nature*
> *11 and resulted in additional employees being added to manage work arounds.*
> *12 HRMS Optimization Phase 1 was the first part of a three phased project, approved for*
> *13 $1.2M in 2020/21. Outcomes from Phase 1 findings determined an upgrade was not*
> *14 feasible. This resulted in the impairment of $143,055 of project costs to December*
> *15 2021.*
> *16 The corporation provided approval for a new "Gap Analysis" project with the scope*
> *17 involving the analysis and the gathering of requirements for a cloud based HRMS*
> *18 solution. A $500,000 forecast for 2022/23 had been established for this purpose and*

19 work began in 2022. ***The outcome of this analysis will result in a new business case for a cloud-based solution that will be submitted for approval****.*

"Beginning in July 2022, work was initiated on the HRMS Gap Analysis project to
25 perform an assessment of the current state of the HRMS system and related
processes. As a result, a list of recommendations to improve 1 current state processes
2 and to prepare for the future state was developed." [Emphasis added]

QUESTION:

a) Please provide a narrative discussing the challenges MPI faced with its HRMS project from 2018 to current including life to date costs, by year, separated by deferred costs and operating costs.

b) Please file a copy of the list of recommendations following the HRMS Gap Analysis.

RATIONALE FOR QUESTION:

To better understand the challenges MPI faces with respect to its HRMS system and the resulting costs associated with these challenges.

RESPONSE:

a) MPI has faced and continues to face several challenges with the current HRMS. Previous projects have focused on the implementation of the system, upgrades to core functionality and the elimination of manual processes. [REDACTED]

   [REDACTED]

   To date, MPI has purchased extended support for the following technologies which are the latest compatible with the version that is currently being used at MPI. [REDACTED]

[REDACTED]

The following chart represents the project costs from 2011 – 2023. The total project costs were $18,883,190.

Figure 1 Total Project Costs

PROJECT NAME	PRIOR TO 11/12	YTD TOTAL 11/12	YTD TOTAL 12/13	YTD TOTAL 13/14	YTD TOTAL 14/15	YTD TOTAL 15/16	YTD TOTAL 16/17	YTD TOTAL 17/18	YTD TOTAL 18/19	YTD TOTAL 19/20	YTD TOTAL 20/21	YTD TOTAL 21/22	YTD TOTAL 22/23	Total
Lawson Upgrade (Phase 1)	-	441,730	4,951	-	-	-	-	-	-	-	-	-	-	446,681
HRMS Phase 2	50,221	3,814,504	6,741,414	3,290,050	(258,465)	4,930	-	-	-	-	-	-	-	13,642,654
HRMS Phase 3/4	-	-	-	141,855	104,956	-	-	-	-	-	-	-	-	246,810
Infor/Lawson Upgrade	-	-	-	-	173,778	1,023,848	1,242,395	1,101,429	454,629	-	-	-	-	3,996,081
HRMS Phase 3-4 OOTB Exploration	-	-	-	-	-	-	-	-	86,872	51,740	-	-	-	138,612
HRMS Optimization Phase 1	-	-	-	-	-	-	-	-	-	-	65,071	77,984	-	143,055
HRMS Gap Analysis	-	-	-	-	-	-	-	-	-	-	-	-	269,297	269,297

The annual operating costs are itemized below.

Figure 2 Annual Operating Costs

Line No.	Operational Costs	Annual Cost
1	Infrastructure Hosting	$232,000
2	MPI IT Support	$513,000
3	Vendor Supprt	$446,000
4	**Total**	**$1,191,000**

b) After the assessment of the existing HRMS System and its related processes the following is a list of the high-level remediation tactics to fix the known gaps. These items will allow for the preparation of the implementation of a new HRMS.

Item	Description
External Position Descriptions	Review & update to ensure consistent structure for the position description and storage location as internal position descriptions.
Succession Attributes	Add talent attributes to succession process.
Remedy Integration	Enable integration from iCIMS & HRMS to Remedy for creation of multiple events for incident creation and assignment.

Item	Description
Remedy Incident management	Review & establish Remedy queues to replace shared mailboxes.
Personnel Files	Consolidate and prepare for Enterprise Content Management.
Payment Information	Allow for only one bank account for employee payments.
iCIMS - Offer Letters	Build templates with business rules to populate offer letters.
iCIMS - Agency Portal	Enable agency portal to allow for recruiting agencies to view job postings & submit candidates.
iCIMS - Social Distribution	Leverage feature for recruiting on Facebook, LinkedIn, Twitter, etc.
Daily Payroll Audit	Reassignment of duties to administrative team.
Refresh Competency Framework	Add skills and expected proficiency level for roles.

CAC (MPI) 1-43

Part and Chapter:	**Part V Value Assurance**	**Page No.:**	**29 and 32**
PUB Approved Issue No:	**15. Value management**		
Topic:	**Cityplace space plan**		
Sub Topic:			

Preamble to IR:

Per page 29 Part V – Value Assurance:

> *"In March 2021, the Board of Directors approved additional funding of $1M to*
> *19 account for increased project costs with this approach. Total project budget*
> *20 was set at $22.5M with construction of floors 7-9 to be completed over three*
> *21 years (2021/22 to 2023/24)"*

"2022 - In response to the pandemic, MPI implemented a work-from-home

> *23 strategy which evolved into the current Flexible Work Plan. This change in*
> *24 "how and where" staff perform their work – allowed MPI to further reduce our*
> *25 footprint at CityPlace to two floors."*

Page 32 it states:

> *"With the recent direction to have all hybrid employees return to work 60% of the time,*
> *22 MPI is reviewing the space configuration to ensure it meets the new in office density*
> *23 requirements. Any unbudgeted costs associated with space modifications will be*
> *24 presented for approval once known."*

Question:

Please provide a narrative update on the recent change to the 'work-from-home strategy". Please provide an assessment of this change, in terms of estimated re-building costs and time line for returning floors 8 and 9 from 'hoteling' to office space.

Rationale for Question:

To assess the current change to the work-from-home strategy and determine if there are any anticipated costs associated with this change.

RESPONSE:

Narrative Update on changes to the 'work from home strategy':

> MPI's Flexible Work Program offers employees flexibility in where they work, depending on the type of work they are performing. In May 2023, the program was enhanced to encourage more in-person collaboration within and amongst teams. This included introducing the hybrid, remote and onsite work types.
>
> The hybrid work type includes roles that regularly engage or collaborate with other employees to get their work tasks completed, including spending time in meetings or conversations. This work type is required to attend in-office on average three days per week or 60% of the time per month.
>
> The remote work type includes roles that spend the majority of their time on independent work (focused tasks or serving external customers on the telephone or virtually). These roles have little to no need to engage or collaborate with other employees to get their tasks completed. This work type is required to attend in-office as needed (on a schedule or when asked by manager, or for a specific task).
>
> The onsite work type includes roles that are not eligible for flexible work arrangements based on the nature of the role, employee preference, or due to performance. This work type is required to attend in-office 100% of the time.

Although the space was built with flexibility in mind, we are re-confirming space gaps/opportunities and requirements as a result of changes to our Flexible Work Policy and in-office requirements. All build-space modifications will be reviewed and approved by our Executive team prior to implementation. Please refer to *PUB (MPI) CI 1-1 Confidential*.

CAC (MPI) 1-44

Part and Chapter:	Part V Value Assurance	Page No.:	120–124 Part V VA Appendix 6a and 6b
PUB Approved Issue No:	15. Value Management		
Topic:	Culture 2.0		
Sub Topic:			

Preamble to IR:

On page 120 and 121 Part V -Value Assurance it states:

> *"The initiative is an undertaking by the Talent Management and Learning*
> *10 Development team to meet the demands and business requirements to further*
> *11 develop leadership competencies and grow the Culture of MPI that will*
> *12 empower and enable MPI staff to achieve the 5-year ambition. The outcomes*
> *13 from this initiative will provide the foundation for programming around culture,*
> *14 employee engagement, leadership, career development and overall employee*
> *15 attraction and retention. The goal is to ensure employees, from their first*
> *16 experience with MPI through to their exit; have relevant skills, abilities, and*
> *17 knowledge attained through each stage of the employee experience cycle."*

> *"The project closed on March 31, 2023, and all frameworks, methodologies, and*
> *14 outstanding work will transition to operations as part of ongoing delivery and*
> *15 support. This also includes transitioning of operational monitoring of benefits*
> *16 in support of outcomes provided through this initiative."*

Question:

a) Please provide a narrative discussion on the outcome, benefits achieved and experience to-date on implementing the Culture 2.0 Framework.

b) Please prepare a comparative discussion between the current culture and Culture 2.0.

c) Please file a copy of the Scope of Work delivered by the engaged consultants: AMP Coaching Consulting and 7Key (page 121)

d) Please file a copy of the closeout report (page 121)

Rationale for Question:

To better understand the shift in culture at MPI which could impact compensation expenses favourably due to increased productivity.

RESPONSE:

a) The outcome of implementing a framework that enables MPI to achieve its culture vision is growth of leadership agility competencies, measurement of leadership effectiveness, a crowdsourced MPI leadership objective, and a new internally led methodology that provides support for leaders to continue to develop their leadership skills in both themselves and their direct report leaders through leader growth sessions and Vision Values Methods Obstacles and Measures (V2MOM) work. Connected to culture shift is a new focus on employee experience, the outcome of which has led to multiple journey maps of key portions in an employee lifecycle that enables MPI to correct and improve the employee experience in each of these lifecycle stages.

The benefits of focusing and implementing culture related initiatives and programs include a change and improvement in ownership amongst leaders that their behaviours are theirs to own, and that growth happens every day through small steps – not training days. The benefits of an employee driven leadership objective results in more consistent talent mapping and succession discussions, with clear paths for development. Working alongside the consultants, the internal team has developed greater competencies and are building out a comprehensive learning strategy that will continue to support the culture framework. The benefits of the employee experience are improvements to a new employee's onboarding but also to the small interactions each employee has with the people and culture team through their life cycle with MPI. Direct benefit is the development of a listening strategy that will capture sentiment and key data on DEI metrics, leader effectiveness, team environment, and other ways to influence and improve employee and leader experience, driving attraction, engagement, and retention.

Experience to date has been that MPI and the Talent Management and Learning Development team has seen a significant shift in what is possible at MPI and the criticality of having external consultants kick off and set up employees for success by gaining credibility for how MPI does this important work. The team who is now responsible for operationalizing and ensuring continued attainment of benefits has the skillset and knowledge due to the coaching and guidance of the consultants.

b) Culture 2.0 is framed to set MPI on a path towards improving leadership, employee experience, opportunities for growth and development, coaching skills, and employee led and owned culture values. Comparing that to the current culture, MPI has been set on the necessary path with the kick-off of many initiatives and programs as well as the internal talent to continue the work. Shifting culture requires the right people, talent and plan, plus a long timeline. The benefits described above are the ones MPI has attained and MPI is now sitting in a current culture where leaders are committed to achieving the new crowdsourced leadership objective, where V2MOMs are a committed and consistent practice within the executive team demonstrating a walk the talk, where MPI's new monthly leadership grow sessions are seeing success amongst all levels of leadership (supervisor to executive), where internal process opportunities are being actioned and are improving everyday employee experience in small ways, and where career and development conversations are happening more regularly.

c) Please see the following attachments, for which MPI is seeking confidential treatment:

- *Attachment A - 102071644 Saskatchewan LTD. o/a AMP Coaching Consulting - Service Agreement – Confidential*.

- *Attachment B - 7 Key Service Agreement Employee EX SOW - Confidential*

d) The Project Closeout report for Culture 2.0 has been included as part of *PUB (MPI) 1-120(b) Appendix 7* response.

Attachment A:
102071644 Saskatchewan Ltd. o/a AMP Coaching
Consulting Service Agreement

This material is the subject of a confidential motion.

Attachment B:
7 Key Service Agreement Employee EX SOW

This material is the subject of a confidential motion.

CAC (MPI) 1-45

Part and Chapter:	**Part V Value Assurance**	**Page No.:**	**3-5 of 141** **VA Appendices 39 at p 1, 40 at p 1**
PUB Approved Issue No:	**15. Value Management**		
Topic:	**Projects**		
Sub Topic:			

Preamble to IR:

Per pages 3-5, Part V – Value Assurance based on the appendices listed MPI is working on 43 projects in addition to Program Nova. Most of these projects appear to be Information Technology related.

Per Part V – VA Appendix 40 MPI is undertaking an IT Transformation Project. The background states the following on page 1:

> *"• The MPI ITBT (Information Technology and Business Transformation) division will undergo changes in 2021/22 FY including a new name (IT or Information and Technology) and new mission. For the remainder of this business case, the ITBT division will now be referenced as IT division.*
>
> *• Changes to the mission:*
> - *o The previous IT division mission focused on the delivery of value to the organization in pursuit of the overall corporate mission*
> - *o **The new IT Division mission is to seek out, promote, design and implement technology and processes that improve customer experience, results in better products and services, and creates efficiencies.***
> - *o This new mission continues to support current requirements but is much more forward looking which better positions the division to engage with Nova and effectively operate and enhance key technologies and processes post Nova.*

> • *To deliver on the new mission, the IT division will require changes to the divisional structure, additional staffing and project investments as out lined in the Project Description of this business case"*

Appendix 39 – Enterprise Value Assurance gives a sense of stress with respect to the volume of projects and states on page 1:

> *"Segmenting, categorizing, and balancing portfolios of work is an important first step in understanding the demand (and nature) of work, for it to be prioritized, planned and managed effectively. Most portfolios of work have different objectives, are prioritized differently, and have different audiences as they do different types of work in the organization. Centralizing the Change Initiative intake process will support industry 'best practices' in Portfolio Management, by creating a funnel for all the work across the enterprise, and bringing the work together to be understood, before being segmented, categorized, and effectively managed and tracked."*

Question:

a) For greater clarity, please prepare a current schedule listing the name of active projects, brief description of the project, start and end date, Budget amount, FTEs working on the project, status to-date.

b) Please prepare a list of all projects which are currently on hold, backlogged, or on which progress is not being actively pursued.

Rationale for Question:

To better understand the number of projects MPI is actually working on and is able, from a resource perspective, to deliver on time and budget by balancing time and cost of 'core business' requirements compared to desired IT solutions.

RESPONSE:

a) and b)

Please refer to *Part V Value Assurance Chapter, pages 65 to 141*, for project information. For full-time equivalents (FTEs) working on these projects, please see *Appendix 1 - FTE's working on Projects*.

Appendix 1
Full-Time Equivalent's Working on Projects

Project	FTE Count	Total Hours To Date	Comment
1. Auto DX scoring	1	30	In progress
2. BI3 Cloud	1	1,731	In progress
3. Lean COE 2.0	2	1,287	In progress
4. Cloud migration	17	8,750	In progress
5. MPI space plan (premises)	42		In progress
6. Culture 2.0	0	0	Closed (Implemented by consulting group)
7. Data 2.0 Detailed Solution Architecture	1	26	Not started
8. Desktop As A Service (DAAS)	13	2,689	Closed
9. Discount Rate - MPI Determination of Cost of Capital for Value Management Business Cases			*The Discount Rate - is a paper that is submitted annually by Value Assurance and is part of EVA departmental activities.*
10. DMA data gov tool implementation 1	0	0	Closed (no FTEs assigned)
11. DMA Duck Creek Data Mart Enrichment	0	0	Closed (no FTEs assigned)
12. DMA data modelling tool	2	11	Closed
13. ECM Content Architecture	1		In progress
14. ECM intranet 2.0	2	288	In progress
15. ECM knowledge platforms	5	5,156	In progress
16. ECM program oversight	3	1,399	Closed
17. ECM public website	10	2,543	In progress
18. ECM collab migration	26	9,245	In progress
19. Enterprise Data Architect	0	0	Closed
20. eTransfer Total Loss	3	727	In progress
21. Information Security Maturity Program 2022/23	91	39,866	Closed
22. Power BI Rollout Phase 2	9	2,442	Closed
23. Salvage Management System (SMS)	12	9,221	Closed
24. ECM license	2		Closed
25. STRM Cloud Security Enhancement	9	376	Closed
26. STRM Detection Capability Enhancement	8	184	Closed
27. STRM GRC Framework	8	3,108	Closed
28. Taxi Telematics Pilot	6	139	In progress
29. STRM 2020/21 Initiatives	96	31,510	Closed
30. STRM GRC Vulnerability Management	6	1,835	In progress
31. UEM	1	344	Closed
32. BI Report Rationalization	0	0	Not started
33. Configuration Hardening Enhancements	4	843	In progress
34. Content Architecture Phase 2	1	0	In progress
35. EFM CX EX	0	0	Not started
36. Enhance Detection Capability of Cloud and Digital Assets	8	183	In progress
37. Independent VAPT	4	308	In progress
38. Master data management	0	0	Not started
39. EVA Enterprise Value Assurance			Part of EVA Departmental activities
40. IT Transformation (IT)	28	12,332	Closed

N.B: FTE (Full-time Employee) involvement varied at different points throughout the course of each project.
The number of unique FTEs that participated to deliver the project is listed in Column B, and
they provided a combined number of x hours indicated in Column C.

CAC (MPI) 1-46

Part and Chapter:	**Part VII Rate Indication**	**Page No.:**	**6 of 28**
PUB Approved Issue No:	**1. Projected claims, etc.**		
Topic:	**Change from duration of claims reserves to duration of premium liabilities for pricing.**		
Sub Topic:			

Preamble to IR:

On page 6, Part VII – Rate Indication it states:

> *"The naïve interest yield is based on the duration of the underlying expected cashflows*
> *15 from the rating year cohort of policies being priced. MPI has, in the past, used the*
> *16 duration of the claims reserves for the purpose of pricing. However, the claims*
> *17 reserves corresponds to accumulation of policy liabilities over multiple past rating*
> *18 years and is not representative of the expected cashflows of a single rating year. On*
> *19 the other hand, premium liabilities signifies the expected cashflows for a single rating*
> *20 period and exhibits similar characteristics to the expected cashflows from the rating*
> *21 year. Therefore, MPI suggests the use of duration of the premium liabilities instead for the current GRA."*

Question:

By way of an example and for greater clarity, please illustrate and explain the differences between the duration of the claims reserves and duration of premium liabilities as at March 31, 2023. Please also estimate the impact on the projected claims incurred and rate indications for years 2024/25 and 2025/26.

Rationale for Question:

To obtain a better understanding of the impact of the change in the pricing approach by using the premium liability duration compared to the claims reserve duration, if any.

RESPONSE:

Claims liabilities represent the expected outgo from the unpaid claims that are already incurred. This includes case estimates and a statistical projection of the incurred but not yet reported claims, including those that are not fully reported. Claims liabilities typically include unpaid claims from multiple past years. Premium liabilities on the other hand are an estimate of the expected future outgo in respect of the unexpired portion of the policy. These claims have not occurred yet as they are in the future.

Consider the following example:

A company starts writing business on January 1, 2018 and has written 100 million each year. Most of its claims are paid in one year, but some of the claims are long tailed and take several years to be fully paid. We further assume that it writes 12-month policies uniformly over the 12-month periods. Therefore, on December 31, 2022; premiums for all rating years are fully earned except for the policy year 2022. Consider it has the following paid and unpaid claims at the end of the calendar year 2022:

Figure 1 Duration of Claims Liabilities Example

				Short tailed			Long tailed			Total		
Line No.	Rating Year	Written Premium	Earned Premium	Paid	Unpaid	Duration of Unpaid	Paid	Unpaid	Duration of Unpaid	Paid	Unpaid	Duration of Unpaid
1	**2018**	100	100	50	0	1.2	7	3	10	57	3	10.00
2	**2019**	100	100	50	0	1.2	6	4	10	56	4	10.00
3	**2020**	100	100	50	0	1.2	5	5	10	55	5	10.00
4	**2021**	100	100	50	0	1.2	4	6	10	54	6	10.00
5	**2022**	100	50	20	5	1.2	1.5	3.5	10	21.5	8.5	4.82
6	**Total**	**500**	**450**	**220**	**5**	**1.2**	**23.5**	**21.5**	**10**	**243.5**	**26.5**	**8.34**

For simplicity, the same ultimate loss ratio is assumed for all rating years. The ultimate loss ratio is the sum of paid and unpaid claims with the earned premium. In this example, this is assumed to be 60%. The duration of claims liabilities is influenced by the larger duration of the long tailed claims.

The premium liabilities only exist for the year 2022, since all other premiums have been fully earned. If we assume the same ultimate loss ratio of 60% and an expense ratio (including fixed and proportional expenses) of 10%, the following is a simplistic calculation of the premium liabilities:

Figure 2 Duration of Premium Liabilities Example

					Claims out go				Expenses			
Line No.	Rating Year	Written Premium	Earned Premium	Unearned Premium	Short Tailed	Duration	Long Tailed	Duration	Expenses Outgo	Duration	Total Outgo	Total Duration
1	2018	100	100	0	0	1.20	0	10	0	0.5	0	0.00
2	2019	100	100	0	0	1.20	0	10	0	0.5	0	0.00
3	2020	100	100	0	0	1.20	0	10	0	0.5	0	0.00
4	2021	100	100	0	0	1.20	0	10	0	0.5	0	0.00
5	2022	100	50	50	25	1.20	5	10	5	0.5	35	2.36
6	**Total**	**500**	**450**	**50**	**25**	1.20	**5**	**10**	**5**	**0.5**	**35**	**2.36**

For simplicity, we have assumed the same duration for short- and long-term claims as used in the claims liabilities. The duration is much shorter for premium liabilities as the long-tailed claims only relate to the cohort of the most recent rating year policies. This is like when pricing for a single cohort of the policies that would be written in the forthcoming rating year.

Please refer to Assumptions and Calculations below for more details on the assumptions used and the calculations performed in the tables above.

The estimated impact on projected claims incurred change from $909,264,368 to $909,323,052 leading to an increase of 0.01%. This is because the yield using the duration of claims liabilities is 4.21%, net of investment expenses, and the yield using premium liabilities is 4.22%, net of investment expenses. The impact on the rate indication is a change from -0.13% to -0.12%.

Assumptions and Calculations

Table 1: claims liabilities

- Policies written uniformly across the year. Therefore, the rating year 2022 at the end of the calendar year 2022 is 50% earned and 50% unearned
- Short tailed loss ratio of 50% of the earned premium
- All claims paid within one year after the expiry of the rating year. 20% unpaid for the current rating year which is 50% earned
- Long tailed loss ratio of 10% of the earned premium
- Every year one million is paid and the remaining is unpaid
- Duration is 10 years for the long tailed unpaid claims
- Duration for every rating year is calculated as the weighted average of the duration of short and long tailed claims, with weights being the unpaid claims
- The total duration is calculated as the weighted average of the duration of individual rating year, with weights being the unpaid claims
- ULAE is ignored for simplicity. ALAE is included in the claims

Table 2: Premium liabilities

- The earning assumptions, same as the claims liabilities table
- Same ultimate loss ratios used for premium liabilities as the claims liabilities described above
- Same duration used for short and long tailed liabilities as the claims liabilities
- Duration for expenses is 0.5, since most expenses would be incurred during the policy duration. ULAE is again ignored for simplicity

CAC (MPI) 1-47

Part and Chapter:	**Part VII Risk Classification**	**Page No.:**	**RC Appendix 6 Page 7**
PUB Approved Issue No:	**13. Driver Safety Rating**		
Topic:	**Calculated discounts and surcharges**		
Sub Topic:			

Preamble to IR:

On page 2 of RC Appendix 6 it states:

> *"For the 2024 GRA, MPI simulated the past data and allocated the*
> *drivers to +20 DSR*
> *4 levels based on their actual driving history."*

> *"The simulated driver data was*
> *10 utilized to determine the actuarially indicated discounts for all DSR*
> *levels up to DSR*
> *11 +20."*

Figure RC APP 6-3 shows the DSR discounts and surcharges resulting from the actuarial calculations.

On page 8 it states:

> *"It is possible that the calculated*
> *4 surcharges are not representative of the true riskiness associated with*
> *negative DSR*
> *5 levels if their vehicles are registered to different owners."*

Question:

a) For greater clarity please show, as an example, the calculation for the 'calculated surcharge" for DSR level -20 of $1,192.34 compared to the current surcharge amount of $3,000.00.

b) Please provide a narrative discussion on how to possibly narrow the gap between the 'calculated surcharge" and the 'current surcharge for DSR levels -1 to -20 (if indeed the calculated surcharge is the actuarially indicated surcharge/rate).

Rationale for Question:

To clarify and better understand the DSR actuarially indicated surcharges and discounts.

RESPONSE:

a) MPI produced the *Calculated Surcharge* for negative Driver Safety Rating (DSR) levels using overall relativities, the *Average Undiscounted Premium*, and the base driver premium of $45.

