



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re:

MANITOBA PUBLIC INSURANCE CORPORATION (MPI)

2026/27 MPI GRA

Before Board Panel:

Irene Hamilton, K.C.- Panel Chairperson

Patrick Ireland - Board Member

Kim Sharman - Board Member

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

Winnipeg, Manitoba

Oct 15, 2025

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1 --- Upon commencing at 9:00 a.m.

2

3 PANEL CHAIRPERSON: Good morning,
4 everyone. We'll continue this morning with the
5 Corporate Strategy and Update on Organizational Review
6 Panel.

7 Mr. Guerra, is there anything else that
8 you would like to add before we go into cross-
9 examination?

10 MR. ANTHONY GUERRA: No. There will
11 be one (1) housekeeping issue we'll address. It
12 appears that there was an error in one (1) of the
13 slides from the presentation this morning. So, we
14 will file an updated version of that slide just in
15 regards to the -- the baselines. It just had the MCT
16 ratio of the Basic reserve off. I think it was a
17 hundred percent reflected in the slide and should be
18 around 107 percent. So, we'll make the adjustment and
19 we'll file that as an EEO filing, but that's the only
20 adjustment I see.

21 PANEL CHAIRPERSON: Thank you, Mr.
22 Guerra. Mr. Andres...?

23

24 CONTINUED MPI CORPORATE STRATEGY AND UPDATE ON EY
25 ORGANIZATIONAL REVIEW PANEL:

1

2

RYAN KOLASKI, previously Sworn

3

MARIA CAMPOS, previously Sworn

4

DANA FRAZER, previously Affirmed

5

TAMARA BOBLINSKI, previously Sworn

6

SATVIR JATANA, previously Sworn

7

8

MR. TODD ANDRES: Thank you, Madam

9

Chair.

10

11 CROSS-EXAMINATION BY MR. TODD ANDRES:

12

MR. TODD ANDRES: So, Ms. Dweh, I

13

don't know that we need to go there yet, but we will

14

be starting off by looking at the Strategic Plan that

15

was filed, and just a few points to make and to get on

16

the record.

17

So, last year is when the Strategic

18

Plan was initially introduced, correct?

19

MS. SATVIR JATANA: Good morning. I'm

20

-- I'm so sorry. Can you repeat that? I didn't hear

21

that.

22

MR. TODD ANDRES: Yeah. So, the -- it

23

was last year that the current version of MPI

24

Strategic Plan was introduced, correct?

25

MS. SATVIR JATANA: Yes. So, last

1 year was when our Board of Directors had approved,
2 I'll say the first draft of the plan for us to share
3 with our partners and stakeholders and get validation
4 that we were on the right path.

5 MR. TODD ANDRES: And so -- yeah.
6 Thank you for that. And you've pre-empted my next
7 question.

8 So, you said it was the first
9 iteration. And so last year it was described as a
10 living and breathing strategy, correct?

11 MS. SATVIR JATANA: That Is correct.

12 MR. TODD ANDRES: It was -- the
13 comment was it's not a one and done?

14 MS. SATVIR JATANA: No. And I -- I
15 still would say the same. This plan should be
16 something that we revisit on an annual basis to ensure
17 that it still fits within our environment with the
18 needs of our customers and from ongoing feedback of
19 our partners and stakeholders and, of course, our
20 regulators.

21 So, this -- I still don't believe any
22 plan can be once and done, it's something -- it is a
23 living and breathing document that should continuously
24 be revisited.

25 MR. TODD ANDRES: And so, given that

1 it's been -- I guess 'socialized' is I think one of
2 the words that was used last year for it over the
3 course of the past year.

4 I'm wondering if you can comment on
5 whether it's been used in measuring metrics and
6 outcomes and performance and how it's been integrated
7 in terms of measurements.

8 MS. SATVIR JATANA: Yes. So, there's
9 a number of measures. Maybe at the first I would go
10 back to the eight (8) strategic KPIs that's been
11 developed, and some have been defined. Some have been
12 part of our environment for some time. Others were
13 starting to have more discussions. For example, the
14 affordability, KPI is one (1) example of that. And
15 we're -- you know, we're starting to kind of
16 understand what it needs to be. That's kind of at the
17 highest level.

18 There's also -- on a quarterly basis we
19 report to the Board in terms of how we're progressing
20 on our strategy. That has prompted us to look at
21 other KPIs within operations. You know, at the -- at
22 the macro level we have eight (8) KPIs. And then how
23 do we deliver on those KPIs? By, I'll say,
24 operational areas by more of a daily care
25 (INDISCERNIBLE) to determine that we are going to

1 achieve that.

2 So, it's a long way of kind of
3 answering your question, but what this prompt us --
4 what our plan gives us is the direction as to what
5 good looks like. And it's helping us become more
6 disciplined, what is it that we need to measure on a
7 daily, on a weekly, monthly, quarterly basis to
8 achieve our long-term objectives.

9 MR. TODD ANDRES: Okay. So, we're --
10 we're going to -- I think we'll come back to the KPIs,
11 and KPIs, of course, being key performance indicators.
12 We'll come back to that in a later Panel. I think
13 there's benchmarking and -- and other topics that'll
14 have to be discussed in due course.

15 But just again at a high level, when
16 we're looking at the Strategic Plan, what I'm -- what
17 I'm wondering about -- if we look at -- actually, Ms.
18 Dweh, if you could pull up -- it's Part 3 CSG,
19 Appendix 1, page 4 of 43, and it's the Strategic Plan.
20 Okay, perfect. If you can just scroll back up just
21 two (2) pages to page 4. Perfect.

22 And so now, if we look at page 4, there
23 are the three (3) sort of banners across the top. You
24 have MPI multiyear Strategic Plan, you have the
25 vision, the mission, which we're covered off yesterday

1 by the CEO. And then you have the corporate focus and
2 those live -- list, I guess, five (5) focuses, foci,
3 affordability, financial stability, organizational
4 effectiveness, customer value, and corporate
5 responsibility.

6 And then beneath those, you have what I
7 think were described as the pillars, correct?

8 MS. SATVIR JATANA: That is correct.

9 MR. TODD ANDRES: And then within
10 those pillars you have, I guess -- I don't know if you
11 call them programs, but there are twenty-one (21) sub
12 points. We'll call them programs. Yes?

13 MS. SATVIR JATANA: We would call them
14 programs.

15 MR. TODD ANDRES: Thank you. And so,
16 in terms of these programs, there are twenty-one (21)
17 of them listed, can you comment on how MPI prioritizes
18 or organizes these programs into which ones need to be
19 done and when?

20 MS. SATVIR JATANA: Yeah. So, these
21 twenty-one (21) programs would -- then further could
22 be broken into multiple initiatives. So, each program
23 can have maybe one (1) or more initiatives.

24 In terms of prioritization, our first
25 priority has been -- in the last eighteen (18) months

1 is stabilization of the organization, whether that's
2 the service delivery, service expectation for
3 Manitobans, or our team itself.

4 As you know, we came out of very
5 challenging times, whether it was the strike which had
6 impact both on our team and our customers and our
7 service delivery.

8 So, in terms of prioritization, our
9 initial plan has been what are those initial --
10 initial initiatives that stabilizes the organization
11 both from internally and externally, also keeping in
12 mind that we still need to address some of our IT
13 debt. So, there's a lot of effort in planning and
14 executing against our -- our major programs.

15 All that to say, I touched on kind of
16 what our first year initiatives were embarking on.
17 And each of these pillar, we're spending so much
18 effort, but does not mean that we are spending equal
19 amount of effort in each of the pillar; it's more
20 prioritization.

21 So, in the initial years, stability,
22 financial health of the organization, putting those
23 foundational pieces that allows us to pick up the
24 momentum, pick up the speed, and increase our capacity
25 in the organization, and deliver on our mandate.

1 Of course, affordability is -- like I
2 said, yesterday, it's -- something has always been
3 part of our deliverable, but now we are much more
4 thoughtful in ensuring that we can deliver on that
5 mandate from the operational decisions we make, from
6 strategic decisions we make, from investment and the
7 capacity that we have.

8 MR. TODD ANDRES: Okay. So, just in
9 terms of understanding how things are prioritized, so
10 I see that there's -- underneath the -- each of the
11 pillar headings there's a responsible -- is it -- I --
12 I don't know what you would call that position, but a
13 responsible officer is how I refer to them.

14 So, is the responsible officer then
15 responsible for setting the priorities within their
16 pillar?

17 MS. SATVIR JATANA: These officers are
18 responsible for ensuring that the work in that pillar
19 is proceeding in the right pace and with the
20 expectations on us from our Board, our shareholder,
21 and, of course, ultimately Manitoban.

22 They do not do work alone. For
23 example, any one pillar can have a lot of work, cross-
24 functional work. For example, I'll just highlight the
25 pillar 5. Be ready for what's ahead. Our chief

1 customer and product officer is responsible for that
2 pillar. However, the work underneath is not
3 necessarily just from that division. There's program
4 in there that talks about designing a service model
5 for the future.

6 Actually, a lot of that work has to do
7 with the COO's division and the VP of Claims Division
8 adapting -- pardon me, protecting our technology and
9 system. A lot of that work is -- I'll say the lion's
10 share of that execution happens in IT.

11 So, all that to say that leader is
12 responsible for ensuring that that pillar -- the work
13 in that pillar is moving ahead, not necessarily doing
14 all of the work. The work is shared cross-
15 functionally.

16 MR. TODD ANDRES: So, sorry. Then the
17 -- the question I had was -- is, who -- who sets the
18 priority within, so not who does the work, but who
19 sets the priority? Is it -- is it that responsible
20 officer? Or -- and -- and I guess I'll let you answer
21 that first, but I have a follow-up question about --

22 MS. SATVIR JATANA: So, it is the
23 executive team as a whole that sets the priority,
24 along with our Board of Directors.

25 MR. TODD ANDRES: Okay. And so, then

1 in terms of how that cascades down from the Board and
2 the executive team, how does that then filter down
3 into each individual pillar?

4 MS. SATVIR JATANA: Sorry, can you
5 just repeat that once more?

6 MR. TODD ANDRES: Sure. So, you
7 indicated that it was the executive team that sets the
8 priority. How does that then get filtered down into
9 each individual pillar --

10 MS. SATVIR JATANA: So --

11 MR. TODD ANDRES: -- so that you have
12 the chief and customer product officer, for example,
13 being responsible for the things within their pillar?

14 MS. SATVIR JATANA: Yeah. So, we are
15 getting more disciplined in our annual planning. So
16 first, we take our multiyear plan, and on an annual
17 basis, which starts about now, as an executive team we
18 first look at what is the work that is underway that
19 needs to be carried into the following years. And
20 then we look at our multiyear Strategic Plan and
21 determine what initiatives we are planning, how are we
22 prioritizing. And keep in mind what now we are
23 planning for '27/'28.

24 So, it is a collective voice at the
25 executive table that we determine which initiatives.

1 Then we take that to our Board for approval of our
2 plan, along with our budget for that year, which will
3 be baked into the next year's GRE, but that works
4 starts now.

5 Once that is locked in, we work with
6 our -- our senior leadership team in terms of putting
7 that into action. At the highest level, it might be,
8 what is that problem we're trying to solve. And as I
9 talked about our CPG and our framework as to how we
10 move the work from planning to execution, we follow
11 that framework to determine the type of work that's
12 going to be brought into operations.

13 MR. TODD ANDRES: So, then how does
14 that get assigned into an individual pillar?

15 MS. SATVIR JATANA: So, maybe let me
16 try to clarify that. The pillars are set in terms of
17 what the pillars are. The programs are also defined
18 as to what is that we're trying to accomplish in that
19 pillar from a programming.

20 It is the initiatives that are more --
21 so let me -- let me talk about another pillar that
22 might bring a little bit more to a real example. So,
23 making customer experience with our faster and more
24 reliable is one (1) of the program under Pillar 1.
25 And we would have taken that pillar and say, what is

1 the work that needs to be done in the current fiscal
2 year?

3 So, one of the initiative -- how that
4 program translate into an action or initiative is that
5 we're looking at our end-to-end adjusting today. We -
6 - we found that our wait times were getting longer or
7 were longer coming out of strike situation and we were
8 not meeting what was our standards in that area.

9 So, one (1) of the initiative for that
10 would be to review end-to-end adjusting and -- and
11 look at where we can gain efficiencies, what might be
12 the gaps or the opportunities and redefine that --
13 that journey. So, that would be initiative.

14 So, that's how -- that's an example of
15 -- the pillar talks about what we need to achieve,
16 what good looks like. And then initiatives are more
17 about how do you solve that problem. And one (1) of
18 the initiative under that is improving our claims
19 experience for our customer and looking at our end-to-
20 end adjusting journey on its own.

21 MR. TODD ANDRES: Okay. So, if I
22 understand correctly then, it's as a collective senior
23 management decides what the priorities are, decides
24 potentially what the initiatives are.

25 And then am I correct to say that one

1 (1) of these responsible officers will then sort of
2 accept ownership of that initiative and it'll fall
3 within their purview?

4 MS. SATVIR JATANA: Correct. So, for
5 example, the chief operating officer is the pillar
6 owner. When we break down that initiative, the owner
7 of that initiative is at the director level, in this
8 case, who happens be within that division. But that
9 owner very much could have been -- depending on the
10 initiative, could have been from another division.
11 And the owner could have also been below the director
12 level.

13 So, it's about determining what problem
14 we're trying to solve and who -- what the solution
15 looks like and who is the best to solve that problem,
16 who owns that. Most of this work is cross-functional
17 work, but there's always a one owner of -- of that
18 initiative.

19 MR. TODD ANDRES: Okay. Thank you.
20 So, I -- I also saw a reference in the material
21 elsewhere to the Corporate Planning and Governance
22 Committee.

23 Can you tell me how that fits within
24 this strategy? Where do they fall into place?

25 MS. SATVIR JATANA: So, the Corporate

1 Governance Committee comes into a role; two (2)
2 different examples of that. One is as an executive on
3 an annual basis. Like I said, we -- we bring the
4 entire executive team together to plan the following
5 year what that looks like.

6 And we want to get into a place where
7 we plan annually and we execute during the year, that
8 we are able to stick to that plan. But the reality of
9 our world is that the best plan can change during the
10 year. And sometimes how they change is there's
11 another urgent issue that needs to be addressed or
12 another initiative or another thing that requires more
13 attention.

14 And -- and this year, I can give you an
15 example. So, when we would have done planning,
16 Drivers Ed was not necessarily something that we had
17 planned for this year that we were going to make any
18 significant improvements in that area. And you would
19 have seen some of this in the media.

20 And what -- we found that the way we --
21 the way we register new students was not landing well
22 with Manitoba. And all that to say there was long
23 wait times and we needed to improve the registration.

24 So, that was one (1) of those example
25 that needed to be added on to our plate during the

1 year. If you add that on, then either you need to
2 take something else off or something else is going to
3 be delayed. And there was many examples of -- of that
4 that we were finding that new work was inserting --
5 being inserted without kind of making the choice of
6 what's going to be off the plate.

7 So, the second time that CPG comes into
8 play is looking at all those new ideas that come
9 during the year to allow us to determine early on is
10 this worth taking on or is this an initiative that can
11 be delayed and we need to stay focused on what we
12 started the year with.

13 So, CPG has -- during the year, that's
14 kind of the bigger role that team will play as -- as
15 we want to -- the executive team very early either
16 want to endorse new ideas or -- or put it on the back
17 burner. And they also have a role to play in the
18 larger venue on the annual year planning when the
19 entire executive team comes in together to plan for
20 the following year.

21 MR. TODD ANDRES: Okay. So, if I
22 understand correctly, the executive team will sort of
23 set the priorities and determine what the priorities
24 are. The Corporate Planning and Governance Committee
25 will, I guess, monitor that, and monitor its

1 implementation, and so I guess finetune or tweak
2 throughout the year as necessary.

3 Is that fair to say?

4 MS. SATVIR JATANA: The entire
5 executive team -- I don't want to -- I don't want to
6 confuse that the entire executive team is responsible
7 for the execution of the plan on an annual basis.
8 What we wanted to have a mechanism is during the year
9 as new ideas are coming, we are able to quickly and
10 responsibly determine if those ideas are going to be
11 endorsed or they should be shelved.

12 What we were finding, because we didn't
13 have this clarification or this improvement in our
14 framework, often team members would spend so much time
15 on planning new initiatives, and by the time it got to
16 us was at the business case level. And by then Teams
17 would have spent four (4) or five (5) weeks on
18 building something that the executive was not going to
19 endorse.

20 So, this mechanism very early on allows
21 us to ask those smart questions and engage with the
22 team to determine if something should be added during
23 the year or not.

24 In terms of the annual plan, the entire
25 executive team is responsible for developing that,

1 monitoring that, and then the entire executive team
2 sits on the steerco that is responsible for major
3 programs.

4 So, we're -- I don't want to give an
5 impression it's a subset of the executive team is
6 responsible for executing. It is the entire executive
7 team. The smaller team is more for dealing with those
8 one-off issues.

9 MR. TODD ANDRES: Okay. Thank you for
10 that. So, you indicated a moment ago that they'll
11 sometimes have a look at what might be added or what
12 might be delayed.

13 Can you tell us what, if anything, has
14 been delayed this year in terms of initiatives?

15 MS. SATVIR JATANA: Yes. Actually,
16 I'll maybe ask my team for a few examples, but one
17 that comes to my mind immediately is we had -- and
18 this was an example of our old framework where we
19 actually had approved a business case to implement
20 EFM, which is an Enterprise -- sorry, Enterprise
21 Feedback Management System.

22 And it was a large financial
23 investment, and it was also a large effort. And
24 although the business case was approved, when we
25 started this process, we realized that that's the work

1 that we can't take on right now against what other
2 things were on our plate.

3 So actually that, along with -- there
4 was a few other -- I'm happy to give you more examples
5 that we actually took off of our plate to stick to
6 what was important and critical for us to deliver.

7 MR. TODD ANDRES: That's fine. Thank
8 you. So, when we look at this again under Pillar 5,
9 be ready for what's ahead, I note that the responsible
10 officer is the chief customer and products officer,
11 correct?

12 MS. SATVIR JATANA: That is correct.

13 MR. TODD ANDRES: Thank you. And
14 presumably the relevant sections for IT related
15 matters are 5.3 and 5.4, correct?

16 MS. SATVIR JATANA: Yes.
17 MR. TODD ANDRES: Thank you. And so
18 those include things like investing in technology
19 renewal and maintenance to minimize vulnerabilities?

20 MS. SATVIR JATANA: That would be
21 correct.

22 MR. TODD ANDRES: Thank you. Now, I
23 note that the CITO is not listed as a responsible
24 officer in -- in this column, correct?

25 MS. SATVIR JATANA: He is not the

1 officer responsible for the pillar.

2 MR. TODD ANDRES: Okay. Thank you.

3 So, I also note that he's not on this panel. So, can
4 you explain exactly how it works? Because last year -
5 - sorry, I'll back up for just a second.

6 Last year Ms. Hildahl gave testimony
7 that the implementation of the IT roadmap was folded
8 into the strategic Pillar number 5, correct?

9 MS. SATVIR JATANA: Well, I would say
10 that our Strategic Plan guides our IT roadmap, and so
11 they -- they are very much -- they work together.
12 While we have developed our Strategic Plan, our IT --
13 multi-year IT roadmap I would say is still under
14 development. We have -- we've drafted -- we had the
15 first draft. It requires more work, and you'll hear
16 more about that in the IT panel.

17 MR. TODD ANDRES: Sorry. And I guess
18 my question is, you'll agree with me -- I mean, last
19 year we did hear testimony, and so you don't have to
20 agree with me -- we can pull it up if necessary --
21 that the IT roadmap is folded into this fifth pillar,
22 correct? That's where we'll end up?

23 MS. SATVIR JATANA: Just give me one
24 moment, please.

25

1 (BRIEF PAUSE)

2

3 MS. SATVIR JATANA: Just confirming
4 kind of what was implied and is exactly what I thought
5 it is, that the IT roadmap would be delivered within
6 our plan. It is not a separate -- in -- in
7 competition of our Strategic Plan. It is very much a
8 complimentary to our multi-year Strategic Plan.

9 MR. TODD ANDRES: Understood. But the
10 implementation of the -- the IT roadmap will happen
11 within that fifth pillar, right? The structure of the
12 IT roadmap will fall within the fifth pillar, correct?

13 MS. SATVIR JATANA: That's fair to
14 say.

15 MR. TODD ANDRES: Thank you. And so
16 given that the CITO is not listed here, I'm wondering
17 if you can explain what the reporting structure looks
18 like as it relates to IT's integration into the
19 Strategic Plan.

20 MS. SATVIR JATANA: Actually, you know
21 what, I'm going to let my chief customer and product
22 officer talk about how that works. So as an owner of
23 this pillar, she can best explain how -- how that
24 really comes to life.

25 MS. MARIA CAMPOS: I'm Maria Campos,

1 for MPI. So just to clarify, so, yes, I am the pillar
2 owner. And then within the programs that are
3 identified here, they're broken down further with
4 initiatives.

5 Those initiatives have obviously an
6 executive sponsor, which would be the CITO. And then
7 within those, there would be primary sponsors to be
8 able to deliver the work.

9 So, as an example, under 5.3, you
10 referenced the -- the IT roadmap. So that would be
11 part of that annual review process that happens under
12 there as well. And we would have members, obviously
13 from the IT division, including the CITO.

14 And then maybe just to further
15 elaborate, so annually, these are reviewed. We -- I
16 also meet monthly with the team and then quarterly as
17 well in a formal forum to make sure that initiatives
18 are still aligned with what our expectations are,
19 that, you know, they're -- they're moving at pace.

20 And then again, reconsideration: if
21 the work is much larger than what we anticipated,
22 being able to have the conversation on trade-offs if
23 it's appropriate at that time or what work may carry
24 over into the following year.

25 MR. TODD ANDRES: Okay. Thank you for

1 that. And so, as it relates to things like major
2 programs being carried out within the scope of one of
3 these pillars -- and let's just use 5.3, for example -
4 - you would have the CITO is the responsible -- or
5 person, the owner of that initiative, right, whatever
6 major program that is, and they would be providing
7 updates and meeting with you or reporting to you on
8 the initiative. Is that correct?

9 MS. MARIA CAMPOS: Yes. So, it would
10 be -- the CITO would be the executive sponsor and then
11 primary sponsors on that respected division. And then
12 we would actually meet as a team altogether to make
13 sure that we have full visibility on the work that's
14 being undertaken under the multi-year plan.

15 MR. TODD ANDRES: Okay. Thank you for
16 that. Okay. And Ms. Dweh, if we can move forward by
17 one page, please.

18

19 (BRIEF PAUSE)

20

21 MR. TODD ANDRES: Perhaps one more
22 page. Oh, there it is. Yes. Page -- by page 5, I
23 meant page 6. So, it talks about the corporate multi-
24 year strategy being built in three (3) steps, correct?

25

Do you see that?

1 MS. SATVIR JATANA: I do.

2 MR. TODD ANDRES: Thanks, Ms. Jatana.

3 And step 1 is understand what we already do.

4 MS. SATVIR JATANA: That's correct.

5 MR. TODD ANDRES: And so that involves

6 looking at all the work that's under way, the

7 analysis, and I think we heard commentary about that

8 moments ago. And then the next step is define where

9 we want to go, correct?

10 MS. SATVIR JATANA: That's correct.

11 MR. TODD ANDRES: And so, if I

12 understand that correctly, that's sort of the process

13 of goal setting, yes?

14

MS. SATVIR JATANA: Yes.

15 MR. TODD ANDRES: Thank you. And then

16 the third bullet is plan the best way to get there.

17 So, I guess that's the how, is that correct?

18 MS. SATVIR JATANA: That would be

19 correct.

20 MR. TODD ANDRES: Okay. So, in terms

21 of the how, when we get to a matter like the major

22 programs that are going to be rolling out instead of

23 or to take the place of what was once Project NOVA,

24 where does that planning happen? Where are the

25 safeguards set to ensure that things can't sort of

1 take a left turn the way that program did?

2 So, within these three (3) steps, where
3 -- how -- where does that happen? Is that in the how?
4 Is that in the, you know, define where we want to go?
5 Just wondering if you can comment on that, please.

6 MS. SATVIR JATANA: So, these three
7 (3) steps are very much the framework we would also
8 use as we're developing IT roadmap, as we're getting
9 better at delivering major programs, and it's a number
10 of things. It's about having the right plan. And --
11 and you're going to hear much about this in the-IT
12 panels, but I'll -- I'll give a brief overview.

13 It's about having the right plan. It's
14 about having the right governance structure. It's
15 about understanding our capacity, both financial and
16 people capacity, and -- and we can- how we can
17 deliver. And all of those things we have to and we
18 are thinking about as we're developing our multi-year
19 IT roadmap.

20 This is -- of course this is
21 articulating as to how we built our strategy. But
22 this really framework can be used in dealing with any
23 problems or any -- any opportunities in the
24 organization. So much of this has been applied in
25 that as well.

1 MR. TODD ANDRES: Okay. Thank you for
2 that. And I guess it's -- I understand this is your
3 methodology for building out the strategy, but I
4 assume that it gets then applied back to -- as you're
5 planning for major programs and those sorts of things,
6 you're trying to figure out where you want to go and
7 where you want to end up.

8 So, I guess at what point -- and if we
9 look back at that fifth pillar -- at what point are
10 mechanisms put in place to ensure adequate
11 transparency and accountability and oversight? So,
12 where's the -- where's the structure for that built
13 in?

14 MS. SATVIR JATANA: So, from a
15 strategy, we -- we talk about the eight (8) KPIs that
16 we're going to measure our progress against as to how
17 we're progressing on our strategy.

18 On the IT roadmap, you will hear more
19 about that in that panel as well. In terms of what is
20 -- how was the IT roadmap being developed, what
21 framework we're using, and how are we going to hold
22 ourselves accountable to delivering against that IT
23 roadmap.

24 MR. TODD ANDRES: Okay. Ms. Dweh, if
25 you can now move forward to page 8 of the Strategic --

1 Strategic Plan. Thank you for that.

2 So, we have here five (5) areas of
3 corporate focus listed, and affordability is again
4 listed as number one. And it talks about managing
5 resources, responsibly in providing cost-effective
6 products and services delivered for Manitobans. Do
7 you see that?

8 MS. SATVIR JATANA: I do.

9 MR. TODD ANDRES: Thank you. And then
10 number 4 is customer value. And so that is delivering
11 high-quality, reliable service that meets the needs of
12 Manitobans today and in the future. Do you see that?

13 MS. SATVIR JATANA: I do.

14 MR. TODD ANDRES: And I appreciate
15 that, you know, MPI has been quite insistent that
16 affordability is a consistent and key value that it's
17 striving for. And you'll agree that means managing
18 costs, yes?