Per *Part VII Risk Classification RC Appendix 6 Figure RC App 6- 3*,

*Calculated Surcharge for DSR Level -20 = (2.9427/1.699-1)*1,569.27+45 = 1,192.34*

b) Per *Part VII Risk Classification RC Appendix 6 - Driver Safety Rating Actuarial Review*,

> *"In most circumstances, the DSR level of the main driver would be lower than the registered owner to allow for and benefit from a higher premium discount. With the current data and the use of registered owner's DSR level to determine the discount, it is not possible for a more accurate examination of the DSR surcharges."*

The DSR review that MPI conducted was to determine the indicated discounts to the vehicle premiums (for registrants on the merit side of the scale). This review was not meant to calculate the surcharges applied on the driver license premiums. As such, the calculated surcharges, based on the registered owner of the vehicle are not comparable to the current surcharges on the driver license. Further, MPI does not apply a surcharge on vehicle premiums.

CAC (MPI) 1-48

Part and Chapter:	Part VII Risk Classification	Page No.:	Part VII RC Appendix 11
PUB Approved Issue No:	13. Driver Safety Rating		
Topic:	TNC Blanket Policy—Vehicle for Hire (VFH)		
Sub Topic:			

Preamble to IR:

On page 1 and 2 of RC Appendix 11 MPI describes the proposed two VFH products:

> *"Under the proposed VFH insurance model, MPI proposes a new VFH framework to replace the current Time Band model. The proposed insurance framework is comprised of the following two VFH products for which all VFH stakeholder groups are eligible.*
>
> *1. A TNC blanket policy purchased by the TNC, that provides Basic insurance coverage only during periods when a vehicle is being driven in a ridesharing capacity. TNC affiliated drivers will be required to maintain the most appropriate insurance use coverage for non-commercial use.*
>
> *2. Full-Time VFH insurance uses for the taxi VFH, limousine VFH, accessible VFH and passenger VFH groups will continue to be purchased by the registered owner and provide continuous coverage that does not vary between periods of commercial and non-commercial use."*

Question:

For greater clarity, please explain if "Full-Time VFH insurance use" users can also participate in the TNC blanket policy use. If yes, please provide a narrative detailing the circumstances and process of participating in both insurance products.

Rationale for Question:

To clarify the use and application of the two proposed VFH insurance products.

RESPONSE:

Yes, from an insurance perspective full time VFH users could participate in the TNC banket policy.

Please see *Part VIII Vehicle for Hire Chapter VFH.8 - Communication and Implementation Plan*, for processes related to participating in both Passenger Vehicle for Hire (VFH) and the Transportation Network Company (TNC) blanket policy. In general, the process of participating in the blanket policy requires that customers have a vehicle registered for road use and with insurance reflecting the principal use of their vehicle when they are not operating under P2/P3 of a TNC with an MPI blanket policy. Further, customers are required to inform MPI of their affiliation with the TNC for which they choose to drive. Overall processes and circumstances would not change for a participating full time VFH. If the vehicle enters P2 and/or P3 through a TNC platform, VFH coverage would be provided through the TNC's blanket policy as opposed to the VFH insurance use. MPI acknowledges that TNC business rules or municipal guidelines may limit this scenario.

CAC (MPI) 1-49

Part and Chapter:	**Part VII Risk Classification**	**Page No.:**	**Part VII RC Appendix 11**
PUB Approved Issue No:	**13. Driver Safety Rating**		
Topic:	**TNC Blanket Policy—Vehicle for Hire (VFH)**		
Sub Topic:			

Preamble to IR:

On page 4 of RC Appendix 11 it refers to projecting the expected annual kilometers required to rate the TNC blanked policy:

> *"**Projecting the expected annual kilometers:** The expected annual kilometers are a projection of the annual kilometers driven in a ride-sharing capacity during the rating year. This projection is based on historical monthly TNC driving data in Period 2 and Period 3 within the province, and an expected adoption rate of the TNC blanket policy."*

> *"The projection of annual **kilometers driven** during the rating year is based on historical kilometer data supplied by TNCs, and these figures are classified as third-party confidential information under an existing Confidentiality Agreement due to their commercially sensitive nature. MPI has an obligation to maintain their confidentiality and will include them as part of its **confidentiality motion** before the PUB, should a request for access to this data be made. Revealing the expected revenue figures could inadvertently expose the confidential kilometer data, thus this is equally protected to preserve the integrity of the confidential information.**"*** [Emphasis added]

The TNC trip lifecycle is categorized into four periods (see Part VIII – Vehicles for Hire, page 15):

> *"The operating model for TNCs which encompasses the lifecycle of a trip within four 11 distinct periods is as follows:*
> *12 **Period 0 (P0-Offline):** The TNC driver has not activated the TNC online platform.*

> *13* ***Period 1 (P1-Available):*** *The TNC driver has status set to "available" on a TNC*
> *14 online platform but has yet to confirm or accept a ride.*
> *15* ***Period 2 (P2-En Route):*** *The TNC driver has confirmed a ride on a TNC online*
> *16 platform and is travelling to pick up the passenger(s).*
> *17* ***Period 3 (P3- On Trip):*** *The TNC driver has picked up the passenger(s) for a ride*
> *18 confirmed on a TNC online platform and is transporting them to their destination(s)."*

Question:

Please file a copy of "the projection of annual kilometers driven" analysis report.

Rationale for Question:

To gain an understanding of the rating factors involved in pricing the TNC blanket policy.

RESPONSE:

Please see *PUB (MPI) 1-71(a) Appendix 1 -TNC Blanket Policy – Ride Sharing Monthly Kilometers Driven in P2 and P3 - Confidential*.

CAC (MPI) 1-50

Part and Chapter:	**Part VII Risk Classification**	**Page No.:**	**Part VII RC Appendix 11 p 4-5**
PUB Approved Issue No:	**13. Driver Safety Rating**		
Topic:	**TNC Blanket Policy—Vehicle for Hire (VFH)**		
Sub Topic:			

Preamble to IR:

On page 4 and 5 it refers to capping losses:

> *"4. Loss Cap*
> *The purpose of the $50,000 loss cap is to protect the TNC policyholder from the financial impact of individual catastrophic claims and to stabilize variations in the ultimate loss ratio. This loss ratio determines the amount of rebate or surcharge due to the TNC policyholder.*
>
> *For each incident, the loss amount is calculated based on the TNC affiliated driver's percentage of responsibility. If this amount exceeds the loss cap, it is limited at the cap amount. This method shields the TNC policyholder from extreme losses from a single incident. The loss ratio is calculated by summing the individual capped claim amounts, which then dictates any rebate or surcharge."*

On page 7 it states:

> ***"Cost of Expected Losses Excess of the $50,000 Loss Cap***
> *As the ultimate loss ratio used in calculating the rebate and surcharge does not consider losses exceeding the $50,000 loss cap, this provides a benefit to the insured and the cost of this benefit is factored in the calibration of the rebate and surcharge scale. The ratio of trended expected excess losses to capped losses from 2018 to 2022 was calculated at 7.72% and is factored into the model when calibrating the refund and surcharge amounts."*

Question:

Please file a copy of the detailed claims loss analysis in excess of $50,000 used in the projected rating of the TNC blanked policy.

Rationale for Question:

To gain an understanding of the number and value of claim losses in excess of $50,000 relating to the TNC blanket policy rating.

RESPONSE:

The calculation of the 7.72% ratio of expected excess losses to capped losses used Passenger Vehicle-for-Hire (PVFH) claims data from 2018 to 2022, and is structured as follows:

- **Identification of relevant incidents:** All incidents involving PVFH vehicles were identified from the stated five-year period.

- **Trending the losses:** The loss amounts by coverage associated with these incidents were trended to the same point in time in the prospective rating period, to take into account inflation and changes in claims severity over time.

- **Allocation of claims:** For each incident, the claims were allocated to PVFH based on the percentage of responsibility, to reflect the claim allocation methodology of the TNC Blanket Policy. It is important to note that a single incident could involve multiple claimants and multiple claims.

- **Capping losses:** The incident level losses were then capped at the selected $50,000 amount. This means that for any incident where the total claim amount exceeded $50,000, the excess was not considered in the capped claim amount, but was truncated at $50,000.

- **Ratio calculation:** Finally, the ratio of the total amount of losses exceeding the cap (excess losses) to the amount of losses that remained below the cap or that were capped at the cap amount (capped losses) was calculated as 7.72%.

This 7.72% ratio over five years was selected as the expected excess loss ratio as it provides a comprehensive representation of the long-term pattern of losses and is more resistant to year-on-year volatility.

Please see *Appendix 1 – Capped and Excess Incident Losses at $50,000 for TNC Blanket Policy* for the analysis of capped and excess losses from 2018 to 2022.

Appendix 1
Capped and Excess Incident Losses at $50,000 for TNC Blanket Policy

Loss Year	Losses Allocated by Percentage of Responsibility	Losses Capped at $50,000	Losses Excess of $50,000	Excess Loss/ Capped Loss
2018	$1,253,825	$1,222,307	$31,518	2.58%
2019	$1,920,323	$1,707,461	$212,862	12.47%
2020	$1,088,801	$1,067,409	$21,391	2.00%
2021	$2,836,407	$2,517,851	$318,557	12.65%
2022	$2,684,366	$2,567,186	$117,180	4.56%
Total	**$9,783,722**	**$9,082,214**	**$701,508**	**7.72%**

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Part and Chapter:	Part VIII Basic Insurance Model	Page No.:	12–13 of 30
PUB Approved Issue No:	13. Driver Safety Rating		
Topic:	Proposed Driver Safety Models		
Sub Topic:			

Preamble to IR:

On pages 12 to 13 of Part VIII – Basic Insurance Model MPI provides definitions for various driver insurance models; ie. Primary Driver, Listed Driver, Combined Driver, Registered Owner and Non-Listed Driver Surcharge.

Question:

Please provide a narrative discussion, on the insuring process and claim adjusting process, in the event a relative visits from another Province and wishes to borrow, with permission, the hosts car to drive somewhere and happens to be in an accident. Would the host need to visit a broker beforehand and add this person's name to the list as a listed driver? Please explain.

Rationale for Question:

To clarify the operations of proposed driver safety model options.

RESPONSE:

A situation when an out-of-province relative wishes to borrow, with permission, the car of the host and/or other scenarios where a host wishes to allow a driver holding a valid driver's licence use of their vehicle in a one-time or very rare use of their vehicle is one of many situations that will require specific business rules to address. From an insuring process perspective, there are many options that can be considered while trying to balance risk rating accuracy, flexibility, and customer experience. The approach taken to address the scenario outlined above will be dependent on the model used and addressed through the development of appropriate business rules.

From a claims adjusting perspective, the process for reporting a claim will remain unchanged as driver information is collected as part of the standard claim process. Any potential change to the adjusting process to address the scenario outlined above will again be dependent on the model used and the application of the appropriate business rule.

Generally speaking, as occurs today, insurance coverage is extended to the driver of a Manitoba plated vehicle so long as the registered owner has provided consent to use the vehicle and the operator has a valid driver's licence.

CAC (MPI) 1-52

Part and Chapter:	**Part IX Revenues**	**Page No.:**	**8 of 38**
PUB Approved Issue No:	**1. Projected claims, etc.**		
Topic:	**Change in earned unit count**		
Sub Topic:			

Preamble to IR:

On page 8, Part IX – Revenues it states:

> *"MPI forecasts volume growth using Earned Year Earned units (EY-EU), rather than the*
> *16 Policy Year Earned Units (PY-EU) it used in prior GRAs. The primary reason for this*
> *17 change is due to the fiscal year end change that occurred in the 2020/21 fiscal year.*
> *18 MPI was able to adjust historical EY-EU more appropriately to be in line with the new*
> *19 fiscal year. To transform the EY-EU to PY-EY, MPI assumes uniform distribution of*
> *20 issuance of policies, by taking the simple average of two accident years."*

Question:

For greater clarity, by way of an example, please explain the difference between Earned Year Earned units (EY-EU) and Policy Year Earned Units (PY-EU).

Rationale for Question:

To clarify the difference between EY-EU and PY-EU.

RESPONSE:

Earned year earned units is a measure of the exposure during a year, irrespective of the issuance date of the policy. Whereas policy year earned units measure the exposure of the policies issued during a particular year.

Typically, an earned year includes policy year earned units from the current and the previous policy years. In other words, Earned Year 2022 includes policies written in 2021 and 2022 that are earned during 2022. Given the policy duration is 12 months or less, Policy Year for 2022 will be completely earned by 2023. For instance, the cohort of PY-2020 will be earned during the EY-2020 and EY-2021. Whereas EY-2020 will have policies earned from PY-2020 and PY-2021.

Consider a 12-month policy effective from October 1, 2021 and expiring on September 30, 2022. This policy would be earned entirely during the Policy Year 2021. Therefore, the earned units for this policy under PY-2021 would be 1. On the other hand, the earned year 2021 starts from April 1, 2021 and ends on March 31, 2022. Similarly, earned year 2022 runs from April 1, 2022 and up to March 31, 2023. Half of the duration of this policy falls in the EY 2021 and the other half in EY 2022. Therefore, the EY-EU for this policy is 0.5 under EY 2021 and 0.5 under EY 2022.

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Part and Chapter:	Part IX Revenues	Page No.:	9 and 10 of 38
PUB Approved Issue No:	1. Projected claims, etc. 18. Other - Volume Factor		
Topic:	Volume factor reduced in the 2024 GRA		
Sub Topic:			

Preamble to IR:

MPI's overall volume factor forecast for the rating year has been projected to grow by 0.86% compared to last year of 1.07% (page 9 and 10). The average historical growth rate for 3 years is 1.41%, 5 years 1.16% and 10 years 1.33% per Figure REV - 5.

Question:

a) Please provide a narrative discussion on the rationale of MPI's selection of 0.86% for volume growth, including comments on vehicle pricing and vehicle inventory supply issues.

b) Please provide the average age of the vehicle fleet insured by MPI for the last three fiscal years.

Rationale for Question:

To better understand the volume growth selection of 0.86%.

RESPONSE:

a) MPI selected the trends for each major class that make up the Highway Traffic Act (HTA) units (HTA units consists of passenger vehicles, commercial, public and motorcycles). The year 2021/22 shows a much higher than usual growth for all

Major Classes. The averages (3, 5 and 10 year) are affected because of this. Excluding this year results in a more stable trend and the averages are much closer to the selection.

- For Passenger Vehicle, MPI selected the average of the last 5 years excluding 2021/22 and 2022/23 as the volatility may be due to COVID impacts.

- For Commercial and Motorcycles, MPI selected the last five years, excluding 2021, as there was a large increase in units, which seemed to be an outlier.

- For Public, MPI selected a longer-term average of 12 years due to the year-over-year volatility

The combined projected units for each major class resulted in an overall HTA growth of 0.86%. The figure below shows the selection for each major class based on the rationale discussed above:

Figure 1 Forecasted HTA Unit Growth – 2023/24

		Private Passenger		Commercial		Public		Motorcycles		Total (HTA)	
Line No.	Year	Units	Selected Growth Rate	Units	Selected Growth Rate	Units	Selected Growth Rate	Units	Selected Growth Rate	Units	% Change
1	**2022/23**	848,882		48,408		12,692		18,811		928,793	
2	**2023/24**	856,076	0.85%	48,738	0.68%	12,889	1.55%	19,065	1.35%	936,768	0.86%

MPI believes that a lower growth factor is reasonable given the pervasive supply shortage in the new vehicle market. Further, MPI selected a more conservative trend compared to historical given that for the 2022 fiscal year, forecasted HTA earned units compared to actuals were overstated by approximately 1.5%. Please refer to PUB 1-2 for further details.

b) The figure below shows the average age of MPI fleet for all CLEAR rated cars and trucks based on the rate model at a point in time. MPI determined the average age based on the most recent 45 years.

Figure 2 Average Age of MPI Fleet for all CLEAR rated Cars and Trucks (only for the most recent 45 years)

Line No.	Unit Count as at Nov 1	Average Age
1	**2022**	11.07
2	**2021**	10.78
3	**2020**	10.54

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Part and Chapter:	**Part IX Revenues**	**Page No.:**	**15 of 38**
PUB Approved Issue No:	**11. Cost of operations and cost containment measures**		
Topic:	**Vehicle thefts experience in recent years**		
Sub Topic:			

Preamble to IR:

Question:

Please provide a table showing the vehicle theft experience for the last five fiscal years including explanations for any significant changes year over year.

Rationale for Question:

To assess the continued effectiveness of the anti theft program.

RESPONSE:

See *CAC (MPI) 1-69 Figure 1* for Theft experience over the last ten fiscal years.

Beginning 2021, MPI observed a large increase in catalytic converter theft related claims which contributed to the increases in overall Comprehensive claim counts and incurred amounts in the 2021 and 2022 accident years.

CAC (MPI) 1-55

Part and Chapter:	**Part IX Revenues**	**Page No.:**	**22-23 of 38**
PUB Approved Issue No:	**13. Driver Safety Rating**		
Topic:	**Driver premiums by DSR level**		
Sub Topic:			

Preamble to IR:

Figure REV – 25 shows the 2024 Driver License Premium by DSR level (page 23) and Figure REV – 23 shows the Policy Year Earned Driver Units by DSR level (page 22).

Question:

a) Please reproduce Figure REV-25 by adding the Policy Year Earned Driver Units by DSR level and calculating the driver premiums written by DSR level to equal, in total, the driver premiums written as shown on Figure REV – 18 page 19.

b) On Figure REV – 25 it shows the 2024 Vehicle Premium Discount (proposed) as a percentage by DSR level. Please estimate the 2024 vehicle premium discount amount by DSR level. If this cannot be done, please explain.

Rationale for Question:

To assess the estimated driver premiums written per DSR level for both Driver premiums and Vehicle premium ($) discounts.

RESPONSE:

a) and b)

Please refer to *Appendix 1 – Driver Written Premium and Vehicle Premium Discount*.

Driver Written Premium and Vehicle Premium Discount

Drivers License Premium and Vehicle Premium Discount Table	DSR Level	Policy Year Earned Drivers by DSR Level	2024 Driver License Premium	2024 Driver License Premium after Appeals Adjustment	Written Driver License Premium by DSR Level	Merit Eligible Vehicle per Driver	2024 Vehicle Premium Discount (Proposed)	Average Merit Eligible Vehicle Premium with Proposed Discount	2024 Vehicle Premium Discount Amount by DSR Level
Merits	18	250,391	$15	$15	$3,755,866	1.21	48%	$850	$238,529,343
	17	22,651	$15	$15	$339,769	1.21	45%	$899	$20,229,589
	16	32,821	$15	$15	$492,314	1.21	44%	$915	$28,660,584
	15	29,469	$15	$15	$442,034	1.14	43%	$932	$23,614,502
	14	22,227	$20	$20	$444,550	1.14	38%	$1,013	$15,728,445
	13	38,601	$20	$20	$772,027	1.14	36%	$1,046	$25,905,339
	12	31,382	$20	$20	$627,647	1.06	35%	$1,062	$19,093,893
	11	22,981	$20	$20	$459,622	1.04	33%	$1,095	$12,939,712
	10	25,468	$20	$20	$509,359	1.04	31%	$1,128	$13,396,696
	9	28,026	$25	$25	$700,651	0.93	28%	$1,177	$11,939,973
	8	26,616	$30	$30	$798,487	0.89	26%	$1,209	$10,106,761
	7	29,775	$30	$30	$893,261	0.84	26%	$1,209	$10,643,835
	6	32,599	$30	$30	$977,959	0.77	21%	$1,291	$8,597,496
	5	33,866	$30	$30	$1,015,965	0.72	16%	$1,373	$6,419,807
	4	35,564	$30	$30	$1,066,931	0.69	16%	$1,373	$6,398,025
	3	40,716	$35	$35	$1,425,049	0.62	11%	$1,455	$4,530,260
	2	52,801	$35	$35	$1,848,040	0.59	10%	$1,471	$5,134,247
	1	54,200	$40	$40	$2,168,003	0.53	5%	$1,553	$2,327,615
Base	**0**	**76,762**	**$45**	**$46**	**$3,531,045**	**0.34**	**0%**	**$1,634**	**$0**
Demerits	-1	13,344	$200	$200	$2,668,796	0.70	0%	$1,634	$0
	-2	11,195	$200	$199	$2,227,770	0.73	0%	$1,634	$0
	-3	7,391	$300	$298	$2,202,626	0.71	0%	$1,634	$0
	-4	9,859	$400	$398	$3,924,007	0.72	0%	$1,634	$0
	-5	6,669	$450	$443	$2,954,191	0.70	0%	$1,634	$0
	-6	4,151	$500	$500	$2,075,540	0.74	0%	$1,634	$0
	-7	3,866	$650	$647	$2,501,366	0.79	0%	$1,634	$0
	-8	2,671	$800	$793	$2,118,473	0.78	0%	$1,634	$0
	-9	2,367	$900	$892	$2,110,962	0.73	0%	$1,634	$0
	-10	2,266	$1,000	$992	$2,247,651	0.78	0%	$1,634	$0
	-11	1,276	$1,200	$1,192	$1,521,380	0.78	0%	$1,634	$0
	-12	1,311	$1,400	$1,377	$1,805,055	0.75	0%	$1,634	$0
	-13	1,530	$1,600	$1,590	$2,433,388	0.79	0%	$1,634	$0
	-14	690	$1,800	$1,767	$1,218,655	0.78	0%	$1,634	$0
	-15	680	$2,000	$1,977	$1,343,546	0.83	0%	$1,634	$0
	-16	625	$2,200	$2,153	$1,345,555	0.66	0%	$1,634	$0
	-17	382	$2,400	$2,346	$895,979	0.75	0%	$1,634	$0
	-18	344	$2,600	$2,526	$868,670	0.77	0%	$1,634	$0
	-19	253	$2,800	$2,709	$685,003	0.70	0%	$1,634	$0
	-20	1,855	$3,000	$2,914	$5,404,901	0.78	0%	$1,634	$0

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Part and Chapter:	Part IX Revenues	Page No.:	27 of 38
PUB Approved Issue No:	10. Cost of operations and cost containment measures		
Topic:	Catastrophe Program -- Operations		
Sub Topic:			

Preamble to IR:

On page 27, Catastrophe Program, it states:

> ***"Catastrophe Program***
> *8 MPI annually purchases an aggregate based catastrophic reinsurance program. This*
> *9 unique program protects MPI from financial volatility due to single and multiple*
> *10 weather-related catastrophic events. MPI renewed a similar program in 2023/24,*
> *11 however, to combat difficult reinsurance market conditions, reduced coverage on the*
> *12 first layer and increased the event deductible from $1 million to $2 million. The upper*
> *13 coverage limit remains at $400 million, and the aggregate deductible was increased to*
> *14 $50 million from $40 million."*

Question:

For greater clarity, by way of an example, please explain the operations of the event deductible and the aggregate deductible.

Rationale for Question:

To clarify the operations and effectiveness of the catastrophe program.

RESPONSE:

For clarity, MPI provides the following three scenarios to explain the operations of the event and aggregate deductibles:

For catastrophe recoveries, the first step is to deduct the $2 million contributing deductible from each event to identify what will be subject to the treaty. Step two is to then deduct any amount in excess of $2 million against the Annual Aggregate Deductible (AAD) of $50 million, which will erode cumulatively over the year. Once the AAD is eroded, all catastrophe losses, in excess of the contributing deductible, are recovered up to the aggregate treaty limit ($400 million).

Scenario 1: Six $10 million events

Each of the six events are in excess of the $2M event deductible, so a total of $48M ((6 losses * ($10M – $2M)) will contribute to the AAD. This leaves $2M AAD remaining. Therefore, there is no reinsurance recovery in this scenario. However, if there was a seventh loss of $10M, MPI would recover $6M ($10M loss less the $2M contributing deductible, less the $2M remaining AAD).

Scenario 2: One $50 million and ten $1 million events

The $50M loss will reduce the AAD by $48M given the $2M contributing deductible. All the ten $1M events are below the $2M contributing deductible so those losses will not be eligible for recovery under the catastrophe program.

As with scenario one, there will be $2M of AAD left; meaning any future loss is significantly closer to providing reinsurance recovery.

Scenario 3: One $60 million and one $50 million event

For the first event ($60 million) and after the $2M contributing deductible, $58M is subject to the treaty. Since the AAD is $50M, this means that the entire AAD is eroded and MPI would collect $8M. For the second event of $50 million, MPI would recover

$48 million ($50 million less the $2M event deductible). This example illustrates how, once the AAD is eroded, MPI recovers larger amounts on subsequent events.

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Part and Chapter:	**Part IX Revenues**	**Page No.:**	**30 of 38**
PUB Approved Issue No:	**5. Financial Forecast**		
Topic:	**Finance plan and miscellaneous fees review**		
Sub Topic:			

Preamble to IR:

On page 30, Figure REV -34 Basic Service Fee Forecasts shows the service fees by category and by fiscal year.

Finance Plan fees from 2022/23 of $14.4 increase to $16.6 million (15.3%) in 2023/24 and to $18.0 million (8.4%) in 2024/25.

Miscellaneous fees are $5.1 million in 2022/23, $3.1 million in 2023/24 and $2.0 million in 2024/25.

Question:

a) Please quantify and explain the changes as a result of IFRS 17 application.

b) Please provide an analysis of the Miscellaneous fees account.

c) Please provide a narrative discussion on the effectiveness, customer acceptance and take-up of the Finance Plan.

Rationale for Question:

To review service fees revenues.

RESPONSE:

a) Please see *Part IX Pro Forma Chapter PF-1, line 14* which indicates the application of IFRS 17 had an approximate $600 thousand unfavorable impact to the Basic line of business. While preparing for the IFRS transition, MPI undertook a review of each specific service fee. MPI reviewed if the fee was policy or non-policy related (IFRS component), and reviewed the line of business allocations of the particular fee. Due to this review of service fee allocations, MPI made many allocation changes which impacted all lines of business.

b) The revenue that flows through the "Miscellaneous" account is primarily driven by two items: fees collected from MPIs Salvage Auctions and Unclaimed cheques. Salvage fees represent approximately $1.7 per annum and are fairly consistent. Unclaimed cheques vary significantly which is attributable to whether an annual premium rebate has been issued. The drop in Miscellaneous revenue from 2023/24 onward is due to a forecast reduction for unclaimed cheques (as no rebates are expected).

c) The financing plan MPI offers to customers has been highly effective since inception. The plan provides flexibility to the customer by providing payment plans whereby customer can opt to pay the annual premium on a monthly or quarterly installment basis. Over the past couple of years, approximately 44% of MPI customers have opted to finance insurance premiums with MPI. With a significant percentage of customers opting to finance with MPI, it is reasonable to surmise that customer acceptance for this program is high.

CAC (MPI) 1-58

Part and Chapter:	**Part I Introduction** **Part VI Claims Forecasting**	**Page No.:**	**Part I page 8** **Part VI pages 9-10**
PUB Approved Issue No:	**11. Claims forecasting**		
Topic:	**Claims Forecasting Improvements**		
Sub Topic:			

Preamble to IR:

On page 8 of Part I – Introduction MPI states the following:

> *"MPI introduces in this application the enhancements in claims forecasting, including regression-based trend selections, improved documentation, and accident year weighting. Appendices provide additional breakdowns and key assumptions."*

Question:

Please provide a narrative discussion describing the claims forecasting enhancements and how these enhancements provide greater confidence in the claims forecasts used for rate setting. Please also highlight in the narrative the input provided by claims operations subject matter experts (SME) to further improve the claims forecasting process.

Rationale for Question:

To gain a better general understanding of the enhancements made to claims forecasting.

RESPONSE:

The enhancements introduced in 2024 GRA are aimed at improving the technical rigor and aligning with industry's best practices in calculation of underlying trends in the data and selecting loss trend assumptions.

MPI made progress in enhancing its claims forecasting by basing all trend selections on statistical regression models. MPI introduced a two-step forecasting methodology. The first step is a loss trending procedure where past claim frequency and claim severity trends are selected based on statistical regression models. The second step is loss cost projection where MPI brings historical loss costs to the current year loss cost basis by applying past trends selected in the first step. MPI introduced accident year weighting in this second step, prior to applying selected future trends.

MPI now explicitly applies accident year weighting in forecasting claims for rate setting purposes. Instead of projecting from the last data point of the experience period, MPI improves the forecasting methodology by applying selected future trends to weighted-average loss costs calculated from the selected experience period. Accident year weighting helps smooth fluctuations in the experience period and is intended to balance rate stability and responsiveness.

In addition to the improved technical rigor, MPI put significant effort into rewriting the entire Claims Forecasting chapter to improve disclosure and documentation of trend regression analysis and selected trend rates, such as disclosing all key fit statistics of regression models and providing rationale of selections and actuarial judgement where applied.

Refer to *Part VI Claims Forecasting Chapter*, section *CF.1.3* for a list of enhancements made in 2024 GRA.

Claims operations subject matter experts and claims service providers provided the following information considered in claims forecasting:

- Future expected cost increases known to MPI, e.g., increase in labor costs,

- MPI and industry Total Loss valuation data provided by MPI's claims service providers,
- MPI Repair and Total Loss severity by component (labor, parts, materials, taxes, ACV, salvage),
- Vehicle repair industry trends provided by MPI's claims service providers.

<u>CAC (MPI) 1-59</u>

Part and Chapter:	**Part VI Claims Incurred**	**Page No.:**	**22 and 23**
PUB Approved Issue No:	**11. Claims forecasting**		
Topic:	**Loss trending**		
Sub Topic:			

Preamble to IR:

On page 22 and 23, Part V, Claims incurred MPI states:

> *"In this GRA, MPI improved the trending analysis by introducing a two-step*
> *23 process, i.e., past trends and future trends. The data in the experience period*
> *24 under consideration is adjusted to reflect observed changes in cost conditions*
> *25 that have taken place, referred to as "past trend". The data is further adjusted*
> *26 to reflect future changes in cost conditions that are expected to occur between the end of the experience period and 1 the period the new premiums will be in*
> *2 effect, referred to as "future trend"."*
>
> *"Starting point of future trend review is the selected past trends based on*
> *11 regression analysis.* ***MPI then assesses additional information available that***
> ***12 provide guidance on future cost levels and actuarial judgement is applied to select a most appropriate future trend rate for the forecast period."***
> [Emphasis added.]

Question:

Please provide a narrative discussion on the type of additional information MPI assesses to inform the future cost levels. Also please discuss how the described claims incurred forecasting enhancements provide for a more reasonable and reliable claims forecast compared to the approach used in prior years.

Rationale for Question:

To better understand and appreciate the reasonableness of the enhanced claims forecasting approach.

RESPONSE:

MPI accessed information from many sources to assist in selecting future trends. Below is a list of key data considered:

- Future expected cost increases known to MPI, e.g., increase in labour costs
- MPI and industry Total Loss valuation data provided by MPI's claims service provider,
- Canadian Black Book used vehicle retention index,
- MPI Repair and Total Loss severity by component (labour, parts, materials, taxes, ACV, salvage),
- Canadian and Manitoba CPI as well as relevant sub-categories such as vehicle maintenance and health care costs,
- Canadian and Manitoba CPI forecasts,
- Historical Manitoba Industrial Average Wage data,
- Vehicle repair industry trends provided by MPI's claims service provider.

As outlined in *Part VI Claims Forecasting Chapter CF.4.1*, the enhancements introduced will better adhere to actuarial standards of practice and industry best practices. In addition to making technical improvements in statistical modelling, the above sources of MPI, P&C industry and macro-economic data provide quantitative and qualitative insights into assessing future outlook and trends of claims severity.

Due to the heightened uncertainty of the current economic environment, a more in-depth assessment on future trends is necessary in this GRA as MPI's recent loss experiences are not as relevant in determining future trends as in prior GRAs.

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Part and Chapter:	**Part VI Claims Forecasting**	**Page No.:**	**28**
PUB Approved Issue No:	**11. Claims Forecasting**		
Topic:	**CPI and wage inflation**		
Sub Topic:			

Preamble to IR:

On page 28 Part VI – Claims Forecasting MPI states:

> *"CPI is no longer required to derive severity*
> *10 trend rates as historical wage growth is fully reflected in the regression model when*
> *11 indexation effect is removed from the ultimate losses.*
> *12 MPI does not have a reliable source of wage inflation and health care cost inflation*
> *13 forecast. Therefore, MPI selects future severity trend equal to past severity trend*
> *14 derived from the regression model.* ***If wage inflation or health care cost change vastly from historical experience, forecasted claims may be understated****. [Emphasis added]*

Question:

a) Please calculated the projected financial impact on the claims incurred forecast and indicated rate for 2024/25 and 2025/26 assuming wage inflation increased by 1% and health care costs increased by 1%.

b) Please re-forecast PF-8, PF-9 and PF 10 by incorporating the results of a. above.

Rationale For Question:

To assess and understand the impact on claims incurred forecasts if wage and health care costs inflation increased by 1% each during the rating period.

RESPONSE:

a) MPI does not use wage inflation or health care costs inflation in claim forecasting. The figure below shows the projected ultimate losses for 2024/25 rating year assuming 1% increase in future severity trend.

Figure 1 Total Basic 2024/25 Rating Year difference between 2024 GRA Submission and Alternative Model

Line No.		Projected Ultimate Total Losses 2024/25 AY	2025/26 AY	2024/25 Rating Year
1	**2024 GRA Submission**	$896,495,592	$929,980,276	$910,835,001
2	**Alternative Model: +1% Wage, +1% Health Care Cost**	$899,468,637	$934,594,341	$915,004,094
3	**Difference**	**$2,973,045**	**$4,614,065**	**$4,169,093**
4	Note: Line 3 = Line 2 -Line 1			

The recalculated rate indication using the alternative model is 0.19%.

b) The re-forecasted Pro Forma statements based on the results from a) above are as follows, assuming all other assumptions remain the same.

Figure 2 PF-8 Statement of Operations: 0.19% Basic Rate Change Re-forecast per CAC (MPI) 1-60 - IFRS 17 Forecast with IFRS 4 Presentation

Multi-year - Statement of Operations

Line No.	*2024/25 Basic rate change of 0.19%*	*IFRS 4*		*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*
		For the Years Ended March 31,							
			IFRS 17						
1	*(C$ 000s, rounding may affect totals)*	2023A	Adj.	2023BF	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**								
3	Motor Vehicles	1,121,811	-	1,121,811	1,112,046	1,150,309	1,187,266	1,222,804	1,261,184
4	Capital Release Provision	(57,026)	-	(57,026)	-	-	-	-	-
5	Drivers	59,085	-	59,085	62,520	64,822	66,634	67,982	70,043
6	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
7	**Total Net Premiums Written**	**1,107,478**	**-**	**1,107,478**	**1,158,180**	**1,198,253**	**1,236,516**	**1,272,880**	**1,312,784**
8	**Net Premiums Earned**								
9	Motor Vehicles	1,103,695	-	1,103,695	1,119,108	1,131,423	1,169,025	1,205,263	1,242,241
10	Capital Release Provision	(65,568)	-	(65,568)	(28,558)	-	-	-	-
11	Drivers	59,896	-	59,896	61,180	63,693	65,745	67,321	69,032
12	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
13	**Total Net Premiums Earned**	**1,081,631**	**-**	**1,081,631**	**1,135,344**	**1,178,238**	**1,217,386**	**1,254,678**	**1,292,830**
14	Service Fees & Other Revenues	27,277	(588)	26,689	26,904	27,120	27,705	28,336	29,002
15	**Total Earned Revenues**	**1,108,908**	**(588)**	**1,108,320**	**1,162,248**	**1,205,358**	**1,245,091**	**1,283,014**	**1,321,832**
16	Claims Incurred	903,129	57,095	960,224	924,457	972,626	1,007,668	1,045,252	1,084,047
17	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-	-	-
18	(a) Claims Incurred - Interest Rate Impact	(101,437)	(21,018)	(122,455)	7,177	(4,535)	(11,176)	(11,562)	(12,270)
19	**Total Claims Incurred**	**801,692**	**36,077**	**837,769**	**931,634**	**968,091**	**996,492**	**1,033,690**	**1,071,777**
20	Claims Expense	146,265	-	146,265	155,922	146,435	147,569	140,760	140,545
21	Road Safety/Loss Prevention	10,530	-	10,530	14,461	12,127	12,109	12,184	12,333
22	**Total Claims Costs**	**958,487**	**36,077**	**994,564**	**1,102,017**	**1,126,653**	**1,156,170**	**1,186,634**	**1,224,655**
23	**Expenses**								
24	Operating	86,526	-	86,526	98,357	93,404	94,830	91,441	91,296
25	Commissions	47,548	935	48,483	50,817	56,372	56,171	56,405	56,690
26	Premium Taxes	32,941	775	33,716	35,239	36,456	37,619	38,725	39,939
27	Regulatory/Appeal	4,769	-	4,769	4,637	4,239	4,328	4,346	4,366
28	**Total Expenses**	**171,784**	**1,710**	**173,494**	**189,050**	**190,471**	**192,948**	**190,917**	**192,291**
29	**Underwriting Income (Loss)**	**(21,363)**	**(38,375)**	**(59,738)**	**(128,819)**	**(111,766)**	**(104,027)**	**(94,537)**	**(95,114)**
30	**Investment Income**	98,194	-	98,194	125,102	127,173	131,970	138,285	147,523
31	(b) Investment Income - Interest Rate Impact	(115,602)	-	(115,602)	496	-	-	-	-
32	**Net Investment Income**	**(17,408)**	**-**	**(17,408)**	**125,598**	**127,173**	**131,970**	**138,285**	**147,523**
33	**Gain (Loss) on Sale of Property**	112	-	112	-	-	-	-	-
34	**Net Income (Loss) from Operations**	**(38,659)**	**(38,375)**	**(77,034)**	**(3,221)**	**15,407**	**27,943**	**43,748**	**52,409**
36	Total net Impact due to interest rate change (b) - (a)	(14,165)	21,018	6,853	(6,681)	4,535	11,176	11,562	12,270
37	**Net Income (Loss) from Operations**				**(3,221)**	**15,407**	**27,943**	**43,748**	**52,409**
38	Adjust for Initiative Expenses (BO 12.1 d)				(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
39	**Net Income (Loss) for Rate Setting Purposes**				**25,974**	**41,549**	**54,552**	**54,483**	**56,043**
40	** IFRS 17 Adjustments are for fiscal year 2022-23 only.*								

Figure 3 PF-9 Statement of Financial Position: 0.19% Basic Rate Change Re-forecast per CAC (MPI) 1-60

Multi-year - Statement of Financial Position

Line No.	2024 GRA Base with 0.19% Basic Rate Indication	Reclass Adj. from / (to)	IFRS 4		IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
					As at March 31,					
1	(C$ 000s, rounding may affect totals)		2023A	IFRS17 Adj.*	2023BF	2024F	2025F	2026F	2027F	2028F
2	**BASIC**									
3	**Assets**									
4	Cash and cash equivalents		102,396	-	102,396	2,090	4,906	7,771	10,978	14,791
5	Investments		2,786,044	-	2,786,044	2,918,650	2,976,501	3,076,943	3,232,965	3,409,827
6	Investment property		5,759	-	5,759	5,604	5,449	5,295	5,140	4,985
7	Due from other insurance companies		28	(28)						
8	Accounts receivable	(c)	435,767	(435,767)	-	-	-	-	-	-
9	Prepaid expenses		-	-	-	-	-	-	-	-
10	Deferred policy acquisition costs		39,383	(39,383)						
11	Reinsurance asset	(d)	-	4,322	4,322	-	-	-	-	-
12	Reinsurers' share of unearned premiums		-	-						
13	Reinsurers' share of unpaid claims	(d)	4,657	(4,657)						
14	Property and Equipment		124,238	-	124,238	133,543	144,396	167,842	168,994	170,146
15	Deferred development costs		28,271	-	28,271	33,972	36,422	34,057	27,862	21,971
16	**Total Assets**		**3,526,543**	**(475,513)**	**3,051,030**	**3,093,859**	**3,167,674**	**3,291,908**	**3,445,939**	**3,621,720**
17	**Liabilities**									
18	Due to other insurance companies	(d)	363	(363)						
19	Accounts payable and accrued liabilities		58,748	-	58,748	69,113	66,045	64,557	61,937	61,529
20	Reinsurance Liability	(d)	-	-	-	320	320	320	320	320
21	Lease obligation		5,308	-	5,308	5,276	5,153	5,031	4,908	4,785
22	Unearned premiums and fees	(a)	580,335	(580,335)						
23	Insurance contract liability	(a)(b)(c)		2,203,302	2,203,302	2,232,443	2,282,012	2,328,344	2,379,797	2,436,048
24	Provision for employee current benefits		19,784	-	19,784	20,670	21,347	22,024	22,701	23,378
25	Provision for employee future benefits		328,847	-	328,847	340,182	351,515	362,847	374,180	385,513
26	Provision for unpaid claims	(b)	2,121,691	(2,121,691)						
27	**Total Liabilities**		**3,115,076**	**(499,087)**	**2,615,989**	**2,668,004**	**2,726,392**	**2,783,123**	**2,843,843**	**2,911,573**
28	**Equity**									
29	Retained Earnings		354,676	23,570	378,246	415,904	431,333	498,834	592,146	700,197
30	Accumulated Other Comprehensive Income		56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
31	**Total Equity**		**411,469**	**23,570**	**435,039**	**425,851**	**441,280**	**508,781**	**602,093**	**710,144**
32	**Total Liabilities & Equity**		**3,526,545**	**(475,516)**	**3,051,029**	**3,093,855**	**3,167,673**	**3,291,904**	**3,445,936**	**3,621,717**

Figure 4 Statement of Changes in Equity: 0.19% Basic Rate Change Re-forecast per CAC (MPI) 1-60

PF-10 Multi-year - Statement of Changes in Equity

Line No.	*2024 GRA Base with 0.19% Basic Rate Indication* (C$ 000s, except where noted)	IFRS 17 2023A	IFRS 17 IFRS 17 Adj.	IFRS 17 2023BF	IFRS 17 2024BF	IFRS 17 2025F	IFRS 17 2026F	2027F	2028F
		For the Years Ended March 31,							
1	**BASIC**								
2	**Total Equity**								
3	**Retained Earnings**								
4	Beginning Balance	359,335		378,246	378,246	415,904	431,333	498,834	592,146
5	Restatement of AOCI on AFS Assets (IFRS 9)				46,845	0	-	-	0
6	Restatement of MUSH Assets to FVTPL (IFRS 9)				(5,966)	-	-	-	-
7	Restatement of Claims Discount Rate (IFRS 17)	-	86,273		-	-	-	-	-
8	Restatement of Risk Adjustment (IFRS 17)	-	13,345		-	-	-	-	-
9	Restatement of DPAC (IFRS 17)	-	(37,673)		-	-	-	-	-
10	Net Income (Loss) from annual operations	(38,659)	(38,375)		(3,221)	15,407	27,943	43,748	52,409
11	Rebate to Policyholders	-	-		-	-	-	-	-
12	Transfer (to) / from Non-Basic Retained Earnings	34,000	-		-	22	39,558	49,564	55,642
13	**Total Retained Earnings**	**354,676**	**23,570**	**378,246**	**415,904**	**431,333**	**498,834**	**592,146**	**700,197**
14	**Total Accumulated Other Comprehensive Income**								
15	Beginning Balance	51,428		51,428	56,793	9,947	9,947	9,947	9,947
16	Other Comprehensive Income on Available for Sale Assets	(31,291)		(31,291)	(1)	0	-	-	-
17	Restatement of AOCI on AFS Assets (IFRS 9)				(46,845)	(0)	-	-	(0)
18	Change in Remeasurement of Employee Future Benefits	36,656		36,656	-	-	-	-	-
19	**Total Accumulated Other Comprehensive Income**	56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
20	**Total Accumulated Other Comprehensive Income Balance**								
21	**Employee Future Benefits Portfolio**								
22	Available for Sale Assets	30,889		30,889	0	0	0	0	0
23	Employee Future Benefits Liabilities	9,946		9,946	9,946	9,946	9,946	9,946	9,946
24	**Rate Stabilization Reserve Portfolio**								
25	Available for Sale Assets	15,957		15,957	0	0	0	0	0
26	**Total Accumulated Other Comprehensive Income Balance**	56,793		56,793	9,947	9,947	9,947	9,947	9,947
27	**Total Equity Balance**	**411,469**	**23,570**	**435,039**	**425,851**	**441,280**	**508,781**	**602,093**	**710,144**
28	MINIMUM CAPITAL TEST (C$ 000s)								
29	**Total Equity Balance**	**411,467**	**23,570**	**435,037**	**425,851**	**441,280**	**508,781**	**602,093**	**710,144**
30	Less: Assets Requiring 100% Capital	28,366		28,366	33,972	36,422	34,057	27,862	21,971
31	Capital Available	383,101	23,570	406,671	391,879	404,858	474,724	574,231	688,173
32	Minimum Capital Required (100% MCT)	345,847	5,526	351,373	430,597	448,659	467,985	491,097	520,632
33	MCT Ratio % (Line 30) / (Line 31)	110.8%	5.0%	115.8%	91.0%	90.2%	101.4%	116.9%	132.2%

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Part and Chapter:	**Part IX CID**	**Page No.:**	**6 of 17**
PUB Approved Issue No:	**11. Claims Forecasting**		
Topic:	**PfAD margin changes**		
Sub Topic:			

Preamble to IR:

On Page 6, Provision for Adverse Deviation MPI states:

> *"In the March 31, 2023 valuation, the claims development MfADs for Collision and*
> *12 Comprehensive were decreased from 7.50% to 5.00% while the interest rate MfAD*
> *13 was decreased from 50bp to 40bp. All other MfADs are unchanged from 2023 GRA.*
> *14 More detail can be found in Part X External Actuary Review EAR Attachment B –*
> *15 Appointed Actuary Report Mar 2023."*

Question:

a) Please provide a narrative explaining the rationale for decreasing the MfADs for Collision and Comprehensive from 7.5% to 5.0% as at March 31, 2023.

b) Please provide the estimated financial impact of this change (a. above) on the claims forecasts for 2023/24 and 2024/25, if any.

Rationale for Question:

To evaluate the financial impact on the claims forecast for the rating year, if any, on reducing the MfADs as at March 31, 2023 as the EAR Attachment B is not filed at this time.

RESPONSE:

a) The claims development margin was reduced from 7.50% to 5.00% for Collision and Comprehensive to be consistent with company practice and due to the short tail nature of these coverages.

b) There is no impact to the claims forecast as the 2023/24 and 2024/25 are under IFRS 17, in which the claims development MfAD is no longer applicable.

<u>**CAC (MPI) 1-62**</u>

Part and Chapter:	**Part VI Claims Forecasting**	**Page No.:**	**18 of 135**
PUB Approved Issue No:	**11. Claims forecasting**		
Topic:	**Claims Forecasting**		
Sub Topic:			

Preamble to IR:

Section CF.2.5 includes the following: *"MPI found a strong correlation between number of vehicle accidents and historical amount of snowfall."*

Question:

Please provide the historical data and analysis supporting this statement.

Rationale for Question:

It's helpful to understand the influence of weather on the claims experience, recognizing that MPI "does not explicitly model … weather as parameters in the trend regression analysis."

RESPONSE:

MPI used snowfall data from Environment Canada. Only one station located in Winnipeg reported on snowfall, which was a station named "WINNIPEG CHARLESWOOD 2". The figure below compares historical snowfall amounts and Collision frequency. Excluding the outliers during the pandemic, MPI observes a positive correlation between snowfall levels and Collision frequency.

Figure 1 **Snowfall[1] vs Ultimate Collision Frequency**

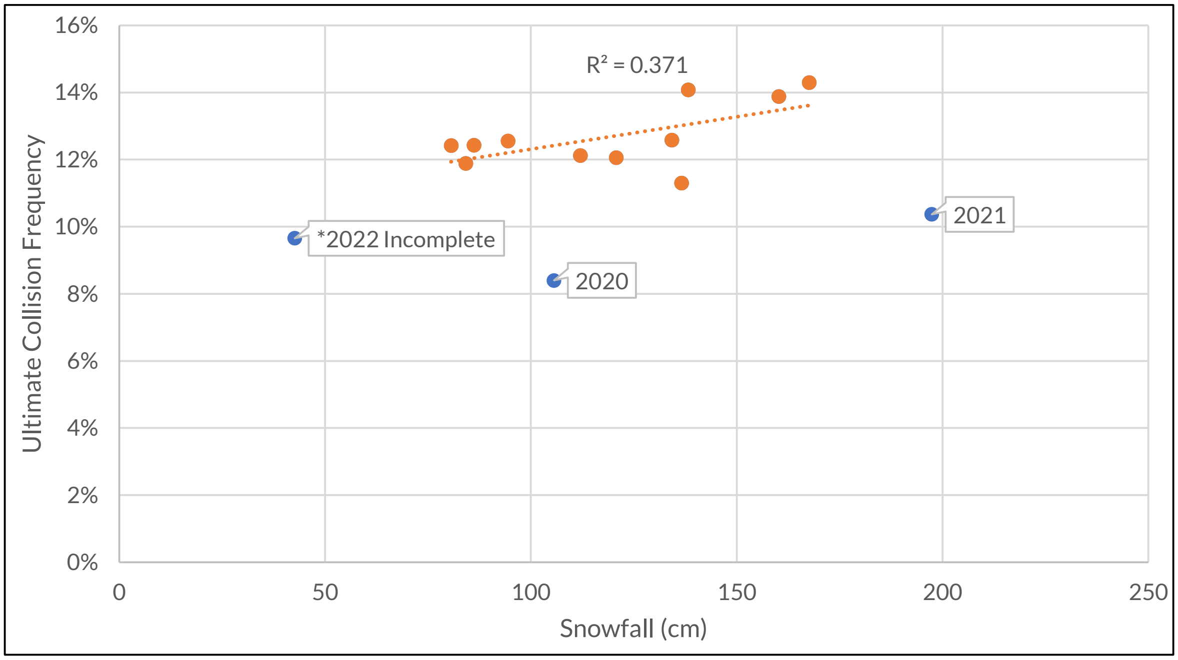
Line No.	Accident Year	Snowfall (cm)	Ultimate Collision Frequency
1	**2009**	80.6	12.4150%
2	**2010**	138.2	14.0746%
3	**2011**	94.4	12.5552%
4	**2012**	160.2	13.8746%
5	**2013**	167.6	14.2943%
6	**2014**	84.2	11.8829%
7	**2015**	120.7	12.0537%
8	**2016**	134.2	12.5831%
9	**2017**	86.2	12.4237%
10	**2018**	112.0	12.1176%
11	**2019**	136.6	11.2971%
12	**2020**	105.6	8.3988%
13	**2021**	197.4	10.3694%
14	**2022**	42.6	9.6553%

Note: As of May 2022, this weather station no longer tracks snowfall. As such, the 2022 year is incomplete.