19 MS. SATVIR JATANA: That's definitely
20 one of the factor.

21 MR. TODD ANDRES: And so, I guess the
22 question is: You'll agree with me that that is
23 potentially at odds with the customer value
24 proposition in the bottom potentially, especially in
25 delivering services to PIPP claims or long-tail

1 injuries.

2 I'm just wondering about -- if you can
3 comment on how MPI can ensure that it's not managing
4 costs at the expense of delivering services to
5 claimants or injured drivers.

6 MS. SATVIR JATANA: I don't believe
7 that customer value needs to be at odd on
8 affordability. MPI offers a very comprehensive, some
9 would even say Cadillac product today in Manitoba,
10 whether it's our PIPP or the comprehensive coverage
11 that we provide for physical damage type of claims.

12 And affordability has always been
13 rooted and it's part of our mandate as to how we
14 deliver that.

15 Where one might think that it could be
16 at odd is that, when spending is limitless or we are
17 not planning for initiatives responsibly and we're
18 planning initiative for, I'll say, sake of chasing
19 this shiny object.

20 So, there is a limit, for example, in
21 terms of how we provide our services. You know, we --
22 we're not the most innovative organization, so we --
23 we balance that in our delivery that it is both with
24 affordability and value in mind.

25 And I -- I do believe that MPI, you

1 know, does a good job of balancing that. There's
2 always room for improvement, but I do believe that our
3 current service delivery, our -- our plan, our future
4 plan very much balances that.

5 MR. TODD ANDRES: Okay. Thank you for
6 that. In Order 2/25 last year, the PUB inserted a
7 recommendation that an independent external expert be
8 appointed to prepare a report setting out scientific
9 knowledge, best practices, and technologies to
10 diagnose, assess, and manage traumatic brain injuries,
11 correct?

12

13 MS. SATVIR JATANA: Yes.
14 MR. TODD ANDRES: Thank you. And then
15 in the GRA, MPI says:

16 "It's expected that the RFP will
17 be issued in the summer of 2025
18 with a vendor selected by fall of
19 2025."

20 Correct?

21 MS. SATVIR JATANA: Subject to check,
22 but yes.

23 MR. TODD ANDRES: Yeah. I mean, I can
24 -- I can take you there, but subject to check is fine.
25 And then it says, "Work will begin on the report
thereafter."

1

MS. SATVIR JATANA: Yes.

2

MR. TODD ANDRES: Okay. And then in

3

an Information Request made by the Consumers

4

Coalition, MPI indicated that it will provide the RFP

5

once available.

6

I can take you there again, but do you

7

agree with that?

8

MS. SATVIR JATANA: I'll trust your

9

word.

10

MR. TODD ANDRES: Okay. Long and

11

short of it, I -- I don't know that we've seen

12

anything filed yet. Can you confirm whether the RFP

13

is available yet?

14

MS. SATVIR JATANA: So, I can give you

15

a little bit -- it's not a yes or a no answer. We

16

received that direction through our board from

17

government in June that we were to undertake that

18

work.

19

And I must say that, as we started

20

going down that road, we learned it was a lot more

21

complex than we thought initially, the work. And,

22

quite honestly, we underestimated the time we thought

23

that it would take us to even prepare RFP.

24

So even as we started drafting the RFP,

25

we quickly recognized that we might actually need two

1 (2) type of expert: expert in the medical care in
2 terms of diagnosing and proper care for those type of
3 individual, and then expert in terms of insurance
4 benefits and what they should we -- should be.

5 And even preparing the RFP, this is not
6 type of work that MPI does every day. And we -- we
7 had to solicit some assistance in that as to how we
8 should prepare that RFP to ensure that we get the
9 right expertise.

10 And I must say it's -- it's taken us a
11 little longer than we anticipated or we wanted, but I
12 do believe that this is very important work and
13 something that we should not rush. And MPI has been
14 criticized many times, sometimes just running through
15 the gates without thinking through.

16 And we truly believe this leadership
17 believes doing things right. So, if that means that
18 it's taking us couple of extra months to do a proper
19 RFP so that we have the right expert, we'd rather be
20 criticized for taking a little longer and doing it
21 right than rushing through and not landing on the
22 right level of expertise that this Board would require
23 us in having the analysis done by.

24 MR. TODD ANDRES: Right. So just to
25 answer the question, has the RFP been issued yet, is

1 the answer "no"?

2 MS. SATVIR JATANA: It is not ready
3 yet.

4 MR. TODD ANDRES: Okay. Has it been
5 drafted?

6 MS. SATVIR JATANA: It is in draft.

7 MR. TODD ANDRES: It's in draft.

8 Thank you. Okay. So, turning now to risk management,
9 MPI included a risk management appetite statement in
10 its GRA this year, yes?

11 MS. SATVIR JATANA: Yes, we did.

12 MR. TODD ANDRES: Thank you. And the
13 most recent version was updated and approved this
14 year, yes?

15 MS. SATVIR JATANA: That is correct.

16 MR. TODD ANDRES: Thank you. And if I
17 read it correctly, no material changes were made,
18 correct?

19 MS. SATVIR JATANA: I'm going to let
20 my CFO answer that because he has a better memory on
21 that.

22 MR. RYAN KOLASKI: Could you repeat
23 the question?

24 MR. TODD ANDRES: Sure. No material
25 changes were made to the risk -- risk appetite

1 statement, correct?

2 MR. RYAN KOLASKI: Not that I'm aware
3 of, no.

4 MR. TODD ANDRES: Yeah. As far as I
5 could tell, it just looked like the dates were
6 changed.

7 MR. RYAN KOLASKI: Correct.

8 MR. TODD ANDRES: Yeah. Thank you for
9 that. And -- and I'll walk you through this and I can
10 pull it up, if necessary, but I think you might be
11 able to just answer off the top of your head.

12 But if -- if you look at the policy, it
13 identifies that the CEO is directly accountable to the
14 Board for the management of all risks and the
15 Enterprise Risk Management Program or ERM program.

16 Is that correct?

17 MR. RYAN KOLASKI: That is correct.
18 Yeah.

19 MR. TODD ANDRES: Okay. And then one
20 of the key responsibilities is to oversee the
21 implementation and maintenance of an effective ERM
22 program and that falls to the CEO. Correct?

23 MR. RYAN KOLASKI: Correct.

24 MR. TODD ANDRES: Thank you. And then
25 lower down in the document, the Enterprise Risk Owners

1 are listed. Correct?

2 MR. RYAN KOLASKI: Correct.

3 MR. TODD ANDRES: And then their
4 responsibilities include things like identifying,
5 assessing, managing and monitoring for enterprise
6 risks. Correct?

7 MR. RYAN KOLASKI: Correct.

8 MR. TODD ANDRES: Thank you. And then
9 another thing they're responsible for is for reporting
10 escalating and communicated on enterprise risks to the
11 ERM committee, the Chief Legal and Risk Officer and
12 the Risk Committee of the Board. Correct?

13 MR. RYAN KOLASKI: Correct.

14 MR. TODD ANDRES: Thank you. And then
15 actually, Ms. Dweh, if I can get you to pull that up,
16 it's just probably easier than me reading it off.
17 This is ART-13, Risk Management Framework Appendix 2.
18 I'm sorry, Appendix 4. My apologies. Perfect. And if
19 you scroll down to page 10 of 22. Thank you.

20 So, if we look at 5.1.5 Enterprise Risk
21 Management Function, this lists the responsibilities
22 of the CLRO or the Chief Legal and Risk Officer.

23 Correct?

24 MR. RYAN KOLASKI: Correct.

25 MR. TODD ANDRES: Thank you. And it

1 lists the CLRO as the head of this function. Correct?

2 MR. RYAN KOLASKI: Correct.

3 MR. TODD ANDRES: Thank you. And they
4 have primary and overall responsibility for
5 establishing the ERM framework. Correct?

6 MR. RYAN KOLASKI: Correct.

7 MR. TODD ANDRES: And performing risk
8 oversight within the -- within the Corporation.

9 "Yes"?

10 MR. RYAN KOLASKI: Correct.

11 MR. TODD ANDRES: Thank you. And then
12 if we scroll down to the second last bullet in this
13 list. On to the next page, please, Ms. Dweh. Thanks,
14 perfect.

15 The top bullet there: provide advice
16 to the Enterprise Risk Owners, CEO, ERMC - so that's
17 the Enterprise Risk Management Committee. Correct?

18 MR. RYAN KOLASKI: Correct.

19 MR. TODD ANDRES: RCB. What's the
20 RCB?

21 MR. RYAN KOLASKI: Risk Committee of
22 the Board.

23 MR. TODD ANDRES: Thank you and then
24 the Board itself? Correct.

25 MR. RYAN KOLASKI: And then the

1 Board itself? Yes.

2 MR. TODD ANDRES: Thank you. And so,
3 Ms. Dweh, if we can stay in this document, but go back
4 to page 6 of 22. And scroll down just a little bit so
5 that we can see this flow chart. Perfect. Okay, that
6 will suffice for now, excellent.

7 So then if I am to understand this
8 layout correctly, the bottom row, those would be the
9 enterprise risk owners.

10 Is that fair to say, so the directors
11 and managers and then the pool of ERM function
12 resources?

13 MR. RYAN KOLASKI: Correct.

14 MR. TODD ANDRES: Okay. Thank you.
15 And then those flow upward to the divisional vice
16 presidents and chief officers on the directors and
17 managers side, and the chief legal and risk officers
18 on the pool of ERM function resources side. Correct?

19 MR. RAYN KOLASKI: Correct.

20 MR. TODD ANDRES: Thank you. And then
21 there's a line above those two (2) boxes that joins in
22 the middle and flows directly to president and CEO.

23 Correct?

24 MR. RYAN KOLASKI: Correct.

25 MR. TODD ANDRES: And then there's a

1 dotted line outside from the CLRO that goes to the
2 Risk Committee of the Board. Correct?

3 MR. RYAN KOLASKI: Correct.

4 MR. TODD ANDRES: Now, I don't see a
5 dotted line that goes from the divisional vice
6 presidents and chief officers anywhere else.

7 Is there a presumed dotted line to go
8 outside of the scope of the president and CEO? So, in
9 other words, if there is a -- a risk that should be
10 reported directly to the Board, is there a presumed
11 dotted line where there's a direct chain of
12 communication?

13 MR. RYAN KOLASKI: So, there isn't a
14 dotted line, but there is functionally and
15 operationally. Each in the divisional vice president
16 can speak directly with the chief legal and risk
17 officer. They also are present at the Risk Committee
18 and Board level.

19 We also have the Whistleblower Report
20 process, which is independent of this as well. So,
21 there is an opportunity for folks that don't want to
22 go through an internal channel, but feel the matter is
23 material enough and important enough to reach out
24 directly through to the Board of Directors as well.

25 MR. TODD ANDRES: Thank you for that.

1 So, if -- if I was to envision what that looked like
2 in this, it would almost be as though there were a
3 dotted line between the divisional vice presidents and
4 chief officers and the CLRO. Is that fair?

5 MR. RYAN KOLASKI: That's a fair
6 statement. Yes.

7 MR. TODD ANDRES: Thank you. Okay, if
8 we move forward to page 13, please.

9 Now, this is a document entitled Three
10 Lines of Defense. Correct?

11 MR. RYAN KOLASKI: Correct.

12 MR. TODD ANDRES: And it says, MPI
13 operates a three (3) lines of defense governance model
14 for the Corporation as summarized below. Correct?

15 MR. RYAN KOLASKI: Correct.

16 MR. TODD ANDRES: And if we look at
17 the top right-hand box -- well, before I get there,
18 all three (3) lines of defense are internal to the
19 Corporation. Correct?

20 MR. RYAN KOLASKI: The third line of
21 defense, while internal, is an external party that
22 we've outsourced that function --

23 MR. TODD ANDRES: Okay.

24 MR. RYAN KOLASKI: -- for the third
25 line.

1 MR. TODD ANDRES: Okay.

2 MR. RYAN KOLASKI: I don't know if
3 that's a nuance that -- that matters, but they are
4 internal.

5 MR. TODD ANDRES: Okay, so -- sorry,
6 can you explain that? You said they were both
7 external and internal?

8 MR. RYAN KOLASKI: Sure. So, internal
9 audit function while it is labeled "internal audit,"
10 previously, a number of years ago we had internal
11 staffing doing this function. We then moved to an
12 outsource model for internal audit. That group of
13 folks is done by Myers Norris Penny, MNP. So, it is a
14 third-party contracted service, but they perform the
15 role and function of the internal audit function.

16 MR. TODD ANDRES: Okay. So, just
17 functionally then is that an RFP that goes out or is
18 it --

19 MR. RYAN KOLASKI: Correct.

20 MR. TODD ANDRES: -- a continuous --
21 so, it's a position that's -- contract that is --

22 MR. RYAN KOLASKI: Contract services.

23 MR. TODD ANDRES: -- bid upon --

24 MR. RYAN KOLASKI: Yeah.

25 MR. TODD ANDRES: -- for services and

1 so do they prepare audit reports and -- and so on, or
2 is it a sort of ongoing reporting obligation and to
3 whom do they report?

4 MR. RYAN KOLASKI: So, there is a --
5 so in terms of who they report into, they report into
6 the chair of the Audit and Finance Committee. So, it
7 is an independent process.

8 In terms of the reporting process
9 itself, we do establish a program of which audits will
10 be undertaken in the course of a year. We also
11 establish a follow-up audit for audits done previously
12 in previous years.

13 So, there's a combination of new audits
14 ongoing and follow up on previous audits. Each one of
15 those audits does produce a report. Those reports for
16 the last twelve (12) months, I believe, have been
17 filed on the record, so you have a copy of those.

18 They do present both to the Executive
19 Committee, as well as the Audit Finance Committee,
20 those reports in detail. They are allowed an in-
21 camera session with the Audit and Finance Committee
22 itself. So, there is independence from management,
23 yet again. And, and it's an -- annual process that
24 RFP is coming up for renewal. It will be going out
25 probably in the next few months, for the upcoming

1 year, as the current contract is coming to an end.

2 MR. TODD ANDRES: Thank you for that.
3 So, I'm going to move on from this, but actually I'm
4 going to take you back to -- I have one (1) final
5 question for you on the traumatic brain injury piece,
6 and which is, I'm wondering if you can give us a -- a
7 ballpark as to when you anticipate the RFP being
8 released or being prepared.

9 MS. SATVIR JATANA: Satvir Jatana.
10 The RFP is currently in works and our best guess would
11 be in the next month.

12 MR. TODD ANDRES: Thank you. All
13 right, turning to DVA. You'll agree that the
14 Corporation can, at its discretion, transfer capital
15 between different lines of business. Correct?

16 MR. RYAN KOLASKI: Ryan Kolaski. That
17 is correct.

18 MR. TODD ANDRES: Thank you. And --
19 and on March 31 of 2025, MPI transferred \$52.9 million
20 from the Extension line of business to the Basic line
21 of business. Correct?

22 MR. RYAN KOLASKI: Correct.

23 MR. TODD ANDRES: Thank you. And this
24 was to maintain the MCT ratio to the Extension line at
25 200 percent. Right?

1 MR. RYAN KOLASKI: Correct.

2 MR. TODD ANDRES: Thank you. And the
3 Corporation says that it's in discussions with the
4 Government of Manitoba.

5 We heard about that yesterday about
6 obtaining funding, but that's not expected to be
7 realized until later this fall. Correct?

8 MR. RYAN KOLASKI: So, we're in
9 discussions with the government related to funding.
10 They have stated that they're prepared to maintain the
11 DVA line of business and on a sustainable basis. We
12 don't have a lot of details around that as of yet.

13 Through the estimates process or our
14 internal budget process, which is typically in the
15 fall, the Treasury Board does advise us as to what
16 level of funding they will provide MPI overall. So,
17 when you say "specific funding," I don't have a number
18 on that yet, but it is pending this fall for sure.

19 MR. TODD ANDRES: Thank you for that.
20 Ms. Dweh, I wonder if we can pull up a -- it's a --
21 part 9 RSR appendix 3, please.

22

23 (BRIEF PAUSE)

24

25 MR. TODD ANDRES: Perfect. And if we

1 can just get it so that the numbers appear on the
2 screen that would be ideal. Thank you. Perfect.
3 Thank you.

4 So, in previous rate applications, MPI
5 has chosen to transfer funds from the -- the Extension
6 line of business to DVA. Correct?

7 MR. RYAN KOLASKI: There was a couple
8 of years where we did transfer money 20/21 and 21/22.
9 You can see that for 60 million, and 57 million
10 respectively.

11 MR. TODD ANDRES: Thank you. And so,
12 the total transferred from MPI to -- pardon me, from
13 Extension to DVA for those two (2) years was \$117
14 million. Correct?

15 MR. RYAN KOLASKI: Correct.

16 MR. TODD ANDRES: And I note during
17 those two (2) years where MPI transferred excess funds
18 from Extension to DVA, didn't make any transfers from
19 Extension to Basic. Correct?

20 MR. RYAN KOLASKI: Correct.

21 MR. TODD ANDRES: Thank you. And so,
22 this means potentially that if DVA runs into deficit
23 issues, there may be a risk that there may be
24 inadequate funds to transfer to Basic. Yes?

25 MR. RYAN KOLASKI: Depending on -- so

1 again, depending on how DVA is managed. We manage DVA
2 on behalf of the government. So, there is an
3 opportunity for government to provide direction on
4 changes on revenue or products, right, in absence of a
5 direct transfer.

6 But all things being equal, DVA is
7 running a deficit so implied there is a risk that
8 Extension transfers could be directed to DVA.

9 MR. TODD ANDRES: At the cost of -- at
10 Basic's expense. Correct?

11 MR. RYAN KOLASKI: Correct.

12 TODD ANDRES: Thank you. All right,
13 if we pull up PUB/MPI-2-60 please, Ms. Dweh.

14

15 (BRIEF PAUSE)

16

17 MR. TODD ANDRES: Oh, sorry, it's 2-
18 60. My apologies. That's the one. Thank you. Now,
19 if we scroll down just a little bit, please, through
20 the response list to figure 1. Perfect. Thank you.
21 Yeah. Perfect. Thank you, Ms. Dweh.

22 This reflects the 10-year summary of
23 DVA's total operating expenses. Correct?

24 MR. RYAN KOLASKI: That is correct.

25 MR. TODD ANDRES: And it also shows

1 government funding and surplus deficits. Correct?

2 MR. RYAN KOLASKI: That is correct.

3 MR. TODD ANDRES: Thank you. And just
4 confirm that the total expense, which is in line 26
5 for this line of business increased from \$33 million
6 in 2021 -- pardon me, 2020/21 to \$51 million in
7 2021/22. Correct?

8 MR. RYAN KOLASKI: Correct.

9 MR. TODD ANDRES: Thank you. And then
10 in both of those years, there was funding from the
11 government of \$30.2 million. Yes?

12 MR. RYAN KOLASKI: Correct.

13 MR. TODD ANDRES: And that's on line
14 27?

15 MR. RYAN KOLASKI: Yeah, line 27.

16 MR. TODD ANDRES: And in the 2020 --
17 or 2020/21 year, that funding nearly covered the cost
18 of the operations. Right?

19 MR. RYAN KOLASKI: Approximately.
20 Yes, that is correct.

21 MR. TODD ANDRES: And you'll agree
22 that the total expenses by 2023/24 had nearly doubled
23 to over \$60 million. Correct?

24 MR. RYAN KOLASKI: Correct.

25 MR. TODD ANDRES: And then government

1 funding was increased to \$40 million that year. Yes?

2 MR. RYAN KOLASKI: Correct.

3 MR. TODD ANDRES: So that left a
4 shortfall of \$20 million.

5 MR. RYAN KOLASKI: Correct.

6 MR. TODD ANDRES: Thanks. And again,
7 the previous year I realized we skipped over. It was
8 2022/23 government was still transferring 30.2 million
9 at that time. Correct?

10 MR. RYAN KOLASKI: Correct.

11 MR. TODD ANDRES: And expenses were
12 already up to 51 million that year and that left a gap
13 or loss of \$20 million. Correct?

14 MR. RYAN KOLASKI: Correct.

15 MR. TODD ANDRES: Thank you. And now
16 in 2024/25 operating expenses for the DVA line of
17 business, were at 92.7 million. Correct?

18 MR. RYAN KOLASKI: Correct.

19 MR. TODD ANDRES: Thank you. And just
20 to get you to confirm that this increase in operating
21 expense includes the impairment write-off of -- a --
22 related to a -- DVA Project NOVA cost. Correct?

23 MR. RYAN KOLASKI: Correct.

24 MR. TODD ANDRES: Thank you. And
25 again, in that year, funding remains static at 42 --

1 pardon me, 40.2 million. Yes?

2 MR. RYAN KOLASKI: Correct.

3 MR. TODD ANDRES: And that resulted in
4 a funding shortfall of 29.7 million?

5 MR. RYAN KOLASKI: Correct.

6 MR. TODD ANDRES: Thank you. And so,
7 I guess it's safe to assume that MPI is either really
8 hoping for or banking on an increase to the transfers
9 from government to ensure that the DVA line of
10 business remains solvent. Correct?

11 MR. RYAN KOLASKI: So, it's fair to
12 say like MPI is concerned given the runoff of the
13 potential deficits that are ahead of us. There is no
14 current direction from the existing board to
15 contemplate transfers from Extension to DVA, nor is
16 there any pending direction from government today to
17 transfer that money from Extension to DVA.

18 We're confident that we'll work through
19 a reasonable solution to provide the self-
20 sustainability of the line of business, and government
21 has committed to making this line of business
22 sustainable. Right. What we don't have is details
23 and timing around that, but we feel confident given
24 their representations that that will move forward.

25 MR. TODD ANDRES: And so, is it fair

1 to say though, you can expect at least \$40.2 million
2 as a sort of baseline?

3 MR. RYAN KOLASKI: I can't speak on
4 behalf of what the Treasury Board will allow us.
5 Right. Obviously, that's our ask. Right, is to have
6 a breakeven line of business.

7 What -- how that plays out or what that
8 looks like is hard to say. Again, there is also the
9 opportunity to change rates and products. Right. So
10 again, that would definitely change the revenue that
11 would be allowed to be retained by MPI.

12 MR. TODD ANDRES: Thank you. So just
13 out of curiosity, when you say "rates and products,"
14 do you mean rates and products within DVA?

15 MR. RYAN KOLASKI: Within DVA, yeah.

16 MR. TODD ANDRES: So, what do you mean
17 by "rates and products"?

18 MR. RYAN KOLASKI: I'll pass it to
19 Maria,

20

21 (BRIEF PAUSE)

22

23 MS. MARIA CAMPOS: Maria Campos. So,
24 the rates that Mr. Kolaski was referring to is things
25 -- so I'll give you an example.

1 Driver testing as an example. So,
2 there's a fee that's charged. We know that we are the
3 lowest, if not the lowest in Canada. So, looking at
4 rates and -- on the services that we deliver under --
5 under the DVA line of business might provide some
6 opportunities for the Corporation and for government
7 as well.

8 MR. TODD ANDRES: Okay. So, this
9 wouldn't mean the introduction of new products, this
10 would just mean looking at the rates of the products
11 that are currently offered within this line of
12 business. Is that correct?

13 MR. RYAN KOLASKI: That's correct.
14 Again, MPI just administers the DVA line of business
15 on behalf of government. We don't actually have input
16 into that process itself. Right.

17 MR. TODD ANDRES: Thank you for that.
18 Those are all of my questions. Thank you.

19 PANEL CHAIRPERSON: I thank you, Mr.
20 Andres. It is ten o'clock. Would you like to start
21 now, Ms. Dilay, or would you like to recess and then
22 carry on uninterrupted?

23 MS. KATRINE DILAY: I'm open to
24 either, but maybe a slight preference for a recess now
25 and then starting after the break.

1 PANEL CHAIRPERSON: Okay. Let's do
2 that. We'll take the morning break now. Then please
3 coming back at quarter after 10:00. Thank you.

4

5 --- Upon recessing at 10:00 a.m.

6 --- Upon resuming at 10:17 a.m.

7

8 PANEL CHAIRPERSON: Thank you. Ms.
9 Dilay...?

10 MS. KATRINE DILAY: And I'll just
11 note, I don't believe Mr. Guerra -- I'll just wait
12 until he's -- he's seated.

13

14 (BRIEF PAUSE)

15

16 MS. KATRINE DILAY: Thank you, Madam
17 Chair. Good morning. My name is Katrine Dilay. And
18 I'll be asking questions of the Panel this morning on
19 behalf of the Consumers Coalition. And I'll just
20 introduce the folks who are here with me this morning
21 as there are a couple new faces.

22 My co-counsel, Mr. Chris Klassen is
23 next to me. Before -- behind us we have Victoria
24 Cloutis, a lawyer with the Public Interest Law Centre.
25 To her left is Ms. Jenessa Shector, the PILC articling

1 student. And to her left is Natalie Copps, another
2 PILC lawyer. They're both here for learning and
3 observational purposes this morning.

4

5 CROSS-EXAMINATION BY MS. KATRINE DILAY:

6 MS. KATRINE DILAY: I suspect most of
7 my questions will be going to you, Ms. Jatana, but
8 whoever on the Panel is best suited to answer, please
9 feel free to jump in. And the first few questions
10 will be more contextual in nature, I would say.

11 You'll agree that MPI is requesting a
12 2.07 rate increase in this General Rate Application?

13 MS. SATVIR JATANA: Yes.

14 MS. KATRINE DILAY: And we will go into
15 this in more detail with the Ratemaking Panel, but at
16 a high level, you'll agree that MPI is increasing the
17 Basic deductible from seven fifty (750) to one
18 thousand dollars (\$1,000) effective April 1st, 2026?

19 MS. SATVIR JATANA: That is correct.

20 MS. KATRINE DILAY: And again, at a
21 high level, MPI's evidence is that this change is to
22 respond to inflationary pressures and rising claims
23 costs, correct?

24 MS. SATVIR JATANA: And to keep the
25 mandatory insurance affordable.

1 MS. KATRINE DILAY: So just to
2 confirm, so the respond to inflationary pressures and
3 rising claims costs as well as to keep the Basic rates
4 affordable, correct?

5 MS. SATVIR JATANA: Correct.

6 MS. KATRINE DILAY: And you'll agree
7 that this change, the change in the deductible, has
8 reduced the rate indication for Basic from 5.01
9 percent to 2.07 percent subject to check?

10 MS. SATVIR JATANA: Yes.

11 MS. KATRINE DILAY: So, a decrease in
12 the rate indication of approximately 2.94 percent,
13 correct?

14 MS. SATVIR JATANA: Correct.

15 MS. KATRINE DILAY: And so, in effect,
16 the change in the Basic deductible has reduced the
17 rate increase needed for Basic, correct?