The points on the figure below represent the snowfall levels and Collision frequency from 2009 to 2022. As one moves along the x-axis, snowfall, there is an increase in Collision frequency. If the pandemic years are excluded, which are impacted by a reduction in mobility levels, MPI noted that the R-squared value is 0.371, meaning 37.1% of the variation in Collision frequency is explained by snowfall amounts.

[1] https://climate.weather.gc.ca/climate_data/daily_data_e.html?StationID=43185

Figure 2 Snowfall vs Collision Frequency Chart



In addition to Environment Canada data, MPI searched for other related measurements such as precipitation, snow on ground, or data from other locations in Manitoba but none of these showed a similar level of correlation as the snowfall.

Attached is *Appendix 1 Loss Trend Analysis Collision Snowfall* which shows the loss trend analysis for Collision when including snowfall as a parameter. Again, 2022 was excluded as the snowfall data was incomplete for that year.

Appendix 1
Collision (with Snowfall Parameter)

Frequency

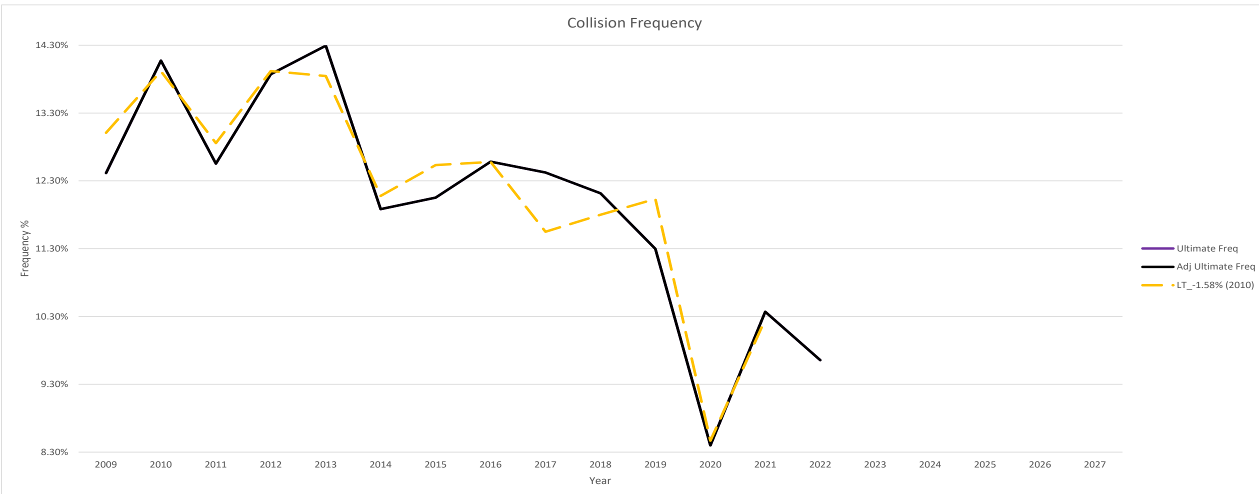
Period	Ultimate Frequency	Use in Loss Trend	Time	Snowfall	Mobility	Adj Ultimate
2009	12.4150%	Y	14	80.60		12.4150%
2010	14.0746%	Y	13	138.20		14.0746%
2011	12.5552%	Y	12	94.40		12.5552%
2012	13.8746%	Y	11	160.20		13.8746%
2013	14.2943%	Y	10	167.60		14.2943%
2014	11.8829%	Y	9	84.20		11.8829%
2015	12.0537%	Y	8	120.70		12.0537%
2016	12.5831%	Y	7	134.20		12.5831%
2017	12.4237%	Y	6	86.20		12.4237%
2018	12.1176%	Y	5	112.00		12.1176%
2019	11.2971%	Y	4	136.60		11.2971%
2020	8.3988%	Y	3	105.60	(29.78)	8.3988%
2021	10.3694%	Y	2	197.40	(22.14)	10.3694%
2022	9.6553%	N	1	42.60	(16.68)	9.6553%

Selections | Regression: | log_linear |

Starting Period	Years of Data	Loss Trend	R^2	Adjusted R^2	Time p-value	Snowfall p-value	Mobility p-value	Time Parameter	Snowfall Parameter	Mobility Parameter	Intercept
2009	13	-1.39%	0.94	0.91	0.01	0.00	0.00	1.40%	0.16%	1.02%	-237.88%
2010	12	-1.58%	0.94	0.92	0.01	0.00	0.00	1.59%	0.14%	0.98%	-237.87%
2011	11	-1.49%	0.94	0.91	0.03	0.01	0.00	1.50%	0.14%	0.99%	-237.08%
2012	10	-1.70%	0.94	0.92	0.05	0.02	0.00	1.71%	0.14%	0.95%	-237.50%
2013	9	-1.78%	0.93	0.90	0.11	0.04	0.01	1.80%	0.14%	0.95%	-238.32%
2014	8	-0.91%	0.92	0.89	0.54	0.22	0.01	0.91%	0.10%	1.01%	-228.37%
2015	7	-1.16%	0.92	0.89	0.57	0.31	0.04	1.17%	0.10%	0.99%	-229.49%
2016	6	-2.72%	0.93	0.91	0.44	0.31	0.13	2.76%	0.12%	0.87%	-240.50%
2017	5	-13.14%	1.00	1.00	0.10	0.09	0.50	14.09%	0.37%	0.16%	-324.32%
2018	4	-15.94%	1.00	1.00	N/A	N/A	N/A	17.37%	0.42%	-0.03%	-345.02%
2019	3	0.00%	1.00	1.00	N/A	N/A	N/A	0.00%	0.16%	0.83%	-240.01%
2020	2	0.00%	1.00	1.00	N/A	N/A	N/A	0.00%	0.23%	0.00%	-271.95%
2021	1	0.00%	1.00	1.00	N/A	N/A	N/A	0.00%	0.00%	0.00%	-226.63%

Appendix 1
Collision (with Snowfall Parameter)

Selected Trend	-1.58%	**Prior Trend**	-1.19%
Current Method	Trend based on 13 yrs of data, starting 2010 using log_linear method		
Prior Method	Derived from repair trend (2015 - 2019 linear trend) and total loss trend (2010 - 2019 linear trend)		



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Part and Chapter:	PART VI CF	Page No.:	Page 20 of 135
PUB Approved Issue No:	11. Claims forecasting		
Topic:	Property Damage		
Sub Topic:	Analysis by sub-coverage		

Preamble to IR:

Section 3.1.1 indicates that MPI compared "the combined Property Damage ultimate incurred losses derived per sub-coverage … to Property Damage ultimate incurred losses recorded in AAR as of March 2023 as a reasonableness check."

Question:

Please provide this comparison including explanation, analysis, conclusions and underlying data.

Rationale for Question:

To assess the consistency of the analysis of property damage by sub-coverage.

RESPONSE:

Figure 1 provides the Property Damage ultimate incurred losses by sub-coverage, as well as a total, compared to the ultimate incurred losses in the AAR as of March 31, 2023 (*Part X External Actuary Review EAR Attachment B – Appointed Actuary Report March 2023*).

The ultimate incurred losses for Property Damage falls within a reasonable range of variance comparing to the AAR as of March 31, 2023.

MPI reviewed and selected Property Damage loss trends by sub-coverage. As outlined in *Part VI Claims Forecasting Chapter CF.3.1.1*.

> *Property Damage loss trends are reviewed and selected by sub-coverage: Third Party Loss of Use, Third Party Deductible Transfer, and Other. MPI uses the accident year ultimate incurred data as of March 31, 2023.*
>
> *Property Damage sub-coverage claims are determined by different underlying factors such as vehicle repair delays or customer driving behavior and are of different magnitude. MPI believes an assessment of Property Damage on sub-coverage level will result in more accurate loss trends.*
>
> *As the AAR does not contain Property Damage data split by sub-coverages, incurred losses for sub-coverages are extracted from internal claim database. MPI relies on incurred losses triangles and selects an appropriate loss development factor at each development period using Chain Ladder methods to determine ultimate incurred losses per sub-coverage.*

The development and analysis of Property Damage ultimate incurred losses for each sub-coverage is outlined in *Part VI Claims Forecasting CF Appendix 1g, 1h, 1i in Tables 3 and 4*.

Figure 1 Property Damage Ultimate Incurred Losses vs March 2023 AAR

Line No.	Accident Year	Third Party Loss of Use	Third Party Deductible Transfer	Other	Ultimate Incurred Losses	March AAR Valuation	$ Difference	% Difference
1	**2009**	$6,966,694	$16,585,704	$10,838,057	$34,390,455	$34,390,455	$0	0.00%
2	**2010**	$8,046,615	$19,367,232	$10,970,502	$38,384,348	$38,388,197	-$3,849	0.01%
3	**2011**	$7,258,083	$17,328,445	$12,583,322	$37,169,850	$37,176,652	-$6,802	0.02%
4	**2012**	$9,166,327	$19,898,780	$13,194,505	$42,259,611	$42,272,531	-$12,920	0.03%
5	**2013**	$10,518,397	$20,326,585	$14,332,503	$45,177,485	$45,211,829	-$34,344	0.08%
6	**2014**	$8,599,262	$17,893,600	$14,197,501	$40,690,363	$40,709,101	-$18,738	0.05%
7	**2015**	$9,074,280	$18,355,525	$13,679,995	$41,109,800	$41,110,191	-$391	0.00%
8	**2016**	$9,262,820	$18,784,711	$15,601,961	$43,649,492	$43,632,033	$17,459	-0.04%
9	**2017**	$8,981,619	$19,458,980	$18,028,887	$46,469,486	$46,457,556	$11,930	-0.03%
10	**2018**	$7,665,345	$19,291,072	$16,000,923	$42,957,339	$42,975,703	-$18,364	0.04%
11	**2019**	$6,442,554	$17,141,130	$15,429,042	$39,012,725	$39,102,896	-$90,171	0.23%
12	**2020**	$3,888,275	$11,354,517	$12,780,192	$28,022,984	$28,132,571	-$109,587	0.39%
13	**2021**	$7,360,739	$20,336,597	$16,625,490	$44,322,826	$44,373,979	-$51,153	0.12%
14	**2022**	$7,071,660	$22,358,189	$15,996,976	$45,426,824	$45,405,843	$20,981	-0.05%

CAC (MPI) 1-64

Part and Chapter:	PART IX Financial Forecasting REV Revenues	Page No.:	Page 9 of 38
PUB Approved Issue No:	11. Claims forecasting		
Topic:	Growth in HTA Units		
Sub Topic:			

Preamble to IR:

The private passenger vehicle HTA data in Figure REV-5 indicates a 2.62% increase between 2020/21 and 2021/22, followed by a 0.53% increase between 2021/22 and 2022/23. Commercial vehicles and motorcycles show a similar pattern.

MPI selects a private passenger growth rate as "the average of the last 5 years excluding 2021/22 and 2022/23 as the large increase and decrease may be due to COVID impacts." We assume the reference to "decrease" should be to a "smaller increase."

Question:

Please expand upon MPI's view that this pattern is due to the COVID-19 pandemic. In particular, please comment on the timing of the increase relative to various phases of the pandemic. Please provide "written HTA unit" data by month, if available.

Rationale for Question:

To better understand the growth in HTA units.

RESPONSE:

MPI confirms that the reference "decrease" should be a "smaller increase."

MPI believes that earned Highway Traffic Act (HTA) units is more representative of the exposure compared to the written units. The figure below shows the monthly earned units since 2018 and the year-over-year growth:

Figure 1 HTA Earned Units 2019-2022

Line No.	Fiscal Month	HTA Earned Units					YoY % Change			
		2018	2019	2020	2021	2022	2019	2020	2021	2022
1	April	70,941	71,681	70,616	74,042	74,192	1.0%	-1.5%	4.9%	0.2%
2	May	75,147	75,617	74,467	77,830	78,176	0.6%	-1.5%	4.5%	0.4%
3	June	73,564	74,046	73,690	76,213	76,915	0.7%	-0.5%	3.4%	0.9%
4	July	76,465	77,035	77,132	79,354	80,033	0.7%	0.1%	2.9%	0.9%
5	August	76,769	77,306	77,783	79,753	80,411	0.7%	0.6%	2.5%	0.8%
6	September	74,322	74,825	75,588	77,399	77,923	0.7%	1.0%	2.4%	0.7%
7	October	76,209	76,726	77,686	79,732	80,148	0.7%	1.3%	2.6%	0.5%
8	November	72,476	72,863	73,771	75,857	76,289	0.5%	1.2%	2.8%	0.6%
9	December	73,711	74,171	75,046	77,056	77,615	0.6%	1.2%	2.7%	0.7%
10	January	72,943	73,362	74,511	76,230	76,913	0.6%	1.6%	2.3%	0.9%
11	February	65,560	66,038	67,256	68,575	69,304	0.7%	1.8%	2.0%	1.1%
12	March	72,736	73,280	75,114	75,980	76,904	0.7%	2.5%	1.2%	1.2%
13	**Total**	**880,842**	**886,950**	**892,660**	**918,020**	**924,824**	**0.7%**	**0.6%**	**2.8%**	**0.7%**

In March 2020, Manitoba declared a state of emergency due to COVID-19. Non-essential businesses and services were ordered to close; schools and childcare centres were also closed. Consequently, the earned units witnessed a reduction in the first three months of the year 2020. This was caused by customers either not insuring their vehicles under Autopac or opting to insure them under extension lay-up.

There was an increasing trend towards the later months of 2020 as Government gradually eased restrictions and allowed certain businesses to re-open, including access to educational facilities. A sharper growth in the earned units was observed during 2021. A probable reason for this is the resumption of the usual insurance coverage from layup, as explained above. For 2022, the increase in the earned units appear to be closer to pre-pandemic levels.

MPI believes that, for private passenger vehicles, the years 2021 and 2022 were impacted by the effects of COVID-19 and therefore excluded those years from long term averages for trending purposes.

CAC (MPI) 1-65

Part and Chapter:	**PART IX Financial Forecasting REV Revenues**	**Page No.:**	**Page 9 of 38**
PUB Approved Issue No:	**10**		
Topic:	**Growth in HTA Units**		
Sub Topic:			

Preamble to IR:

On November 1, 2022, the Federal Government announced: "An immigration Plan to Grow the Economy."[1] The Federal Government's news release states:

> *Last year Canada welcomed over 405,000 newcomers - the most we've ever welcomed in a single year. The Government is continuing that ambition by setting targets in the new levels plan of 465,000 permanent residents in 2023, 485,000 in 2024 and 500,000 in 2025. The plan also brings an increased focus on attracting newcomers to different regions of the country, including small towns and rural communities.*

Question:

Explain any considerations or adjustments made for potential increased immigration levels in the forecast HTA unit growth rate. If no considerations were made for increased immigration, explain why not.

Rationale for Question:

To better understand the growth in HTA units.

[1] Retrieved July 6, 2023 from: https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/11/an-immigration-plan-to-grow-the-economy.html

RESPONSE:

MPI did not adjust for potential increase in immigration levels in the forecast HTA unit growth for the following reasons:

- Over 80% of immigrations settle in Ontario, Quebec, British Columbia and Alberta,[2] whereas approximately 5% settle in Manitoba;
- The number of immigrants include families (including minor children) and not all immigrants will purchase a vehicle; and
- The growth in the number of units due to incoming immigrants may not be immediate, as it takes time for new immigrants to get a license and eventually purchase a vehicle.

Therefore, MPI did not consider the direct effect of new immigrants on the growth in the number of vehicles.

[2] Permanent Residents – Monthly IRCC Updates - Open Government Portal (canada.ca)

CAC (MPI) 1-66

Part and Chapter:	**PART VI Claims Forecasting & Loss Trend Analysis CF Claims Forecasting**	**Page No.:**	**Page 54 of 135**
PUB Approved Issue No:	**11**		
Topic:	**Accident Benefit Frequency Regression Models**		
Sub Topic:			

Preamble to IR:

MPI includes a mobility parameter for accident benefits – weekly indemnity ("AB-WI"), and accident benefits – other (indexed) ("AB-O(I)"), but does not include a mobility parameter for accident benefits – other (non-indexed) ("AB-O(NI)")

Question:

Provide MPI's view as to why mobility would be a predictor for AB-WI and AB-O(I), but not for AB-O(NI). Fit a model that includes mobility to the AB-O(NI) data and provide a table of results similar to Figure CF-36.

Rationale for Question:

To test the reasonableness of the AB-O (NI) frequency model.

RESPONSE:

ABO Non-Indexed coverage provides lump sum payments if the claimant is permanently injured or dies as a result of an automobile accident. These claims occur in from severe crashes which are relatively infrequent.

MPI relied on statistical analysis to determine if a mobility parameter is significant in the regression model which suggests that mobility cannot explain the changes in frequency for 2020 to 2022 accident years (p-value of mobility parameter exceeds 0.05).

The figure below presents a summary of indicated claim frequency trends starting 2009 to 2021 accident years, with both time and mobility parameters included in the regression models.

Figure 1 Accident Benefits – Other (Non-Indexed) Frequency Regression Models

Line No.	Starting Period	Years of Data	Loss Trend	R^2	Adjusted R^2	Time p-value	Mobility p-value
1	**2009**	14	-4.19%	0.83	0.78	0.00	0.78
2	**2010**	13	-4.16%	0.81	0.75	0.01	0.80
3	**2011**	12	-4.48%	0.79	0.73	0.01	0.78
4	**2012**	11	-3.08%	0.78	0.71	0.08	0.40
5	**2013**	10	-2.55%	0.73	0.65	0.21	0.51
6	**2014**	9	-2.57%	0.68	0.59	0.33	0.59
7	**2015**	8	-3.55%	0.70	0.61	0.31	0.74
8	**2016**	7	-3.65%	0.65	0.54	0.46	0.78
9	**2017**	6	-1.57%	0.53	0.39	0.82	0.93
10	**2018**	5	2.57%	0.55	0.42	0.78	0.75
11	**2019**	4	7.41%	1.00	1.00	0.00	0.00
12	**2020**	3	0.00%	1.00	1.00	N/A	N/A
13	**2021**	2	0.00%	1.00	1.00	N/A	N/A

CAC (MPI) 1-67

Part and Chapter:	**PART VI: Claims Forecasting & Loss Trend Analysis CF – Claims Forecasting**	**Page No.:**	**Page 16 of 135**
PUB Approved Issue No:	**11**		
Topic:	**Use of Mobility Factor**		
Sub Topic:			

Preamble to IR:

Where the mobility parameter was included in the model, in general, we observed that 2020 was overpredicted and 2021 was underpredicted.

Question:

a) Did MPI observe this pattern as well and does MPI have a view as to potential bias?

b) Is there a concern that the baseline from five weeks in the winter season is subject to seasonal variation (or did Google adjust for that seasonality).

Rationale for Question:

To understand the value of mobility as a predictor.

RESPONSE:

a) MPI did observe this. Most of the unexplained variance in 2020 and 2021 can be explained by snowfall levels. 2020 experienced much less snowfall than 2021, which had record high snowfall amounts in the recent 20 years. The increased snowfall resulted in higher than normal Collision frequency that cannot be explained by any mobility parameter. *CAC (MPI) 1-62 Appendix 1* shows the fit of the Collision frequency model when snowfall is included as a parameter. After including snowfall as a parameter, most of the variance is captured in the selected model, evidenced by an R-squared value of 94.2%.

b) Google does not adjust for seasonality in the mobility data. While there could be seasonality effects in some of the mobility category, e.g., parks, MPI uses annualized workplace data from Google which is expected to minimize seasonality effects in workplace movement (e.g., varied workplace movement during certain weeks or months of the year).

CAC (MPI) 1-68

Part and Chapter:	PART VI Claims Forecasting & Loss Trend Analysis CF Claims Forecasting	Page No.:	Page 79 of 135
PUB Approved Issue No:	11		
Topic:	Collision Severity Model		
Sub Topic:			

Preamble to IR:

MPI fits two separate collision severity trend models. The first model is fit to 2010 through 2019 and the second is fit to 2020 through 2022.

QUESTION:

a) Did MPI consider fitting a single model with a “Time 1” (2010 through 2020) and “Time 2” (2020 through 2022) variable to avoid overfitting the second trend model. If so, please provide.

    i. If not, please fit the model and provide the trend indications. (In Excel, this fitting is performed by adding another independent variable that increases by one unit between 2000 and 2022 and is 0 for all other years.)

Rationale For Question:

To test a more robust modeling approach.

Response:

Overfitting a model is a condition where a statistical model begins to describe the random error in the data rather than the relationship between variables. To avoid overfitting, the sample needs to be large enough to manage all the terms expected to be included in the model. The technical challenge in assessing and quantifying loss trend exhibited during COVID years is the limited data points available for regression testing and it is MPI's view that no alternative modelling technique exists to improve the soundness of a simple time-based regression model facing the challenge of extremely thin volume of data.

Whether the three data points (2020 to 2022) are fitted using a statistical regression model or via inclusion of an additional categorical variable in long-term statistical regression, indicated past trend of COVID years is still prone to some statistical limitations. In the latter case, the parameter of the categorical variable would have been derived based on three data points.

The supply chain pressures emerging post COVID has resulted in the increases in cost of repairs and ACV in 2021 and 2022, which led to significant increases in claim severity. To bring pre-COVID experience to current year basis MPI needs to account for the periods of hyperinflation, which are comprised of three data points 2020 - 2022. MPI applies the model derived trend (of +10.68%) as an on-leveling factor used to bring historical experience to current cost level. As a validation, the actual increase in claim severity based on recent year's closed and salvaged Collision claims is 9.52% from 2020 to 2021 and 17.52% from 2021 to 2022. PUB 1-068 response provides more details on the above year-over-year actual Collision severity growth rates.

As requested, MPI fit an alternative severity trend model, considering additional parameter with "Time 1" (2010 through 2020) set as categorical variable of 0 and "Time 2" (2020 through 2022) set as increasing categorical variable.

The figure below displays the selected severity trend used for 2024 GRA submission and the severity trend selected based on the alternative model.

Figure 1 Comparison of 2024 GRA Selected Severity Trend to Severity based on Alternative Severity Trend Model

Line No.	Accident Insurance Year	2024 GRA Selected Severity Trend	Alternative Severity Trend
1	**2009-2020**	5.67%	5.56%
2	**2021-2022**	10.68%	9.59%

CAC (MPI) 1-69

Part and Chapter:	PART VI: Claims Forecasting & Loss Trend Analysis CF – Claims Forecasting	Page No.:	Page 93 of 135
PUB Approved Issue No:	11		
Topic:	Effect of higher theft rates on comprehensive frequency		
Sub Topic:			

Preamble to IR:

In CF.11.2, MPI notes "Theft peril frequency is trend neutral from 2011 to 2017, thereafter theft peril exhibits an upward frequency trend." Oliver Wyman has noted a similar pattern in other provinces.

Question:

Please provide the number and incurred loss amount of theft claims for accident years 2009/10 through 2022/23.

Rationale for Question:

To understand the influence of higher theft rates on comprehensive claims experience.

RESPONSE:

Figure 1 provides the reported claim counts and incurred loss amounts for Comprehensive theft claims for accident years 2009/10 through 2022/23, as of March 31st, 2023.

Figure 1 Comprehensive Theft Reported Claims as of March 31, 2023

Line No.	Accident Year	Claim Counts	Incurred
1	**2009**	5,855	$14,634,284
2	**2010**	4,574	$12,084,045
3	**2011**	2,914	$8,914,448
4	**2012**	2,825	$9,272,451
5	**2013**	2,730	$9,817,799
6	**2014**	2,935	$11,771,428
7	**2015**	2,953	$13,996,433
8	**2016**	3,231	$15,318,274
9	**2017**	3,092	$14,937,128
10	**2018**	3,667	$18,874,999
11	**2019**	4,298	$20,627,208
12	**2020**	3,407	$15,634,260
13	**2021**	5,335	$24,182,413
14	**2022**	4,982	$29,402,270

CAC (MPI) 1-70

Part and Chapter:	**PART VI: Claims Forecasting & Loss Trend Analysis CF – Claims Forecasting**	**Page No.:**	**Page 107 of 135**
PUB Approved Issue No:	**10**		
Topic:	**Property Damage (Loss of Use) Severity Model**		
Sub Topic:			

Preamble to IR:

MPI fits two separate property damage severity trend models. The first model is fit to 2009 through 2019 and the second is fit to 2020 through 2022.