18 MS. SATVIR JATANA: That is correct.

19 MS. KATRINE DILAY: Again, we'll go
20 into this in more detail with another Panel. But at a
21 high level, you do not expect MPI to increase the
22 Basic deductible every year, correct?

23 MS. SATVIR JATANA: Not every year.

24 MS. KATRINE DILAY: Or even every two
25 (2) years, correct?

1 MS. SATVIR JATANA: I can't predict
2 the future, but that hasn't been the practice
3 necessarily.

4 MS. KATRINE DILAY: And the practice
5 has not been every -- to increase the Basic deductible
6 every three (3) years either, correct?

7 MS. SATVIR JATANA: I know there was a
8 number of -- a couple of decades that MPI had not done
9 that. And in 2020, we -- we did the SERP and we made
10 that change. So, I -- I can't sit here and predict
11 the future, Nor kind of determine if it's every two
12 (2), three (3) -- if it's three (3) or if it's five
13 (5) years.

14 I think that it's a very -- it's a
15 decision that should be made with a lot of due
16 diligence in -- in keeping mind of what our mandate,
17 what our product offering, what's happening externally
18 and the expectations of Manitoban.

19 MS. KATRINE DILAY: Thank you for
20 that. And you would agree that at a certain point, if
21 the deductible continues to increase, it would become
22 unaffordable for some customers who choose to only
23 purchase the Basic insurance product, correct?

24 MS. SATVIR JATANA: If all that you're
25 saying is true, potentially if there was -- if

1 customers was only purchasing a Basic and it continued
2 to increase at an unreasonable rate, then one -- that
3 could be the case.

4 MS. KATRINE DILAY: And you'll agree
5 that MPI wants to continue to offer a reasonable level
6 of coverage under the Basic insurance product?

7 MS. SATVIR JATANA: I wouldn't say
8 reasonable. I would say we have a very comprehensive
9 product if we compare across -- across Canada. What
10 we offer as a mandatory -- as a Basic product is
11 Cadillac of a product many would say.

12 MS. KATRINE DILAY: And MPI wants to
13 continue to offer that comprehensive product under the
14 Basic insurance model, correct?

15 MS. SATVIR JATANA: Hence one of the
16 reason why we looked at a deductible change and not
17 water down the product that we offer. I think
18 Manitobans -- we enjoy the type of coverage we get.

19 MS. KATRINE DILAY: And again, at a
20 high level, because we'll -- we'll dig into this issue
21 a bit more with the Ratemaking Panel next week, but
22 MPI is proposing to -- proposing changes to the
23 Canadian loss experience automobile rating, or CLEAR
24 vehicle rating group range, correct?

25 MS. SATVIR JATANA: That is correct.

1 MS. KATRINE DILAY: Specifically, by
2 adding four (4) new rate groups, numbers 42 to 45?

3 MS. SATVIR JATANA: That is correct.

4 MS. KATRINE DILAY: And to raise the
5 cap on rate group increases to a maximum of five,
6 correct?

7 MS. SATVIR JATANA: That is also
8 correct.

9 MS. KATRINE DILAY: And this serves to
10 reduce the rate indication overall?

11 MS. SATVIR JATANA: Yes.
12 MS. KATRINE DILAY: By approximately
13 3.1 percentage points?

14 MS. SATVIR JATANA: I believe so.

15 MS. KATRINE DILAY: You'd agree that
16 MPI is not planning to expand the rate groups every
17 year?

18 MS. SATVIR JATANA: Actually, MPI used
19 to expand its rate almost on an annual basis. And
20 then that practice stopped sometime, and we picked it
21 up again, I believe last year. So, it was quite the
22 norm for MPI to increase that on an annual basis.

23 MS. KATRINE DILAY: Again, if you
24 don't have the answer to this, that's fine. But do
25 you know if MPI is planning to expand to the rate

1 groups next year again?

2 MS. SATVIR JATANA: It is one of the
3 things we should absolutely review, but that decision
4 has not been made today, but it is something that we
5 will absolutely look at.

6 MS. KATRINE DILAY: Thank you. You'll
7 agree that MPI is proposing deferring approximately
8 \$31 million in initiative expenses into the regulatory
9 deferral account for 2026/'27?

10 MS. SATVIR JATANA: Subject to check,
11 but, yes.

12 MS. KATRINE DILAY: And this serves to
13 reduce the rate indication, correct?

14 MS. SATVIR JATANA: Correct.

15 MS. KATRINE DILAY: By approximately
16 1.91 percent subject to check?

17 MS. SATVIR JATANA: Yes.

18 MS. KATRINE DILAY: And you'll agree
19 that MPI's proposal going forward is that the prior
20 year's initiative expenses be included for rate
21 setting purposes, correct?

22 MS. SATVIR JATANA: Sorry, can you
23 repeat that question?

24 MPI's proposal going forward is that
25 the prior year's initiative expenses be included for

1 rate setting purposes?

2 MS. SATVIR JATANA: Correct.

3 MS. KATRINE DILAY: So, you'll agree
4 that if MPI's proposal is accepted by the PUB, a
5 reduction in the rate indication by deferring
6 initiative expenses would not be possible in the
7 future, correct?

8 MS. SATVIR JATANA: Correct.

9 MS. KATRINE DILAY: So again, without
10 going into the details of -- of each issue, but
11 without the deductible change, without the rate group
12 change, and without the deferred initiatives, the rate
13 indication would have been higher, correct?

14 MS. SATVIR JATANA: If we had not made
15 those changes, then that is -- that would be the case
16 --

17 MS. KATRINE DILAY: And the rate --

18 MS. SATVIR JATANA: -- but that is not
19 MPI's ask.

20 MS. KATRINE DILAY: Thank you. And
21 the rate indication without those three (3) decisions
22 would have been closer to 10.83 percent, correct?

23 MS. SATVIR JATANA: Subject to check,
24 yes.

25 MS. KATRINE DILAY: And we can go to a

1 reference if you'd like, or you could take this
2 subject to check, but Canada's average annual consumer
3 price index between April of 2024 and March of 2025
4 fluctuated between 2.9 percent and 1.6 percent?

5

MS. SATVIR JATANA: Yes.

6 MS. KATRINE DILAY: And in terms of
7 Manitoba's consumer price index for the same time
8 period, it fluctuated between 0.4 percent and around 3
9 percent?

10 MS. SATVIR JATANA: Subject to check,
11 yes.

12 MS. KATRINE DILAY: And so, you'll
13 agree that MPI's rate indication of 10.83 percent
14 without the three (3) actions we talked about are
15 higher than the recent increases in consumer price
16 index for both Canada and Manitoba, correct?

17 MS. SATVIR JATANA: That is not MPI's
18 ask, nor that is our rate indication. But I
19 understand if MPI had not made the changes to product
20 and other things, then that could have been our ask,
21 but that is not our ask.

22 MS. KATRINE DILAY: Thank you. And so
23 -- so, just going back to my question though. And
24 recognizing that is not the ask, but that 10.83
25 percent rate indication without the three (3) actions

1 are higher than recent increases in the consumer price
2 index, correct?

3 MS. SATVIR JATANA: If MPI was not
4 responsive to understanding the needs of Manitoban and
5 taking its mandate of affordability to heart and
6 making the necessary changing -- changes and doing its
7 due diligence to prepare this Application. And that
8 could have been the case, but that is not what we're
9 putting forward.

10 MS. KATRINE DILAY: Thank you, Ms.
11 Jatana. And so, you'll agree that collectively the
12 deductible change, the rate group expansion, and the
13 deferral of initiative expenses decreased the rate
14 indication by approximately 8 percent for the 2026
15 GRA?

16 MS. SATVIR JATANA: That would be
17 correct.

18 MS. KATRINE DILAY: And, you know, you
19 can take this subject to check, but you'll recall that
20 in last year's rate application in the 2025 GRA, MPI's
21 rate indication was 6.15 percent?

22 MS. SATVIR JATANA: I do believe that
23 was the AEP, but that was not MPI's ask.

24 MS. KATRINE DILAY: And the Public
25 Utilities Board ultimately approved a 5.7 percent rate

1 increase, correct?

2 MS. SATVIR JATANA: That would be
3 correct.

4 MS. KATRINE DILAY: We can go to a
5 reference if you'd like, but at a high level, you'll
6 agree that it is MPI's evidence that Basic remains
7 under pressure from inflation and evolving claims
8 trends?

9 MS. SATVIR JATANA: Yes.
10 MS. KATRINE DILAY: In particular,
11 high levels of inflation over the past few years have
12 increased the purchase price of vehicles, correct?

13 MS. SATVIR JATANA: That would be
14 correct.

15 MS. KATRINE DILAY: So, for MPI, the
16 cost of replacing vehicles is a major factor in
17 increasing claims cost because it affects claim
18 settlement values following a total loss, correct?

19 MS. SATVIR JATANA: Cost of -- to
20 replace vehicles, cost to repair vehicles.

21 Absolutely, it's getting more expensive. And you
22 heard that from ATA and MMDA yesterday as well.

23 MS. KATRINE DILAY: Thank you. And I
24 think you -- you proactively responded to my next
25 question, but we'll just confirm it.

1 So, inflation has also contributed to
2 increases in claims costs, correct?

3 MS. SATVIR JATANA: That's definitely
4 one (1) of the factors.

5 MS. KATRINE DILAY: For example,
6 through increases in labour rates for repairs?

7 MS. SATVIR JATANA: That would be
8 correct.

9 MS. KATRINE DILAY: And when we talk
10 about evolving claims trends, you'll agree one (1)
11 factor is the increasing complexity of vehicle
12 repairs?

13 MS. SATVIR JATANA: Absolutely.

14 MS. KATRINE DILAY: And increased
15 complexity is also due to the advanced technology used
16 in modern vehicles, correct?

17 MS. SATVIR JATANA: That adds to the
18 complexity, absolutely.

19 MS. KATRINE DILAY: Which all leads to
20 higher claims costs, correct?

21 MS. SATVIR JATANA: Yes.

22 MS. KATRINE DILAY: We can go to a
23 reference if you'd like. But you'll agree that
24 between the 2025 GRA and the 2026 GRA, the Basic
25 claims forecast for the 2026/'27 year has gone up 4.91

1 percent, correct?

2 MS. SATVIR JATANA: I don't have that
3 information in front of you -- front of me. And
4 probably another panel would be better to provide
5 those type of exact response.

6 MS. KATRINE DILAY: Thank you. That's
7 fine. And would it be fair to say that some of the
8 pressures that we've been discussing, including
9 inflation and increased repair costs, have led to an
10 increase in the claims forecast for the rating year of
11 2026/'27

12 MS. SATVIR JATANA: Subject to check.
13 But I'm going to say my forecasting team probably can
14 more eloquently speak to that.

15 MS. KATRINE DILAY: Would it be fair
16 to characterize inflation and increased vehicle
17 complexity as external threats to affordability of MPI
18 rates?

19 MS. SATVIR JATANA: It's an external
20 factor that absolutely impacts affordability.

21 MS. KATRINE DILAY: So, we'll move on
22 to MPI's corporate strategy, but just a few high-level
23 questions to get started.

24 You agree that MPI is a Crown
25 corporation?

1 MS. SATVIR JATANA: Absolutely.

2 MS. KATRINE DILAY: And that its rates
3 for Basic insurance are set by the Public Utilities
4 Board, correct?

5 MS. SATVIR JATANA: That is correct.

6 MS. KATRINE DILAY: And you'll agree
7 that all MPI revenues come from premiums, deductibles,
8 and fees pay by -- paid by Manitoba ratepayers or from
9 investment income, correct?

10 MS. SATVIR JATANA: The Basic -- are
11 we talking about Basic line?

12 MS. KATRINE DILAY: Yes.

13 MS. SATVIR JATANA: Yes.

14 MS. KATRINE DILAY: You'll agree that
15 MPI for the Basic line of business must demonstrate
16 prudence and necessity relating to how it spends
17 ratepayers' money?

18 MS. SATVIR JATANA: Absolutely. It's
19 the core of our mandate in our business and how we
20 make decisions.

21 MS. KATRINE DILAY: Because the
22 reality is that if MPI spends funds on one project or
23 initiative, those funds are not available to advance
24 another project or initiative, correct?

25 MS. SATVIR JATANA: That would be

1 correct.

2 MS. KATRINE DILAY: Conversely, if MPI
3 spends funds on one project or initiative, those funds
4 are not available to serve to reduce any required rate
5 increase, correct?

6 MS. SATVIR JATANA: That would be
7 correct.

8 MS. KATRINE DILAY: And MPI desires to
9 be accountable and transparent in the way that it
10 spends ratepayer funds, correct?

11 MS. SATVIR JATANA: I'm sorry, can you
12 repeat that?

13 MS. KATRINE DILAY: MPI wants to be
14 accountable and transparent in the way that it spends
15 ratepayer funds, correct?

16 MS. SATVIR JATANA: Absolutely.

17 MS. KATRINE DILAY: And that includes
18 accountability and transparency to Manitobans as well
19 as the regulator, the Public Utilities Board, correct?

20 MS. SATVIR JATANA: That would be
21 correct.

22 MS. KATRINE DILAY: And you'll agree
23 that the onus is on MPI to demonstrate that its costs
24 are prudent and necessary?

25 MS. SATVIR JATANA: Yes. And I hope

1 you're seeing that early evidence of that under this
2 leadership team, but absolutely.

3 MS. KATRINE DILAY: And if MPI cannot
4 demonstrate that its costs are prudent and necessary,
5 it is open to the Public Utilities Board to determine
6 that those costs cannot be included in Basic rates,
7 correct?

8 MS. SATVIR JATANA: You respect the
9 authority of the PUB.

10 MS. KATRINE DILAY: And if the PUB
11 were to determine that certain costs incurred by MPI
12 could not be included in Basic rates, MPI would have
13 to find another way to cover those costs, correct?

14 MS. SATVIR JATANA: I don't know what
15 you mean by "another way." At the end of the day,
16 Basic rates are funded by the ratepayers.

17 MS. KATRINE DILAY: Thank you. You'll
18 confirm that the firm EY conducted an organizational
19 review of MPI in 2023, correct?

20 MS. SATVIR JATANA: That is correct.

21 MS. KATRINE DILAY: And this review
22 resulted in a report issued in January, 2024 subject
23 to check?

24 MS. SATVIR JATANA: That would be
25 correct.

1 MS. KATRINE DILAY: And this report
2 included a number of recommendations, correct?

3 MS. SATVIR JATANA: At the highest
4 level, there were five (5) recommendations.

5 MS. KATRINE DILAY: And MPI filed a
6 status update relating to the implementation of the EY
7 recommendations in this proceeding?

8 MS. SATVIR JATANA: I do believe there
9 was a detail provided.

10 MS. KATRINE DILAY: And we'll actually
11 turn to that now, Ms. Dweh, if that's possible. If we
12 could turn to the Information Request CC-MPI-1-5, and
13 Appendix 1, of that Information Request. Thank you.

14 And so, you'll see here that Appendix 1
15 provides a description of the EY recommendation as
16 well as the rationale/value and the description in the
17 first three columns of this table?

18 MS. SATVIR JATANA: Yes, I do see
19 that.

20 MS. KATRINE DILAY: And subject to
21 check, is it your understanding that these first three
22 (3) columns would be taken directly from the EY
23 report?

24 MS. SATVIR JATANA: I see the first
25 one is probably directly taken, description. The rest

1 might be some of our words, but I -- I can understand
2 the first one is, absolutely.

3 MS. KATRINE DILAY: And then the last
4 two (2) columns to the very right-hand side of the
5 table provide the implementation date and the status
6 for each recommendation, correct?

7 MS. SATVIR JATANA: Correct.

8 MS. KATRINE DILAY: So, that's
9 information from MPI relating to the implementation of
10 the recommendations?

11 MS. SATVIR JATANA: That would be
12 correct.

13 MS. KATRINE DILAY: And so, we can
14 scroll through the table. But you'll agree -- or we
15 can take from this table that MPI has accepted all of
16 EY's recommendations, correct?

17 MS. SATVIR JATANA: They were all
18 sound recommendations.

19 MS. KATRINE DILAY: And so, MPI has
20 accepted all the recommendations?

21 MS. SATVIR JATANA: We have.

22 MS. KATRINE DILAY: And overall, the
23 recommendations are at varying stages of
24 implementation.

25 Would that be fair?

1 MS. SATVIR JATANA: Yeah. Some are
2 going to take a little longer, obviously, and some are
3 ongoing. It's never once and done. But this -- I --
4 I can see that this was to provide a status at that
5 time of -- of when this report was generated.

6 MS. KATRINE DILAY: And so, you can
7 confirm that MPI agrees with the recommendations from
8 EY?

9 MS. SATVIR JATANA: Yes.
10 MS. KATRINE DILAY: And I believe you
11 referred to the -- the recommendations being sound.
12 That's fair?

13 MS. SATVIR JATANA: Yes.
14 MS. KATRINE DILAY: And so, you would
15 agree that MPI has received value from the EY report?

16 MS. SATVIR JATANA: I would believe
17 so. As a new CEO coming into this seat, I -- I, you
18 know, reviewed that report many times. And from time
19 to time, I go back to check to ensure what we're
20 doing, and as those were sound recommendations and --
21 absolutely. So, we received the value for it.

22 MS. KATRINE DILAY: And if MPI was,
23 did not believe that it had received value or that the
24 recommendations were not sound, it would not be
25 implementing the recommendations, correct?

1 MS. SATVIR JATANA: "If" is the
2 underline there, yes.

3 MS. KATRINE DILAY: Exactly. Thank
4 you. And just to focus on a few recommendations, at a
5 high level, you agree that EY recommended that MPI
6 develop a corporate strategy?

7 MS. SATVIR JATANA: That was one (1)
8 of the recommendations.

9 MS. KATRINE DILAY: And, in fact, it
10 came out in a few of the EY recommendations,
11 especially if we look in the -- the description column
12 here?

13 MS. SATVIR JATANA: Yes.

14 MS. KATRINE DILAY: And if we look
15 specifically at that very first recommendation in the
16 third column under 'description', it stated:

17 "Clearly define MPI's corporate
18 strategy with a multiyear
19 Strategic Plan."

20 Correct?

21 MS. SATVIR JATANA: I'm sorry, am I
22 looking at the right doc -- which one? Can you
23 reference that again?

24 MS. KATRINE DILAY: Just one (1)
25 second. I'll make sure I have the right reference.

1 Sorry, Ms. Dweh, if we could go back to page 1 of this
2 document. Thank you. That's -- that was my mistake.
3 My apologies, Ms. Jatana.

4 And so, if we look specifically at the
5 first recommendation under 'description', it stated:

6 "Clearly define MPI's corporate
7 strategy with a multiyear
8 Strategic Plan."

9 Correct?

10 MS. SATVIR JATANA: Correct.

11 MS. KATRINE DILAY: And if we look at
12 the 2nd page of this document, again at the top of the
13 description column, the 2nd page.

14

15 (AUDIO DISCONNECT)

16

17 CONTINUED BY MS. KATRINE DILAY:

18 MS. KATRINE DILAY: Thank you. And
19 Ms. Dweh, if possible, I'd ask that the same document
20 be put on screen, which was the Appendix 1 to CC-MPI-
21 1-5, please. Thank you. And maybe we'll just go back
22 to the first page just to back up one question and --
23 and get back into it.

24 So, if we look specifically at the
25 first recommendation in the third column, it's stated:

1 "Clearly define MPI's corporate
2 strategy with a multiyear
3 Strategic Plan."

4 You see that, correct?

5 MS. SATVIR JATANA: It's not on this
6 page, but yes, it was on the earlier page. Oh, sorry.
7 Yes.

8 MS. KATRINE DILAY: Thank you. And
9 now if we turn to the 2nd page of this document,
10 again, at the top of the third column under
11 'description', we see a recommendation there:

12 "To align MPI's corporate strategy
13 to its financial planning and
14 performance measurement to reduce
15 the risk of discrepancy between
16 its objectives and the expected
17 results."

18 You see that?

19 MS. SATVIR JATANA: I do.

20 MS. KATRINE DILAY: And finally, if we
21 go to page 4, towards the middle of the page, again,
22 in the third row under 'description', we see a
23 recommendation:

24 "To align transformation programs
25 with a well-defined multiyear

1 strategic and annual plan."

2 Correct?

3 MS. SATVIR JATANA: I do see that.

4 MS. KATRINE DILAY: And for these
5 recommendations relating to a multiyear Strategic
6 Plan, MPI has indicated that they are in progress or
7 completed, correct?

8 MS. SATVIR JATANA: So, the one that
9 was referenced before, I talked about that yesterday
10 in my strategy session slides, that we're further
11 along on that. That's how we are now in a position
12 where we do our annual planning at this time to ensure
13 that our plans are -- are fed into our budget, our
14 budgets support our plan, but more importantly, that
15 there was one (1) budget that is going forward to the
16 PUB to -- first with our Board, then to PUB, and then
17 to Treasury Board.

18 So, that is a significant change in our
19 business. And in terms of this in progress, I also
20 spoke to this, that there's work underway right now to
21 develop our multiyear IT roadmap. We had the first
22 iteration and, however, I do believe it still needs
23 some work, but it is in progress, yes.

24 MS. KATRINE DILAY: Thank you. And
25 you'll recall -- you'll recall that last year

1 witnesses from EY attended the PUB hearing virtually,
2 correct?

3 MS. SATVIR JATANA: Correct.

4 MS. KATRINE DILAY: And are you aware
5 that on behalf of our clients, CAC (Manitoba) at that
6 time, we asked them a number of questions relating
7 both to their report as well as principles relating to
8 corporate strategies?

9 MS. SATVIR JATANA: That would be
10 correct.

11 MS. KATRINE DILAY: And I'd like to
12 bring up the transcript from last year, so the MPI
13 2025 GRA transcript from October 29th, 2024, starting
14 at page 1,600.

15 And so, you see here that this is the
16 start of the cross-examination that we did on our
17 client's behalf of the EY witnesses.

18 Would that be under -- your
19 understanding?

20 MS. SATVIR JATANA: Yes.

21 MS. KATRINE DILAY: And if we turn to
22 the next page at lines 14 to 16. And if we can go
23 down to lines 14 to 16, please. Thank you.

24 You see there that we confirmed with
25 the EY witnesses that their report found it did not

1 see strong evidence of mature processes around
2 strategic planning, forecasting, and performance
3 management.

4 You see that?

5 MS. SATVIR JATANA: I do see that.

6 MS. KATRINE DILAY: And then turning
7 to page 1,603, lines 11 to 14 specifically, you see
8 there between lines 11 to 14 that the EY witness
9 confirmed that:

10 "In order to be effective, a
11 strategy should be focused."

12 You see that reference?

13 MS. SATVIR JATANA: Absolutely. And
14 we fundamentally believe that that strategy needs to
15 be clear and focused.

16 MS. KATRINE DILAY: And that was going
17 to be my next question, so thank you for doing one (1)
18 response for two (2) questions.

19 If we turn to page 1,604 at lines 1 to
20 6. So, you see there that the EY witness confirmed
21 that an effective strategy recognizes that choices are
22 necessary, recognizing the limited resources of the
23 organization.

24 You see that?

25 MS. SATVIR JATANA: Choices and trade-

1 offs I would see are necessary when resources are
2 limited.

3 MS. KATRINE DILAY: Thank you. And if
4 we turn to page 1,605, the next page, specifically at
5 lines 11 to 16. So, on this page, the EY witness
6 confirmed that:

7 "In order to make choices, and
8 recognizing the resulting trade-
9 offs, problems or threats should
10 be prioritized by a Corporation."

11 You see that?

12 MS. SATVIR JATANA: I do see that

13 MS. KATRINE DILAY: And at a high
14 level, MPI would agree with this, correct?

15 MS. SATVIR JATANA: I would agree with
16 that.

17 MS. KATRINE DILAY: Looking at the
18 next page, 1,606, lines 14 to 18, the EY witness
19 confirmed that the Corporation effectively would be
20 narrowing the list of problems or threats on which to
21 focus in a strategy, correct? Or you see that?

22 MS. SATVIR JATANA: I do see that.

23 MS. KATRINE DILAY: And at a high
24 level, MPI would agree with this as an element of an
25 effective strategy?

1 MS. SATVIR JATANA: At a high level,
2 yes.

3 MS. KATRINE DILAY: Then going to page
4 1,607, at lines 10 to 16. Thank you. You'll see
5 there that the EY witness confirmed that:

6 "Once a corporation has made
7 choices to narrow the list of
8 problems or threats, a corporation
9 should then assess how it can
10 influence the areas of focus
11 through the levers it controls."

12 You see that reference?

13 MS. SATVIR JATANA: I do.

14 MS. KATRINE DILAY: And at a high
15 level, MPI would agree with this, correct?

16 MS. SATVIR JATANA: I would agree with
17 that.

18 MS. KATRINE DILAY: And I'll just
19 bring you to two (2) last transcript references, going
20 to page 1,610, and looking at lines nine to 24. And
21 just recognizing that I'm asking you to review quite a
22 few lines, I'll just give you a moment to look at
23 those lines, 9 to 24.

24 And so, you see there that the EY
25 witness confirms that:

1 "Once a corporation has made
2 choices on where to focus, how it
3 can influence the areas of focus,
4 a corporation must then ask itself
5 what capabilities are required to
6 be successful and what management
7 systems are needed."

8 Is that what you see on this page?

9 MS. SATVIR JATANA: That's what I see
10 here, yes.

11 MS. KATRINE DILAY: And at a high
12 level, MPI would agree with this as elements of
13 effective -- of an effective strategy?

14 MS. SATVIR JATANA: Your strategy,
15 your capability, and capacity goes hand in hand. And
16 I would say, in our case, that was part of it as we
17 were developing strategy.

18 So, to us, it did not after the fact.
19 It was not about developing a strategy, and then
20 determining what our capacity or capabilities are. We
21 kept that at the forefront to ensure that our strategy
22 matched our pace and our ability to deliver based on
23 our financial and people capacity.

24 MS. KATRINE DILAY: Thank you for that
25 answer. And this will be the last point I'll take you

1 to in this transcript. On page 1612, lines 14 to 19.

2 So, you'll agree -- or you see there:

3 "The EY witness confirms that once
4 a corporation has established a
5 multi-year strategy, it may then
6 wish to develop an operational
7 plan."

8 You see that?

9 MS. SATVIR JATANA: Yes, and that was
10 what I highlighted again in the presentation, how we
11 take a multi-year strategy into annual planning and
12 into a deliverable that we can execute on.

13 MS. KATRINE DILAY: Thank you. And
14 looking at lines 18 to 22 here, EY confirms that an
15 operational plan would be the process of turning a
16 strategy into an action plan. You see that?