Question:

Did MPI consider fitting a single model with a "Time 1" (2009 through 2020) and "Time 2" (2020 through 2022) variable to avoid overfitting the second trend model. If so, please provide.

If not, please fit the model and provide the trend indications. (In Excel, this fitting is performed by adding another independent variable that increases by one unit between 2000 and 2022 and is 0 for all other years.)

Rationale for Question:

To test a more robust modeling approach.

RESPONSE:

Avoiding statistical overfit is not possible with three data points whether these are fitted using a statistical regression model or via inclusion of an additional categorical variable in long-term statistical regression. Please refer to our response in *CAC (MPI) 1-68*.

As requested in this IR, MPI fit an alternative trend severity trend model, considering additional parameter with "Time 1" (2010 through 2020) set as categorical variable of 0 and "Time 2" (2020 through 2022) set as increasing categorical variable.

The figure below displays the selected severity trend used for 2024 GRA submission and the severity trend selected based on the alternative model.

Figure 1 Comparison of 2024 GRA Selected Severity Trend to Severity based on Alternative Severity Trend Model

Line No.	Accident Insurance Year	2024 GRA Selected Severity Trend	Alternative Severity Trend
1	**2009-2020**	-0.72%	-0.67%
2	**2021-2022**	24.86%	18.61%

CAC (MPI) 1-71

Part and Chapter:	PART VI: Claims Forecasting & Loss Trend Analysis CF – Claims Forecasting	Page No.:	Page 98 of 135
PUB Approved Issue No:	11		
Topic:	Comprehensive Severity Trend		
Sub Topic:			

Preamble to IR:

The projection for the immature 2022 year has a significant influence on the severity trend rate.

Question:

To assess the sensitivity of the MPI severity model, please provide the indicated trend rate and regression statistics for a model fit to 2017 to 2021.

Please provide indicated change for comprehensive and for all coverages combined using a comprehensive severity trend of 2.0%, and no other changes. It is not necessary to include any supporting calculations.

Rationale for Question:

To understand the sensitivity of the indications to a single data point.

RESPONSE:

COVID-19 pandemic supply chain issues and labour shortage drove inflation up and resulted in large increases to vehicle repair costs and values of used vehicles. While the nature of perils covered by Comprehensive coverage leads to different types of repairs required and proportionally fewer total losses to repairable comparing to

Collision losses, MPI expects Collision and Comprehensive loss experiences to be subject to similar underlying cost pressures. MPI is therefore of the opinion that removing the 2022 accident year experience is not appropriate. Incurred claim amount as at 12 months development for 2021 accident year was $77m, while incurred claim amount as at 12 months development for 2022 accident year was $102m. 2022 accident year experience was worse than prior year on incurred basis before projection to ultimate.

The figure below presents a summary of indicated severity trends excluding the loss experience of accident year 2022.

Figure 1 Comprehensive Severity Regression Model

Line No.	Starting Period	Years of Data	Loss Trend	R^2	Adjusted R^2	Time p-value
1	2009	13	-1.30%	0.44	0.39	0.01
2	2010	12	-1.40%	0.42	0.37	0.02
3	2011	11	-1.40%	0.36	0.30	0.05
4	2012	10	-1.81%	0.45	0.40	0.03
5	2013	9	-2.24%	0.51	0.47	0.03
6	2014	8	-2.29%	0.44	0.39	0.07
7	2015	7	-1.76%	0.25	0.18	0.25
8	2016	6	-0.84%	0.05	-0.03	0.66
9	**2017**	**5**	**1.70%**	**0.27**	**0.20**	**0.37**
10	2018	4	0.58%	0.03	-0.06	0.84
11	2019	3	0.34%	0.00	-0.09	0.96
12	2020	2	10.74%	1.00	1.00	0.00

Assuming a 2.0% past severity trend instead of the selected 3.29% past trend for Comprehensive coverage with no other changes, the indicated rate is -0.43%.

CAC (MPI) 1-72

Part and Chapter:	PART XI Investments	Page No.:	12 of 85 (Fig INV-1)
PUB Approved Issue No:	9. Performance of investment portfolio, composition, etc		
Topic:	Investment write-down		
Sub Topic:			

Preamble to IR:

On page 12, Part XI – Investments Figure INV - 1 it shows on line 38 the write-down of investments for 2021/22 $22.0 million and for 2022/23 $18.8 million.

Question:

a) Please provide the details by investment for the amounts written down for years 2021/22 and 2022/23.

b) Please file a copy of the current investment impairment policy.

Rationale for Question:

To review the investments written down in recent years due to impairment.

RESPONSE:

Please refer to *PUB (MPI)1-38* for the details by investment for the amounts written down for 2022/23 and a copy of the current investment impairment policy.

Please refer to *2023 GRA PUB (MPI) 1-45(d) Appendix 1 – History of Provincial and Corporate Bond Spread Assuming 10-Year Duration* for amounts written down for 2021/22.

CAC (MPI) 1-73

Part and Chapter:	Part II COM Appendix 3 Part XI INV Appendix 12	Page No.:	COM Appendix 3, p 77, 110 of 197; INV Appendix 12, p 3 of 184 (PDF Pages 160, 193, and 3735 of 4085
PUB Approved Issue No:	22. Asset Liability Management Study		
Topic:	No Leverage in EFB (Pension) Portfolio		
Sub Topic:			

Preamble to IR:

MPI's key messages to the Investment Committee (PDF page 3735) included the following related to **RRBs and leverage**:

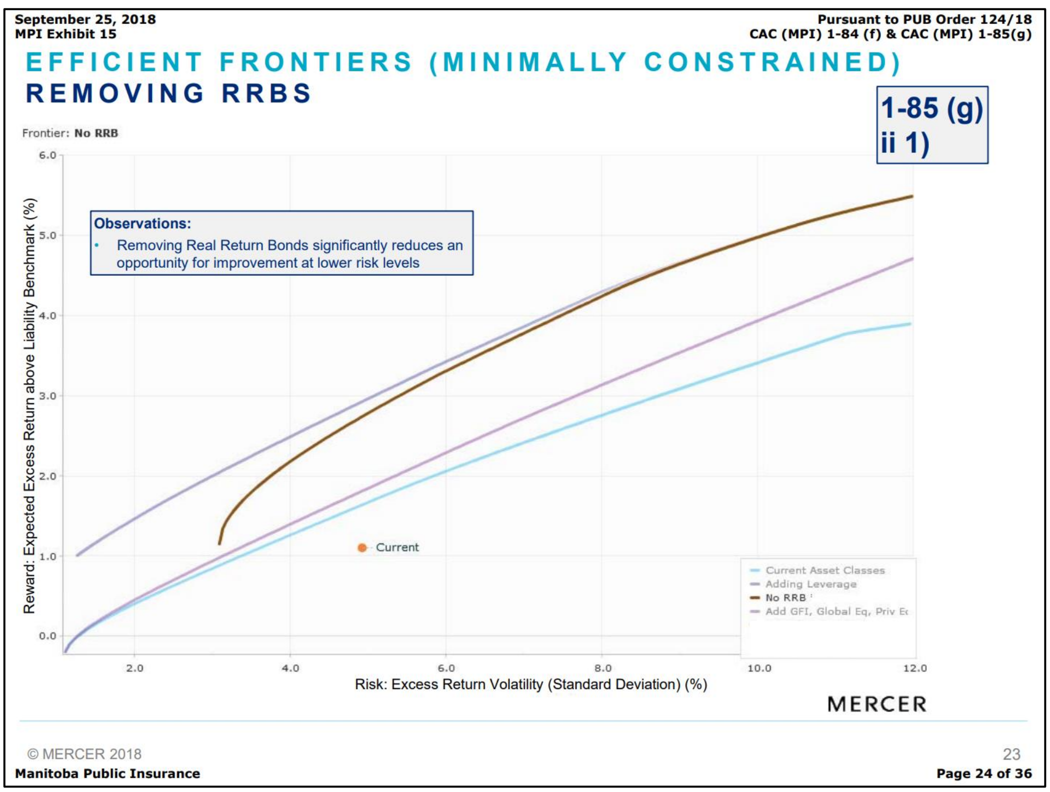
- "We recommend adding real return bonds … to … Basic ...
- For the RSR, EXT & EFB … we do not recommend … new asset classes.
- … Real return bonds (RRBs) provide the best hedge against … inflation …
- Buying … RRBs … on a cash basis would require the sale of Provincial bonds …; this would reduce … yield …, increase … liabilities and reduce … net income
- … Obtaining exposure … through a bond overlay … would address … issues ...
- … overlay … involves financing … RRBs through repurchase agreements."

Mercer's conclusions related to inflation risk and RRBs in the Employee Future Benefit (EFB) or pension portfolio are below (PDF page 160).

> EFB's pension benefit includes a COLA benefit linked to Canadian CPI which is hedgeable through RRBs, but the asset optimization does not select RRBs unless the portfolio is significantly derisked by reducing or removing growth assets, which given the open time horizon of EFB doesn't align with the investment objectives for EFB.
>
> Given the issue scarcity and high demand for RRBs, the very low yield of RRBs can significantly reduce the expected return on a portfolio.

Some of Mercer's analyses related to the EFB portfolio **from the previous A/L Study (2019 GRA)** are shown below using the Real Liability Benchmark (CAC (MPI) 1-84(f) and CAC (MPI) 1-84(g)).

The first graph shows the effect of removing RRBs; the second graph shows the effect of leverage.

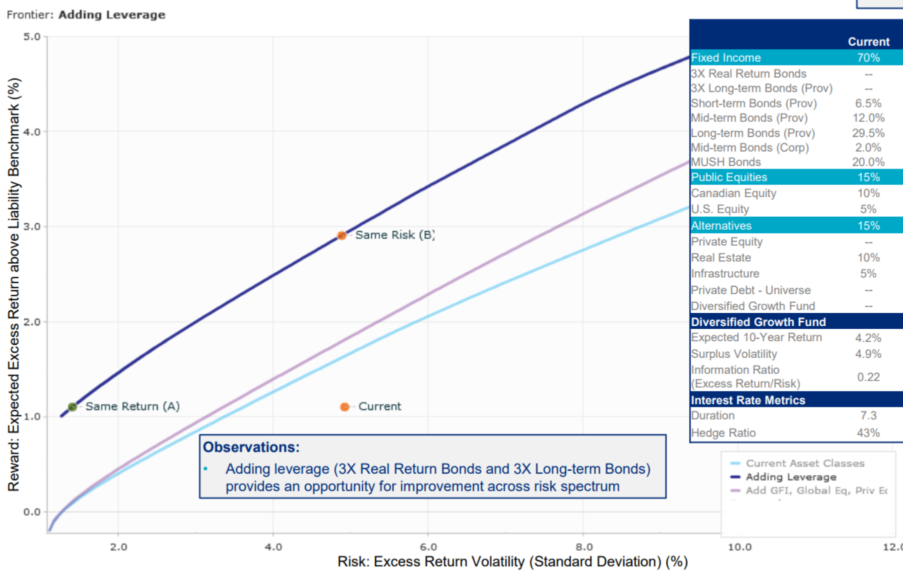


September 25, 2018
MPI Exhibit 15

Pursuant to PUB Order 124/18
CAC (MPI) 1-84 (f) & CAC (MPI) 1-85(g)

EFFICIENT FRONTIERS (MINIMALLY CONSTRAINED)
ADDING LEVERAGE (BOND OVERLAY)

1-84 (f)



	Current	A. Same Return	B. Same Risk
Fixed Income	70%	69.0%	47.5%
3X Real Return Bonds	--	23.0%	15.0%
3X Long-term Bonds (Prov)	--	6.0%	15.0%
Short-term Bonds (Prov)	6.5%	29.0%	--
Mid-term Bonds (Prov)	12.0%	--	6.5%
Long-term Bonds (Prov)	29.5%	1.0%	1.0%
Mid-term Bonds (Corp)	2.0%	--	--
MUSH Bonds	20.0%	10.0%	10.0%
Public Equities	15%	7.5%	18.5%
Canadian Equity	10%	7.5%	18.5%
U.S. Equity	5%	--	--
Alternatives	15%	23.5%	34%
Private Equity	--	1.5%	10.5%
Real Estate	10%	5.0%	1.0%
Infrastructure	5%	1.0%	7.5%
Private Debt - Universe	--	15.0%	15.0%
Diversified Growth Fund	--	1.0%	--
Diversified Growth Fund			
Expected 10-Year Return	4.2%	4.0%	5.7%
Surplus Volatility	4.9%	1.4%	4.9%
Information Ratio (Excess Return/Risk)	0.22	0.78	0.59
Interest Rate Metrics			
Duration	7.3	15.8	16.0
Hedge Ratio	43%	94%	95%

Observations:

- Adding leverage (3X Real Return Bonds and 3X Long-term Bonds) provides an opportunity for improvement across risk spectrum

MERCER

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Manitoba Public Insurance
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In its "Cost of Constraint Analysis" related to the EFB in the **2024 GRA**, Mercer stated (PDF page 193): "although there are other constraint(s) besides IPS Section 7.4, removal of such constraint(s) would not be operationally feasible. For example, operations require a certain level of investment liquidity to facilitate claim/rebate/benefit payments; therefore, the illiquid allocation constraint must be applied."

Question:

a) Does MPI believe that Mercer's "observation" from the **2019** GRA (top graph above), repeated below, would be substantially the same for the EFB portfolio **today**?

> *"Removing real return bonds significantly reduces an opportunity for improvement at lower risk levels."*

b) Does MPI believe that Mercer's "observation" from the **2019** GRA (bottom graph above), repeated below, would be substantially the same for the EFB portfolio **today**?

> *"Adding leverage … provides an opportunity for improvement across risk spectrum".*

c) Did MPI consider using leverage in the EFB portfolio? If not, why not?

d) Is the use of leverage more "operationally feasible" in Basic than in EFB, or is substantially the same?

e) In Mercer's experience:

   i. Do some clients use leverage in their defined benefit (DB) pension plans?

   ii. Does a DB pension plan client's use of leverage depend on the amount of surplus risk being taken? If so, what is the typical relationship between risk tolerance and leverage?

f) Would the use of leverage in the EFB portfolio have an impact on EFB's **accounting** liabilities that is different from the impact of leverage on Basic's accounting liabilities? If so, please explain any differences.

g) Would MPI agree that leverage has no impact on the **economic** (market) value of both Basic and EFB liabilities? If not, please explain.

Rationale for Question:

To understand the impact of any constraints (e.g., leverage) and how accounting impacts MPI's investment and/or financing decisions across the different segments.

RESPONSE:

a) Mercer's "observation" from the 2019 GRA, that "removing real return bonds significantly reduces an opportunity for improvement at lower risk levels", would be substantially the same for the EFB portfolio today.

b) Mercer's "observation" from the 2019 GRA, that "Adding leverage … provides an opportunity for improvement across risk spectrum", would be substantially the same for the EFB portfolio today.

c) Yes, we considered using leverage in the EFB portfolio, but we rejected leverage as it was not recommended by Mercer.

d) No, the use of leverage is not more operationally feasible in the Basic Claims portfolio than in the EFB portfolio. However, the reference from Mercer's report to operational feasibility was in relation to the removal of constraints applied to the ALM study and specifically to the limitation on illiquid asset classes. it was not in reference to the use of leverage.

e)

i. Yes, many defined benefit (DB) pension plans use leverage and it is continuing to grow in popularity. Leverage could be used to gain exposure to various asset classes, including equities, but most commonly DB pension plans use it as a risk mitigation tool to lengthen the duration of their bonds to better match the duration of DB liabilities.

Historically the use of leverage was primarily employed by large DB pension plan sponsors who had the scale, sophistication and governance capacity to manage such programs in-house. Over the last 15+ years, innovations in investment products have made leverage much more accessible to smaller DB pension plans through pooled fund structures, hence the increased use of leverage in DB pension plans.

ii. Many factors influence a defined benefit (DB) pension plan client's risk tolerance and potential use of leverage. At a very high level, surplus risk is most impacted by how much of a DB pension plan's assets are allocated to liability-hedging assets (i.e., bonds) vs. growth assets (i.e., equities, alternatives). Generally speaking, allocating more to liability-hedging assets will reduce surplus risk but at the expense of future expected returns. Clients that can't afford to reduce expected returns too much will be hesitant to shift from equities/alternatives to bonds. In these cases, leverage becomes the most appealing as it helps address the interest rate risk component (i.e., mismatch between asset and liability durations) without sacrificing allocations to the growth portfolio.

While it is difficult to generalize a relationship between risk tolerance and leverage, it is fair to say that a more risk-adverse plan sponsor is more likely to explore using leverage, especially if the DB pension plan liabilities are high duration making it more difficult (varying on the allocation to growth assets) to match duration through physical bonds alone.

f) The use of leverage would have the same impact on the accounting value of the liabilities for EFB & Basic Claims; the impact of the bond overlay strategy will be zero as there will be no net leverage involved in the strategy.

g) Agreed. The use of leverage within the investment portfolio will have no impact on the economic value of the liabilities.

<u>**CAC (MPI) 1-74**</u>

Part and Chapter:	**Part II COM Appendix 3**	**Page No.:**	**COM Appendix 3, p 20 of 197 (PDF Page 103 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study**		
Topic:	**Real Return Bonds and Break-Even Inflation**		
Sub Topic:			

Preamble to IR:

In materials provided to the Investment Committee (PDF page 103), MPI Management asked "is now a good time to buy RRBs?"

MPI Management's response was:

> *"Yes, … for two reasons: break-even inflation rates are the lowest since December 2021 at 1.8% to 2.1% and well below actual inflation (6.8% in November for Canadian CPI) and real rates are near the highest level in 10 years. 5 year break-even inflation rates are down 0.90% since March 2022 (from 2.95% to 2.05%). This was confirmed during our conversations with the five investment managers.*
>
> ***However, this would be a long-term strategic allocation to hedge MPI's inflation exposure, so tactical considerations such as this are not the primary motivation to invest in RRBs."***

Question:

a) Could RRBs represent an attractive long-term strategic allocation for MPI if break-even inflation rates are <u>**above**</u> expected inflation?

b) Under what circumstances would a long-term strategic allocation to RRBs <u>**not**</u> be attractive?

c) Please explain how relevant break-even inflation rates are for determining:

i. the long-term strategic allocation to RRBs; and
ii. the tactical allocation to RRBs.

Rationale for Question:

To better understand the attractiveness of RRBs from both a long-term strategic and (shorter-term) tactical perspective.

RESPONSE:

a) This question is more relevant to an asset-only investment approach. In such an approach, a tactical allocation to RRBs vs. nominal bonds is determined based on their relative values and the relation between the observed break-even rates and the investor's expectation regarding future inflation rates over the investment horizon.

   There is a different motivation behind MPI's RRB strategy. Because a significant portion of the Basic Claim payments are indexed to inflation, the Asset-Liability study recommended hedging the inflation risk to reduce the volatility of the program's financial position. The inflation risk stems from the difference between the actual inflation rate and the actuarial inflation assumption incorporated in the calculation of the liabilities.

   In that context, the attractiveness of MPI's long-term strategic allocation to RRBs is to produce asset gains which will offset actuarial liability losses when actual inflation exceeds the inflation assumption and to produce asset losses which will offset actuarial liability gains when the actual inflation is less than the assumed inflation rate.

b) The actuarial inflation assumption should be aligned with long-term break-even rates. In these circumstances, the de-risking strategy remains effective at reducing surplus volatility whether the actual inflation is above or below the break-even or actuarial inflation rates.

c)

i. The level of observed break-even inflation rates does not impact the percentage or dollar allocation to RRBs. The dollar-allocation to RRBs or nominal exposure to the overlay RRB strategy is determined based on the sensitivity of the liabilities to inflation and the hedging ratio sought by MPI.

ii. Within an inflation risk mitigation strategy, the allocation to RRBs is not expected to change materially unless the liability profile or targeted level of hedging changes.

CAC (MPI) 1-75

Part and Chapter:	Part II COM Appendix 3	Page No.:	COM Appendix 3, p 78 of 197 (PDF Page 161 of 4085)
PUB Approved Issue No:	22. Asset Liability Management Study		
Topic:	Liability Benchmark Portfolio		
Sub Topic:			

Preamble to IR:

The liability benchmark portfolios from the most recent A/L Study are below (PDF page 161).

The liability benchmarks for each of the portfolios with underlying liabilities are shown below:

Canadian Fixed Income Index	Basic Short	Basic Long	EXT	SRE	EFB Status Quo	EFB Prefunded
Treasury Bills	85%	-	62%	16%	-	-
Short Provincial Bonds	15%	36%	38%	84%	-	-
Mid Provincial Bonds	-	2%	-	-	-	-
Universe Bonds	-	-	-	-	-	34%
Long Bonds	-	-	-	-	42%	48%
Long Provincial Bonds	-	-	-	-	-	-
Strip 20+ Bonds	-	-	-	-	12%	-
Real Return Bonds	-	62%	-	-	46%	18%

Question:

a) Please provide a table that shows how the Liability Benchmark Portfolios have changed since the last A/L study.

b) Please explain any material changes in any of the Liability Benchmark Portfolios since the last Study, along with the rationale.

Rationale for Question:

To understand how and why the economic characteristics of the liabilities are modeled.

RESPONSE:

a) The liability benchmarks for each of the portfolios with underlying liabilities from the last ALM study are shown below for comparison.

Canadian Fixed Income Index	Basic	EXT	SRE	Pension
Treasury Bills	-	62%	40%	-17%
Short Provincial Bonds	28%	38%	35%	-
Mid Provincial Bonds	18%	-	25%	-
Universe Bonds	-	-	-	-
Long Bonds	-	-	-	-
Long Provincial Bonds	54%	-	-	-
Strip 20+ Bonds	-	-	-	-
Real Return Bonds	-	-	-	-
Long Corporate Bonds				117%

b) The durations of each portfolio remain similar between the last ALM study and the current ALM study. There also exist multiple Liability Benchmark Portfolios which have the same interest rate and inflation sensitivity as the underlying liabilities. Given higher inflation expectations, there was a higher emphasis on real liabilities and the potential role of RRBs in the current ALM Study. An explanation of the changes in Liability Benchmark Portfolios since the last ALM Study and supporting rationale for each portfolio is below.

Basic – In the last ALM study, a nominal liability benchmark was used for the Basic portfolio. In the current ALM study, the Basic portfolio was separated into short-term and long-term in order to develop portfolios to back the respective claims. Additionally, a real liability benchmark was used for the Basic Long portfolio, hence the inclusion of real return bonds in the portfolio.

EXT – No change.

SRE – Immaterial change.

EFB – In the last ALM study, a nominal liability benchmark was used for the Pension portfolio. In the current ALM study, Employee Future Benefits (EFB) was modelled in aggregate under two scenarios – a status quo (pay-as-you-go) funding scenario and a pre-funding scenario. Additionally, real liability benchmarks were used for the EFB portfolios, hence the inclusion of real return bonds in the portfolios. In the previous ALM the liability benchmark was modelled against the accounting actuarial liability. In the current ALM study, the approach aligns more with the rest of the liability benchmarks, as the overall bond indices (i.e., universe bonds and long bonds) are predominately government bonds (~75%) with some allocation to corporate bonds (~25%).

CAC (MPI) 1-76

Part and Chapter:	Part II COM Appendix 3	Page No.:	COM Appendix 3, p 118 of 197 (PDF Page 201 of 4085)
PUB Approved Issue No:	22. Asset Liability Management Study		
Topic:	Liability Benchmark Portfolio		
Sub Topic:			

Preamble to IR:

In the **2019** GRA[1], Mercer described how MPI's assets and obligations were segmented amongst five components; some key characteristics (e.g., purpose) are below.

	BASIC	EXT	SRE	RSR	PENSION
What's included	Compulsory: auto insurance claims	Optional: auto insurance claims	Competitive: fleet insurance claims & Provincial Facilities	Retained earnings from Basic	Employee Benefits
Size[1]	$1,790M	$106M	$147M	$97M	$405M
Purpose	Pay claims as they come due			Stabilize rates	Fund pension benefits
Return Expectation/ Risk Tolerance	Very low risk tolerance. Could grow in future.	Moderate	Moderate	Moderate	Moderate
Interest Rate Sensitivity (Duration)	High (10.5)	Low (1.1)	Low (2.7)	Not applicable	Very high (15.6)

[1] Source: A/L Study Phase Two (December 8, 2017), INV Appendix 13, page 1633 of 8764

In the **2019** GRA, Mercer described the risks in these segments and the proposed investment policy; descriptions for some of these segments (from 2019 GRA) are below.

"SRE and Extension Claims Liabilities are subject to low interest rate risk and require a high level of liquidity to pay claims … Given the moderate tolerance for risk, MPI's proposed Policy … reflects a balanced portfolio of bonds, equities and alternative investments … modestly higher allocations to non-government bonds than … Basic ..."

The RSR is essentially surplus assets excluding accumulated other comprehensive income ("AOCI"). The intent of the RSR is to protect motorists from rate increases … by unexpected events and losses arising from non-recurring events or factors. **There is no underlying obligation therefore … no targeted interest rate risk hedge.**[2] The size of the RSR dictates the capacity to stabilize rate increases. … Given the moderate tolerance for risk, MPI's proposed Policy … reflects a balanced portfolio of bonds, equities and alternative investments. MPI's proposed Policy for SRE and Extension Claim bonds includes modestly higher allocations to non-government bonds than … Basic …"

In the **2019** GRA, MPI summarized the duration of MPI's liabilities (below).

Duration Measure	Basic	Extension	SRE	RSR	Pension
Sensitivity to Interest Rate Changes	10.5	1.1	2.7	0.0	15.6
Sensitivity to Inflation Rate Changes	10.4	0.0	0.0	0.0	12.6

In the **current (2024) GRA**, MPI stated that "SRE and EXT are not inflation sensitive" and that MPI "switched the return objective from real to nominal" in the Investment Policy (COM Appendix 3, p 118 of 197 or PDF page 201).

[2] Emphasized by CAC, not Mercer.

Question:

a) Does MPI continue to believe that the purpose of the RSR is to "stabilize rates"?

b) Would MPI agree that rate stability depends on:

   i. surplus volatility?
   ii. both assets and liabilities?

c) Does MPI agree today with the following statement related to the RSR, made by Mercer in the **2019 GRA**: "there is no underlying obligation therefore there is no targeted interest rate risk hedge".

d) When the RSR was not segmented in previous A/L Studies, would the net assets that would otherwise be included in the RSR have been grouped with other assets or liabilities in the rest of the portfolio in "consolidated" analyses (e.g., developing efficient frontiers)?

Rationale for Question:

To understand the economic characteristics of assets and liabilities in all segments.

RESPONSE:

a) The Rate Stabilization Reserve (RSR) is there to absorb unexpected losses so that MPI does not need to inevitably apply for a rate increase. As stated in *Part X Rate Stabilization Reserve Chapter RSR.1*:

   The purpose of the RSR is twofold:

   > *To protect motorists from rate increases that would otherwise have been necessary due to (1) unexpected variances from forecasted results and (2) events and losses arising from non-recurring events or factors.*

b) MPI agrees that rate stability depends on surplus volatility from both assets and liabilities.

c) Agreed. The RSR portfolio has no underlying obligation and therefore no interest rate risk hedge.

d) Yes, prior to 2019, the Corporation held a single investment portfolio where all assets were commingled.

CAC (MPI) 1-77

Part and Chapter:	**Part II COM Appendix 3**	**Page No.:**	**COM Appendix 3, p 80 of 197 (PDF Page 163 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study**		
Topic:	**Risk and Return Parameters in A.L Model**		
Sub Topic:			

Preamble to IR:

Mercer stated that "the projection model is based on:

1. Capital market assumptions …
2. Monte Carlo simulation …
3. Levy-Stable distribution for asset returns".

Question:

a) Was the methodology used in the A/L Study substantially the same as the one used in the previous Study?

   i. If not, what material changes were made and what impacts would they have had on key metrics (e.g., returns, volatilities, etc.)?

b) Was the Levy-Stable distribution also used in the previous Study?

   ii. If not, what impact would its use have had on key metrics?

Rationale for Question:

To understand the impact of any changing methodologies on return/risk tradeoffs.

RESPONSE:

a) Yes, the methodology used in the A/L Study was substantially the same as the one used in the previous Study.

b) The use of a Levy-Stable distribution for asset returns specifically refers to the work that was performed for the stochastic projections (Monte Carlo simulation of 2,000 economic scenarios). Stochastic projections were not part of the previous Study, and hence the use of the Levy-Stable distribution was not applicable.

CAC (MPI) 1-78

Part and Chapter:	Part XI INV Appendix 12	Page No.:	INV Appendix 12, p 12 of 184 (PDF Page 3744 of 4085)
PUB Approved Issue No:	22. Asset Liability Management Study 17. Risk Assessment and Risk Management		
Topic:	Interest Rate Risk Management		
Sub Topic:			

Preamble to IR:

Mercer stated (PDF page 3744) "The duration of the FTSE Russel RRB index is approximately 15 years".

Question:

a) What were the characteristics of the RRBs used in the A/L Study (e.g., approximate duration)? Was a passive index assumed, such as the FTSE Russel RRB index?

b) How will MPI's management of the risks in the RRB portfolio be similar to, and different from, its management of risks in other (non-RRB) fixed income portfolios?

   i. For any material differences, please explain the reasons for the differences.

Rationale for Question:

To better understand and assess the consistency with which real and nominal interest rate risks are modeled and managed.

RESPONSE:

a) The FTSE Russell RRB Overall Index is a passive index which had a duration of 15.7 as at December 31, 2021. This is the duration assumed for real return bonds (RRBs) used in the asset-liability management study.

b) Interest rate risk associated with the purchase of real return bonds (RRBs) will be mitigated by establishing a short position in nominal Federal bonds with equivalent duration to the RRBs held; currency risk associated with the purchase of U.S. Treasury Inflation Protected Securities (TIPS) will similarly be mitigated through establishing a short position in nominal Treasury bonds.

CAC (MPI) 1-79

Part and Chapter:	**Part II COM Appendix 3**	**Page No.:**	**COM Appendix 3, p 70, 75-76; INV Appendix 1, p 20 of 30 (PDF Pages 153, 158, 159, and 3695 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study and 9. Composition of ii) Benchmark Portfolio(s)**		
Topic:	**Foreign Currency Hedging**		
Sub Topic:			

Preamble to IR:

Mercer stated:

- MPI has “medium risk appetite for unhedged equity exposure in RSR/EXT/SRE/EFB Portfolios” (PDF page 153); and
- “Mercer’s base case is for Canadian investors to take an unhedged approach to foreign currency on a long term strategy policy basis”* (PDF page 158).

* Mercer listed some reasons for this approach (below).

Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. MPI currently has an allocation to:

1. foreign equities (23% for EXT/SRE/RSR portfolios and 25% for EFB portfolios), and
2. infrastructure (5% for EXT/SRE/RSR portfolios and 10% for EFB portfolios).

Consequently, there is risk that the exchange rates of the various foreign currencies may change in a manner that has an adverse effect on the value of the portion of the portfolio assets denominated in currencies other than the Canadian dollar. The Investment Policy allows for hedging of foreign exchange risk where practical. For illustrative purposes, we have assumed the entire infrastructure allocation is exposed to foreign currency risk.

The results of strengthening or weakening of the foreign currencies relative to the Canadian dollar by 10% for each of the investment portfolios is summarized below:

($ Millions)	Basic	EXT	SRE	RSR	EFB – Status Quo	EFB – Pre-funding
Foreign currency weakens 10%						
- Net position	$43	$152	$178	$583	($19)	($3)
- Change in net position	$0	-$5	-$9	-$17	-$19	-$3
Base scenario – net position	**$43**	**$157**	**$187**	**$600**	**-**	**-**
Foreign currency strengthens 10%						
- Net position	$43	$162	$196	$617	$19	$3
- Change in net position	$0	+$5	+$9	+$17	+$19	+$3

The above impacts appear reasonable considering MPI's medium risk appetite for unhedged foreign currency exposure. Additionally, Mercer's base case is for Canadian investors to take an unhedged approach to foreign currency on a long term strategic policy basis for the following reasons:

- Historically, an unhedged approach to public equities has resulted in lower volatility over time for a Canadian investor relative to a hedged approach
  - This is because the Canadian dollar tends to depreciate in periods of market volatility, while the US dollar tends to appreciate ('flight-to-safety')
  - USD is by far the largest foreign currency exposure
- Thus, an unhedged Canadian dollar investor generally experience less severe losses during market downturns (relative to a hedged investor), cushioning the impact of tail events and reducing long-term volatility
- Avoidance of implementation costs, complexity and cash flow concerns.

Mercer 8

Mercer stated (PDF page 159) that it "supports unhedged positions for a Canadian investor" (below).

Medium appetite to keep foreign currency exposure unhedged due to the diversified nature of the exposure	Mercer's analysis supports unhedged positions for a Canadian investor. Historically, unhedged positions have resulted in lower volatility over time for a Canadian investor relative to a hedged approach.

MPI stated (PDF page 200) that "if the manager is not able to purchase the required allocation of RRBs, they will be instructed to … purchase … U.S. TIPS on a fully hedged basis."

The Investment Policy Statement (PDF page 3695) did not describe the benchmarks for Basic's exposure to RRBs (including TIPS) nor any benchmark related to leverage (per below).

Basic Claims

Asset Class	Benchmark	Minimum	Target	Maximum
Cash and Equivalents	FTSE Canada 91 Day T-Bill Index	0%	0%	5%
Fixed Income				
Provincial Bonds	100% FTSE Mid-Term Provincial Bond Index	27%	37%	47%
Corporate Bonds	40% FTSE Mid-Term Corporate Bond Index 60% FTSE Long-Term Corporate Bond Index	18%	28%	38%
Non-Marketable Bonds	20% FTSE Short-Term Provincial Bond Index 30% FTSE Mid-Term Provincial Bond Index 50% FTSE Long-Term Provincial Bond Index	0%	20%	30%
Commercial Mortgages	60% FTSE Canada Mid-Term Bonds 40% FTSE Canada Short Term Bonds	0%	5%	8%
Total Debt			**90%**	
Overlay ^				
Real Return Bonds/TIPS			34%	
Federal Canada/ US Treasuries			-34%	
Net Overlay Exposure			**0%**	
Alternative Investments				
Canadian Real Estate	REALPAC/IPD Canada Property Index	0%	10%	15%
Total Alternative Investments			**10%**	

^Inflation linked and nominal federal/Treasury bonds used to execute the overlay strategy will be financed through repurchase and reverse repurchase agreements. Federal Canada & US Treasuries will be net short positions. MPI's exposure will be the net gain or loss at the expiry of the repurchase & reverse repurchase agreements.

Question:

a) What benchmark(s) will be assigned to the leveraged RRB exposure (gross and net of leverage), including any foreign inflation-linked bonds (e.g., US TIPS)?

b) Will the currency hedging policy related to foreign inflation-linked bonds differ from the policy related to other assets? i.e., Will US TIPS be hedged to CAD, removing USD exposure?

c) Please describe:

   i. the nature of any tracking error ("active risk") relative to the RRB benchmark (including any risk from foreign bonds and leverage);

   ii. the approximate size of the above tracking error; and

   iii. the plan for managing the above tracking error.

Rationale for Question:

To understand the benchmarks used when evaluating performance and the plan for managing related risks.

RESPONSE:

a) The leveraged RRBs could be incorporated to the Basic Claims benchmark to consider the inflation adjustment provided by the inflation linked securities. The RRB exposure would be added to the Mid-Term Provincial Bond Index.

The benchmark assigned to the leveraged RRB exposure should be:

Asset Class	Benchmark	Minimum	Target	Maximum
Overlay	CPI Change — Inflation Assumption — Net Cost	29%	34%	39%

Where:

- *CPI Change* is the change in the Index Ratio[1] over the period, as published by the Bank of Canada.
- *Inflation* Assumption is the long-term inflation assumption to calculate the estimated Basic Liabilities, e.g., 2% per year. The short position of the overlay RRB structure is the average break-even rate under the structure. Using the inflation assumption in lieu of the break-even rate links the expected break-even rate component of the benchmark to the liability inflation indexing assumption.
- *Net Cost* is the estimated net financing cost of the leveraged RRB structure. Historically, the net financing cost of the long-short positions has been approximately 15 bps.

[1] https://www.bankofcanada.ca/wp-content/uploads/2010/11/real_return_eng.pdf

MPI would recommend using the same benchmark whether the overlay is implemented with Canadian RRBs or a combination of RRBs and U.S. TIPS. The actual return will include the inflation basis risk between Canadian CPI and US CPI.

b) If any U.S. TIPS are purchased they will not be hedged to CAD. The overlay structure will be implemented using repurchase agreements and reverse repurchase agreements, which do not have the same exposure to currency risk

[1] real_return_eng (bankofcanada.ca)

that holding physical assets does. Only the net unrealized gains or losses pending the maturity of the repurchase agreements would be exposed to currency risk. Because the repo positions are rolled every few weeks, MPI would expect this to minimize the magnitude and volatility of the unrealized gains or losses. Furthermore, it is not possible to establish a hedge on the unrealized gains or losses given the amount is zero immediately after the rolling date and fluctuates daily until the next rolling date.

c) Response

i. Regarding the Canadian RRBs, the primary source of active risk will be the difference between the average implicit break-even rate paid under the long-short position (average real rate – average nominal rate) and the assumed inflation rate (or assumed break-even rate) in the overlay benchmark.

RRB or TIPS are linked to Canadian or U.S. CPI, respectively, while MPI's liabilities are linked to Manitoba CPI and local healthcare costs. This mismatch cannot be hedged.

Where US TIPS and U.S. Treasuries are used, there is a tracking error between the U.S. CPI Index and the Canadian CPI Index. There is also a difference between the financing costs underlying the Canadian and U.S. components of the overlay structure.

ii. The break-even rates vary according to the terms of the underlying nominal bonds and the inflation compensation asked by investors. As at June 30, 2023, the break-even rates were in the range of 1.99% for maturities of 5 years to 1.74% for maturities of 30 years. Assuming an inflation rate of 2.0% in the overlay benchmark, the annualized tracking error of the overlay structure would be under 26 basis points.

The correlation between the Canadian CPI and Manitoba CPI is higher than the correlation between U.S. CPI and Manitoba CPI (0.876 vs 0.811). The difference is not significant and should not preclude the use of TIPS as a cross hedge solution for the inflation risk.

Figure A – Difference in U.S. CPI vs Manitoba CPI and Canada CPI vs Manitoba CPI (monthly, year-over-year, in %)

	CPI USA - CPI Manitoba	CPI Canada - CPI Manitoba
Mean	0.362	0.122
Median	0.368	0.126
Standard Deviation	0.915	0.655
Skewness	0.014	-0.091
Minimum	-1.959	-2.092
Maximum	2.911	1.676
Correlation	0.811	0.876

Source: US Bureau of Labor Statistics, Bank of Canada, January 1994 to September 2022

iii. If the Inflation rate in the Overlay Benchmark matches the inflation assumptions on the liabilities, the tracking error between the actual break-even rates and the Inflation component of the benchmark will be partially offset by gains or losses on the liabilities. The inflation hedging should contribute to a reduction of the volatility of the financial position of the Basic Claims insurance program.

Historically, U.S. TIPS would have provided a better hedge than Canadian RRBs against Manitoba inflation as the difference between U.S. CPI and Manitoba CPI (0.362%) from 1994 to 2022 has been higher than the difference between Canadian CPI and Manitoba CPI (0.122%). Please refer to the mean data in Figure A above.

CAC (MPI) 1-80

Part and Chapter:	**Part II COM Appendix 3**	**Page No.:**	**COM Appendix 3, p 68 or 197 (PDF Page 151 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study**		
Topic:	**Inflation Volatility and Other Capital Market Assumptions**		
Sub Topic:			

Preamble to IR:

One of the deliverables from the A/L Study (PDF page 151) was to "consider the impact of various levels of inflation **volatility*** on … assets and liabilities and an appropriate investment strategy".

* Emphasis on "volatility", as distinct from "level" or "average", was added by CAC.

Question:

a) Did Mercer change the volatility (standard deviation) assumption related to inflation in the A/L Study, compared to the previous Study?

   i. If so, what was the inflation volatility assumption?
   ii. If not, why was it not changed?

b) What was the **average or median expectation** for inflation used in the Study (e.g., 10 year forecast), and how does it compare to the previous Study?

c) Were there any material differences in the asset **volatility assumptions** or **correlations** between the two Studies that would have had a material impact on efficient frontiers (e.g., made equities more or less attractive, other things equal, relative to other assets)?

Rationale for Question:

To understand how volatility and correlation assumptions have changed.

RESPONSE:

a) No, Mercer did not change the volatility (standard deviation) assumption related to inflation in the A/L Study, compared to the previous Study.

Mercer's assumptions are developed with a long-term view (10-20 years). For standard deviation in particular, MPI's assumptions are based on a combination of historical data as well as its professional judgement. Mercer reviews these assumptions regularly, but actual updates/changes are infrequent, as one would expect given their long-term nature.

MPI acknowledges the heightened volatility of inflation in 2022/2023. However, MPI's assumptions are forward looking and should not be expected to change strictly based on recent historical experience. MPI continues to believe its current volatility assumption for inflation is reasonable, reflecting that over the long-term, the Bank of Canada will be able to reasonably manage inflation under their inflation-control target program (most of the time), while allowing for some periods where it may stray from target.

b) The median inflation rate used in the Study was 2.0%, which is the same as the previous Study.

c) No, there are no material differences in either the asset volatility assumptions or correlations between the two Studies.

CAC (MPI) 1-81

Part and Chapter:	**Part II COM Appendix 3**	**Page No.:**	**COM Appendix 3, p 103-105 of 197 (PDF Pages 186-188 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study**		
Topic:	**Mercer's Recommendations**		
Sub Topic:			

Preamble to IR:

Question:

a) To what extent were Mercer's recommendations from the A/L Study different from:

i. the recommendations that MPI Management made to MPI's Investment Committee and/or Board?; and

ii. the investment policy or strategy that is being implemented, or will be implemented, by MPI?

b) For any difference noted above, please explain why there was a modification or rejection of the recommendation.

Rationale for Question:

To understand why any recommendations from an advisor are modified or rejected.

RESPONSE:

a) There were no differences between Mercer's recommendations from the asset liability Study (see *Section 8 on PDF page 98* of *Part XI Investments INV Appendix*

12 - Investment Committee Meeting Material Feb 9 2023) and the recommendations that MPI Management made to MPI's Investment Committee (see *Figure 3 on PDF page 10* from *Part XI Investments INV Appendix 12 - Investment Committee Meeting Material Feb 9 2023*). The Investment Policy Statement reflects the asset allocations that were recommended to the Investment Committee (which in turn reflect the Mercer recommendations).

b) There were no differences to explain.

CAC (MPI) 1-82

Part and Chapter:	**Part II COM Appendix 3**	**Page No.:**	**COM Appendix 3, p 12-14, 37-39, 68 of 197 (PDF Pages 95-97, 120-122, and 151 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study**		
Topic:	**Risk Measurement and Risk Tolerance**		
Sub Topic:			

Preamble to IR:

One of the deliverables from the A/L Study (PDF page 151) was the "quantification of … risk and return parameters … using measures such as tracking error, value at risk, surplus at risk, standard deviation, Sharpe ratio, information ratio and other suitable measures".

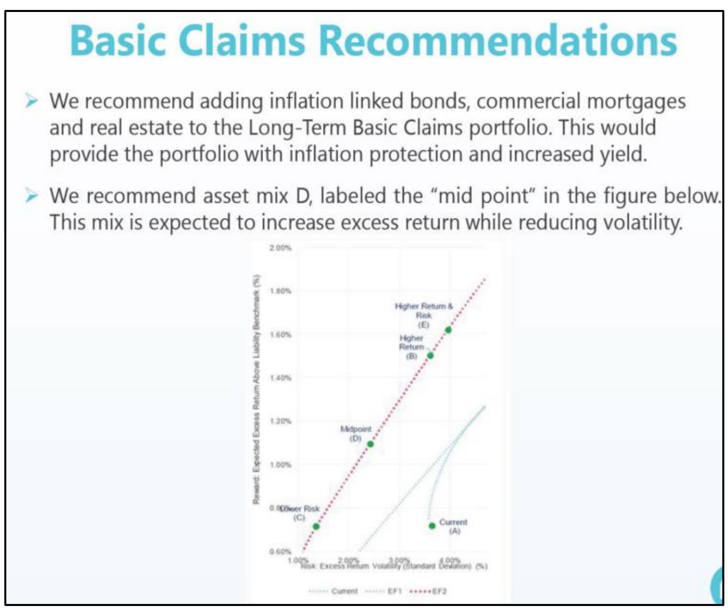
MPI stated (PDF page 95) that "all … mixes on the frontier are efficient and … a reasonable choice. Selection of the preferred … mix should be driven by … risk appetite ..."

MPI Management recommended asset mix D ("Mid Point") to the Investment Committee/Board, shown on the right, rather than:

- B (Higher Return); or
- C (Lower Risk).

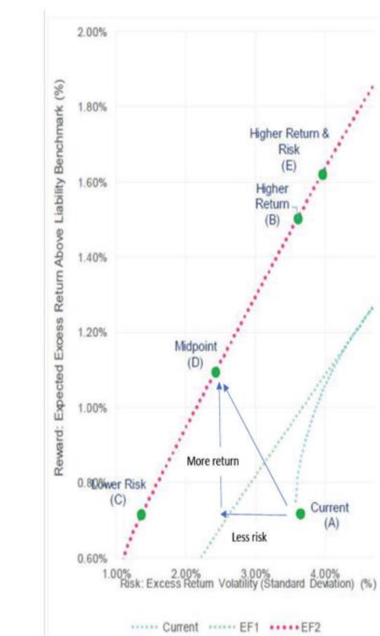
Source: PDF page 120

Another version of this graph is below, along with the data.



Source: PDF page 96

Figure 1 – Efficient Frontier #3 for Basic Claims Portfolio



Source: PDF page 97

Figure 2 sets out the target weights for each asset mix as well as all of the risk and return metrics.

Figure 2 – Asset Mixes identified on Efficient Frontier #3 for Basic Claims Portfolio

	Liability Benchmark	Current (A)	Higher Return (B)	Lower Risk (C)	Midpoint (D)	Higher Return & Risk (E)
Fixed Income	100%	100%	85%	85%	85%	85%
3x Real Return Bonds	—	—	—	—	—	—
Real return bonds	62%	—	20%	46%	34%	16%
3x Long Provincial Bonds	—	—	—	—	—	—
Provincial short-term bonds	36%	—	—	—	—	—
Provincial mid-term bonds	2%	33%	1%	5%	3%	—
Provincial long-term bonds	—	27%	—	—	—	—
Corporate mid-term bonds	—	9%	8%	14%	11%	7%
Corporate long-term bonds	—	11%	36%	—	17%	42%
MUSH Bonds	—	20%	20%	20%	20%	20%
Public Equities	–	–	–	–	–	–
Canadian equity (large cap.)	—	—	—	—	—	—
All Country World Equity	—	—	—	—	—	—
Alternatives	–	–	15%	15%	15%	15%
Commercial mortgages	—	—	1%	9%	5%	—
Core Canadian Real Estate	—	—	14%	6%	10%	15%
Return Metrics						
Median return - 10 year	1.85%	2.48%	3.31%	2.55%	2.92%	3.42%
Risk Metrics						
Expected excess return - 10 year		0.72%	1.50%	0.72%	1.09%	1.62%
Surplus volatility		3.65%	3.62%	1.36%	2.43%	3.97%
Information Ratio (Excess Return/Risk)		0.20	0.42	0.52	0.45	0.41
5% Value at Risk		124.0 M	133.5 M	62.8 M	95.8 M	144.4 M
Probability of deficit - 10 year		26%	13%	14%	13%	14%
Other Metrics						
Minimum Capital Required		15.6 M	92.5 M	53.9 M	72.4 M	98.2 M
Interest Rate Metrics						
Duration	10.9	11.1	10.9	10.9	10.9	11.0
Hedge Ratio	100%	101%	100%	100%	100%	100%

MPI's rationale for recommending mix D is on the right.

Source: PDF page 121

Why Mid-Point Mix

- The mid-point asset mix had the second highest risk adjusted return (measure by information ratio) at 0.45, more than double that of the current portfolio at 0.20.
- The mix is expected to increase the yield of the portfolio by approximately 16 bps.
- This mix was also the most positively skewed and had the fewest outliers.
- The table below shows a summary of metrics by mix:

Asset Mix	Label	Minimum	Maximum	Mean	Std. Deviation	5%	95%
A	Current	1.59%	5.49%	3.20%	0.87%	1.86%	4.75%
B	Higher Return	2.36%	6.30%	3.84%	0.84%	2.73%	5.50%
C	Lower Risk	1.22%	5.33%	2.91%	0.88%	1.76%	4.67%
D	Mid-Point	2.01%	5.79%	3.36%	0.85%	2.18%	5.11%
E	Higher return and risk	2.46%	6.46%	3.99%	0.85%	2.81%	5.67%

The impact on required capital for various mixes is on the right.