17 MS. SATVIR JATANA: And that would be
18 our annual business plan and our budget.

19 MS. KATRINE DILAY: And so, given your
20 answers, at a high level, MPI would agree with these
21 elements of an effective strategy?

22 MS. SATVIR JATANA: Absolutely.

23 MS. KATRINE DILAY: And so, you'll
24 agree it is important for MPI that its corporate
25 strategy be focused on what customers need and want?

1 MS. SATVIR JATANA: We developed this
2 strategy with the feedback from customers,
3 understanding their needs -- needs and wants, and also
4 understanding what our mandate is, what our capacity
5 is, what our capabilities, what our limitations are.

6 So, all of that was in the forefront
7 and hence why, you know, we -- we took the time to
8 develop this plan. This was not done in a corner
9 office. This was done with a lot of due diligence and
10 with the right amount of time that was needed to
11 develop this document or set up plan for us to follow.

12 MS. KATRINE DILAY: And just getting
13 back to -- to customers, this -- just this past
14 summer, MPI engaged in public consultations on its
15 corporate strategy, correct?

16 MS. SATVIR JATANA: We -- we have a
17 lot of customer insight, and there's many mechanism
18 that we ask for customers' feedback at the point of
19 transaction through our annual Forrester study. We
20 also put this plan up to engage Manitoba to get
21 Manitoba's sentiment and feedback. So that is part of
22 who we are.

23 MS. KATRINE DILAY: And just
24 specifically on the public consultations that were
25 undertaken with respect to the corporate strategy

1 itself, MPI is planning to incorporate feedback
2 received from customers through these public
3 consultations into the strategy. Would that be fair?

4 MS. SATVIR JATANA: We're always
5 considering customers' feedback in every choice, in
6 everything we do, whether it's we're resetting or
7 refining our standards right now, frontline standards,
8 or whether -- how our customers are feeling after
9 every transaction, whether that's at our service
10 centre or at the broker's office.

11 From time to time, we do one-off
12 studies to truly understand Manitobans' sentiment.
13 And along with, like I said, the annual Forrester
14 study, which allows us to get a lot of comprehensive
15 feedback on all aspects of our business from their
16 confidence level in our delivering -- our ability to
17 deliver our mandate or how their experience has been.

18 So, I would say, you know, in the last
19 number of years, we -- we do much better job of -- of
20 really understanding our customers' needs. And that
21 is not to say we're perfect, but we've come a long way
22 on that journey.

23 MS. KATRINE DILAY: And, Ms. Jatana,
24 just focusing on the public consultation, specifically
25 on the corporate plan through Engage MB, which we

1 understand to be that -- the most recent public
2 consultation specifically on the Corporate Strategic
3 Plan, can MPI elaborate on how it will incorporate
4 that feedback into the strategy?

5 MS. SATVIR JATANA: I would say
6 actually, the feedback that we received from our
7 partners, our customers, Manitobans, our employees was
8 the feedback that we actually used to affirm and
9 redefine this plan that we're presenting that's in
10 front of you today.

11 But I also said that this document is
12 living and breathing document, something that will be
13 revisited on an annual basis. And as we have more
14 experience, as we continue to understand our
15 customers, as their needs continue to evolve, we will
16 ensure that that information or that feedback, that
17 insight is reflective in our plans.

18 MS. KATRINE DILAY: And will MPI
19 report back to customers on how it has incorporated
20 customer feedback into the corporate strategy?

21 MS. SATVIR JATANA: How we would
22 respond to that is, one, we have this mechanism where
23 we -- on an annual basis, we talk about our ask, we
24 talk about our deliverables, our future plans. And
25 when we report back to the customer, I guess one

1 mechanism is through our annual report as well, which
2 is made public.

3 Another way of responding to customer
4 feedback is, as we're looking at different elements of
5 improvement, we want to ensure that customer feedback
6 is at the forefront.

7 We have many mechanism to continuously
8 report back to our customers that we're listening,
9 we're responding. In terms of the strategy, our --
10 our live copy -- just give me one second, please.

11

12 (BRIEF PAUSE)

13

14 MS. SATVIR JATANA: So, copy of our
15 strategy is on our website for customers to access.
16 And as we make changes, customers would always have
17 the current copy of it.

18 MS. KATRINE DILAY: Shifting topics a
19 little bit, at a high level, you'll agree that
20 affordability of insurance rates is important for
21 Manitobans?

22 MS. SATVIR JATANA: I would agree with
23 that.

24 MS. KATRINE DILAY: And we'll go into
25 this in a bit more detail, but MPI has heard directly

1 from customers that affordability is important,
2 correct?

3 MS. SATVIR JATANA: Manitobans --
4 actually, I believe it's 73 percent that do believe
5 that we have affordable product today. But we also
6 know that affordability is an important aspect of
7 insurance for them, especially in a public insurance
8 model where insurance is mandatory.

9 MS. KATRINE DILAY: Thank you. And --
10 and we'll just go into this in a bit more detail by
11 turning to CC/MPI-2-1 and the Appendix 1 to that
12 Information Request, please. Thank you.

13 And you'll confirm this is the 2025 CX
14 or customer experience vision and image study,
15 correct?

16 MS. SATVIR JATANA: That would be
17 correct.

18 MS. KATRINE DILAY: And if we look at
19 page 2 of this document at the top, we see there that
20 the primary component of the CX vision and image study
21 is a survey completed by a representative sample of
22 the general Manitoba population, correct?

23 MS. SATVIR JATANA: Sorry, can you
24 repeat that question?

25

1 (BRIEF PAUSE)

2

3 MS. KATRINE DILAY: Yes, of course.

4 At page 2, at the top, we see there, the first bullet,

5 that the primary component of the CX vision and image

6 study is a survey completed by a representative sample

7 of the general Manitoba population. You see that?

8 MS. SATVIR JATANA: That is correct.

9 MS. KATRINE DILAY: And if we look at

10 the third line from the bottom, we see there that the

11 general population survey can be said with some

12 confidence to represent the views of Manitobans. You

13 see that reference?

14 MS. SATVIR JATANA: I do see that.

15 MS. KATRINE DILAY: So, if we look

16 just a bit lower on this page in the report summary,

17 the most common -- and if we can just go back, thank

18 you -- the most common words or themes to describe

19 their ideal insurer for the -- what it says the Gen

20 Pop was affordable/inexpensive, correct?

21

MS. SATVIR JATANA: Yes.

22 MS. KATRINE DILAY: And turning to

23 page 19 of this same report, so at a high level, would

24 you agree this is where the report discusses the

25 perceptions of the twenty-five (25) items that were

1 explored with respondents and how well MPI is doing
2 with respect to each item to then lend insight into
3 the potential value or return of CX improvements?

4 MS. SATVIR JATANA: Correct.

5 MS. KATRINE DILAY: So, would it be
6 correct to interpret -- to interpret this part of the
7 report as meaning that it identifies the areas where
8 MPI investments in improvements would get the best
9 bang for the Corporation's buck?

10 MS. SATVIR JATANA: This highlights
11 where it can -- ww -- where we can make improvement.
12 It doesn't automatically translate that we need to
13 always spend additional dollars for improvement.

14 MS. KATRINE DILAY: Yes. Thank you
15 for that -- that clarification. That's helpful.

16 If we look at Table 10 at the bottom of
17 this page, so we see here the table is titled
18 Potential Return of Improving on CX vision, correct?

19 MS. SATVIR JATANA: Yes.
20 MS. KATRINE DILAY: And if we look at
21 the second row from the bottom in this table, we see
22 the vision construct of value and the component of
23 cost effectiveness in that second row from the bottom.

24 You see that?

25

1 MS. KATRINE DILAY: And then in the
2 third column and moving to the right, the statement
3 is, "Keep the cost of insurance affordable."

4 You see that?

5 MS. SATVIR JATANA: I do see that.

6 MS. KATRINE DILAY: And then moving
7 once again to the right under the column of
8 Importance, we see a score of 0.72 in green. You see
9 that?

10 MS. SATVIR JATANA: I do.

11 MS. KATRINE DILAY: And looking
12 quickly at the Importance column, this is the only one
13 that is that darker green colour, correct?

14 MS. SATVIR JATANA: Yes.

15 MS. KATRINE DILAY: And it's the
16 highest number in that column, correct, in terms of
17 importance?

18 MS. SATVIR JATANA: Yeah.

19 MS. KATRINE DILAY: And so, we -- it
20 would be fair to say that this particular row of value
21 and keeping the cost of insurance affordable is the
22 most important element for respondents in this
23 particular research?

24 MS. SATVIR JATANA: Yes.

25 MS. KATRINE DILAY: And then moving to

1 the last column at the far right in this table, this
2 same item has the highest potential return, correct?
3 Has the highest number under potential return?

4 MS. SATVIR JATANA: That would be
5 correct.

6 MS. KATRINE DILAY: So, we can
7 understand this to mean that this particular item of
8 keeping the cost of insurance affordable has the
9 highest return on investments that MPI can make to
10 improve this component, whether those investments be
11 financial or resources?

12

13 (BRIEF PAUSE)

14

15 MS. SATVIR JATANA: Just wanted to
16 confirm. So, what this report said basically gives us
17 what's important to Manitobans, how are we performing
18 against that, and what's likely -- what's going to get
19 us the greatest improvement on CX.

20 It does not translate that that's where
21 we need to invest more in terms of financials or
22 investment. It's about what's going to move that
23 needle the greatest. And it would be that area, so
24 potential -- sorry, potential return in terms of
25 improving your CX index.

1

2

(BRIEF PAUSE)

3

4

MS. KATRINE DILAY: Thanks, Ms.

5

Jatana. And would you be able to clarify how MPI

6

would go about achieving potential returns on this

7

item of keeping the cost of insurance affordable?

8

MS. SATVIR JATANA: Well, we've

9

demonstrated number of those things in this GRA. Even

10

the product change adds to the affordability,

11

especially on the mandatory insurance part. We talked

12

about -- or I talked about -- and I know my team is

13

going to cover this greatly -- the Glass Repair First

14

initiative is another way of controlling cost and

15

maintaining or improving cost -- claims cost.

16

There are number of other initiatives.

17

I would say my team probably will speak more about

18

that, but it's about controlling cost, making those

19

informed decision, providing customers the choice

20

where possible. Those would be some of the things we

21

would do to keep rates affordable.

22

MS. KATRINE DILAY: Thank you, Ms.

23

Jatana. And if we look at the next page at Table 11,

24

we see there the vision construct of value being

25

ranked first in this table. You see that?

1 MS. SATVIR JATANA: I do.

2 MS. KATRINE DILAY: And as we just saw
3 on the last table, Table 10, you can confirm that
4 value includes cost effectiveness, correct? And
5 perhaps we can just show Table 10 once more just to
6 clarify my question.

7 So, if we look at the vision construct
8 of value in the last two (2) rows, that vision
9 construct of value includes both cost effectiveness
10 and product value, as we see in the second row of
11 component. You see that?

12 MS. SATVIR JATANA: Yes. So, value is
13 about price, value is about quality of product, and
14 value is about accessibility of products as well.

15 MS. KATRINE DILAY: Thank you. And
16 under table -- in Table 11, we see value as having the
17 highest potential return, correct?

18 MS. SATVIR JATANA: On a CX,
19 absolutely, that if we maintain or increase the value
20 we provide, it has the greatest impact on the CX
21 index.

22 MS. KATRINE DILAY: And a bit lower at
23 Table 12 on the same page, so is it your understanding
24 that this table shows the importance of scores by
25 construct over time?

1 MS. SATVIR JATANA: That would be my
2 understanding.

3 MS. KATRINE DILAY: And we won't go
4 through all the numbers, but you'll agree that value
5 has remained consistently the highest in terms of
6 importance scores since 2022, correct?

7 MS. SATVIR JATANA: Like I said,
8 Manitobans enjoy the comprehensive product at
9 affordable price and be able to access product
10 throughout the province.

11 MS. KATRINE DILAY: Now I'll -- I'll
12 have some questions specifically on MPI's Strategic
13 Plan. We can go to a reference if you'd like, but
14 you'll agree that at the heart of the Strategic Plan
15 is a commitment to maintaining affordable insurance
16 rates while ensuring the long-term sustainability of
17 the services?

18 MS. SATVIR JATANA: That would be
19 true.

20 MS. KATRINE DILAY: And I'll take you
21 to a slide that we saw earlier this morning. If we
22 could please turn to Part 3 of the GRA, which is
23 Corporate Strategic -- CSG, Appendix 1, page 4.
24 Perfect. Thank you.

25 And so, you'll agree this is a bit of

1 an overview slide for the Strategic Plan?

2 MS. SATVIR JATANA: Yeah, that would
3 be true.

4 MS. KATRINE DILAY: And if we look
5 under mission, we see there a reference to affordable
6 rates?

7 MS. SATVIR JATANA: I do.

8 MS. KATRINE DILAY: And under
9 Corporate Focus, affordability is the first one
10 listed, correct?

11 MS. SATVIR JATANA: That is correct.

12 MS. KATRINE DILAY: And then looking
13 at the pillars, affordability would fall specifically
14 under Pillar 3, program 3.2, correct, Keeping our
15 services affordable and sustainable?

16 MS. SATVIR JATANA: Actually, I think
17 it would fall in all of the pillars. We can't deliver
18 on our affordability without knowledgeable and the
19 corporate intelligence. We can't deliver on
20 affordability without financial strength of the
21 organization.

22 We can't deliver on affordability if
23 we're not constantly in -- in need or pursue of
24 understanding customers' needs today, but also
25 tomorrow. And we definitely cannot deliver on the

1 affordability if we don't have the proper efficiencies
2 within the organization. So, affordability I would
3 say is embedded into all of the pillars.

4 MS. KATRINE DILAY: And if we turn to
5 page 9 of the same document, this is where MPI
6 discusses how it will measure the success of its
7 strategy, correct?

8 MS. SATVIR JATANA: Yes.
9 MS. KATRINE DILAY: And the first
10 bullet that is indented refers there to making
11 insurance affordable for all Manitobans by tracking
12 the average insurance premium in relation to medium
13 income in the province. You see that?

14 MS. SATVIR JATANA: That is correct.

15 MS. KATRINE DILAY: And we'll go into
16 this in a bit more detail, but for now at a high
17 level, you'll agree that this refers to the tracking
18 of a measure but does not include a target for this
19 measure on this slide yet, correct?

20 MS. SATVIR JATANA: We -- we haven't
21 established a measure -- sorry, a target yet, but it
22 is something that we want to undertake.

23 MS. KATRINE DILAY: Thank you. And
24 I'd like to dig a little bit more into this
25 affordability measure. So, if we could turn to the

1 Information Request CC/MPI-1-28 and specifically part
2 F, which starts at the bottom of page 10. Thank you.

3 And so, you'll agree that this
4 Information Request -- in this Information Request
5 response MPI is referring to that affordability metric
6 that we had just been talking about in the Corporate
7 Strategic Plan, correct?

8 MS. SATVIR JATANA: That would be
9 correct.

10 MS. KATRINE DILAY: And MPI confirms
11 in this response that it is continuing to evaluate the
12 development of an affordability metric defined as
13 insurance premiums as a proportion of income, correct?

14 MS. SATVIR JATANA: That would be
15 correct.

16 MS. KATRINE DILAY: But that this
17 metric is not yet implemented, correct?

18 MS. SATVIR JATANA: It's not
19 implemented. It's not to say that we don't know what
20 that metric is today. I believe if -- if we just
21 apply based on the passenger vehicle and the median
22 income in Manitoba, I believe the figure is around 2
23 percent.

24 And there's really not, you know -- one
25 of -- we didn't want to just quickly land on this,

1 although that is kind of where we're headed. We don't
2 have mechanism to look at across Canada. Also, we
3 wanted to look at how others are measuring the
4 affordability of insurance.

5 And we -- we don't have the mechanism
6 that used to exist sometime ago where MPI used to
7 report its performance against others. While that is
8 not available and affordability is -- is a mandate of
9 MPI, the question is: What's the right way of
10 reporting this?

11 This seems like most measured way of --
12 of doing that, but we just need to have some
13 additional discussion with our board and with our team
14 as to-is this the right number. And then, based on
15 that, what would be the right target? So that's kind
16 of where we're at with this.

17 MS. KATRINE DILAY: Thank you. And
18 correct me if I'm wrong, but -- but that would be what
19 MPI is saying. At the bottom of page 10 and the top
20 of page 11, where MPI says that it's continuing to
21 evaluate -- sorry, that it's assessing the appropriate
22 income measure, the availability and suitability of
23 data sources, and the metric's long-term consistency
24 before it can be adopted in future GRAs. Correct?

25 MS. SATVIR JATANA: That would be

1 fair.

2 MS. KATRINE DILAY: And you've
3 referred to this already, but if we can go down on
4 page 11 a little bit at two (2) paragraphs before the
5 start of the response to 'G', MPI confirms that this
6 does not represent a target for improvement at this
7 stage, correct?

8 MS. SATVIR JATANA: I'm sorry, can you
9 reference?

10 MS. KATRINE DILAY: Yes. My
11 apologies. The second paragraph before 'G' and the
12 second line, you see there:

13 "While it does not yet represent a
14 target for improvement, it
15 provides a starting point for
16 assessing affordability and
17 quantitative terms."

18 You see that?

19 MS. SATVIR JATANA: I do see that.

20 MS. KATRINE DILAY: And so, as you
21 referred earlier, currently, this affordability metric
22 does not include a target, correct?

23 MS. SATVIR JATANA: I don't have a
24 target to speak to it right now.

25 MS. KATRINE DILAY: And at this time,

1 it provides a starting point for assessing
2 affordability in quantitative terms.

3 MS. SATVIR JATANA: It gives us a
4 baseline and it also gives -- gives us against -- the
5 baseline against Manitoban sentiment about public
6 insurance and how we're delivering against that.

7 MS. KATRINE DILAY: So, at this point
8 in time, it would be fair to say that this measure is
9 more of an affordability tracking measure rather than
10 an affordability target, correct?

11 MS. SATVIR JATANA: Well, today, the
12 target is not set, so I can't say that it is a target,
13 but I can see how we are tracking today.

14 MS. KATRINE DILAY: Thank you. And if
15 we turn to the Information Request -- Request CC/MPI-
16 2-4, and if we could go to the response to Part E.

17

18 (BRIEF PAUSE)

19

20 MS. KATRINE DILAY: And usually I'd
21 have the page number written. Sorry about that.
22 Thank you.

23 And we just wanted to -- to clarify a
24 few things on this response. So, you'll confirm here
25 that MPI says:

1 "At this time, it does not expect
2 the metric to be formally adopted
3 for the 2027 GRA. The timing for
4 completion of the assessment is
5 still to be determined. MPI will
6 proceed carefully to ensure that,
7 when the metric is finalized, it
8 is credible, stable and useful for
9 both performance monitoring and
10 regulatory purposes. It may be,
11 depending on the final assessment,
12 that it does not become a measure
13 used in the General Rate
14 Application."

15 You see that response?

16 MR. ANTHONY GUERRA: Sorry, counsel.
17 Can we just scroll down to the bottom there? It's
18 just not appearing, the rest of the quote there.
19 Thank you.

20 MS. KATRINE DILAY: Thank you for
21 that.

22
23 CONTINUED BY MS. KATRINE DILAY:

24 MS. KATRINE DILAY: You see that --
25 that response, Ms. Jatana?

1 MS. SATVIR JATANA: I do see that
2 response.

3 MS. KATRINE DILAY: And so, we can
4 take from this response that it is unlikely the
5 affordability metric will be formally adopted for next
6 year's GRA, correct?

7 MS. SATVIR JATANA: Actually, I would
8 not say that it won't be formally -- what it's saying
9 that -- what it's implying, and maybe I'll clarify
10 that, that we are having discussions, and I do hope
11 that discussions are further along that we can
12 present.

13 But if the metric is not ready, then it
14 won't be presented, but it's not to say it definitely
15 won't be presented.

16 MS. KATRINE DILAY: So, it'll depend
17 on the status of MPI's internal discussions with
18 respect to the metric and the assessment of the
19 metric, correct?

20 MS. SATVIR JATANA: I may be
21 overcommitting my team, but I think we will be further
22 along, and I want to have aspiration of having
23 something and having a dialogue here.

24 MS. KATRINE DILAY: And so, if the
25 metric is formally adopted in that scenario, would it

1 be fair to assume MPI would report on the
2 affordability metric and their measurement in next
3 year's GRA?

4 MS. SATVIR JATANA: I would go
5 further. I would say if the metric is not adopted,
6 then we owe you a response as to why we have not
7 adopted or why we have not able -- been able to come
8 up with the right tracking and potentially a target.
9 But if it is ready, then we will have a discussion
10 here as to how we came up with that.

11 MS. KATRINE DILAY: Thank you, Ms.
12 Jatana. And if MPI ends up not adopting this measure
13 for affordability for the GRA, would it be fair to
14 assume MPI would develop an alternative metric for
15 affordability?

16 MS. SATVIR JATANA: That would be
17 fair.

18 MS. KATRINE DILAY: And at some point
19 in time, it would be fair to say MPI would expect any
20 affordability metric to go beyond measurement and to
21 have an associated target, correct?

22 MS. SATVIR JATANA: That is the goal
23 for all of the targets to have all of the KPIs to have
24 a both baseline and target. What is that we're
25 working towards? What does good look like?

1 MS. KATRINE DILAY: And generally, the
2 target would be to ensure rates are affordable for
3 Manitobans at a high level.

4 MS. SATVIR JATANA: Generally, it
5 would be that we are delivering on our mandate of
6 being affordable.

7 MS. KATRINE DILAY: So, one potential
8 target could be to maintain current levels of
9 affordability, correct?

10 MS. SATVIR JATANA: If it's deemed
11 that what we're delivering today is affordable and
12 that is the right target, then that very much could be
13 maintaining that.

14 MS. KATRINE DILAY: Another potential
15 target could be to improve on the affordability
16 measure that is selected, correct?

17 MS. SATVIR JATANA: That could also be
18 the case.

19 MS. KATRINE DILAY: And I think you've
20 responded to this, but just to confirm, MPI would --
21 would report on the affordability measure that is
22 selected as well as any target established at PUB
23 proceedings, correct?

24 MS. SATVIR JATANA: These are our
25 strategic KPIs. I don't know how we could get away

1 from not talking about these KPIs on a regular basis.

2 MS. KATRINE DILAY: So yes, they would
3 be reported in the PUB --

4 MS. SATVIR JATANA: That's fair to
5 say.

6 MS. KATRINE DILAY: Thank you. Could
7 we please turn to Information Request CC/MPI-1-24,
8 part B, which starts at page 4 of this document.

9

10 (BRIEF PAUSE)

11

12 MS. KATRINE DILAY: Just one moment.
13 I'll just make sure I have the right reference before
14 posing a question.

15

16 (BRIEF PAUSE)

17

18 MS. KATRINE DILAY: My apologies. If
19 we could go to page 5, please. And you see there the
20 response to part B, which starts towards the third
21 paragraph on this page, you see that?

22 MS. SATVIR JATANA: I do see that.

23 MS. KATRINE DILAY: And you see in
24 this response that MPI refers to the situational
25 analysis it conducted to inform its multi-year

1 Strategic Plan, which included a comprehensive SWOT or
2 Strength Weaknesses Opportunities and Threats
3 analysis, correct?

4 MS. SATVIR JATANA: That is correct.

5 MS. KATRINE DILAY: And in the second
6 sentence, MPI goes on to say that:

7 "The threat assessment within this
8 analysis provided a structured
9 lens to evaluate the external
10 pressures, risks, and
11 uncertainties that may influence
12 MPI's ability to achieve its long-
13 term objectives."

14 Correct?

15 MS. SATVIR JATANA: That is correct.

16 MS. KATRINE DILAY: And just going a
17 little bit below there under the thematic findings
18 from the threat assessment, MPI listed economic and
19 cost pressures as the first one, correct?

20 MS. SATVIR JATANA: Yes.

21 MS. KATRINE DILAY: And if we go to
22 part C of this same IR on page 7 at the top, you see
23 there that MPI says at the top:

24 "The threats identified in the
25 SWOT analysis were not intended to

1 generate a one-to-one set of
2 actions, but to highlight critical
3 risks and trends shaping MPI's
4 future, such as increased vehicle
5 complexity, inflationary
6 pressures, cyber risk, regulatory
7 shifts, and changes to vehicle
8 technology and repair networks."

9 You see that?

10 MS. SATVIR JATANA: I do.

11 MS. KATRINE DILAY: So, the risks and
12 trends listed here are risks and trends that MPI still
13 faces, correct?

14 MS. SATVIR JATANA: That's fair to
15 say.

16 MS. KATRINE DILAY: And indeed, as we
17 discussed earlier, the increased deductible amount for
18 Basic responds, at least in part, to inflationary
19 pressures and increased repair costs, correct?

20 MS. SATVIR JATANA: Yes.

21 MS. KATRINE DILAY: And MPI
22 acknowledges that, on behalf of its ratepayers, it has
23 a duty to manage the risks it faces as a corporation?

24 MS. SATVIR JATANA: Yes, we do.

25 MS. KATRINE DILAY: Including

1 mitigating risks to affordability, correct?

2 MS. SATVIR JATANA: Including
3 mitigating factors for that, yes.

4 MS. KATRINE DILAY: By determining how
5 it can influence the specific areas that the
6 Corporation can -- through the levers that the
7 Corporation can control, correct?

8 MS. SATVIR JATANA: Yes, whether
9 that's controlling claims cost where possible,
10 improving efficiencies, or making necessary product
11 changes.

12 MS. KATRINE DILAY: So, you'll confirm
13 that MPI is not proposing to simply adapt to these
14 trends and change its forecasts accordingly to collect
15 more from ratepayers, correct?

16 MS. SATVIR JATANA: Sorry, can you
17 repeat the question?

18 MS. KATRINE DILAY: Of course. And I
19 think I'll -- I'll rephrase it so that it's a bit
20 clear --clearer.

21 You'll confirm MPI is not proposing to
22 simply adapt to these trends and change its forecasts
23 accordingly, but rather that it is acting proactively
24 to try to mitigate the risks coming from these trends.

25

1 MS. KATRINE DILAY: And if we look a
2 bit lower on page 7, the third paragraph that starts
3 with "As MPI matures," so you see there MPI states:

4 "As MPI matures its corporate
5 planning exer -- planning
6 practices, it will continue to
7 refine how environmental risk
8 inputs connect with strategy
9 execution and performance
10 measurement."

11 You see that?

12 MS. SATVIR JATANA: I do.

13 MS. KATRINE DILAY: So, you'll agree
14 that this is an acknowledgement that MPI is not yet
15 quite mature in corporate planning exercises, correct?

16 MS. SATVIR JATANA: Is anybody ever
17 perfect? That's the question. But I hope what we are
18 demonstrating, how we are improving, our planning
19 process, our budgeting process, our execution all by
20 good set of disciplines that we're adopting.

21 MS. KATRINE DILAY: And on the -- the
22 maturity journey, if I can call it to that way, MPI
23 would continue to improve the way that it connects
24 environmental risk inputs with strategy execution and
25 performance measurement. Would that be fair?

1 MS. SATVIR JATANA: Absolutely.

2 MS. KATRINE DILAY: So, we can take
3 this response in our conversation to mean that in
4 terms of the critical risks and trends, that we
5 discussed at the top of page 7 here, MPI will continue
6 to refine how it can respond to those threats through
7 strategy and performance measurement. Correct?

8 MS. SATVIR JATANA: All of the above;
9 understanding those risks, mitigating against those
10 risks or refining our -- our capabilities, absolutely.

11 MS. KATRINE DILAY: And if we can stay
12 on this same IR part I, at the -- at page 14 towards
13 the bottom, please.

14 And if we look at the first bullet
15 point right where Ms. Dweh is, thank you.

16 MPI confirms there that it is still in
17 the early stages of implementation, the plan was
18 approved in late 2024 and the 2025/'26 fiscal year is
19 the first year of execution. You see that response?

20 MS. SATVIR JATANA: I do.

21 MS. KATRINE DILAY: And we see that
22 planning for 2026/'27 and 2027/'28 is still underway
23 and will evolve alongside MPI's increasing maturity
24 and strategy execution, initiative costing and cross-
25 functional planning. You see that?

1 MS. SATVIR JATANA: I do.

2 MS. KATRINE DILAY: So, given this, we
3 can expect that MPI will continue to ensure that its
4 strategy remains focused. Correct?

5 MS. SATVIR JATANA: Absolutely.

6 MS. KATRINE DILAY: And we can expect
7 that MPI will continue to prioritize problems or
8 threats.

9
10 MS. SATVIR JATANA: Yes.
11 MS. KATRINE DILAY: And would it be
12 fair to expect that problems or threats to
13 affordability will be prioritized by MPI, given the
14 importance for Manitobans of affordability and the
15 external threats to affordability, stated by MPI?

16 MS. SATVIR JATANA: Affordability is
17 always front and center for us. So, it's -- it's --
18 it's part of everyday discussion. It's part of our
19 annual planning. It's part of our spending. It's --
20 it's our mandate.

21 MS. KATRINE DILAY: Thank you. I'd
22 like to move on to a different topic, but let me know
23 -- please, let me know if these questions would be
24 better posed to a different panel.

25 So, we'll -- we'll start and you can
advise if a better panel will be suited -- if a panel

1 will be better suited, sorry.

2 We can go to a reference, if you'd
3 like, but you'd agree that collision severity loss
4 trends have been rising year over year, since at least
5 2011?

6 MS. SATVIR JATANA: I would be -- I
7 would be guessing. I would need to see that in --
8 probably better for another panel. But I will be in
9 the background, so if there is anything I can add or
10 you need my voice, I'd think I -- I would be happy to
11 speak up there.

12 MS. KATRINE DILAY: Thank you. So,
13 and -- and I think we'll -- we'll just move on that
14 for purposes of -- of today.

15 MS. SATVIR JATANA: Yeah.

16 MS. KATRINE DILAY: You'll agree that
17 at a high level, reductions in claims costs have a
18 direct impact on rates and affordability. Correct?

19 MS. SATVIR JATANA: Reduction in claim
20 cost absolutely impacts the affordability. Yeah.

21 MS. KATRINE DILAY: And at a high
22 level, you'll agree there are multiple tools that can
23 be used by MPI to contain claims costs.

24 MS. SATVIR JATANA: There are some
25 tools. There are some -- not everything is within our

1 control, but there is definitely some aspect of things
2 that -- there are things we can do to control some of
3 the claim cost.

4 MS. KATRINE DILAY: And you'll agree
5 that in order for the tools that MPI can use to be
6 effective, it's important for MPI to understand the
7 drivers of increases in claims costs?

8 MS. SATVIR JATANA: Sorry, can you
9 repeat that?

10 MS. KATRINE DILAY: In order for the
11 tools that MPI can use to be effective, it's important
12 for MPI to understand the drivers of the increases in
13 claims costs?

14 MS. SATVIR JATANA: It starts with
15 first understanding where the increases are happening
16 and then it's about whether it's controllable or not.
17 And then applying the right tools or initiatives to --
18 and one (1) example of that is, again, just a glass
19 repair first is a great initiative that highlights
20 that, that we have implemented.

21 MS. KATRINE DILAY: And understanding
22 the -- where the increases are coming from may require
23 research. Would that be fair?

24 MS. SATVIR JATANA: Yeah, and I'm
25 happy to actually -- this might be a good time for my

1 CO to have a bit of a voice on how we're doing that.

2 So, over to you, Dana.

3 MS. DANA FRAZER: Hi, Dana Frazer.

4 So, we've had a bit of an evolution when it comes to
5 research, as we all know. Physical damage in the
6 past, I think we're all -- we're all aware that we had
7 a very big hand in research, building a Center of
8 Excellence, a research and training facility. And we
9 still do a lot of research at that facility, just not
10 the extent that we did in the past.

11 So, research for us, right now, really
12 focuses on our estimating standards and policies, not
13 necessarily research that would be given by the
14 original equipment manufacturers.

15 MS. KATRINE DILAY: Thank you. That's
16 very helpful. I -- I do have a number of questions in
17 this area, so I --

18 MS. DANA FRAZER: Okay.

19 MS. KATRINE DILAY: -- so I'll -- I'll
20 kind of bring you along, but that's a very helpful
21 answer to start.

22 At a high level you'll agree that a
23 strategic approach to containing claims costs is
24 desirable?

25 MS. DANA FRAZER: Would agree.

1 MS. KATRINE DILAY: And you'll agree
2 that containing claims costs should not just fall to
3 the actuarial division, but should be integrated to
4 other divisions within the Corporation. Correct?

5 MS. DANA FRAZER: Absolutely.

6 MS. KATRINE DILAY: At a high level,
7 you'll agree that spending on road safety initiatives
8 would be one tool that MPI can use to contain or
9 reduce claims costs?

10 MS. DANA FRAZER: Would -- we would
11 agree, yes, we would agree.

12 MS. KATRINE DILAY: And that's because
13 road safety initiatives can reduce the number of
14 collisions and subsequent claims at a high level.

15 Correct?

16 MS. DANA FRAZER: Correct.

17 MS. KATRINE DILAY: You'll agree, at a
18 high level, that the Driver Safety Rating scale is
19 another way of reducing claims costs by incentivizing
20 safe driving?

21 MS. DANA FRAZER: Agree.

22 MS. KATRINE DILAY: And at a high
23 level safer driving can assist in reducing collisions
24 and claims costs as a result.

25 MS. DANA FRAZER: We would agree

1 MS. KATRINE DILAY: Another way, again
2 at a high level, of controlling claims costs is by
3 offering driver education, including training drivers
4 to avoid collisions.

5 MS. DANA FRAZER: Correct.

6 MS. KATRINE DILAY: As well as by
7 including -- sorry, as well as by teaching driving
8 defensively and making sure drivers are not
9 distracted, among other things.

10 MS. DANA FRAZER: Correct.

11 MS. KATRINE DILAY: You'll agree that
12 MPI has hourly labour rate agreements with autobody
13 shops?

14 MS. DANA FRAZER: Well, we have the
15 light vehicle accreditation agreement.

16 MS. KATRINE DILAY: And this is
17 another tool or way that MPI manages its claims costs?

18 MS. DANA FRAZER: Yes.

19 MS. KATRINE DILAY: I'm in no way
20 asking for a legal opinion here, but just for context,
21 I wonder if we could look at the Manitoba Public
22 Insurance Act, specifically Section 6(2)(j).

23

24 (BRIEF PAUSE)

25

1 MS. KATRINE DILAY: 6(2)(j), please.

2 Thank you. Just a little bit lower down, perfect.

3 And so, you see a reference there to --

4 that:

5 "The Corporation may establish
6 and maintain one or more repair
7 shops to investigate, study and
8 apply techniques used or to be
9 used in the repair of motor
10 vehicles and to analyze the cost
11 of repairs.

12 You see that?

13 MS. DANA FRAZER: Yes, I do.

14 MS. KATRINE DILAY: And we'll move on
15 from the Act.

16 If I could take you to a news release
17 from 2017, which I think will provide just a little
18 bit of colour to your -- the response you provided
19 earlier about the research center. Thank you.

20 And, Ms. Frazer, I believe you referred
21 to this earlier, but you're aware that MPI operated a
22 physical damage research center, which we understand
23 was open in 2017 as per this news release.

24 Would that be fair?

25 MS. DANA FRAZER: Yes, that is

1 correct.

2 MS. KATRINE DILAY: And if we go down
3 just a little bit on this page before us, just before
4 that bolded subparagraph. So, the three (3) lines
5 just before that bolded subtitle, rather, it states:

6 "Manitoba Public Insurance will
7 also leverage its relationships
8 with other collision research
9 facilities around the world to
10 investigate new and cost effective
11 vehicle repair techniques, tools,
12 and equipment for use by Manitoba
13 collision repair shops."

14 You see that?

15 MS. DANA FRAZER: Yes, I do.

16 MS. KATRINE DILAY: So, would it be
17 fair to say that one of the goals, specifically in
18 this -- in this sentence, was to research what other
19 jurisdictions were doing to keep repair costs down, if
20 possible, and for possible use in Manitoba?

21 MS. DANA FRAZER: Yes, that is
22 correct. I was actually part of the team that was
23 developing this research and training facility for
24 research and development. And the goal for this
25 facility was to be, you know, there for research and

1 training. To be partnering and being in advance of
2 what was coming, what we believed to be coming, things
3 like emerging trends, aluminum repair and specifically
4 autonomous vehicles.

5 So, there was quite an emphasis on
6 building a facility to be the leaders to support our
7 repair trade with that.

8 MS. KATRINE DILAY: Thank you. And,
9 ultimately, would one goal of this work be to help
10 control rising claims costs? Would that be one of the
11 goals?

12 MS. DANA FRAZER: It was one of the
13 goals, yes, from what we believed at the time.

14 MS. KATRINE DILAY: And just a couple
15 more questions on this -- this news release.

16 Looking just below the bolded heading
17 there, we see that delegates from around the world
18 will be converging in Winnipeg this week for the 2017
19 Research Council for automotive repair or Our Car
20 Conference. You see that reference?

21 MS. DANA FRAZER: Yes, I see that
22 reference and I recall that conference

23 MS. KATRINE DILAY: And the CEO at the
24 time, just in that next paragraph, indicated as the
25 only Canadian member of Our Car, Manitoba Public

1 Insurance is proud to host this distinguished
2 international forum. You see that?

3 MS. DANA FRAZER: Yes, I do.

4 MS. KATRINE DILAY: And, for context,
5 regarding Our Car in the next paragraph, it states:

6 "Our Car is an international body
7 of automotive research centers,
8 whose primary goal is to reduce
9 the human and economic costs of
10 motor vehicle losses."

11 You see that?

12 MS. DANA FRAZER: Yes.

13 MS. KATRINE DILAY: And it also says
14 that this is done through research and to improve the
15 vehicle damage resistance, repairability, security,
16 and safety, all of which impact the cost of insuring
17 and repairing motor vehicles. You see that?

18 MS. DANA FRAZER: Yes.

19 MS. KATRINE DILAY: And you'll confirm
20 that MPI is no longer a member of Our Car?

21 MS. DANA FRAZER: We are no longer a
22 member of Our Car.

23 MS. KATRINE DILAY: Do you know since
24 when?

25 MS. DANA FRAZER: I'm trying to recall

1 -- 2020.

2 MS. KATRINE DILAY: And can you please
3 explain why MPI is no longer a member of Our Car?

4 MS. DANA FRAZER: Well, I cannot speak
5 to previous leadership, but it really is another one
6 of the evolution that we've -- as we mature, we are
7 still doing research for estimating standards and
8 policies and audit. But we were not going down the
9 road of doing research to the extent of this
10 international body.

11 MS. KATRINE DILAY: And, sorry, just
12 to clarify, you were not doing that type of research
13 at the time, or it was a decision not to continue to
14 do research -- that type of research?

15 MS. DANA FRAZER: So, our intention
16 when the research and training facility and the Center
17 of Excellence began, was that we would. And then as
18 we evolved down the journey and we realized that, you
19 know, automotive trends, emerging technologies,
20 aluminum, EV and autonomous vehicles were not trending
21 to the speed we originally thought, the decision was
22 made by leadership at the time to no longer be a
23 member of Our Car.

24 MS. KATRINE DILAY: Thank you. So,
25 we'll move off of this news release, stay on -- on

1 this topic though. If we could turn to CC-MPI-1-3,
2 please.

3 And if we look at Part A of the
4 question itself, the Coalition there, just for
5 context, asked for information relating to MPI's
6 Physical Damage Research Division, specifically
7 relating to its contribution to collision claim costs
8 control. You see that question?

9 MS. DANA FRAZER: Yes.

10 MS. KATRINE DILAY: And if we look to
11 the response to Part A. Sorry, if we can just go back
12 up a little bit. Thank you.

13 If we look at the second line on page 2
14 there, so towards the bottom of the page, we see in
15 this response that internal technical support provided
16 by the former research team was absorbed by MPI's
17 broader Estimating Operations Team to benefit all
18 collision claims. You see that response?

19 MS. DANA FRAZER: Yes. I would -- I
20 would suggest that it is not just the Estimating
21 Operations Team, but the full physical damage
22 management directorate that has absorbed many of the
23 functions but, yes, correct.

24 MS. KATRINE DILAY: Thank you. And we
25 did ask a follow-up question to this, so we'll turn to

1 that just to add clarity.

2 MS. DANA FRAZER: Okay.

3 MS. KATRINE DILAY: If we could turn to
4 CC-MPI-2-7, Part A, and we can go to the response,
5 please.

6 And so, you see there MPI confirms that
7 it is -- it no longer has a dedicated collision repair
8 research team separate from its estimating operations
9 team. You see that?

10 MS. DANA FRAZER: Yes. I see that.
11 And, yes, that is correct.

12 MS. KATRINE DILAY: And then if we
13 look at Part C of this same response, MPI provides
14 their -- the activities taking place at the Busi
15 (phonetic) Road Physical Damage Center. You see that?

16 MS. DANA FRAZER: Yes, I do.

17 MS. KATRINE DILAY: And can you please
18 clarify which of these activities would assist MPI in
19 investigating new and cost-effective vehicle repair
20 techniques, tools and equipment for use by Manitoba
21 collision repair shops?

22 MS. DANA FRAZER: Just one second,
23 please, I just -- there's been several restructures
24 and I just want to make sure I'm answering the
25 question correctly.

1 MS. KATRINE DILAY: Sure, and if it
2 would be helpful to take it as an undertaking --

3 MS. DANA FRAZER: Okay.

4 MS. KATRINE DILAY: -- that --

5 MS. DANA FRAZER: No.

6 MS. KATRINE DILAY: -- if your Counsel
7 agrees --

8 MS. DANA FRAZER: Okay. One second.

9 MS. KATRINE DILAY: -- we'd be
10 prepared.

11

12 (BRIEF PAUSE)

13

14 MS. DANA FRAZER: Could I ask that you
15 just repeat the question so I could articulate
16 properly?

17 MS. KATRINE DILAY: Of course. Can
18 you please clarify which of these activities in Part C
19 of IR CC-MPI-2-7, which of these activities would
20 assist MPI to investigate new and cost-effective
21 vehicle repair techniques, tools and equipment for use
22 by Manitoba collision repair shops.

23 MS. DANA FRAZER: Okay. So primarily
24 the Estimating Policy and Control Team would have
25 activities that would be supporting those.

1 Our Accredited Repair Program Team,
2 they have some individuals who -- who we call
3 mechanical support technicians. They would also be
4 assisting in those -- in those ways.

5 If you'd be able to scroll down just a
6 little bit, I just want to make sure -- oh, there they
7 are, mechanical support and the Specialized Estimating
8 Team, as well, would be supporting some of those
9 activities that you mentioned.

10 MS. KATRINE DILAY: Thank you. And
11 would that include looking beyond Manitoba to what is
12 being done elsewhere in Canada and internationally as
13 well?

14 MS. DANA FRAZER: Jurisdictional
15 Review, that would fall mostly with the Estimating,
16 Policy and Control Team. And I would suggest also the
17 Accredited Repair Program Team.

18 MS. KATRINE DILAY: Thank you. I just
19 have one -- one last area of questioning, Madam Chair.
20 I expect to be about five (5) minutes.

21 MS. DANA FRAZER: Would I be able to
22 interject just one (1) --

23 MS. KATRINE DILAY: Sure.

24 MS. DANA FRAZER: -- comment. I don't
25 want to give the impression that there is no research

1 happening within our Research and Training Facility at
2 MPI. It is the focus of how we're doing research, has
3 shifted from when we developed the Center of
4 Excellence.

5 When we developed the Center of
6 Excellence, we believed that we would be almost the
7 voice that was going to be helping the repair trade
8 and the OEM when it came to us doing the research.

9 Our research has shifted to a focus
10 where we are researching to assist with estimating
11 standards to support the trade, but not be the voice
12 that's making those decisions.

13 So, our research and our scope of
14 research has simply just shifted, but it is most
15 definitely still happening within our current research
16 and training facility.

17 MS. KATRINE DILAY: Thank you. I
18 appreciate that. I just have a few questions on the
19 traumatic brain injury issue. And, if we could, for
20 context, turn to CC/MPI-1-89, please. And I
21 apologize, I did not give you a heads-up, Ms. Dweh,
22 about this particular reference. Thank you.

23 And if we just look at the preamble of
24 this Information Request. Is it your understanding
25 that this is taken from MPI's application with respect

1 to -- and refers to a working group drafting the
2 Request For Proposal?

3 MS. SATVIR JATANA: Sorry, I just- can
4 you repeat that question?

5 MS. KATRINE DILAY: Of course. I -- I
6 -- should have asked who would be prepared to answer
7 questions here.

8 Looking at the preamble of this
9 Information Request, you'll agree this was taken from
10 MPI's application and refers to a working group having
11 been established to draft a Request for Proposal to
12 issue a public tender for an external review of MPI's
13 handling of traumatic brain injury claims. Correct?
14 That's what the preamble refers to.

15 MS. SATVIR JATANA: I believe that's
16 what it does. Yeah.

17 MS. KATRINE DILAY: And if we look at
18 part A of the response, here MPI provides information
19 about who -- who is a part of the working group
20 drafting the Request for Proposal. Correct?

21 MS. SATVIR JATANA: I do see that.

22 MS. KATRINE DILAY: And you'll agree
23 that the working group is comprised entirely of MPI
24 staff?

25 MS. SATVIR JATANA: This is the inner

1 team that's helping us draft a bit of a work plan as
2 to how the RFP was going to be drafted. I know even
3 after that, we actually consulted third party to get
4 some guidance as to how we should think about drafting
5 this RFP so we have the right expertise. So, this is
6 -- this is just referencing the internal team, not
7 necessarily everyone who's helping us draft this.

8 MS. KATRINE DILAY: Okay. So just to
9 clarify, so here it says "the working group's mandate
10 is to draft the RFP." So that was still their
11 mandate. Correct?

12 MS. SATVIR JATANA: They still have to
13 get the -- the RFP drafted, but they are getting some
14 assistance from others as well.

15 MS. KATRINE DILAY: And are you able
16 to indicate from whom they are getting assistance in
17 terms of externally?

18 MS. SATVIR JATANA: Yes. Just give me
19 one second.

20

21 (BRIEF PAUSE)

22

23 MS. SATVIR JATANA: There was some
24 consultation done with other peers that may have done
25 or have gone down this road.

1 MS. KATRINE DILAY: And by "other
2 peers," do you mean other insurance companies?

3 MS. SATVIR JATANA: Other Crowns.

4 MS. KATRINE DILAY: Other Crown
5 insurance companies?

6 MS. SATVIR JATANA: That would be
7 correct.

8 MS. KATRINE DILAY: Thank you. And we
9 can look at the response to part C and the scope of
10 work has not been determined yet. Correct?

11 MR. ANTHONY GUERRA: Counsel, I just
12 confirmed that this was a point in time response that
13 was dated August 7th.

14 MS. KATRINE DILAY: Thank you.

15 MS. SATVIR JATANA: This goes back to
16 being -- this is a very complex area and we didn't
17 want to be so prescriptive. So, we're leaving some
18 opportunity for the individual to also help us define
19 the scope. We know what is -- what has been asked of
20 us, but how we get there is we want to work with the
21 expert and to ensure the scope is properly defined.

22

23 CONTINUED BY MS. KATRINE DILAY:

24 MS. KATRINE DILAY: So, would it be
25 fair to say that the RFP will include a general scope

1 of work to be refined once the vendor is selected and
2 engaged?

3 MS. SATVIR JATANA: That would be
4 fair.

5 MS. KATRINE DILAY: And just looking
6 at part D, and we'll have to go back to the question
7 for context, please. So, part D of this question
8 asked whether or not public consultations will form
9 part of the scope of work for the external review.

10 You see that question?

11 MS. SATVIR JATANA: I do.

12 MS. KATRINE DILAY: And if we go down
13 to the response from MPI, at this point in time, MPI
14 responded that it will be dependent on the scope of
15 work and methodology established by the vendor once
16 engaged. Correct?

17 MS. SATVIR JATANA: I do see that
18 response.

19 MS. KATRINE DILAY: You'll agree that
20 the issue of traumatic brain injury responds to
21 concerns raised external to MPI by customers and PIPP
22 claimants?

23 MS. SATVIR JATANA: I am aware of a
24 couple of the concerns that's been brought to my
25 attention.

1 MS. KATRINE DILAY: Including in PUB
2 hearings last year?

3 MS. SATVIR JATANA: That was one of
4 the concerns I'm aware of.

5 MS. KATRINE DILAY: And at a high
6 level, as far as you know, the concerns are about
7 adequacy and appropriateness of services and benefits
8 provided by MPI to traumatic brain injury claimants.

9 MS. SATVIR JATANA: I recall -- I
10 believe it was above diagnosis and the benefits.

11 MS. KATRINE DILAY: Thank you. And
12 you'll confirm that the working group drafting the RFP
13 does not include individuals with lived experiences of
14 traumatic brain injuries. Correct?

15 MS. SATVIR JATANA: Hence why we're
16 not defining the scope, and we want to rely on expert
17 in the medical profession to ensure that scope is
18 defined. And we also want to understand our benefits
19 from insurance provider. And as I stated, perhaps
20 that may -- what leads us to having two (2) experts
21 part of this review.

22 MS. KATRINE DILAY: Thank you, Ms.
23 Jatana, and the rest of your team. Those are my
24 questions for this panel. Thanks very much.

25 PANEL CHAIRPERSON: Thank you, Ms.

1 Dilay. Mr. Ireland ...?

2 BOARD MEMBER IRELAND: Mr. Kolaski,
3 quick question for you on DVA. Can you help me out
4 here, I want to make sure I understand it all. MPI
5 operates DVA on behalf of the government.

6 MR. RYAN KOLASKI: That is correct.
7 We administer the services on behalf of government.

8 BOARD MEMBER IRELAND: Okay. And you
9 mentioned that MPI could reduce the DVA deficit by
10 increasing fees for services provided by DVA, such as
11 driver licensing fees?

12 MR. RYAN KOLASKI: So, I threw out an
13 option to what would be transfers of Extension money
14 to DVA. Right? That decision rests solely with the
15 government as to whether or not they would want to
16 pursue that.

17 I was simply proposing that there are
18 other options and Extension transfers. But yes, there
19 is fees that are charged. That is one option.
20 There's also the reality that that line of business
21 collects over \$200 million a year. So, from a summary
22 government perspective, they could just increase the
23 amount of money they allow MPI to operate with.

24 So, there's a number of levers the
25 government has. I'm just saying -- suggesting that

1 there are options, but we don't know -- have a
2 direction at this time.

3 BOARD MEMBER IRELAND: So, then the
4 revenue collected for those fees is going directly to
5 government?

6 MR. RYAN KOLASKI: That is correct,
7 because we administer on behalf of government, we
8 collect the funds, and then they allow us to retain a
9 portion of the funds collected, which as stated here,
10 today is \$40.2 million per year. And they set that
11 every year through the estimates -- budgeting process.

12 BOARD MEMBER IRELAND: Okay. That's
13 where I get confused. You don't get to retain it.
14 They give it to you afterwards. So, it's paid out to
15 them. And then afterwards it flows back to you, is
16 that --

17 MR. RYAN KOLASKI: So physically, they
18 set through the budget process the \$40.2 million. So,
19 they tell MPI, you can collect this money. So, every
20 month, what we do is we collect all these fees, and
21 then we retain a portion of the \$40 million throughout
22 the course of the year. So, it literally is they set
23 the budget for how much money we can retain, and then
24 we collect all the funds and remit them to the
25 government on a monthly basis.

1 BOARD MEMBER IRELAND: So, what
2 percentage then of total fees collected does the 40.2
3 million represent?

4 MR. RYAN KOLASKI: Approximately? I'd
5 have to pull up the annual financial statements to see
6 where it was last year, but it's 40 divided by 220
7 million. It's around 215, \$220 million a year.

8 BOARD MEMBER IRELAND: Oh, okay. So,
9 then the balance of that is going to government, so.

10 MR. RYAN KOLASKI: Correct.

11 BOARD MEMBER IRELAND: Okay. Okay.
12 Thanks.

13 PANEL CHAIRPERSON: Ms. Sharman ...?

14 BOARD MEMBER SHARMAN: I have a
15 question with regard to MNP. We heard this morning
16 that MNP is now externally providing the internal
17 audit function. And that that's a contract that
18 expires at the end of this fiscal year. And I believe
19 that we heard yesterday that MNP is also performing
20 the function of the governance vendor.

21 Is that accurate?

22 MR. RYAN KOLASKI: Correct.

23 BOARD MEMBER SHARMAN: Is there an
24 inherent conflict in that in that they're providing
25 governance services with regard to the Corporation's

1 business and also an internal audit function?

2 MR. RYAN KOLASKI: Well, it is the
3 same firm. They are different work teams and they are
4 very different engagements, and the partners
5 responsible for providing that are completely
6 separate. So, from that perspective, no.

7 MS. SATVIR JATANA: Maybe I can add to
8 that. The internal audit function that we outsource
9 has been in place since 2019 and MNP has been our --
10 and I do believe that it's -- it's twice that they
11 were successful in the RFP and they've been our
12 internal audit function. That team is based out of
13 Winnipeg and very separate from the engagement that we
14 have the independent -- what was NOVA governance that
15 those individual -- the majority of them are actually
16 out of, I believe, Ontario, if not, Ottawa, Ontario --
17 Toronto or Ottawa. And it is the -- it's a very
18 separate engagement and separate team that does that
19 function.