Source: PDF page 122

Impact on Required Capital & MCT

- All proposed asset mixes require additional capital relative to our current asset mix. This is because all proposed asset mixes include increased allocations to riskier asset classes (corporate bonds, real estate and mortgages).
- Asset mix D has the second lowest required capital of the proposed asset mixes. The MCT ratio is projected to fall from 105.6% to 98.5%.
- Table below shows the Minimum capital requirement for each asset mix:

	Current	Higher Return	Lower Risk	Mid-Point	Higher Return & Risk
Asset Mix	**A**	**B**	**C**	**D**	**E**
Min. Capital Required*	$10.4	$61.6	$35.9	$48.3	$65.5
Increase (millions)		$51.2	$25.5	$37.9	$55.1

*Based on investment risk factors only (interest rates, FX, equity, real estate, counterparty/default)

Question:

a) How is the Information Ratio, as defined by Mercer/MPI[1], relevant for asset mix decision-making?

  i. Is a higher Ratio preferred by MPI? If not, what are MPI's preferences and what do MPI’s preferences depend on?

b) To what extent would MPI agree with the statements below? Please explain.

  i. “Expected Excess Return of the total portfolio is a key input in asset mix decision-making.”

  This metric is measured on the “Y” or vertical axis in efficient frontier graphs and is expressed in excess of the expected growth rate of the Liability Benchmark Portfolio.

[1] The A/L Study defines the term “Information Ratio” as the ratio of i) “Expected Excess Return - 10 Year” to ii) “Surplus Volatility”.

ii. "Surplus volatility of the total portfolio is a key input in asset mix decision-making and should reflect MPI's tolerance for surplus volatility."

iii. This metric is measured on the "X" or horizontal axis.

iv. "The Information Ratio (Y/X above) represents the slope of a line."

v. "While the **components** of the Information Ratio (i.e., numerator and denominator) may be useful inputs in asset mix decision-making, the Ratio itself is less useful."

vi. "Introducing equities[2] into any portfolio has a **linear** effect on expected returns (i.e., the weighted average expected return would rise if equities have a higher-than-average return expectation)."

vii. "Introducing equities into any portfolio (including Basic) has a **non-linear** effect on surplus volatility."

viii. "The impact on surplus volatility, from introducing equities into any portfolio (including Basic), depends on the size of the equity allocation."

ix. "Introducing equities into any portfolio (including Basic) might reduce, or have little impact on, surplus volatility if the equity allocation isn't too big".

c) For any statement in question 2 above where MPI disagrees, please describe the nature of the disagreement.

[2] "Introducing" means the current portfolio has a 0% allocation to equities.

Rationale for Question:

To understand:

- how risk tolerance is defined, measured, and changes over time;
- if risk-taking activities are consistent with risk tolerances/appetites; and
- what risk-related metrics inform investment decisions.

RESPONSE:

a) The Information Ratio is relevant for asset mix decision-making as it is a measure of reward per unit of risk. This composite measure provides more information than absolute return or risk measures alone. The Information Ratio is particularly useful when evaluating the impact of adding a new asset class to a portfolio or comparing two or more portfolios.

For a specified level of surplus volatility, a higher Information Ratio would typically be preferred. MPI's preference also depends on its risk tolerance (i.e., acceptable level of surplus volatility) as well as return requirements for each portfolio (i.e., acceptable level of excess return).

b) Mercer to assist with responses.

i. Agreed.

ii. Agreed. Surplus volatility (i.e., surplus standard deviation) is a measure of the expected volatility of a financial position and is expressed on an annualized basis as a percentage of assets.

iii. Agreed.

iv. Agreed.

v. Disagreed.

vi. Largely Agreed. The weighted average return would rise if equities have a higher-than-average return expectation. However, introducing equities did not have a purely linear impact on the median 10-year returns provided by Mercer due to the correlation between asset classes (i.e., effects of diversification).

vii. Agreed. Surplus volatility depends on the return, volatility and correlation of the asset classes which compose the asset and liability benchmark portfolios. Due to the correlation between asset classes, the impact of introducing any asset class, including equities, on surplus volatility is non-linear.

viii. Agreed. In general, larger equity allocations would increase surplus volatility more than smaller equity allocations.

ix. Somewhat agreed. It is theoretically possible for some reduction or minimal impact on surplus volatility for very small equity allocations due to diversification benefits. However, in the majority of cases, introducing equities increases surplus volatility due to its higher return volatility and no interest rate sensitivity.

c) Both the components (numerator and denominator) and Information Ratio are useful inputs in asset mix decision-making. The Information Ratio allows for comparisons between asset mixes that have different risk / return characteristics using a single metric (i.e., reward per unit of risk). However, two very different asset mixes may have the same Information Ratio, so an understanding and acceptance of both components is still required.

CAC (MPI) 1-83

Part and Chapter:	**Part XI INV**	**Page No.:**	**N/A**
PUB Approved Issue No:	**5. Financial forecast: c) Impact of IFRS 9, 14 and 17** **8. Capital Management Plan**		
Topic:	**Accounting**		
Sub Topic:			

Preamble to IR:

QUESTION:

a) How does the implementation of accounting changes (IFRS) impact MPI's capital requirements, noting the impact on:

i. assets (viewed in isolation)?;

ii. liabilities (viewed in isolation)?; and

iii. assets and liabilities together (e.g., reflecting correlation or other effects, if any)?

RATIONALE FOR QUESTION:

To understand how accounting changes impact MPI's segments differently (e.g., Basic vs EFB).

RESPONSE:

Please see *Figure PF-3* in the 2024 GRA *Part IV Financial Forecasting – Pro Forma Chapter*. The impacts from adoption of IFRS 17 on MPI's capital position are outlined in the IFRS 17 adjustment column for liabilities and under the 2024F column for assets.

The primary capital impact of assets under IFRS 9 are driven by the change in accounting for MUSH bonds. Under IFRS 9 MUSH bonds have been restated to fair value through profit and loss accounting. The estimated one-time capital impact is an approximate unfavorable impact of $6 million as at April 1, 2023. No expected future capital impact is expected from this change.

The liabilities have been impacted in various ways under IFRS 17. The impacts shown in Figure PF-3 indicate an expected favorable change in liabilities of approximately $99 million, resulting in a favourable impact to capital available within the MCT. The $99 million is comprised of a favorable impact from the claims discount rate of approximately $86 million and a favourable change to risk adjustment of approximately $13 million. The future capital impact changes are primarily driven by the change in discounting. To see the impacts of the change in discounting/valuation on the insurance contract liability (formerly provision for unpaid claims) please see Part 9 – Financial Forecasting Claims Incurred Discounting chapter section CID.1.2. The change in discounting under IFRS 17 has moved from a flat discount rate to using a forward yield curve rate.

At this time, financial reports prepared in accordance with IFRS 17 and IFRS 9 are under review and subject to change. MPI continues to evaluate the impact on the MCT calculation from the adoption of IFRS 17 and 9.

There is no impact from IFRS 14 because the standard has not been adopted by MPI, and MPI does not fall within scope to apply that standard in its current form.

CAC (MPI) 1-84

Part and Chapter:	**Part XII RFM Appendix 4** **Part XI - INV**	**Page No.:**	
PUB Approved Issue No:	**17.Risk Assessment and Risk Management**		
Topic:	**Longer-term Risk Trend**		
Sub Topic:			

Preamble to IR:

MPI stated (PDF page 4063) that the "Top Corporate Risks will be filed in July 2023".

From the **2023** GRA (Part VII - RMF Appendix 3), shown below, MPI's residual risk rating for inflation risk was "high" (below), reflecting its "likely (4)" residual likelihood and "medium (3)" residual impact.

Rank #	Risk Name	Risk Description	Residual Likelihood	Residual Impact	Residual Risk Rating
1	Inability to Attract and Retain Talent	Inability to attract and retain the top talent for key roles	5 - Almost Certain	5- Critical	Critical
2	Cyber events	The risk of the organization's systems being compromised by a cyber attack	3 - Possible	5- Critical	High
3	Inadequate Capability	Inadequate skills, leading to low productivity, limited ability to execute	4 - Likely	4- High	High
4	Inadequate Capacity	Inadequate capacity planning and recruitment, leading to low productivity, limited ability to execute	4 - Likely	4- High	High
5	Inadequate Compensation	Compensation schemes failing to incentivize optimal employee behaviour	4 - Likely	5- Critical	Critical
6	Inflation Risk	Inflation risk refers to the reduction in real returns arising because of falling purchasing power of cash. Long term fixed dollar amount cash flows are most vulnerable to inflation. Unanticipated inflation need not be a major source of risk, if cash flows move in proportion, maintaining the real returns. The problem arises when net incoming cash flows are fixed in dollar terms, so that the impact of inflation reduces the value and therefore the real return.	4 - Likely	3- Medium	High
7	Change/Transformation Execution failure	Failure to successfully plan and deliver change (as individual projects, programs and/or a portfolio of programs) into the operational environment.	4 - Likely	4- High	High
8	Reserve Risk	The risk of financial losses related to policies for which premiums already have been earned (fully or partly), i.e., risk related to claims that has already incurred but which might be unsettled, reopened or even not yet known to the insurance company. This risk relates to uncertainty in both the amounts paid and the timing of these amounts.	3 - Possible	4- High	High

Question:

a) For inflation and other risks related to assets and/or liabilities ("surplus"), please describe how the inherent and residual risks have changed over time by completing the table below.

Year	Risk Name	Risk Description	Inherent Likelihood	Inherent Impact	Inherent Risk Rating	Residual Likelihood	Residual Impact	Residual Risk Rating
2024 GRA								
2017 GRA*								
Change								

* If not available, please provide the earliest date available to show the longest history.

b) Please describe how the asset mix of MPI's policy portfolio, measured on a consolidated basis (i.e., all segments), has changed over the past seven years (i.e., since the 2017 GRA) by completing the table below.

Asset Class	2024 GRA	2017 GRA	Increase (Decrease)
Fixed Income			
Cash and Equivalents			
...			
Public Equities			
Canadian Equity			
...			
Alternatives			
Real Estate			
...			
Total	100%	100%	0%

c) How has the surplus volatility changed between the 2017 GRA and 2024 GRA? (At a minimum, a directional indication would be useful, such as "surplus volatility increased, decreased, or was unchanged".)

d) If there was a material change in the consolidated policy portfolio's surplus volatility, please describe the reasons for the change.

Rationale for Question:

To understand how and why risk-taking has changed over a reasonably long period of time.

RESPONSE:

a) Please see *Appendix 1 – ALM Related Risk* for the inherent and residual risks.

The earliest date of comparison for the risks is the 2023 GRA. At the *2023 GRA* (*Part XII Risk Management Framework*) MPI indicated it had revisited its risk taxonomy in Q1 2022/23. A risk taxonomy is a comprehensive, common, and stable set of risk categories. A key benefit is that it facilitates comparative analysis of the risk of an organization over time. Going forward, a comparison of risks over time would be possible due to the expected stability of the risk taxonomy.

b) As the figure below shows, cash, marketable bonds, private debt and global equity increased over the past seven years while non-marketable bonds, Canadian and U.S. equity, real estate and infrastructure decreased over the same period.

Figure 1 MPI Policy Asset Mix Evolution

Line No.	Asset Class	2024 GRA	2017 GRA	Increase (Decrease)
1	**Fixed Income**			
2	**Cash**	0.0%	1.1%	1.1%
3	**Marketable Bonds**	50.0%	62.9%	12.9%
4	**Non_Marketable Bor**	20.0%	12.3%	-7.7%
5	**Private Debt**	0.0%	6.0%	6.0%
6	**Public Equities**			
7	**Canadian Equity**	10.0%	3.3%	-6.7%
8	**Global Equity**	0.0%	7.2%	7.2%
9	**U.S. Equity**	5.0%	0.0%	-5.0%
10	**Alternatives**			
11	**Real Estate**	10.0%	4.6%	-5.4%
12	**Private Equity**	0.0%	0.0%	0.0%
13	**Infrastructure**	5.0%	2.7%	-2.3%
14	**Total**	**100.0%**	**100.0%**	**-**

c) The surplus volatility on MPI’s actual portfolio increased between the 2017 GRA and 2024 GRA.

d) There was no material change in the consolidated policy portfolio’s surplus volatility between the 2017 GRA and 2024 GRA.

Risk Name	Risk Description	1Q FY 2023/24						1Q FY2022/23					
		Inherent Risk			Residual Risk			Inherent Risk			Residual Risk		
		Likelihood	Impact	Level	Likelihood	Impact	Level	Likelihood	Impact	Level	Likelihood	Impact	Level
Interest Rate Risk	Interest Rate risk is the risk of economic loss resulting from the effect of the volatility and uncertainty of future interest rates on asset cash flows relative to liability cash flows and assets backing surplus. This also includes changes in the amount and timing of cash flows related to asset and liability optionality, including interest rate guarantees and book value surrender benefits in the liabilities	4	4	High	2	3	Medium	N/A	N/A	N/A	2	3	Medium
Liquidity Risk	Liquidity Risk is a broad term that in general captures the ability of an agent to transact (sell or buy) non-cash assets in exchange for cash within a desired time-frame. In the context of Risk Management liquidity risk has two major sub-categories, Market Liquidity Risk and Funding Liquidity Risk	1	2	Low	1	2	Low	N/A	N/A	N/A	1	2	Low
Inflation Risk	Inflation risk refers to the reduction in real returns arising because of falling purchasing power of cash. Long term fixed dollar amount cash flows are most vulnerable to inflation. Unanticipated inflation need not be a major source of risk, if cash flows move in proportion, maintaining the real returns. The problem arises when net incoming cash flows are fixed in dollar terms, so that the impact of inflation reduces the value and therefore the real return.	4	4	High	4	4	High	N/A	N/A	N/A	4	3	High

Risk Name	Risk Description	1Q FY 2023/24						1Q FY2022/23					
		Inherent Risk			Residual Risk			Inherent Risk			Residual Risk		
		Likelihood	Impact	Level	Likelihood	Impact	Level	Likelihood	Impact	Level	Likelihood	Impact	Level
Reserve Risk	The risk of financial losses related to policies for which premiums already have been earned (fully or partly), i.e. risk related to claims that has already incurred but which might be unsettled, reopened or even not yet known to the insurance company. This risk relates to uncertainty in both the amounts paid and the timing of these amounts.	3	4	High	3	4	High	N/A	N/A	N/A	3	4	High

CAC (MPI) 1-85

Part and Chapter:	Part II COM Appendix 3 Part XI INV	Page No.:	COM Appendix 3, p 117 of 197 (PDF Page 200 of 4085)
PUB Approved Issue No:	22. Asset Liability Management Study		
Topic:	Public Equities		
Sub Topic:			

Preamble to IR:

MPI stated (PDF page 200) "the new allocations for both Canadian and Foreign equity will be equally divided between large cap and small cap stocks. The current allocation is 80/20 in favor of large cap for Canadian Equity and 65/35 in favor of large cap for foreign equity."

Question:

a) What is the market capitalization of "large cap" and "small cap", and therefore the large cap/small cap ratio for the **market** in:

   i. Canadian Equity?; and
   ii. Foreign Equity?

b) Why is MPI proposing to change the large cap/small cap mix?

c) How will the following be impacted?

   i. expected return;
   ii. surplus volatility;
   iii. expected value added relative to benchmark; and
   iv. active risk (also called tracking error).

Rationale for Question:

To better understand the impact of policy changes on return/risk tradeoffs.

RESPONSE:

a) The total market capitalization of the large cap Canadian equity index (S&P/TSX Composite Index) and the small cap Canadian equity index (BMO Small Cap Index) were $2,880 billion and $300 billion respectively at June 30, 2023. The total market capitalization of the large cap global equity index (MSCI World index) and the low vol global equity index (MSCI World index) was $56,782 billion at June 30, 2023.

   i. The large cap/small cap ratio in Canadian equity was 9.6
   ii. The large cap/low vol ratio in global equity was 1.0

b) We are proposing to change the large cap/small cap mix because Mercer recommended changing the mix.

c) The impacts of the new allocations are:

   i. The expected return for Canadian equity will be positively impacted as a result of the new allocation based on the capital market assumptions provided by Mercer in their latest ALM Study, as the expected 10 year median return for Canadian large cap equity was 6.4% and for Canadian small cap equity the expected return was 6.8%.

   ii. As a result of the new allocation, the expected return for global equity will be negatively affected based on those same capital market assumptions, as the expected 10 year median return of large cap global equity was 6.4% and for low volatility global equity the expected return was 5.9%.

   We compared the surplus volatility of the final recommended mixes for RSR, EXT and EFB under two scenarios.

1. Using the 50/50 split between small cap and large cap Canadian equity and a 50/50 split between Global equities and Global low volatility equities; and

2. Using the prior policy of 80/20 in favour of large cap (vs. small cap) for Canadian equity and 65/35 in favour of large cap (vs. low vol.) for Global equity.

The results showed that the surplus volatility is slightly higher under the second scenario. The proposed 50/50 split results in a small reduction in surplus volatility

Portfolio	**Reduction in surplus volatility* due to 50/50 split (compared to 80/20 and 65/35 split)**
RSR*	0.09%
EXT	0.12%
EFB	0.20%

*reduction in return volatility for RSR as there are no associated liabilities.

iii. The gross value-added relative to the benchmark since inception for small cap Canadian equity was 6.2% (annualized) and for large cap Canadian equity it was 1.2% as of June 2022. As a result, the expected gross value-added relative to the benchmark due to the new allocation is expected to be larger than it was under the previous allocation.

The gross value-added relative to the benchmark since inception for global equity large cap was -1.3% (annualized) and for global equity low vol it was -4.3% as of June 2022. As a result, the expected gross value-added relative to the benchmark due to the new allocation is expected to be smaller than it was under the previous allocation.

iv. The tracking error for large cap Canadian equity was 9.2% and for small cap Canadian equity it was 13.5% as of June 2022. The expected tracking error for Canadian equity due to the new allocation is expected to be larger than it was under the previous allocation.

The tracking error for large cap global equity was 6.2% and for low volatility global equity it was 8.2% as of June 2022. The expected tracking error for global equity due to the new allocation is expected to be larger than it was under the previous allocation.

CAC (MPI) 1-86

Part and Chapter:	Part II COM Appendix 3 Part XI – INV	Page No.:	COM Appendix 3, p 14 of 197 (PDF Page 97 of 4085)
PUB Approved Issue No:	22. Asset Liability Management Study		
Topic:	Surplus Volatility and Minimum Capital Required		
Sub Topic:			

Preamble to IR:

The table below shows a subset of data for the Basic Portfolio from the A/L Study.

Metric	Current A	Mid Point D	Higher Return B
Expected Excess Return - 10 Year	0.72%	1.09%	1.50%
Surplus Volatility	3.65%	2.43%	3.62%
Minimum Capital Required ($M)	15.6	72.4	92.5

The source of the above data is below (COM Appendix 3, p 14 of 197 or PDF page 97).

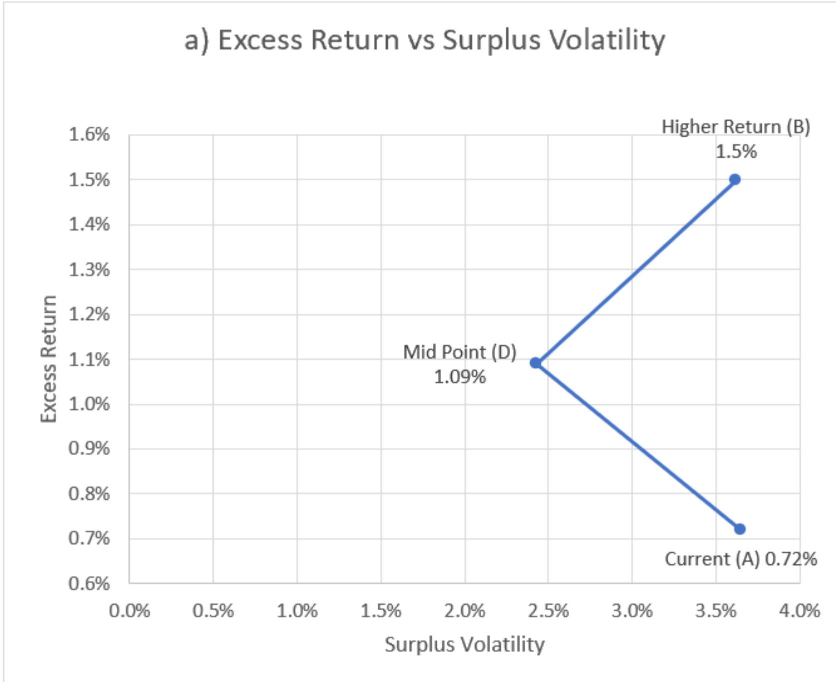
Figure 2 – Asset Mixes identified on Efficient Frontier #3 for Basic Claims Portfolio

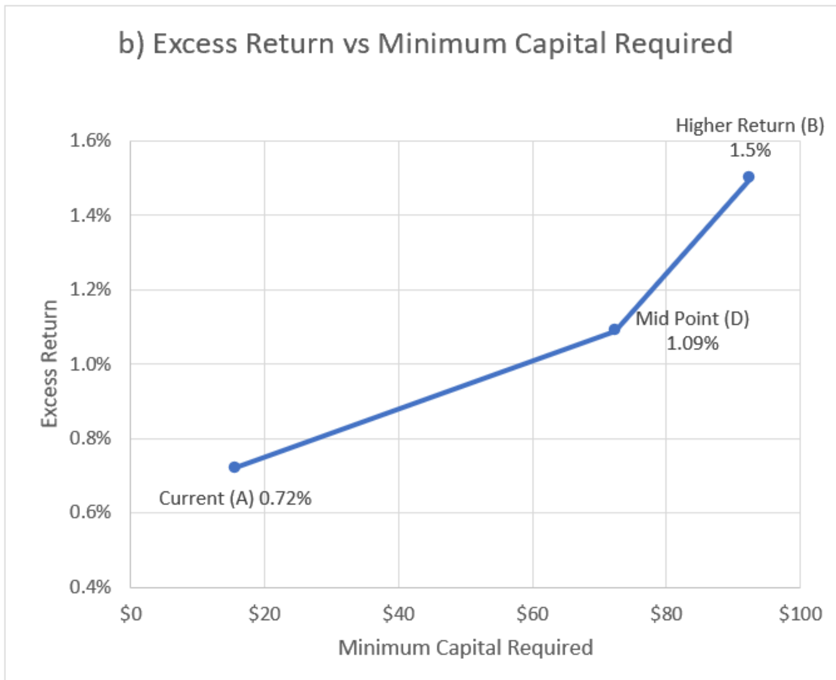
	Liability Benchmark	Current (A)	Higher Return (B)	Lower Risk (C)	Midpoint (D)	Higher Return & Risk (E)
Fixed Income	100%	100%	85%	85%	85%	85%
3x Real Return Bonds	—	—	—	—	—	—
Real return bonds	62%	—	20%	46%	34%	16%
3x Long Provincial Bonds	—	—	—	—	—	—
Provincial short-term bonds	36%	—	—	—	—	—
Provincial mid-term bonds	2%	33%	1%	5%	3%	—
Provincial long-term bonds	—	27%	—	—	—	—
Corporate mid-term bonds	—	9%	8%	14%	11%	7%
Corporate long-term bonds	—	11%	36%	—	17%	42%
MUSH Bonds	—	20%	20%	20%	20%	20%
Public Equities	–	–	–	–	–	–
Canadian equity (large cap.)	—	—	—	—	—	—
All Country World Equity	—	—	—	—	—	—
Alternatives	–	–	15%	15%	15%	15%
Commercial mortgages	—	—	1%	9%	5%	—
Core Canadian Real Estate	—	—	14%	6%	10%	15%
Return Metrics						
Median return - 10 year	1.85%	2.48%	3.31%	2.55%	2.92%	3.42%
Risk Metrics						
Expected excess return - 10 year		0.72%	1.50%	0.72%	1.09%	1.62%
Surplus volatility		3.65%	3.62%	1.36%	2.43%	3.97%
Information Ratio (Excess Return/Risk)		0.20	0.42	0.52	0.45	0.41
5% Value at Risk		124.0 M	133.5 M	62.8 M	95.8 M	144.4 M
Probability of deficit - 10 year		26%	13%	14%	13%	14%
Other Metrics						
Minimum Capital Required		15.6 M	92.5 M	53.9 M	72.4 M	98.2 M
Interest Rate Metrics						
Duration	10.9	11.1	10.9	10.9	10.9	11.0
Hedge Ratio	100%	101%	100%	100%	100%	100%

The two graphs show the relationship between Expected Excess Return (Y or vertical axis) and the following metrics on the X (horizonal) axis:

a) Surplus Volatility (top graph); and

b) Minimum Capital Required (bottom graph).





Question:

a) Why is the Minimum Capital Required **not** (positively) correlated with Surplus Volatility? i.e., Why does the bottom graph not "bend", as the top graph does?

b) Does MPI believe that the Minimum Capital Required should be (positively) correlated with Surplus Volatility, other things equal? If not, please explain why not.

c) Is MPI or Mercer aware of other practices where Minimum Capital Requirements are positively correlated with Surplus Volatility? (e.g., other financial sectors, other jurisdictions)

Rationale for Question:

To better understand the relationship between Surplus Volatility and Minimum Capital Required.

RESPONSE:

a) By positively correlated, MPI assumes what is meant is that the expectation would be that the Minimum Capital Test (MCT) would be lower for asset mixes with lower Surplus Volatility. There are two main reasons why that is not the case:

   1. Mercer's MCT calculation only reflects the market risk component of MCT[1], which depends on the asset portfolio only, regardless of the associated liability; and

   2. The MCT guidelines do not reflect the benefits of asset class diversification (does not consider correlations).

[1] Given the scope of the A/L Study, it was deemed appropriate by MPI to adopt a simplified MCT calculation which recognizes the market risk component of the MCT calculation.

Comparing Mix A and Mix D as an example:

- Mix D reduces Surplus Volatility by allocating from provincial bonds to real return bonds, which are a better match to the liabilities. While this change reduces Surplus Volatility, both real return bonds and provincial bonds have the same MCT charge (0%), so it does not reduce the MCT.

- The reduction in Surplus Volatility from the first change frees up the risk budget to allocate 15% to Alternatives.

- While in aggregate the above changes result in a lower Surplus Volatility for Mix D than Mix A, the resulting MCT is higher since Alternatives attract an outsized MCT charge (10% for commercial mortgages, 20% for real estate).

It is important to remember that the methodology used by Mercer to generate the alternate asset mixes was to optimize excess return for a given level of surplus volatility. It did not involve optimizing for MCT. For this reason, the relationship between excess return / surplus volatility and MCT will not necessarily be correlated.

b) Generally, Minimum Capital Required should be (positively) correlated with Surplus Volatility but, as indicated by Mercer in the response to Part A of this question, there are reasons why this is not always true (Provincial bonds and real return bonds having the same MCT charge and alternative asset classes such as commercial mortgages and real estate attracting an outsized MCT charge).

c) As is generally the case for MCT, it is usually the case for other insurance risk-based capital regimes (e.g., Solvency II, LAGIC, etc.) that surplus volatility and their equivalent of the asset risk charge are positively correlated, since they measure similar (though not identical) risks. However, it is not atypical for the insurance capital regime to miss nuances that can be picked up in an economic model meaning that the correlations have exceptions, as seen in this instance.

CAC (MPI) 1-87

Part and Chapter:	Part II COM Appendix 3 Part XI INV	Page No.:	COM Appendix 3, p 27 of 197; INV Appendix 12 at 23 of 184 (PDF Page 110 and 3755 of 4085)
PUB Approved Issue No:	22. Asset Liability Management Study 8. Capital Management Plan		
Topic:	Minimum Capital Required		
Sub Topic:			

Preamble to IR:

Calculations supporting Mercer's estimate of Minimum Capital Required are below (PDF page 110).

Efficient Frontier #3 - Adding RRBs, Mortgages & Real Estate

	Total Risk
Provincial short-term bonds	0%
Provincial mid-term bonds	0%
Provincial long-term bonds	0%
Corporate mid-term bonds	4.0%
Corporate long-term bonds	3.7%
Overall Corporate	3.6%
Private Debt IG (Universe)	3.0%
MUSH Bonds	0.0%
Commercial Mortgages	10.0%
Real Return Bonds	0.0%
3x Real Return Bonds	0.0%
3x Long Provincial Bonds	0.0%
Canadian equity (large cap.)	30.0%
Canadian equity (small cap.)	30.0%
Global equity (large cap.)	40.0%
Global equity (small cap.)	40.0%
Global low vol equity	40.0%
All Country World Equity	40.0%
Core Canadian Real Estate	20.0%
Infrastructure	30.0%
Private debt non-investment grade	20.5%
Multi-asset credit	20.5%

	MCT Charge	Current (A)	Higher Return (B)	Lower Risk (C)	Midpoint (D)	Higher Return & Risk (E)
Fixed Income		100%	85%	85%	85%	85%
3x Real Return Bonds	0.0%	—	0%	0%	0%	0%
Real return bonds	0.0%	—	20%	46%	34%	16%
3x Long Provincial Bonds	0.0%	—	0%	—	—	0%
Provincial short-term bonds	0.0%	—	—	—	—	—
Provincial mid-term bonds	0.0%	33%	1%	5%	3%	0%
Provincial long-term bonds	0.0%	27%	—	—	—	—
Corporate mid-term bonds	4.0%	9%	8%	14%	11%	7%
Corporate long-term bonds	3.7%	11%	36%	—	17%	42%
MUSH Bonds	0.0%	20%	20%	20%	20%	20%
Public Equities	–	–	0%	0%	0%	0%
Canadian equity (large cap.)	30.0%	—	0%	0%	0%	0%
All Country World Equity	40.0%	—	0%	—	—	0%
Alternatives	–	–	15%	15%	15%	15%
Commercial mortgages	10.0%	—	1%	9%	5%	0%
Core Canadian Real Estate	20.0%	—	14%	6%	10%	15%
Other Metrics						
Minimum Capital Required		15.6 M	92.5 M	53.9 M	72.4 M	98.2 M

Basic Claims Asset Value (Dec. 31, 2021)	2,179 M
Proportion of Basic Long (%)	93%
Basic Long Asset Value (Dec. 31, 2021)	**2,026 M**

Mercer's volatility assumptions for Canadian Equity (large cap) of 19.5% and Global Equity (16.1%) are below (PDF page 3755).

As at December 31, 2021

	Asset Class	Median 10 year return	Standard deviation
1	Treasury Bills	0.9%	1.5%
2	Real return bonds	1.7%	7.5%
3	Provincial short-term bonds	1.9%	3.5%
4	Provincial mid-term bonds	2.2%	6.5%
5	Provincial long-term bonds	2.3%	8.5%
6	Corporate short-term bonds	2.5%	3.5%
7	Corporate mid-term bonds	3.0%	6.5%
8	Corporate long-term bonds	3.3%	8.5%
9	Canadian equity (large cap.)	5.7%	19.5%
10	Global equity (large cap.)	5.7%	16.1%
11	Global low vol equity	5.2%	13.0%
12	Canadian equity (small cap.)	6.2%	21.5%
13	Global equity (small cap.)	6.2%	17.6%

Question:

a) Why does Foreign Equity have an MCT charge (40%) that is **33% higher** than the MCT Charge for Canadian Equity (30%), while Mercer's volatility assumption for Foreign Equity (16.1%) is **17% lower** than the volatility assumption for Canadian Equity (19.5%)?

b) Please confirm that the MCT charge does **not** take into account correlations across asset classes.

Rationale for Question:

To better understand the Minimum Capital Required.

RESPONSE:

a) The Minimum Capital Test (MCT) charges are based on guidelines from OFSI, rather than Mercer's assumptions. As such, they are completely independent from Mercer's capital market assumptions. Based on Office of the Superintendent of Financial Institutions (OSFI) guidelines, global equities attract an additional 10% charge for foreign exchange risk, explaining the difference in MCT charge of 30%

vs. 40% for Canadian vs. Foreign Equity. The OFSI guidelines do not appear to be granular enough to recognize the varying risks of different asset classes – for example, global low volatility equities draw the same MCT charge and global large cap equities.

b) Confirmed. The MCT charge does **not** consider correlations across asset classes. Furthermore, Mercer's calculation of the MCT charge only reflects the market risk component of the MCT calculation.

CAC (MPI) 1-88

Part and Chapter:	**Part II COM Appendix 3 Part XI INV**	**Page No.:**	**COM Appendix 3, p 16 of 197 (PDF Page 99 of 4085)**
PUB Approved Issue No:	**22. Asset Liability Management Study**		
Topic:	**Equity Allocation**		
Sub Topic:			

Preamble to IR:

MPI provided the following rationale (PDF page 99) for **not** recommending equities for Basic Claims, with reference to the Investment Policy Statement:

> *"the purpose of the Basic Claims portfolio is … to back … claims and ensure funds are available* ***as liabilities come due**** *and to* ***minimize interest rate risk**** *through duration matching. The funds are intended to pursue modest incremental returns while maintaining risk management as a top priority. The fund must maintain* ***sufficient liquidity**** *to support the Basic line of business as required."*

MPI indicated that "… equities add volatility … that is unrelated to interest rates. Equities attract a capital charge of 30% - 40% and … their volatility is 13.0% to 21.5%, which is the highest of any asset class. Equities do not hedge the interest rate risk associated with the liabilities and they introduce other sources of risk: foreign exchange, market price and idiosyncratic risk (ie: factors unique to each company)."

Question:

a) Is the **liquidity** of public stocks (e.g., large cap equities) materially different from the liquidity of marketable bonds (e.g., those in the FTSE Provincial Bond Indices)? If so, how is it different?

b) Do equities introduce any material surplus volatility from **foreign exchange exposure**?

c) Do corporate bonds owned in MPI's portfolio introduce **idiosyncratic risk**?

d) Can idiosyncratic risk be diversified, whether it arises from investments in a company's bonds or its stock?

e) Ignoring liabilities (i.e., considering return volatility alone), would MPI agree that beta (b) is a more relevant risk than volatility (standard deviation) when managing **total** (asset-only) risk?

   i. If not, why not?

f) In Mercer's scenario analyses (PDF page 153 to 158), would MPI agree:

   i. the interest rate risk analysis showed the impact on **both** assets and liabilities (presumably taking into consideration correlation effects)?; and

   ii. the equity risk analysis showed the impact on the **assets only**, and **not the liabilities** (i.e., **not** taking into consideration correlation effects)?

Rationale for Question:

To better understand the **marginal** impact that equities have on surplus volatility.

RESPONSE:

a) No, the **liquidity** of public stocks (e.g., large cap equities) is not materially different from the liquidity of marketable bonds (e.g., those in the FTSE Provincial Bond Indices in normal market conditions.

b) From Mercer's analysis, historically foreign exchange exposure in public equities has resulted in lower volatility over time for a Canadian investor relative to a hedged approach. This is because the Canadian dollar tends to depreciate in periods of market volatility, while the US dollar (by far the largest foreign currency exposure) tends to appreciate ('flight-to-safety'). Thus an unhedged Canadian dollar investor generally experiences less severe losses during market downturns, cushioning the impact of tail events and reducing long-term volatility.

c) Yes, corporate bonds owned in MPI's portfolio do have **idiosyncratic or unique risk.**

d) Yes, idiosyncratic risk can be diversified, whether it arises from investments in a company's bonds or stock.

e) Agreed, beta (b) is a more relevant risk than volatility (standard deviation) when managing **total** (asset-only) risk.

f)

i. Yes, the interest rate risk analysis illustrates the impact of bond yield movements, both of which directly impact assets (for the portion invested in bonds) and liabilities.

ii. Agreed. Although the analysis shows the impact on the net funded position (assets-liabilities), it was assumed for this illustration that the value of liabilities is unchanged/not impacted at all by the shock to equity markets.

CAC (MPI) 1-89

Part and Chapter:	Part II COM Appendix 3 Part XI INV	Page No.:	COM Appendix 3, p 25 of 197 (PDF Page 108 of 4085)
PUB Approved Issue No:	5. Financial forecast: c) Impact of IFRS 9, 14 and 17		
Topic:	Discount Rates		
Sub Topic:			

Preamble to IR:

In materials provided to the Investment Committee (PDF page 108), MPI Management stated the following:

6. Impact on Discount Rates for Basic Claims

For valuation purposes the discount rate can only include fixed income …, but for pricing purposes the discount rate can include all asset classes. As a result, a different discount rate could be used depending on the purpose. The recommended asset mix for … Basic … ("mid point") includes one non-fixed income asset class, real estate. As a result, the discount rate for valuation purposes would exclude real estate but for pricing real estate would be included. The projected return on real estate is CPI + 4%, which is generally higher than the yield on fixed income asset classes. According to Mercer's … assumptions, the expected median 10 year return for core real estate is … is higher than the expected return on large cap and low volatility equities. As a result, the discount rate for pricing purposes would likely be higher than the discount rate for valuation purposes.

7. Impact on ALM strategy for Basic Claims

The discount rate under IFRS 17 will be based upon a reference portfolio which reflects the actual asset allocation ... The discount rate will be adjusted to remove market risk premiums due to credit risk (ie: default & downgrade risk). We will continue to use a moment matching strategy to manage interest rate risk (ie: match both duration and convexity). As a result, the new asset allocation will have no impact *on MPI's ALM strategy. MPI will adopt the "top down" approach, which according to Deloitte is closer to current practice than the "bottom up" approach. As per Deloitte, the top-down approach is "better related to assets than the bottom-up approach to the extent that the underlying financial variables are common".*

For discounting purposes RRBs will be modeled as nominal federal bonds. The yield is equal to the real yield on the RRB plus inflation expectations, which could be equal to the break-even inflation rate (BEIR). The result is equal to the yield on a nominal federal bond.*

** BEIR = yield on nominal Federal bond – real yield on Federal RRB. Therefore, RRB + BEIR = nominal yield.*

Question:

a) Please clarify the different "purposes". i.e., Does "valuation purpose" refer to the accounting value of the liabilities? Does "pricing purpose" refer to the valuation of the assets or something else?

b) When choosing between the "top down" and "bottom up" approach, how important was "being closer to MPI's current practice"?

c) Under what circumstances, or for what purposes, is it:

    i. "better" to relate the valuation of liabilities with the assets?;

    ii. "worse" to relate the valuation of liabilities with the assets?

d) Will MPI's adoption of certain accounting policies make some assets look more (or less) attractive, and under what circumstances or from what perspectives?

    i. If so, what characteristics about the assets make them more (or less) attractive (e.g., liquidity)?

Rationale for Question:

To understand how accounting impacts MPI's portfolios and liabilities.

RESPONSE:

a) Valuation of claim liabilities provides the best estimate of the present value of the future outflow for the claims already incurred. Given most claims have short development periods, the liabilities associated with past incurred claims includes an accumulation of long tailed claims stemming from several past years. Assets held to match the duration of those liabilities are typically comprised of fixed income instruments. Therefore, for valuation "purpose", the use of fixed income yields is more appropriate.

   Pricing, on the other hand, is a forward-looking assessment of all outlays (claims, expenses, taxes) associated with premiums not yet written. The duration is, therefore, more representative of the mix of assets that would be purchased from the new premium proceeds. As most of the claims from a single policy year have a short tail, the money is invested in the same mix of assets as the overall asset book. Therefore, for pricing "purpose" a more balanced mix of assets could be used to discount the prospective outflow.

b) Being close to MPI's past practice for discounting was important to minimize the impact of the change in the discounting methodology on transition.

c) It is always better to relate the valuation of liabilities with the assets as it will help to minimize differences between the two, which is the point of any asset-liability management program.

d) MPI intends to adopt a Fair Value Through Profit & Loss ('FVTPL') approach for all assets under IFRS 9. Under the FVTPL approach, all asset classes will have the same treatment. Changes in the market value of all assets will be treated the same, meaning that a change in the value of one asset would be no more or less attractive than a change in the value of another asset.

The proposed accounting approach also means that the accounting treatment should have no impact on the vehicle used to implement an investment. An asset class held via a pooled fund, or a separately managed account will be treated the same way. Therefore, MPI has the freedom to choose the implementation approach that most suits its needs.

In addition to classifying assets using FVTPL, MPI intends to adopt FVTPL for changes in the value of liabilities, under IFRS 17. Taking an FVTPL approach to liabilities means that changes in MPI's liability discount rate, caused by movements in market interest rates, will result in changes in the fair value of liabilities and in turn an impact on P&L.

An FVTPL approach to recognizing changes in the value of liabilities tends to encourage adopting an investment strategy that utilizes assets to match or immunize the interest rate exposure associated with the liabilities. A duration matching approach has already been used in a significant proportion of MPI's assets and the introduction of FVTPL for liabilities under IFRS17 is a positive factor for continuing that approach.

MPI intends to use the top-down approach to construct its IFRS 17 discount rate. Under the top-down approach, the discount rate is derived from either a reference portfolio or the actual asset portfolio. With both methods, only a portion of the credit spread (the amount attributed to illiquidity) is incorporated into the liability discount rate. Therefore, holding assets specifically to match credit spread exposure in the liability discount rate is unlikely to be a major consideration. If an 'actual portfolio' approach for deriving the discount rate is adopted, then there may be an advantage to using illiquid assets to increase the illiquidity premium in the IFRS liability discount rate.

CAC (MPI) 1-90

Part and Chapter:	Part IX EXP	Page No.:	N/A
PUB Approved Issue No:	10. Cost Containment		
Topic:	Executive Pay		
Sub Topic:			

Preamble to IR:

A Compensation Study conducted by Mercer is referenced on the record of the 2023 General Rate Application. For example, see MPI Exhibit #116, response to Undertaking #4, which attached Mercer's Project Plan and terms of engagement.

Question:

a) Please file the results of the Mercer compensation study referenced in the Preamble.

b) Please provide an accompanying narrative explanation of the extent to which Mercer's findings in this study are reflected in projected salary expenses in MPI's financial forecasts, including the revenue requirement for 2024/25.

Rationale for Question:

To inform an assessment of the appropriateness of MPI's projected salary expenses.

RESPONSE:

a) Initial benchmarking is complete and preliminary results have been received from Mercer.

In-Scope Market Benchmarking Results

To understand MPI's external market competitiveness, MPI's in-scope jobs were benchmarked to comparable jobs within a blended market of Canadian Insurance, Canadian Public, and Canadian Private sectors. Preliminary findings showed:

Base Salaries Relative to Blended Market at the 50th Percentile:

- 20% of in-scope jobs are above market (> 10% of the 50th percentile of the market)
- 57% of in-scope jobs are within competitive range of the market (+/- 10% of the 50th percentile of the market)
- 16% of in-scope jobs are below market (<10% of the 50th percentile of the market)
- 7% of in-scope jobs did not have market data available

Actual Total Cash Relative to Blended Market at the 50th Percentile:

- 12% of in-scope jobs are above market (> 10% of the 50th percentile of the market)
- 54% of in-scope jobs are within competitive range of the market (+/- 10% of the 50th percentile of the market)
- 27% of in-scope jobs are below market (<10% of the 50th percentile of the market)
- 7% of in-scope jobs did not have market data available

Out-of-Scope Market Benchmarking Results

To understand MPI's external market competitiveness, MPI's out-of-scope jobs were benchmarked to comparable jobs within a blended market of Canadian Insurance, Canadian Public, and Canadian Private sectors. Preliminary findings showed:

Base Salaries Relative to Blended Market at the 50th Percentile:

- 16% of out-of-scope jobs are above market (> 10% of the 50th percentile of the market)
- 67% of out-of-scope jobs are within competitive range of the market (+/- 10% of the 50th percentile of the market)
- 16% of out-of-scope jobs are below market (<10% of the 50th percentile of the market)
- 1% of out-of-scope jobs did not have market data available

Actual Total Cash Relative to Blended Market at the 50th Percentile

- 7% of out-of-scope jobs are above market (> 10% of the 50th percentile of the market)
- 41% of out-of-scope jobs are within competitive range of the market (+/- 10% of the 50th percentile of the market)
- 51% of out-of-scope jobs are below market (<10% of the 50th percentile of the market)
- 1% of out-of-scope jobs did not have market data available

Next Steps

Those jobs that fall outside the threshold (+/- of the 50th percentile of the market) require further in-depth analysis. As part of the process, leadership of impacted areas will be engaged over the coming months to ensure the jobs are properly defined, evaluated, and matched to market comparators.

Once the in-depth analysis has been completed, MPI will conduct detailed costing to understand the impact of any proposed changes, with the anticipation of any approved changes to be implemented next fiscal year.

b) The results from the projected salary expenses are not reflected in MPI’s financial forecast, including the revenue requirement for 2024/25.

CAC (MPI) 1-91

Part and Chapter:	Part IX - EXP	Page No.:	N/A
PUB Approved Issue No:	10. Cost Containment		
Topic:	Executive Expenses		
Sub Topic:			

Preamble to IR:

News media reported on July 5, 2023 that MPI had responded to a request under Manitoba's freedom of information legislation by providing a breakdown of travel- and travel-related expenses incurred by the corporation related to the activities of its former Chief Information Technology Officer.

News media also reported on May 15, 2023 that executive travel expenses totaled over $88,000.00 in 2022/23.

Question:

Please file a table presenting a five-year history of executive travel expenses as well as two years of projected executive travel expenses. To the extent that in MPI's view the data displays anomalous trends, please also provide a narrative explanation.

Rationale for Question:

To inform an assessment of the reliability of MPI's expense forecasts.

RESPONSE:

Please see Figure 1 below.

Figure 1 Executive Travel Expenses

Line No.	Travel Expenses[1]	2018/19A	2019/20A	2020/21A[2]	2021/22A[2]	2022/23A	2023/24FB	2024/25F
1	*($C 000s, except where noted)*							
2	President & CEO	6	8	-	2	27	-	-
3	General Counsel & Corporate Secretary	1	-	-	-	2	-	-
4	Vice President & Chief Actuary & Chief Risk Officer	4	3	-	-	4	-	-
5	Vice President & Chief Customer Officer	5	4	-	-	2	-	-
6	Vice President & Chief Financial Officer	2	3	-	-	2	-	-
7	Vice President & Chief Information & Technology Officer	6	4	-	-	24	-	-
8	Vice President & Chief Operations Officer	8	8	-	-	12	-	-
9	Vice President & Chief People Officer	-	-	-	-	7	-	-
10	Vice President & Chief Transformation Officer	-	-	-	-	15	-	-
11	Forecasted Budget[3]	-	-	-	-	-	71	19
12	**Total Executive Travel Expenses**	**32**	**30**	**-**	**2**	**95**	**71**	**19**

13 [1] Actual expenses include costs associated with out-of-province travel, such as lodging, meals and conference registration.
14 [2] There were no out-of-province travel expenses in 2020/21 and 2021/22 due to the pandemic.
15 [3] Forecasted budget based on total travel expense budget.

Budget years are total and not individual based.

Travel is position and event dependent. There is no trending or insights on past practice available. MPI forecasted Executive travel expenses prior to changes at the executive level, and MPI expects actuals to be less than forecasted amounts.

CAC (MPI) 1-92

Part and Chapter:	**Part IX EXP**	**Page No.:**	**N/A**
PUB Approved Issue No:	**10. Cost Containment**		
Topic:	**Budgeting Guidelines**		
Sub Topic:			

Preamble to IR:

In Order 4/23, the Public Utilities Board indicated that "MPI should be using key performance indicators to establish performance measures and targets across all aspects of the business, including IT." (page 111).

Question:

Please file the key performance indicators (KPIs), indicators, guidelines, targets, or and expectations that were used in the development of the 2024/25 budget. Please also provide a narrative explanation of the 2024/25 budgeting process including identification of any variances between the processes employed in developing the 2022/23, 2023/24, and 2024/25 budgets.

Rationale for Question:

To inform an assessment of the reliability of MPI's expense forecasts.

RESPONSE:

2022/23

Given the staff turnover, no specific insights can be provided beyond what was already filed, which was a bottom-s up approach on executing MPI's ambitions at the time. The process would be similar to that of 2023/24.

2023/24

A bottom-up approach by department focused on Nova execution and ancillary support required for Nova.

No KPIs where used in the budget process for 2024/25, as they do not exist.

The final budget approved by GoM was subject to several iterations before landing in early 2024. Key changes can be seen with Full-Time Equivalent (FTE)s and bubble staffing for initiatives.

2024/25

The tone for 2024/25 budget reflected the following:

- Focus on business as usual;
- Focus on NOVA; and,
- Continuous improvement for cost containment / operational betterment.

Operating Expenses:

The budget process was specifically top down for operating expenses. Guidance was specifically set at $398M by the Executive Team to the Directorates. This was done for the preliminary GRA filing, with the expectation of holding to a similar run rate on expenses/initiatives through the budget process, to be reflected in the October update process. More specifically, landing around $403M, but with a potential drift on individual line items. In short, intentionally holding to the 2023/24 year run rate with any material drift linked to NOVA (potentially) versus normal operations as that process is fluid on build out.

FTEs:

FTEs for Normal Operations were specifically set at 2023/24 levels in total.

Government Organizational Review

The direction on operating expenses was decided prior to the Government Organizational review being issued.

NOVA Initiatives:

Consistent with past practices reflecting current progress and expected progress through the forecast year.

Vitality Initiatives or non-NOVA Initiatives:

Were specifically set at $18.5M. Traditionally, MPI has set this to $24.4M on an annual basis. MPI has never executed at this level. Historic capacity planning would suggest upwards of $15M, the expectation is that MPI will call this down from the $18.5M currently reflected.

KPIs:

Early stages. MPI continues to mature the focus here. A challenge is gathering and reporting on information with existing systems that are changing, as well as setting definable targets. In short, no KPIs were employed in creating the budget. The decision was to pause the run rate on expenses and reconsider what is reasonable in the circumstances.