20 BOARD MEMBER SHARMAN: Okay. Thank
21 you for that clarification. Just one further question
22 around the expiry of both of those contracts.

23 I understand that they both expire at
24 the end of this fiscal year. Is that correct?

25 MS. SATVIR JATANA: Yes. It is

1 interesting. It's two separate RFP, the NOVA
2 Governance independent body that ends next March and
3 our -- that body reports directly into the tech
4 committee.

5 Our tech committee would like to have
6 that oversight on major programs going forward. So,
7 we will be issuing an RFP that will talk about
8 independent oversight on all major programs going
9 forward. So that should be going to the market very
10 soon if it's not already out.

11 The internal audit function -- now,
12 when we -- obviously there was anticipation that NOVA
13 would've concluded, hence why that agreement comes to
14 an end in March of 2026. The internal audit also
15 happens to be at the end of its agreement, and we will
16 also, if -- that might already be out, that we will be
17 also issuing that RFP.

18 PANEL CHAIRPERSON: Okay. Thank you.
19 Is it your expectation that you will have a governance
20 vendor in place for April 1st, 2026?

21 MS. SATVIR JATANA: That is our tech
22 committee's expectation that we have the new one in
23 place by April.

24 PANEL CHAIRPERSON: Okay. Thank you.
25 Those are all of my questions, Mr. Guerra.

1 MR. ANTHONY GUERRA: Thank you, Madam
2 Chair. I just have a few questions for redirect.

3

4 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

5 MR. ANTHONY GUERRA: And I'm sorry,
6 Ms. Dweh, can I ask you to bring up some of the
7 exhibits that were previously mentioned by My Friends
8 starting with the corporate strategy presentation,
9 which would be MPI Exhibit number 34.

10 Thank you. If we can move to slide 5, please.

11 And so, this is just another version of
12 what we've seen in the exhibit that was -- or the --
13 rather the appendices that's referenced in the
14 corporate strategy chapter of the GRA application.

15 I'm going to ask this question of Ms.
16 Campos. There was some discussion earlier this
17 morning with Mr. Andres about the rationale for you
18 being the pillar owner of pillar 5 versus, let's say,
19 for example, the CITO who may have some initiatives
20 within pillar 5.

21 Can you help us understand a little bit
22 more as to why you would be heading a pillar where
23 there are programs within that pillar that relate to
24 technology, for example?

25 MS. MARIA CAMPOS: Sure. Maria

1 Campos. So, I'll speak broadly about the strategy.
2 I'll start there. So, the strategy and the pillars
3 that were established were meant to be cross-
4 functional. So, it's built in the matrix so that we
5 didn't build a strategy that had a siloed approach.

6 So, when you look at pillar 5, the
7 pillar that I'm responsible for overseeing, within
8 that pillar itself, there are components absolutely
9 that relate to our IT work. But there are other
10 components as well that relate to, as you heard Satvir
11 speak to, our operating -- our operations and our
12 operating model, our products and services.

13 So just at the highest-level building
14 an effective strategy, the key to a success of a good
15 strategy is cross-functional and cross-divisional
16 teams that are really paying attention to not just one
17 particular matter. So, not IT on its own, but really
18 recognizing as a corporation, what does that mean for
19 all the other work that's happening?

20 So, I'll just draw maybe just a quick
21 example. So, as we look at initiatives from an IT
22 perspective, we need to understand what's happening in
23 the rest of the corporation. We need to understand
24 how we deliver services to consumers, to Manitobans.
25 We also have to understand what the effect is on our

1 internal staff, and what their capacity is, and quite
2 frankly capability as well.

3 So, when you think about a -- a larger
4 strategy, like MPI's, multi-strategic plan, it's not
5 about hiving off and separating divisional work and
6 functional work, it's about ensuring that those cross-
7 divisional teams are working together in order to be
8 able to impact the change that we require, and -- and
9 pay special attention to our corporate focus areas.

10 MR. ANTHONY GUERRA: Thank you very
11 much. If we can now move to slide 8, please. Thank
12 you.

13 This slide is the slide titled
14 Corporate Planning and Governance or CPG committee and
15 Ms. Campos or Ms. Jatana, if you want to respond to
16 this question. It's not specifically designed to be
17 responded to by any one person, but you heard
18 questions about when trade-offs are made.

19 And I see here on this slide that one
20 of the directives of this committee is to make trade-
21 off decisions to enable -- and sorry, rather and
22 enable accountability. Do you see that there?

23 MS. MARIA CAMPOS: Yes, I do.

24 MR. ANTHONY GUERRA: Can you provide a
25 little bit more explanation as to how the CPG will

1 help to make those trade-off decisions and enable
2 accountability?

3 MS. MARIA CAMPOS: Sure. And I'll try
4 to keep my comments brief, but I'll just take us back
5 to the intent of the Corporate Planning and Governance
6 Committee is about ensuring that we are stac --
7 staying focused on our strategy. So, it is important
8 that ideas continue obviously to surface in the
9 Corporation. But the "we" ensure that if ideas are
10 coming forward that first -- you heard the CEO say
11 that we have very early visibility into those ideas,
12 to determine whether that is an idea that we want to
13 advance.

14 At that point, if we are contemplating
15 a shift -- so, driver's education was an example the
16 CEO moved forward. We then need to look at what
17 effect it has on the rest of the strategic plan and
18 the initiatives that we've committed ourselves to for
19 the year for the Corporation.

20 So, trade-off discussions have to look
21 at are those the same as -- and a very simple example,
22 are those the same resources that we are using in
23 another area?

24 What does that mean from a system
25 capability? What effect will that have on our

1 financial position as a corporation? So, when we talk
2 about trade-offs, there's a couple of things I would
3 say there. It's the trade-off to say, if we're going
4 to advance this initiative, what will come off of that
5 list to ensure that we're not taking on more than we
6 can deliver in a year.

7 And the other -- beyond the trade off,
8 what I would say to you, when you look at ideation and
9 the way the Corporate Planning and Governance
10 committee has been established, it's also just as
11 important for us to say that we are not going to take
12 that initiative on. We're not going to advance it
13 today. Maybe it will be on a shelf for tomorrow.

14 And the reality of the conversation is
15 also that if it is not something that fits within our
16 overall mandate that we've been provided and the
17 mission and vision that we drive towards, that it's
18 okay for us to say that that is not an initiative that
19 we're taking on in the near future.

20 So, it's the know the importance of the
21 gatekeeper function. This is a critical component for
22 the success of our strategy. So, making sure we're
23 staying true, focused, we're delivering, and that
24 we're finishing things that we start that have a real
25 meaningful impact, obviously to the Corporation and to

1 the customers that we serve.

2 MS. SATVIR JATANA: And just to add a
3 bit more colour to this. Part of the reason we -- we
4 put this in place actually is to keep us focused on
5 our multi-year strategy. We -- we've heard in this
6 venue and other venues that we -- it's very easy to
7 get distracted with the size of our team and
8 everyone's commitment to continuous improvement.
9 People bring ideas all the time. But then that takes
10 us away from what we need to deliver on.

11 We've also spent a lot of time in the,
12 you know, last 18 months understanding from others,
13 those that have been very successful in
14 transformation, and those that also have failed. And
15 there was one common thread, that you have to keep the
16 noise out of the organization and stay focused on the
17 task. And so, we purposely -- you're seeing a small
18 set of executive team that sits here. We want to be
19 nimble. We want it to ensure that we're accessible.

20 This team sits every Thursday from 8:30
21 to 9:30. So our people don't have to wait weeks on to
22 say, 'can I even bring my idea forward?' And the
23 expectation on people are that you should not spend
24 more than half an hour prepping yourself to come into
25 this venue to share your idea. And we're going to

1 very help -- we're going to very quickly help you
2 identify whether that idea is worth exploring or we
3 need to stay focused on the task at hand. And that
4 idea is not going to move forward.

5 And for MPI, that's the type of
6 discipline we need right now. There's no lack --
7 there is no shortage of ideas. And there's no
8 shortage of people wanting to put a lot of effort into
9 planning, but then that takes us away from the
10 execution. So, we need to get better at execution.

11 In some ways, we do a lot of planning,
12 maybe not always enough planning, but a lot of
13 planning. So, we're trying to keep our team focused
14 and really keeping eye on the prize. And that is
15 about delivering on our annual objectives and,
16 provided that we've done a good job of defining our
17 annual objectives and annual plans. And that is
18 something we also are stretching our muscles here.
19 Thank you.

20 MR. ANTHONY GUERRA: Thank you very
21 much. Ms. Dweh, if I can ask you to pull up the
22 transcript from the October 29th, 2024 exchange.
23 We're looking at from the 2025 GRA, please.

24

25

(BRIEF PAUSE)

1 MR. ANTHONY GUERRA: Okay. Thank you.
2 So, if we can turn to page 1601. I don't know if
3 that's the same document we had before. There we go.
4 Thank you very much.

5 And, Ms. Jatana, do you recall the
6 conversation that you had with Ms. Dilay this morning
7 on the principles of the building of a corporate
8 strategy?

9 MS. SATVIR JATANA: I do.

10 MR. ANTHONY GUERRA: And if you look
11 at page 1 -- sorry, 1601, lines 10 to 17, please. So,
12 we have here, the question is asked:

13 "And finally, if we go to page 24
14 of your report in the very bottom
15 left of this page, your report
16 found that it did not see strong
17 evidence."

18 Nope. I'm sorry. I'm missing -- that
19 was the one we said before. If we can go to 1602,
20 please, line 4.

21 "Would you agree that aspirations
22 should be customer oriented in the
23 sense that the aspirations should
24 be centered around problems or
25 threats to the ability to provide

1 services or products to the
2 customers of the Corporation and
3 the response?"

4 And the response, if we go further down
5 the line to that -- sorry. Yes. If we can keep going
6 down -- you know what, I'm sorry. I'm having the
7 wrong -- the wrong inputs here. I'm going -- I'm not
8 going to ask those questions.

9 Can we go to the -- just to bring you,
10 Ms. Jatana, to the questions that were asked regarding
11 the Center of Excellence and the research regarding
12 reducing claims costs.

13 Do you recall that line of questioning?

14 MS. SATVIR JATANA: I do.

15 MR. ANTHONY GUERRA: And I think you
16 had mentioned that you wanted to make some -- added
17 some additional information into what MPI is currently
18 performing in terms of its research.

19 MS. SATVIR JATANA: Yeah. I think,
20 you know, I -- I was back here part of the team in
21 2017 and when -- 2017, especially when we talked about
22 research and development.

23 The reality is our world has changed.
24 Back then I would say, perhaps we over anticipated
25 what our role would be in terms of -- of defining

1 proper repair and repair. What we have learned over
2 the years -- actually, the standards come from OEM in
3 terms of how the vehicles will be repaired.

4 Now what we have some -- we have an
5 opportunity to look at the standards, and to ensure
6 that the shops are applying those standards and
7 wherever they're efficiencies can be gained, of
8 course, that's our role, but our role is not
9 necessarily to define what proper repair is. That is
10 defined by the OEMs, the car makers, vehicle makers.
11 They are often -- are the ones that take in that role.

12 So, what was anticipated of research
13 and development in the center to what it is today,
14 today is this really an enablement of training and
15 what that means that our vendors might make use of
16 that facility to provide training to the repair
17 personnels. But that's to the extent of our role when
18 it comes to training or research or development. But,
19 you know, there's lots that have changed in the last
20 decade than perhaps what was anticipated back then.

21 MR. ANTHONY GUERRA: Thank you very
22 much. I have no further questions.

23 PANEL CHAIRPERSON: Thank you, Mr.
24 Guerra. And thank you very much to this panel. I
25 appreciate your attendance here. We will adjourn now

1 until 1:00 and we will reconvene with the MPI
2 Investment Asset Liability Management Panel.

3

4 (PANEL STANDS DOWN)

5

6 --- Upon recessing at 12:17 p.m.

7 --- Upon resuming at 1:02 p.m.

8

9 PANEL CHAIRPERSON: Good afternoon,
10 everyone. We will now proceed with the MPI
11 Investments, Asset Liability Management Panel.

12 Mr. Scarfone, would you introduce your
13 panelists please?

14 MR. STEVE SCARFONE: Yes. Thank you.
15 Madam Chair, just before I make those introductions, I
16 will mark as Exhibit number 35 the presentation that
17 will be made on investment management and asset
18 liability management this afternoon.

19

20 --- EXHIBIT NO. MPI-35: Presentation on investment
21 management and the asset
22 liability management

23

24 MR. STEVE SCARFONE: And in addition
25 to that, Exhibit number 36 -- I'm sorry -- contains a

1 correction to that same slide deck. Thanks to the
2 keen eye of my colleague, Ms. Meek, we picked up an
3 error on slide 8. And so, 36 represents the error and
4 admissions -- omissions version of that presentation.

5

6 --- EXHIBIT NO. MPI-36: Error and omissions version
7 of presentation.

8

9 MR. STEVE SCARFONE: On the front row
10 to my immediate right is Cara Low, Vice President and
11 Chief Actuary. And to her right is Glenn Bunston,
12 Director of ALM and Investments Management. And in
13 the back row is Satvir Jatana, President and CEO, and
14 Enes Jeina, Manager of Investments. And we have Mr.
15 Meira here, our Manager of Regulatory Affairs.

16 PANEL CHAIRPERSON: Thank you. Can we
17 have the witnesses sworn, please.

18

19 MPI PANEL: ALM & INVESTMENT MANAGEMENT:

20 SATVIR JATANA, previously Sworn

21 CARA LOW, Affirmed

22 GLENN BUNSTON, Affirmed

23 TED MEIRA

24 ENES JEINA

25

1 EXAMINATION-IN-CHIEF BY MR. STEVE SCARFONE:

2 MR. STEVE SCARFONE: Thank you, Ms.
3 Low, Mr. Bunston. So, I may have some follow-up
4 questions for both of you afterwards, but if we can
5 jump right into your presentation, please. And just
6 confirm for me on the record that this presentation
7 will form part of your direct examination.

8 MS. CARA LOW: Confirmed.

9 MR. STEVE SCARFONE: Thank you. And
10 Ms. Dweh, it's Exhibit number 35, please.

11 MS. CARA LOW: Well, thank you. And
12 good afternoon. We're happy to be here today to talk
13 about investments and asset liability management. I'm
14 going to start off the presentation. Then I'll hand
15 it over to Mr. Bunston. So, if we can go to the next
16 slide.

17 We have a few key messages here. The
18 first message we wanted to talk about was that MPI's
19 investments have now grown to be \$3.7 billion, and
20 it's no longer just fixed income as it was upon a
21 time.

22 Due to the increased size and
23 complexity of the portfolio, the Corporation has made
24 a decision where it's at a point where it needs to
25 make changes into how the investment function is

1 managed.

2 MPI is currently in the process of
3 moving towards a nondiscretionary outsourced chief
4 investment officer model or what we will refer to as
5 OCIO model. This model will provide access to
6 specialized expertise and a larger team in addition to
7 our internal expertise. We will continue to have a
8 small internal investment team.

9 This model will provide more detailed
10 reporting and insights as well as stronger risk
11 management and oversight. There will be no immediate
12 impact to the asset mix or our investment managers and
13 all strategic decisions will remain with MPI.

14 The first initiative with our new
15 vendor will be the 2026 ALM study. The second key
16 message is regarding our last ALM study, which was
17 done in 2022.

18 After this study, there was a decision
19 not to proceed with the proposed level of inflation
20 protection that came out of this study. MPI has since
21 gone back to Mercer who completed this study, and they
22 reviewed our current asset mix and determined it was
23 only marginally below the Efficient Frontier that came
24 out of this study.

25 So, the recommendation was no further

1 action needed to be completed. But you may have noted
2 that inflation has been added as a key corporate risk
3 for MPI. So, the Corporation is carefully monitoring
4 the impact of the current political environment and
5 the tariffs and the counter tariffs. And this is due
6 to the cost of new vehicles and vehicle parts really
7 aligned with our pricing risk and our reserving risk.
8 However, currently the forecasted CPI remains very
9 stable.

10 The '25 -- or '24/'25 fiscal year
11 investment performance was very strong. All
12 portfolios outperformed the benchmark over one (1) and
13 four (4) year terms with the exception of the Basic
14 claims in the one (1) year period of time, which
15 underperformed by twenty-nine (29) basis points.

16 MPI continues to have effective
17 interest rate hedge for the largest investment
18 portfolio, which is a Basic claims portfolio, and that
19 is a primary objective of that particular investment
20 portfolio. So, if you can go to the next slide, we're
21 going to talk a little bit more about this OCIO model.

22 So, MPI is in the final step of
23 engaging with the external consultant that has been
24 selected in order to provide these services. The
25 decision to move to this model was once again based on

1 the size and the complexity of the investment
2 portfolios now exceeding the internal capabilities.
3 So, we really had two (2) choices. We could
4 (INDISCERNIBLE) capability or we could outsource some
5 of the function.

6 A small internal team cannot have the
7 specialized knowledge of all investment asset classes.
8 This depth of knowledge is getting increasingly
9 difficult to build and maintain internally, especially
10 given MPI's inability to offer variable pay or
11 competitive private sector incentives in the finance
12 field.

13 There are two (2) kinds of OCIO models,
14 discretionary and nondiscretionary. So, in a
15 discretionary model, the outsourced vendor has the
16 authority to basically do what they want with the
17 investment decisions within a framework. We would
18 give them a strategic framework, and we would let them
19 make the decisions. In the nondiscretionary model,
20 the OCIO makes recommendations. And then the
21 Corporation retains the decision making.

22 The decision was made for a
23 nondiscretionary OCIO model as it would provide both
24 the strategic and industry knowledge from the external
25 vendor, but would provide consistency in Legacy

1 knowledge by having an internal team. So, we would
2 have the benefits of both external and the internal
3 team, but all decision making and governance stays
4 within the corporation. So next slide, please.

5 So, what's the benefits of moving to
6 this new model? By engaging an external partner, it
7 provides MPI with immediate access to a larger team
8 with more knowledge, in-depth knowledge, across
9 different asset classes. This allows MPI to benefit
10 from best in class portfolio design risk modeling
11 without having to build and maintain this team
12 internally.

13 Having an outsource model also provides
14 for more investment oversight because both internal
15 team will take -- have their eyes on it, and external
16 team. So, if something gets missed internally, the
17 external consultant would find it, so you have better
18 oversight.

19 Having an external team, you can scale
20 up or down with your resources. So, if you're doing a
21 big analysis, like the upcoming ALM study, you could
22 add resources. And then you could scale those
23 resources back, so very agile.

24 So, it allows us to keep a very smaller
25 -- a small internal team that can focus on execution.

1 All stakeholders will continue to benefit from having
2 an internal team to provide the consistent and Legacy
3 knowledge and understand the history of the investment
4 function at MPI. This is also very important. If we
5 ever needed to change our external vendor, we would
6 have that consistent knowledge in-house as well.

7 So, this outsourcing model is not
8 necessarily expected to materially reduce our
9 operating costs, but potentially one day could improve
10 investment returns because you have more in-depth
11 knowledge and expert insights to maybe look for future
12 opportunities.

13 The vendor should hopefully strengthen
14 our ability to bring predictability for our
15 forecasting with their in-depth knowledge. And a
16 well-structured outsourcing arrangement includes
17 clearly defined performance expectations, reporting
18 requirements, service level standards, and this can
19 assist with transparency. So, onto the next slide.

20 The consultant responsibilities. The
21 selected vendor will work with MPI to review and
22 define the Corporation's risk appetite, investment
23 beliefs, and objectives. So, this is the first step.

24 With this information, they will work
25 with MPI to review our investment mix for all five (5)

1 investment portfolios through Efficient Frontiers
2 within the ALM study. The vendor will work with MPI
3 to understand the impacts of the liabilities, the
4 interest rate risk, inflation risk, and regulatory
5 capital measured through the MCT, or minimum capital
6 test.

7 The selected vendor will be responsible
8 for monitoring the performance of investment managers
9 and would recommend any termination of investment
10 managers or any appointments of new managers. They'll
11 be responsible for performance monitoring and
12 reporting for all portfolios.

13 Again, all final decisions lie with the
14 Corporation. The selected vendor will be preparing
15 and presenting to the Investment Committee of the
16 Board in person on a quarterly basis. This would
17 include presentations interpreting performance,
18 commenting on industry trends, and providing market
19 outlooks.

20 In addition, the vendor would provide
21 any continuing ed education required for the Board of
22 Directors, or even the management team. And the
23 selected vendor will participate in our Investment
24 Committee Working Group along with the government.

25 The selected vendor will be responsible

1 for the GRA investment chapter next year, providing
2 capital market assumptions for the financial model,
3 and responding to Information Requests. They will be
4 on this Panel next year to present on historical
5 returns, capital market assumptions, and the projected
6 investment income.

7 So, if we move to the next slide, we
8 can talk about the impact of this change. But first
9 of all, let's talk about two (2) things that will not
10 change. There will be no immediate change to MPI's
11 asset mix or investment managers.

12 MPI will also not be giving away any
13 decision making or governance of the investment. But
14 potential impacts that we might see? We expect to see
15 more robust reporting, including attribution analysis,
16 more industry context and perspective, time layer work
17 products as there's larger teams and the long-term
18 contracts so every time we need to do -- hire
19 consultant we're not going through the RFP process yet
20 again, and potentially higher returns if the broader
21 knowledge base is able to find opportunities for MPI.

22 So, the first project we're going to
23 work on is the next ALM study. So, if you want to
24 move to the next slide.

25 So, the team is very anxious to get

1 started on this first project. We have identified
2 some key dates on this slide, but very subject to
3 change here. These are very high-level dates. We are
4 hoping to kick off this project later this month. We
5 are just waiting for the final statement to work with
6 our selected vendor.

7 And, again, as I mentioned before, the
8 first step will be to review the investment beliefs,
9 objectives, risk appetite, and then seek approval from
10 our Investment Committee of the Board.

11 The vendor will then develop Efficient
12 Frontiers to propose changes to asset mixes. So,
13 it'll be a two (2) step process, defining what we want
14 to accomplish, and then trying to figure out how we're
15 going to accomplish it. This will be not -- this will
16 not be ready for the 2027 GRA. That would be very
17 ambitious.

18 We will -- we could -- we have two (2)
19 options. We could bring it to the 2020 GRA. Or what
20 we're proposing on this slide is we could do a
21 technical conference next year. And then after we get
22 feedback, we would then make a decision and seek
23 approval from our Investment Committee on any changes
24 to our asset mix, and then maybe implement -- come up
25 with the implementation plan and implement. Then

1 moving to the next slide.

2 MR. STEVE SCARFONE: Could we just
3 back up one (1) slide, please? I'm sorry to
4 interrupt, Ms. Low. If we go back to that timeline,
5 that is the slide that gave rise to the blackline
6 version.

7 So, just to be clear for the benefit of
8 the Board, where it reads, "Q4 2027/'28," that should
9 read "Q4 2026/'27" to fall in line with the timeline.
10 Thank you. Sorry.

11 MS. CARA LOW: Thank you. So,
12 inflation. Inflation continues to be a big topic, and
13 you would've seen it in the top seven (7) corporate
14 risks. So, I just want to go through some timelines
15 here.

16 The PUB Order from earlier in 2025
17 contained a directive which requested a report from an
18 independent third-party advisor with regarding -- with
19 regard moving our investments to the Efficient
20 Frontier. And this is because we didn't take the full
21 inflation protection that was suggested that came out
22 of the last ALM study.

23 And -- and in anticipation of this
24 directive, we did work with Mercer last November to
25 review the current asset mix to see where it lied

1 relative to the Efficient Frontier. Due to the fact
2 that the investment mix was not that far off the
3 Efficient Frontier, the conclusion was that we didn't
4 need to do anything immediate to add more inflation
5 protection to the Basic claims investment portfolio.

6 Now what happened? I'm sure we all
7 remember. April 2nd, 2025, is Liberation Day. So,
8 that's when President Trump made tariff announcements.
9 Shortly after this, on April 17th, the Corporation
10 identified inflation as one (1) of the top key risks
11 for the Corporation. This was based on the headlines
12 that was happening, and not on any evidence that
13 inflation was rising. The concern is around claims
14 costs which often lag behind inflation and the claim
15 severity that follows for fixing cars and replacing
16 cars.

17 However, national CPI has remained
18 within the Bank of Canada's target since the
19 announcement, and we're still -- we're still in
20 uncertain term -- times. We don't really know what's
21 happening, but we're monitoring this. And we haven't
22 seen any rise in claim severity leading -- because of
23 the tariffs at this point.

24 So, MPI plans to have inflation risk as
25 a key focus of the upcoming ALM study. Although

1 inflation risk is being carefully monitored, the
2 current CPI forecast remains stable, so -- so no
3 urgent action is being taken.

4 And then one (1) last slide before I
5 hand it over. Just as a reminder, what we do have in
6 our investment -- in our current investment portfolio,
7 so the Basic line of business is backed by three (3)
8 investment portfolios, a Basic claims portfolio, the
9 Rate Stabilization Reserve, and part of the employee
10 benefit -- future benefit and investment portfolio.

11 When we look at our Basic line of
12 business, we do have -- 14 percent of assets are in
13 inflation protection asset classes. Four percent is
14 coming from the real return bonds with 10 percent
15 coming from real estate, which is a partial hedged for
16 inflation.

17 If we look at the all three (3)
18 combined, we do have 31.5 percent in inflation hedging
19 because we also add on some equities in there as well
20 as some infrastructure for partial protection.

21 And again, we continue to monitor the
22 forecast for CPI coming out of the banks. And the
23 forecast is still very close to the Bank of Canada's
24 target of 2 percent. I'm now going to hand it over to
25 Mr. Bunston.

1 MR. GLENN BUNSTON: Thank you, Ms.
2 Low. Well, I'm pleased to be here today to present to
3 you once again regarding MPI's investment portfolio
4 and the strategy utilized in those portfolios.

5 So, on the next slide, I will speak to
6 the objectives of each of the three (3) portfolios,
7 the asset allocation of those portfolios, changes to
8 our investment policy statement, and the funding of
9 some of our new investment managers.

10 So, as per our investment policy
11 statement, the objectives of the Basic claims
12 portfolio is to ensure that we have sufficient funds
13 available to pay claims when necessary to minimize
14 interest rate risk associated with the liabilities
15 through dollar duration matching and to pursue modest
16 incremental returns while prioritizing risk
17 management.

18 The objective of the Rate Stabilization
19 Reserve portfolio is to ensure that we have sufficient
20 levels of capital, are maintained such that the Basic
21 line of business meets the minimum capital target of
22 100 percent and is in an actuarially determined state of
23 satisfactory financial condition based on the
24 financial condition testing report, and also to
25 maintain sufficient capital to withstand plausible

1 adverse events and deliver rate stability and
2 predictability.

3 Finally, the objective of the employee
4 future benefits portfolio is to ensure that pension
5 and other obligations are paid as they become due.

6 For the Basic claims portfolio, it's
7 designed to hedge risks associated with the
8 liabilities, which are primarily caused by changes in
9 interest rates. And as a result, a liability driven
10 investment strategy is used. This is why the
11 portfolio has a 90 percent allocation to fixed income
12 and 10 -- a 10 percent allocation to real estate. And
13 all asset classes were within 1 percent of their
14 target weights at March 31st.

15 The RSR portfolio is growth oriented
16 and does not back any liabilities. Therefore, there
17 is a 55 percent allocation to growth assets, which
18 includes equities and alternatives.

19 At March 31st, private debt was 5
20 percent over the target weight and real estate was 1.1
21 percent above the target weight. These are illiquid
22 alternative asset classes that cannot be easily.
23 Rebalanced. Cash was 0.4 percent overweight. And all
24 other asset classes were slightly underweight.

25 The employee future benefits portfolio

1 has a long time horizon and must ensure that funds are
2 available to support pension payments. Therefore, a
3 port -- the portfolio has a 67 percent allocation to
4 growth assets.

5 And at March 31st, corporate bonds and
6 real estate were 3.1 percent and 1.2 percent under the
7 target weights while all other asset classes were
8 slightly overweight.

9 On the next slide, we talk about
10 changes to the investment policy statement. So, we
11 updated the liability characteristics and investment
12 objectives to make them more clear. And in section
13 8.1, we revised the minimum and maximum weights for
14 each category so that all asset classes cannot be at
15 the minimum or maximum weight simultaneously.

16 For example, in the Rate Stabilization
17 Reserve portfolio, the minimum weight for Canadian
18 large cap equities is 3 percent. And for Canadian
19 small cap equities, it's also 3 percent. For global
20 equities, it's 5 percent. And for low volatility
21 global equities, it's 5 percent. The sum of these
22 four (16) categories is 16 percent, but the minimum
23 for equities was set at 20 percent so that each cannot
24 be at the minimum weight at the same time.

25 We added two (2) new real estate

1 managers in June of 2024, being Crestpoint and
2 Harrison Street. And MPI invested in an exchange
3 traded fund which holds real estate investment trusts,
4 or REITs, as a temporary investment in order to match
5 the target weight for real estate in section 8.1 of
6 the investment policy statement and sold units of the
7 exchange traded fund in order to fund capital calls
8 from Crestpoint and Harrison Street.

9 Harrison Street is now called a hundred
10 percent of the \$50 million that MPI committed to the
11 Harrison Street fund. And we recently learned that
12 Crestpoint will be calling about \$15 million on
13 October 31st for a total of \$61 million, or
14 approximately 45 percent, of the \$135 million that MPI
15 committed to the Crestpoint fund.

16 In terms of the infrastructure
17 managers, Brookfield called 20 -- approximately \$22
18 million on October 1st. With that, 100 percent of the
19 original \$70 million commitment has now been called
20 and only a follow-on commitment of \$5 million has not
21 been called.

22 And finally, Ignio called 100 percent
23 of MPI's \$41 million follow on commitment to the
24 Global Diversified Infrastructure Fund exactly one (1)
25 year ago, on October 15th, 2024.

1 Now on to the impact of the investment
2 strategy. In 2024/'25, interest rates fell by
3 approximately 50 basis points, which caused bond
4 prices to increase. And as a result, investment
5 income was higher than forecasted by \$111 million.

6 Conversely in 2025/'26, interest rates
7 increased by 40 basis points and bond prices fell.
8 And investment income was lower than forecasted by \$61
9 million. And over the five (5) years starting in
10 2020/'21, actual investment income has been lower than
11 projected in three (3) of the five (5) years. So, on
12 average, investment income has been \$43 million below
13 projection.

14 Now I'll talk about the current
15 economic environment, or the -- at least what's
16 occurred during our last fiscal year. Everyone I
17 think is acutely aware of the trade war that the US
18 has launched against Canada and other countries. So,
19 that started with the US imposing 35 percent tariffs
20 on most non-CUSMA Canadian goods with 50 percent on
21 steel, aluminum, and copper, and 25 percent on autos
22 and auto parts.

23 Canada responded with 30 -- \$30 billion
24 in totalitarian tariffs and support programs to
25 protect affected industries and promote domestic

1 trade. However, effective on September 1st, Canada
2 removed counter tariffs on US goods, except for those
3 on steel, aluminum, and autos.

4 The US signed the America First Trade
5 Policy memo initiating a review of agreements while
6 Canada focused on diversifying its trade with other
7 nations. And despite the tariffs, more than 85
8 percent of trade remains tariff free under CUSMA.

9 On the next slide, the Bank of Canada's
10 April 2025 monetary policy report contained two (2)
11 trade scenarios which are described on this slide.
12 We're currently closer to scenario 1 since the tariffs
13 do not apply to goods covered under CUSMA, which
14 represents about 85 percent of trade between Canada
15 and the US.

16 Despite the tariffs, inflation has
17 remained close to the Bank of Canada's 2 percent
18 target as shown on the next slide. In fiscal '24/'25,
19 national inflation ranged between 1 1/2 and 3 percent,
20 peaking at 2.9 percent in May 2024 and bottoming at
21 1.6 percent in September 2024.

22 Manitoba inflation was lower than
23 national inflation until January 2025 due to the end
24 of the fuel tax holiday in Manitoba.

25 Since March, inflation has declined to

1 1.9 percent nationally and 2 percent for Manitoba in
2 August, so declines of 0.4 percent and 1.0 percent
3 respectively.

4 As per the June 2025 monetary policy
5 report, the Bank of Canada assesses underlying
6 inflation to be approximately 1 1/2 percent. In
7 fiscal '24/'25, Canadian unemployment ranged from 6.2
8 percent to 6.9 percent, while in Manitoba unemployment
9 ranged from 5.1 percent to 6 percent.

10 Since March, national unemployment has
11 increased by 40 basis points to 7.1 percent while
12 Manitoba unemployment is declined by 30 basis points
13 to 5.7 percent based on August data.

14 In terms of short-term interest rates
15 on the next slide, the Bank of Canada completed seven
16 (7) rate cuts totaling 2.25 percent from June 2024 to
17 March 2025, taking the overnight rate from 5 percent
18 to 2.75 percent, while in the US, the Federal Reserve
19 completed four (4) rate cuts during the same period,
20 leaving the federal funds rate at 4.125 percent after
21 the latest cut on September 17th.

22 Yields for corporate and government
23 bonds fell by 50 to a hundred basis points from March
24 '24 to March 2025. And after that date, rates have
25 increased with larger increases for government bonds

1 of approximately 30 to 40 basis points than for
2 corporate bonds, which increased by 5 to 10 basis
3 points.

4 Now on to asset liability management.
5 The current asset liability management strategy was
6 revised in May 2024 when MPI began targeting an
7 interest rate hedge ratio of 100 percent and a range
8 around that of plus or minus 5 percent, which is
9 calculated by dividing the fixed income asset dollar
10 duration by the dollar duration of the claims
11 liabilities.

12 Maintaining hedge ratio within the
13 target helps to reduce the surplus, the surplus's
14 sensitivity to interest rate fluctuations. Real
15 estate was added to the portfolio with a 10 percent
16 allocation. And real estate assets have a zero
17 duration, meaning they have no sensitivity to interest
18 rate changes and are classified as return seeking
19 assets.

20 To compensate for real estate zero
21 duration, the bond portfolio was adjusted to lengthen
22 the duration of the fixed income assets. And the
23 tracking error of the strategy was \$19.5 million,
24 which is below the allowable limit of \$22 million.
25 And so based on this, the ALM strategy has been highly

1 effective at minimizing the impact of interest rates.

2 Now on to performance management. Over
3 one (1) year, MPI saw strong absolute returns of 8 to
4 13 percent and value added of 90 basis points for the
5 RSR portfolio and 360 basis points for the employee
6 future benefits portfolio.

7 The Basic claims portfolio was the only
8 one that underperformed its benchmark, and it
9 underperformed by 30 basis points approximately. Over
10 four (4) years, we saw strong value added by the Basic
11 claims and employee future benefits portfolios at 97
12 basis points and 117 basis points, while the RSR
13 portfolio underperformed by a smaller margin, of 13 --
14 sorry, outperformed by a smaller margin of 13 basis
15 points.

16 On the next slide, we have some
17 information on attribution analysis for the Basic
18 claims portfolio. So, there's a number of metrics
19 here, and the first is value added, which is also
20 called alpha, and that is the difference between the
21 portfolio's return and the benchmark return.

22 Tracking error measures the volatility
23 of the value added. It's calculated as the standard
24 deviation of the alpha. We find the information ratio
25 is the ratio of the value added to the risk required

1 to earn that return. And it's calculated as the alpha
2 divided by the tracking error.

3 And so, the higher the information
4 ratio, the better. An information ratio of 0.3 and
5 above is considered good and an information ratio
6 above 1 is considered excellent.

7 So, for the Basic claims portfolio, the
8 return was approximately 8 percent and outperformed
9 the benchmark by about 30 basis points. And that was
10 driven by positive performance in government bonds and
11 real estate. The tracking error was low at 80 basis
12 points. And the information ratio was negative 0.35,
13 so the performance on a risk adjusted basis was poor.
14 But despite that, the basic claims portfolio, when
15 it's compared to other similar investment portfolios,
16 ranked in the second quartile, so above the median
17 manager, over the one (1) year at March 31st.

18 Turning to the Rate Stabilization
19 Reserve portfolio; had a return of 9.4 percent and
20 outperformed the benchmark by about 90 basis points.
21 That was driven primarily by the infrastructure asset
22 class. Tracking error was slightly higher at 2.5
23 percent. And the information ratio was positive here
24 at 0.36, so considered to be good. And it also ranked
25 in the second quartile when compared to other peer

1 portfolios.

2 And finally for the employee future
3 benefits portfolio, strong absolute performance at
4 12.8 percent and strong relative performance,
5 outperforming the benchmark by about 3.6 percent. And
6 that was driven by, again, the infrastructure asset
7 class as well as private debt.

8 Tracking error was 2.1 percent, and the
9 information ratio 1.37, indicating excellent
10 performance. And this performance when compared to
11 peers ranked in the first quartile, so the top 25
12 percent of funds in the universe.

13 So, in closing, the outsourced chief
14 investment officer will strengthen the reporting that
15 MPI can provide to the Public Utilities Board and
16 we'll work closely with the internal team. They will
17 provide MPI with access to specialized expertise and a
18 much larger team of investment professionals. And
19 they will also provide stronger risk management and
20 oversight of MPI's investment portfolios.

21 Inflation was identified as a top risk
22 by MPI's executives in April of 2025, and it will be
23 reviewed in the 2026 ALM study.

24 MPI continues to monitor inflation
25 closely and we'll be discussing risk appetite of

1 inflation with the board and an investment committee
2 before beginning the ALM study.

3 The Asset Liability Management strategy
4 is highly effective. The net impact of interest rates
5 was less than 1 percent of the market value of the
6 Basic claims portfolio, so the impact was \$19.5
7 million in 2024/'25.

8 And finally, investment performance has
9 been strong in all three (3) portfolios. All the
10 portfolios outperformed the benchmarks over the last
11 four (4) years, and the RSR and EFB portfolios
12 outperformed the benchmarks in 2024/'25, and all
13 portfolios were ranked above the median in their
14 respective peer universes over one (1) and four (4)
15 years.

16 That concludes my presentation.

17 MR. STEVE SCARFONE: Thank you, Mr.
18 Bunston.

19 Ms. Low...? Well, let's just leave
20 that slide up before everyone and a few follow-up
21 questions about inflation. We want to talk about
22 inflation. Ms. Dweh, can you please put up before the
23 Board Appendix 7 to the Risk Management Framework,
24 slide 4, please. If you can get that ready, and I'll
25 just ask a quick question.

1 The second bullet there, Mr. Bunston,
2 you say inflation remains a top risk for the
3 Corporation?

4 MR. GLENN BUNSTON: Yes, that's
5 correct.

6 MR. STEVE SCARFONE: And last -- or
7 yesterday council for the Public Utilities Board --
8 and now if we could go to Appendix 7, please, of the
9 RMF chapter, slide 4.

10 Yesterday counsel for the Public
11 Utilities Board put to Ms. Jatana the inflation risk
12 as identified there. And she was asked to speak to
13 the risk treatment, which you see before you now in
14 the bottom right-hand corner, Ms. Low?

15 MS. CARA LOW: Yes, I do.

16 MR. STEVE SCARFONE: And as indicated
17 in the presentation, the first bullet reads that the
18 Corporation will perform an ALM study and document
19 risk appetite for inflation, agreed?

20 MS. CARA LOW: That is agreed. It's
21 reversed. We're going to document our risk appetite
22 for inflation, and then the study will identify how
23 we're going to take care of the risk that we want to
24 take care of.

25 MR. STEVE SCARFONE: Okay. Thank you.

1 MS. CARA LOW: Because you can either
2 -- sorry. You can either keep the risk or you can
3 manage the risk.

4 MR. STEVE SCARFONE: Yeah. So let me
5 just ask you this. Does the risk appetite inform the
6 study or does the study inform the risk appetite?

7 MS. CARA LOW: The -- the study will
8 be the treatment for the risk appetite. So first you
9 identify what your risk appetite is, and then you will
10 -- we'll use a study in order to treat the risk
11 appetite.

12 MR. STEVE SCARFONE: And how is it,
13 just at a high level, Ms. Low, that the ALM study will
14 address the inflation risk on this slide?

15 MS. CARA LOW: After we identify how
16 much inflation the Corporation is comfortable
17 retaining -- which means it's a risk that has to be
18 handled via either pricing if we know about it in time
19 or via the RSR, so through retained earnings -- then
20 we can decide what percentage of the assets need to be
21 in inflation-protected assets.

22 MR. STEVE SCARFONE: Thank you. And
23 as we know, you made reference to it in your
24 presentation, the 2022 ALM study had made
25 recommendations for the Corporation to address

1 inflation risk, correct?

2 MS. CARA LOW: Correct.

3 MR. STEVE SCARFONE: And more
4 specifically, that was in the form of a bond overlay
5 strategy?

6 MS. CARA LOW: Correct. It was
7 suggesting that we needed 34 percent of our assets in
8 some kind of inflation protection, and it was going to
9 be -- we were going to implement that through the bond
10 overlay strategy.

11 MR. STEVE SCARFONE: Thank you. And
12 just remind me again for the benefit of the Board why
13 the bond overlay strategy did not proceed?

14 MS. CARA LOW: The decision at the
15 Corporation was that inflation had been stabilizing
16 and that it was a very large and complicated strategy.

17 MR. STEVE SCARFONE: Thank you. And
18 the second bullet there, I expect that you can speak
19 to that as well, concerning how the Corporation
20 intends to address the inflation risk, the actuary
21 review of unpaid claims. Can you just at a high level
22 explain how that will help?

23 MS. CARA LOW: There's two (2) things
24 that we always have to worry about is actuaries: that
25 past claims are going to cost us more. So, when you

1 think about anyone who's been injured in a car
2 accident and they're now receiving wage replacement,
3 that's indexed to Manitoba CPI.

4 So, if Manitoba CPI is higher than 2
5 percent, that money has to come from somewhere because
6 what we do is we reserve with expectation of 2
7 percent. So, then that goes into our claim liability.

8 So, we do look at that three (3) year
9 forecast from the various banks to see what they're
10 predicting, and then that money can go away in claim
11 liabilities. But the money has to come from
12 somewhere, right? So, it's coming out of our retained
13 earnings.

14 The second part is what's going to be
15 the cost in the future. And that's more so what is it
16 going cost to replace and repair vehicles more so than
17 people? Because our PIPP benefits is a very small
18 percentage of our overall pricing.

19 So how do we address inflation and
20 pricing? We come here once a year and we talk about
21 what we need for a rate indication. We also monitor
22 it with our claims team and we monitor what we could
23 do through product changes, claims changes. We do
24 monitor that on a very regular basis.

25 MR. STEVE SCARFONE: Thank you. And

1 we've heard, Mr. Bunston, that the current inflation
2 forecast is at or near the Bank of Canada's target,
3 correct, of 2 percent, or between 1 and 3 percent?

4 MR. GLENN BUNSTON: Yes, that's
5 correct. We -- we look at the financial institutions
6 that produce forecasts of inflation, and those
7 forecasts are very close to 2 percent.

8 MR. STEVE SCARFONE: And given that
9 forecast, which I expect you agree is a manageable
10 figure, correct, manageable percentage?

11 MR. GLENN BUNSTON: Yes, 2 percent is
12 close to the long-term average, close to the bank of
13 Canada's target and --

14 MR. STEVE SCARFONE: What is it that -
15 - given that, what is it that made inflation risk one
16 of the Corporation's top risks?

17 MR. GLENN BUNSTON: Well, I think it
18 was the uncertainty related to the tariffs that the
19 Trump administration announced in early April and the
20 impact that that could potentially have on inflation.

21 I think there was a lot of uncertainty
22 about other countries' responses to the US's
23 announcement in terms of retaliatory tariffs and what
24 that might do to supply chains. So, you know, I think
25 there was a lot of fear that inflation could increase

1 rapidly and much higher than -- than 2 percent.

2 MR. STEVE SCARFONE: Thank you. And,
3 Ms. Dweh, if we can go to the order from last year,
4 2/25, page 141, please, Directive 24.

5 And last year, Mr. Bunston and Ms. Low,
6 you'll recall that this Board, as part of its order,
7 directed that MPI ensure that it incorporates
8 sufficient inflation protection into its investment
9 portfolio based on advice from its third party
10 advisors. Do you recall that directive?

11 MR. GLENN BUNSTON: I do recall that,
12 yes.

13 MR. STEVE SCARFONE: And just taking
14 note of the word 'sufficient inflation protection'.
15 And now, Ms. Dweh, if you can go to the revised
16 version of that directive at Order 29/25, please, page
17 31.

18 The Corporation brought an application
19 to review and vary certain directives, and this
20 particular directive was changed. And you'll see
21 there again that it initially read that"

22 "The Corporation incorporate
23 sufficient inflation protection."

24 And if we can go down to the revised
25 directive, please, thank you, you'll see that it was

1 revised to have MPI obtaining third party advice on
2 incorporating inflation protection into its investment
3 portfolio, and where MPI does not accept that advice,
4 report to this Board in the next available GRA and
5 provide that rationale for the decision made.

6 Do you see that, sir?

7 MR. GLENN BUNSTON: Yes, I do.

8 MR. STEVE SCARFONE: Firstly, the
9 third party advice. Am I correct in saying that that
10 advice will come from the new chief investment
11 officer?

12 MR. GLENN BUNSTON: Well, the -- the
13 outsourced chief investment officer, the -- that
14 organization, the plan is that they will assist MPI
15 with its next Asset Liability Management study.

16 So that study will be guided by the
17 risk appetite of MPI's board of directors and
18 investment committee. And so, to the extent that the
19 investment committee identifies inflation as a -- as a
20 top risk, then the study will look to identify
21 potential strategies to hedge that risk.

22 MR. STEVE SCARFONE: Okay. Thank you.
23 So, a second part of that directive would be to
24 provide an update to this Board. And I'm assuming
25 that update can't be provided until the 2026 ALM study

1 is finished?

2

3

(BRIEF PAUSE)

4

5 MS. CARA LOW: MPI believes that they
6 satisfied this with the Mercer Report that was
7 provided that said that the current asset mix is very
8 close to the efficient frontier.

9 That being said, we are going to work
10 through our risk appetite for inflation. The selected
11 vendor, so the OCIO, will support that. The risk
12 appetite has to be the risk appetite of the
13 Corporation and not of a vendor.

14 MR. STEVE SCARFONE: And just going
15 back to the directive as it first was -- as it first
16 read, "providing sufficient inflation protection",
17 perhaps, Mr. Bunston, if you can make reference to
18 page 11 of your presentation, please. And if we can
19 go to slide 11 for the benefit of the Board, please.
20 Thank you.

21 So, Mr. Bunston, as it concerns
22 sufficient inflation protection, this slide, as I
23 understand, it shows how MPIC is currently protected
24 against inflation. Is that -- is that fair?

25 MR. GLENN BUNSTON: Yes. It shows the

1 allocation to inflation-sensitive asset classes within
2 both the Basic claims portfolio and the Basic line of
3 business.

4 MR. STEVE SCARFONE: And so that would
5 include not only the real return bonds, which I
6 understand provide 100 percent protection against
7 inflation, correct?

8 MR. GLENN BUNSTON: Yes, that's right.

9 MR. STEVE SCARFONE: But also
10 equities, real estate, and infrastructure?

11 MR. GLENN BUNSTON: Correct.

12 MR. STEVE SCARFONE: And so, in your
13 view, sir, notwithstanding the -- the pending ALM
14 study and the advice from Mercer as Ms. Low just
15 alluded to, is the Corporation currently sufficiently
16 protected against inflation in your view?

17 MR. GLENN BUNSTON: Yes, I believe it
18 is. And that's based on the advice that we received
19 from Mercer, which was that our current asset
20 allocation is marginally below the efficient frontier.

21 MR. STEVE SCARFONE: Thank you.
22 Moving to another topic, Mr. Bunston, Ms. Low, you'll
23 be aware that in this proceeding, Mr. Viola has filed
24 a report with respect to attribution analysis?

25 MR. GLENN BUNSTON: Yes, I'm familiar

1 with his report.

2 MR. STEVE SCARFONE: And more
3 specifically, it deals with, as you alluded to, value
4 added, correct?

5 MR. GLENN BUNSTON: Yes. His report
6 talks about attribution analysis, which is explaining
7 the -- the sources of the value added.

8 MR. STEVE SCARFONE: And just for --
9 so I understand the language, value added means, as
10 you said, alpha?

11 MR. GLENN BUNSTON: Yes. It just
12 means how much has your portfolio outperformed the
13 relevant benchmark?

14 MR. STEVE SCARFONE: And -- and it can
15 also mean the relative returns, right, measuring the
16 absolute performance against the benchmark?

17 MR. GLENN BUNSTON: Correct.

18 MR. STEVE SCARFONE: So, all three (3)
19 terms mean the same thing?

20 MR. GLENN BUNSTON: Yes.
21 MR. STEVE SCARFONE: Thank you. And
22 last year we heard about the new investment software
23 that the Corporation was making use of, Moody's
24 Pharaoh, correct?

25 MR. GLENN BUNSTON: Yes, that's

1 correct.

2 MR. STEVE SCARFONE: Does this
3 software allow the Corporation to perform attribution
4 analysis?

5 MR. GLENN BUNSTON: It provides a form
6 of attribution analysis, but not to the same degree
7 and level of detail that Mr. Viola's evidence
8 provided.

9 MR. STEVE SCARFONE: And more
10 specifically, he has recommended that that analysis be
11 performed at the portfolio -- portfolio level, and the
12 Corporation currently does it at the manager level.
13 Is that accurate?

14 MR. GLENN BUNSTON: Yes. We receive
15 attribution analysis for the equity managers, and the
16 software allows us to perform attribution analysis at
17 the portfolio level, but not to the same level of
18 detail that Mr. Viola has recommended.

19 MR. STEVE SCARFONE: Thank you. Now,
20 if we could -- Mr. Dweh, if we could go to Information
21 Request 1-3(b), Attachment A from the 2023 GRA,
22 please.

23

24 (BRIEF PAUSE)

25

1 MR. STEVE SCARFONE: Thank you. And
2 this is a report that was prepared for the Corporation
3 by Mercer and filed in the 2023 GRA, sir?

4 MR. GLENN BUNSTON: Yes, that's
5 correct.

6 MR. STEVE SCARFONE: And this was in
7 response to the suggestion by the Board that the
8 motorcyclists were particularly sensitive to interest
9 rate changes, correct?

10 MR. GLENN BUNSTON: Yes, that's right.

11 MR. STEVE SCARFONE: And we heard My
12 Friend Ms. Meek yesterday in her opening submissions
13 indicate that there was comments made by this Board in
14 the 2019 GRA about the impact of interest rate changes
15 on motorcycles?

16 MR. GLENN BUNSTON: Yes. I believe
17 comments were made to that effect yesterday.

18 MR. STEVE SCARFONE: And, sir, how --
19 well, firstly, let me ask you: Did this -- was this
20 study that was prepared by Mercer in response to those
21 comments by the Board?

22 MR. GLENN BUNSTON: Yes. I think
23 there was a suggestion or possibly a direction from
24 the Board to study the benefits, the potential
25 benefits of developing a unique investment strategy

1 for the motorcyclists.

2 MR. STEVE SCARFONE: And just there at
3 the bottom in bolded print we see the recommendation
4 from Mercer, and their recommendation was that nothing
5 was required given the durations that we see above in
6 the chart. Is that -- is that a fair summary of their
7 advice?

8 MR. GLENN BUNSTON: Yes. They
9 basically concluded that there was a high degree of
10 similarity between the claims, the Basic claims and
11 the motorcycle line claims and therefore no -- there
12 was minimal benefits from establishing a unique
13 investment strategy for the motorcycle line.

14 MR. STEVE SCARFONE: So, can you just
15 explain how the durations would've led to that
16 recommendation, how the -- the comparison there where
17 we see the differences in the real and the nominal
18 lead to the conclusion that no changes were required
19 between the two (2)?

20

21 (BRIEF PAUSE)

22

23 MS. CARA LOW: I think that was just
24 because, if you look at the total duration, the
25 numbers are very, very close. But to put it in

1 perspective from an insurance point of view, we
2 collect premiums every day and we pay claims every
3 day, so money in money out.

4 But sitting on our balance sheet are
5 for PIPP benefits, whether it's -- because those are
6 the long-term benefits and it's a lot of money sitting
7 on our balance sheet that the investments are
8 supporting.

9 But that's really a mute point whether
10 you're injured in the motorcycle or in a car. You're
11 -- after you're on benefits, you're on benefits. So,
12 the duration doesn't really vary for PIPP benefits
13 regardless of the type of vehicle you're --

14 MR. STEVE SCARFONE: Okay. Thank you.
15 And since that study was -- was done for MPI by the
16 Mercer Group, has anything changed with respect to
17 those durations?

18

19 (BRIEF PAUSE)

20

21 MR. STEVE SCARFONE: Sorry, I'm just
22 going to repeat the question for Mr. Bunston. So, do
23 the recent changes to the asset mix and the Basic
24 claims portfolio change the durations that were
25 calculated by Mercer back in 2022?

1 MR. GLENN BUNSTON: No, changes to the
2 investment portfolio have no impact on the duration of
3 the claims liabilities.

4 MR. STEVE SCARFONE: Thank you for
5 that. And then lastly, Mr. Bunston, Ms. Low, you'll
6 be aware that the Corporation has in this GRA asked
7 for relief for the October update, the practice of
8 providing an October update, to be discontinued?

9 MS. CARA LOW: That is correct.

10 MR. STEVE SCARFONE: And, Ms. Dweh,
11 can we please have the Appendix 1 to the update
12 brought up before the Board, please? And it would be
13 Figure 1 of Appendix 1 to the rate update at page 9.
14 No, keep going. Sorry. Page 9. Thank you.

15 And there we have a forecast comparison
16 for end of March interest rates as against the end of
17 August interest rates, correct?

18 MS. CARA LOW: It's -- it's not so
19 much interest rates. It's the actual yields at those
20 points in times --

21 MR. STEVE SCARFONE: Thank you.

22 MS. CARA LOW: -- for each of the
23 investment classes within the Basic claims portfolio.

24 MR. STEVE SCARFONE: Thank you for
25 that clarification, Ms. Low. So, as it concerns the

1 update, Ms. Low, your team -- that is, on the
2 investment side -- with the help of Mr. Bunston put
3 together this -- this chart, correct?

4 MS. CARA LOW: Correct.

5 MR. STEVE SCARFONE: And just at a
6 high level, can you explain perhaps, Mr. Bunston, or
7 you, Ms. Low, explain for the Board what this chart
8 purports to show?

9 MS. CARA LOW: So, on the top, you see
10 the various investment classes. So that's what is
11 currently in the investment portfolio. Now, we've
12 gone backwards and looked at past years, even though
13 the investment portfolio was a slightly different mix.

14 And then we did it as of August and as
15 of March, and then we compared it to where it actually
16 landed either twenty-four (24) months, like when it's
17 March twenty-four (24) months, or if it's August
18 nineteen (19) months later to see which was a better
19 predictor.

20 And what we concluded was August is not
21 a better predictor for nineteen (19) months as
22 compared to the twenty-four (24) months.

23 MR. STEVE SCARFONE: And when you say
24 that, you're looking now at the last column where it
25 reads 'Outcome', correct?

1 MS. CARA LOW: Correct, yes.

2 MR. STEVE SCARFONE: And so, where it
3 reads 'Better and Worse', those -- those years where
4 it reads better, does that mean that the March
5 forecast was a better predictor?

6 MS. CARA LOW: Yes.

7 MR. STEVE SCARFONE: Thank you. And
8 so, we can see there that, of the years studied 1, 2,
9 3, 4, 5, 6, 7, 8 March forecast was a better predictor
10 than the end of August?

11 MS. CARA LOW: Correct. It shows that
12 March is a slightly better predictor than August, but
13 it's not significant. So really there is no
14 predictability. But once again, these are not
15 forecasts. These are naive. So, it's the actual
16 yield to that point in time. MPI no longer tries to
17 do any kind of interest rate forecast.

18 MR. STEVE SCARFONE: Yes, ever since
19 the days that it abandoned use of the standard
20 interest rate forecasting methodology, correct?

21 MS. CARA LOW: Correct.

22 MR. STEVE SCARFONE: And lastly, if we
23 can go to slide 32 of the presentation.

24

25 (BRIEF PAUSE)

1

2 MR. STEVE SCARFONE: and here before
3 us again, Mr. Bunston, is the performance of the three
4 (3) portfolios that -- THAT constitute the Basic line
5 of business, correct?

6 MR. GLENN BUNSTON: Yes, That's right.

7 MR. STEVE SCARFONE: With the
8 exception of EFB, which is only a percentage of the
9 Basic line of business, is that right?

10 MR. GLENN BUNSTON: Yes. About 70
11 percent of that is allocated to the Basic claims line
12 of business.

13 MR. STEVE SCARFONE: Thank you. And
14 we see the actual returns there immediately to the
15 right of each portfolio, 8 points, 9 points, and
16 almost 13 points for the EFB, correct?

17 MR. GLENN BUNSTON: Yes, Over one
18 year.

19 MR. STEVE SCARFONE: And then if we
20 compare that to the returns that are considerably
21 smaller over four (4) years, is it fair to say that
22 that is almost entirely attributable to changes in
23 interest rates?

24 MR. GLENN BUNSTON: Partially. Also,
25 equity markets performed strongly over the last year,

1 as did our infrastructure investments.

2 MR. STEVE SCARFONE: Okay. So let me
3 rephrase then. For the fixed income component, is it
4 those returns largely result of changing interest
5 rates?

6 MR. GLENN BUNSTON: Yes. The fixed
7 income investments are primarily driven by changes in
8 interest rates.

9 MR. STEVE SCARFONE: And I said it was
10 the last one, but I have one more for you. We know
11 that the Basic claims portfolio used to be comprised
12 entirely of fixed income, correct?

13 MR. GLENN BUNSTON: It was until we
14 added our allocation to real estate, yes.

15 MR. STEVE SCARFONE: In the last
16 couple of years?

17 MR. GLENN BUNSTON: Yes.

18 MR. STEVE SCARFONE: And is it
19 foreseeable, sir, that, following the new ALM study,
20 that new asset classes might get introduced in the
21 Basic claims portfolio?

22 MR. GLENN BUNSTON: It's possible,
23 yes.

24 MR. STEVE SCARFONE: And that will
25 depend largely on the risk appetite of the board of

1 directors?

2 MR. GLENN BUNSTON: Correct.

3 MR. STEVE SCARFONE: Thank you. Those
4 are all my questions.

5 PANEL CHAIRPERSON: Thank you, Mr.
6 Scarfone.

7 Ms. Moore...?

8

9 CROSS-EXAMINATION BY MS. KARA MOORE:

10 MS. KARA MOORE: Good afternoon, Ms.
11 Low, Mr. Bunston. My name is Kara Moore. I'm Board
12 counsel and I have some questions for you today. And
13 I'll ask them generally of both of you, and whoever
14 feels best suited to answer can do so.

15 I just have a couple of follow-up
16 questions from your presentation this afternoon. So,
17 you spoke about MPI retaining a new vendor to complete
18 the role of the outsourced chief investment officer
19 under the new model. I'm wondering if you can advise
20 who that external vendor is.

21 MS. CARA LOW: I've been advised by my
22 lawyer that I cannot, but we're very close to having a
23 signed statement of work.

24 MS. KARA MOORE: Okay. Are you able
25 to provide any information about how they were chosen,

1 the decision-making process that went on?

2 MS. CARA LOW: Yes. Yes. We did do
3 an RFP by invitation, and the reason it was by
4 invitation was our investment team wasn't aware that
5 we were exploring the option. And so -- but we
6 included -- a number of us were involved in the
7 discussion, so we had some idea of who the big players
8 and that we could send the invitation to.

9 So, we sent it out to nine (9)? Seven
10 (7). Seven (7). We got four (4) that came back with
11 a response to the RFP. There was four (4) of us on
12 the scoring committee. We scored them.

13 We ended up wanting to interview two
14 (2) of them, so two (2) of them did come for an
15 interview where we did a further scoring, and from
16 there, then we brought the top vendor in to do a
17 second interview with our investment committee.

18 And on the scoring committee was Mr.
19 Bunston, myself, our CFO, Mr. Kolaski, and our
20 assistant deputy minister -- or I guess not ours, but
21 from the treasury team, treasury division. So, there
22 was four (4) of us on the scoring committee.

23 MS. KARA MOORE: Thank you. And is
24 that external vendor also going to be the vendor
25 conducting the ALM study?

1 MS. CARA LOW: Yes.

2 MS. KARA MOORE: And under this new
3 OCIO model, how is the internal team at MPI -- how is
4 the composition of that team changing, or is it
5 changing?

6 MS. CARA LOW: Well, for those of you
7 that don't know, Mr. Bunston is going to retire two
8 (2) weeks today I think it is after twenty-two (22)
9 years. So, we are not replacing Mr. Bunston's
10 position, so that's a director role.

11 We also had an asset/liability
12 management lead position who is reporting into Mr.
13 Bunston, but also doing a lot of work with the
14 actuarial team. So, he's moved over and doing a lot
15 actuarial work, but he's still doing asset/liability
16 matching. So, we have now gone from a team of five
17 (5) to a team of three (3).

18 MS. KARA MOORE: Okay. Thank you.
19 And you spoke a bit about the new ALM study and since
20 we have the presentation, we may as well go to slide
21 8, which provides some key dates that you have
22 outlined here.

23 And so, the approximate timeframe for
24 the completion of this study is about a year and a
25 half from the kickoff meeting to investment policy

1 statement revisions becoming effective is that --
2 MS. CARA LOW: We're actually having
3 our kickoff meeting. We're hoping to have it on
4 Friday. So, in two (2) days from now, where we're
5 going to go through these potential dates with the
6 selected vendor. We're thinking six (6) to eight (8)
7 months, potentially, to get something in place. So
8 that's why we're thinking we could be ready for next
9 summer, but not necessarily -- not six (6) to eight
10 (8) months, maybe more like eight (8) to 10 (ten)
11 months, so it -- we could probably have something
12 ready for next summer, but not for the spring, not in
13 time for the filing. But we could have something
14 ready for review for next summer.

15 MS. KARA MOORE: Understood. Those
16 are all my questions about your presentation, so I'll
17 now move into some questions just about the filing and
18 the various Information Requests.

19 So, Ms. Dweh, the first -- the first
20 item to bring up is PUB/MPI-1-27, Figure 2. And this
21 is an updated INV-3 that was provided in response to
22 an Information Request. And looking at this table at
23 row 14, the Corporate portfolio on March 31st of 2025,
24 was 3.76 billion in investments.

25 MR. GLENN BUNSTON: Yes, that's right.

1 MS. KARA MOORE: And it's forecast to
2 be 3.76 billion at the end of 2025/'26.

3 MR. GLENN BUNSTON: Correct.

4 MS. KARA MOORE: And 3.92 billion in
5 2026/'27?

6 MR. GLENN BUNSTON: Yes, that's right.

7 MS. KARA MOORE: And at rows 12 and 13
8 of this table, we see the introduction of real return
9 bonds and commercial mortgages in 2023/'24?

10

MR. GLENN BUNSTON: Yes.

11 MS. KARA MOORE: And these changes
12 were contemplated in the 2022 ALM study. Correct?

13 MR. GLENN BUNSTON: Yes. That's
14 right.

15 MS. KARA MOORE: Apart from these
16 addition there -- these additions, there are no other
17 changes to the portfolio composition?

18 MR. GLENN BUNSTON: No other changes
19 as a result of the 2022 Asset/Liability Management
20 Study?

21 MS. KARA MOORE: Yes.

22 MR. GLENN BUNSTON: Correct. Sorry,
23 actually, in the Basic Claims Portfolio, we added real
24 estate. So that was a change as a result of the 2022
25 ALM study.

1 MS. KARA MOORE: Thank you. Is the
2 implementation of the recommended portfolio
3 composition from that 2022 ALM study, therefore,
4 complete? Substantially complete?

5 MR. GLENN BUNSTON: Not quite. As I
6 pointed out in my presentation, the two (2) real
7 estate managers that we selected, one of them has just
8 recently called a 100 percent of our capital and the
9 second being Crestpoint has only called 45 percent of
10 our capital. So, it's not fully implemented.

11 MS. KARA MOORE: And as you spoke
12 about during your direct examination by Mr. Scarfone,
13 the other exception would be that MPI has not invested
14 the amount in real return bonds as contemplated by the
15 proposed bond overlay strategy?

16 MR. GLENN BUNSTON: Yes. Mercer
17 recommended, I believe it was a 34 percent allocation
18 to real return bonds and we have allocated --
19 purchased about 4 percent in real return bonds.

20 MS. KARA MOORE: And we heard in last
21 year's hearing and we're not really going to go over
22 it, you again explained when Mr. Scarfone was asking
23 you that MPI made the decision in March of 2024 not to
24 implement that strategy.

25 MR. GLENN BUNSTON: Correct.

1 MS. KARA MOORE: And at that time, in
2 last year's hearing that is, we heard that MPI had
3 indicated that it had not yet determined alternative
4 strategies to hedge inflation, and it was in the
5 exploration phase to determine next steps.

6 So, I'm wondering if that's still the
7 case today, if any progress has been made at -- is
8 that what the new ALM study will be for?

9 MR. GLENN BUNSTON: Yes. The ALM
10 study would be the -- the tool used to assess the
11 various hedging strategies available to the
12 Corporation to -- to hedge inflation risk. And so,
13 our -- our position is that making changes without the
14 benefit of the ALM study to quantify the impact of
15 those benefits or those -- any changes would be
16 inappropriate.

17 MS. KARA MOORE: Thank you. I'd now
18 like to pull up part 12 of the Application, the
19 Investments Chapter, the bottom of page 28.

20 If we go to the bottom of this page,
21 the narrative underneath this table on to page 29,
22 under the heading, 'Inflation Protection provided by
23 MPI's Investment Portfolio'.

24 It says here:

25 "Within the Basic Line of

1 Business, the allocation to inflation
2 sensitive assets was approximately 31.5
3 percent at March 31st, 2025."

4 Correct?

5 MR. GLENN BUNSTON: Yes, that's right.

6 MS. KARA MOORE: And this section goes
7 on to say that this includes real return bonds, real
8 estate equities and infrastructure. Real return bonds
9 provide a 100 percent hedge against inflation, real
10 estate equities and infrastructure provide a partial
11 hedge against inflation. You see that?

12 MR. GLENN BUNSTON: Yes, I do.

13 MS. KARA MOORE: And toward the end of
14 the paragraph, it says that as at March 31, 2025, real
15 return bonds represented 9 percent of the total
16 inflation sensitive assets.

17 MR. GLENN BUNSTON: Correct?

18 MS. KARA MOORE: Based on this
19 analysis, is it MPI's view that the current portfolio
20 mix provides adequate inflation protection, given the
21 outlook for inflation?

22 MR. GLENN BUNSTON: Yes, it is. The
23 outlook for inflation, based on the external economic
24 forecasters, is approximately 2 percent. And the
25 advice from Mercer when they reviewed our asset

1 allocation was that it was marginally below the
2 Efficient Frontier. So, based on those two (2)
3 factors, yes, we believe that we have sufficient
4 inflation protection in place currently.

5 MS. KARA MOORE: Okay. Thank you. If
6 we could now go to PUB/MPI-1-33.

7 And so, just by way of background,
8 while that's being pulled up, I don't think we need to
9 go to the -- to the study, but as part of the
10 Application, what we've talked about is that MPI had
11 attached a study completed by Mercer and that study
12 compared MPI's 2024 asset mix to Mercer's 2022 ALM
13 study. Correct?

14 MR. GLENN BUNSTON: Yes, that's
15 correct.

16 MS. KARA MOORE: Okay. And in
17 Information Request PUB/MPI-1-33C, if we could just
18 scroll down to question 'C'.

19 The Board asked MPI to list all
20 inflation hedging asset classes that were considered,
21 but not tested in the Mercer report?

22 MR. GLENN BUNSTON: Yes, I see that.

23 MS. KARA MOORE: And if we go down to
24 MPI's response for 'C', I'll just read it into the
25 record.

1 "The response was no other asset
2 classes were considered other than
3 Timberland, Farmland,
4 Infrastructure, Canadian Equities
5 and US TIPS as these are asset
6 classes that provide the strongest
7 hedge against inflation after real
8 return bonds."

9 MR. GLENN BUNSTON: Yes, that was the
10 advice of Mercer that Timberland and Farmland,
11 Infrastructure, Canadian Equities and US TIPS were the
12 best asset classes, offered the best protection
13 against inflation.

14 MS. KARA MOORE: And is MPI
15 considering any future investments in any of these
16 asset classes?

17 MR. GLENN BUNSTON: Well, we're not at
18 this time, but I think the ALM study will explore the
19 benefits, the potential benefits of these and other
20 asset classes.

21 MS. KARA MOORE: Okay. Thank you. If
22 we could now look at, from the Application, figure
23 INV-3.

24

25

(BRIEF PAUSE)

1

2 MS. KARA MOORE: Should be on page 15
3 of this. There we go. Thank you, Ms. Dweh.

4 This figure provides the composition of
5 the Basic Investment Portfolio. Correct?

6 MR. GLENN BUNSTON: Yes. That's
7 right.

8 Sorry, this is the -- as it says on the
9 top line, they're the Basic Line of Business, so it's
10 Basic Claims, R -- RSR portfolio and -- and portions
11 of the EFV portfolio.

12 MS. KARA MOORE: Right, okay. Thank
13 you. And so, the overall investment portfolio for --
14 for the Basic line of business for 2024/'25 was 3.015
15 billion at line 14?

16 MR. GLENN BUNSTON: Yes, that's right.

17 MS. KARA MOORE: And this is about
18 80.1 percent of the total Corporate Investment
19 Portfolio?

20 MR. GLENN BUNSTON: I believe that's
21 correct.

22 MS. KARA MOORE: That's just if I just
23 put that number over the 3.76 billion we looked at
24 earlier.

25 And for the 2025/'26 year that we are

1 in the portfolio based on the Application, is forecast
2 to be 3.069 billion.

3 MR. GLENN BUNSTON: That's right.

4 MS. KARA MOORE: And it appears that
5 about 68 percent of the portfolio is in fixed income
6 and debt -- fixed income and debt in 2024/'25? This
7 is calculated by adding up line 17 through 20.

8 MR. GLENN BUNSTON: Yes. That's --
9 that's right.

10 MS. KARA MOORE: This decreases to 63
11 percent in 2025/'26.

12 MR. GLENN BUNSTON: It does, correct.

13 MS. KARA MOORE: And -- and increases
14 back up to 65 percent in 2026/'27. This can all be
15 subject to check if -- if you're more comfortable
16 answering that way.

17 MR. GLENN BUNSTON: Yes, I'd -- I'm
18 good at mental math, but not quite that good. So, I
19 think that's correct.

20 MS. KARA MOORE: What is MPI's current
21 strategy as it relates to MUSH bonds?

22 MR. GLENN BUNSTON: Our strategy is to
23 purchase as many are -- as are available,
24 unfortunately, neither ourselves nor the province has
25 control over the availability of MUSH bonds. And so,

1 as municipalities seek to issue MUSH bonds, the
2 province advises us and we have been purchasing all
3 that are available. Unfortunately, it's not been
4 enough to replace those that are maturing and so our -
5 - our holdings in MUSH bonds has been decreasing over
6 the last five (5) to ten (10) years.

7 MS. KARA MOORE: And -- and looking at
8 line 5 of this figure on the screen, the investment in
9 MUSH bonds within this portfolio has decreased from
10 494 million in 2021 to 363 million in 2024. Correct?

11 MR. GLENN BUNSTON: Yes, that's right.

12 MS. KARA MOORE: And MUSH bonds are --
13 are forecast to further decline to 259 million by
14 2029/30?

15 MR. GLENN BUNSTON: Correct.

16 MS. KARA MOORE: And are MUSH bonds --
17 so, they are still being issued, just sparingly?

18 MR. GLENN BUNSTON: Yes. It's
19 difficult to predict how many will be issued, but it's
20 been between \$10 and \$20 million a year, and we
21 receive principal payments of around \$40 to \$50
22 million a year. So, there's been a net decline every
23 year.

24 MS. KARA MOORE: With respect to
25 equity investments in 2024/'25, the Basic portfolio

1 holds 9 percent in equity and, again, this is -- I'm
2 adding up lines 21, 22 and 23.

3 MR. GLENN BUNSTON: Yes, I think
4 that's correct.

5 MS. KARA MOORE: And this is projected
6 to stay around the 10 percent range each year,
7 ultimately reaching 11.2 percent by 2029/30?

8 MR. GLENN BUNSTON: Again --

9 MS. KARA MOORE: Subject to check.

10 MR. GLENN BUNSTON: -- I'll take your
11 math is correct, I believe so.

12 MS. KARA MOORE: Ms. Dweh, if we could
13 just go up one (1) page to figure INV-2.

14 Looking at row 44 at the very bottom,
15 the Basic portfolio earned investment income of \$238.3
16 million in 2024'25.

17 MR. GLENN BUNSTON: Correct.

18 MS. KARA MOORE: And this is an
19 overall return of about 7.9 percent and that's
20 calculated by putting that two hundred and thirty-
21 eight point 3 (238.3) over the 3.015 billion. Can
22 also be subject to check.

23 MR. GLENN BUNSTON: Yes. The actual
24 calculation would be a little bit more complicated
25 than that, given that there might be money going in

1 and out of the portfolio and the timing of that but,
2 roughly, yes.

3 MS. KARA MOORE: Sure. And we're
4 going to be coming right back to this. So, Ms. Dweh,
5 if you could keep it open, but if we could jump to INV
6 Appendix 6.

7 On the second page, the first line says
8 that the Basic claims portfolio return increased to 8
9 percent from 2.1 to 8 percent?

10 MR. GLENN BUNSTON: Yes, that's right.

11 MS. KARA MOORE: So, if we go back to
12 figure INV-2. Thank you.

13 Is that 8 percent simply calculated
14 before deducting the other expenses listed in lines 37
15 to 42 of this figure? Seeing a head shake from the
16 back row.

17

18 (BRIEF PAUSE)

19

20 MR. GLENN BUNSTON: So, when we
21 calculate the return of the investment portfolio, it's
22 -- it's net of investment management fees, so line 38
23 here, but it is -- it's not net of amortization or
24 pension expenses.

25 MS. KARA MOORE: Okay. Thank you.

1 Last year, MPI had forecast, and I can -- I can bring
2 you to a reference, if needed, or you can take my word
3 for it, but last year MPI had forecast its investment
4 income at 136.4 million for 2024/25.

5 MR. GLENN BUNSTON: Yes, I think
6 that's correct.

7 MS. KARA MOORE: And this was updated
8 to 177 million in the October rate update, last year.

9 MR. GLENN BUNSTON: Sounds about
10 right.

11 MS. KARA MOORE: But, ultimately, MPI
12 realized investment income for 2024/'25 of 238.3
13 million, as -- as discussed.

14 MR. GLENN BUNSTON: Yes, that's right.

15 MS. KARA MOORE: So, in other words,
16 investment income increased by 101.9 million from what
17 was originally forecast?

18 MR. GLENN BUNSTON: Yes. And as I
19 mentioned during my presentation, that's largely
20 driven by changes in interest rates. So, interest
21 rates declined during the period and you can see that
22 in row 20 on the Marketable Bond Unrealized Gain Loss,
23 where the -- there was a gain of \$78 million, which is
24 driven by changes in interest rates.

25 MS. KARA MOORE: Thank you. Looking

1 at lines 11 through 18, if we could just scroll up a
2 bit, dividend and other income.

3 Why was there such a significant
4 increase for the year 2024/'25, especially with
5 respect to real estate and infrastructure?

6

7 (BRIEF PAUSE)

8

9 MR. GLENN BUNSTON: So, the increase
10 in dividend income that we saw last year, as you can
11 see here, was driven primarily by real estate and
12 infrastructure. And in those two (2) asset classes,
13 we had significant investments in exchange traded
14 funds, which were meant to be temporary investments to
15 allow us to get to our target weights.

16 And while we completed certain manager
17 searches, onboarded those managers and then funded
18 those managers as they issued capital calls, and so
19 those exchange-traded funds paid dividends to the
20 Corporation that were reinvested. So that would be
21 the primary cause of those increases.

22 MS. KARA MOORE: Thank you. Still on
23 this figure, if we could scroll back down so you can
24 see row 44.

25 In the Application, MPI forecast to

1 earn 121.6 million in 2025/26?

2 MR. GLENN BUNSTON: Correct?

3 MS. KARA MOORE: Or a 3 point --

4 approximate 3.96 percent return. I know that's my
5 lazy lawyer math. That's not ...

6 MR. GLENN BUNSTON: It sounds about
7 right.

8 MS. KARA MOORE: As in depth as your
9 calculation. And for 2026/27 MPI forecast to earn
10 123.2 million or approximately a 3.9 percent return?

11 MR. GLENN BUNSTON: Again, it sounds
12 correct.

13 MS. KARA MOORE: Okay. And if we look
14 at lines 20 to -- 20 and 21, and maybe if we could
15 just scroll up so that we can see the columns at the
16 top as well. Thank you.

17 For the years 2025 to -- 2025/26
18 forward, the forecast of unrealized gains or losses on
19 marketable -- marketable bonds is offset by line 21?

20 MR. GLENN BUNSTON: Yes, that's right.

21 MS. KARA MOORE: And is that a feature
22 in the financial forecast model?

23 MR. GLENN BUNSTON: It is. So as
24 there's turnover within the -- the forecasted turnover
25 within the fixed income asset class, that causes

1 unrealized gains to become realized, and that's what
2 we're seeing here. So, if money moves from unrealized
3 into the realized category and those two (2) are
4 offsetting

5 MS. KARA MOORE: And it's based on the
6 assumption that there will be no gains or losses or no
7 change in interest rates in the forecast period?

8 MR. GLENN BUNSTON: That's right. We
9 use a naive forecast. So that just means we assume
10 that today's interest rate will be unchanged going
11 forward.

12 MS. KARA MOORE: And this assumption
13 doesn't hold true when performing the October or the
14 rate update in the fall?

15 MR. GLENN BUNSTON: Right. That's the
16 one time when we change the interest rate in -- in the
17 model and it causes gains or losses to be calculated
18 and reflected in the investment income.

19 MS. KARA MOORE: Thank you. If we
20 could turn now to MPI Exhibit 17, which is the rate
21 update. And we'll actually go to page 87, the last
22 page on -- of this exhibit.

23 So, this is the updated PUB/MPI-2-33
24 figure 8. This is the total of Basic investment
25 income reflecting the rate update based on the August

1 31st new money yields. Is that correct?

2 MR. GLENN BUNSTON: Yes, I believe so.

3 MS. CARA LOW: The new money yield is
4 what we refer to the discount rate in the AAP. It's
5 not necessarily the same as what goes in here because
6 the new money yield is based on the actual duration.
7 Right?

8 MR. GLENN BUNSTON: Yes, that's right.

9 MS. KARA MOORE: And figure 8 also
10 provides an updated forecast for investment income
11 based on August 31st?

12 MR. GLENN BUNSTON: Yes. We update
13 interest rates and bond spreads as of August 31st to
14 generate this forecast.

15 MS. KARA MOORE: And looking at these
16 revised numbers, again, we'll scroll down to line 44
17 of this figure.

18 For the 2025/26 forecast, the total
19 investment income is now projected to be 60.5 million?

20 MR. GLENN BUNSTON: Correct.

21 MS. KARA MOORE: And the forecast in
22 the Application was 121.7 million, meaning there's
23 been an overall 61 million reduction in the forecast?

24 MR. GLENN BUNSTON: Yes. It's what I
25 mentioned in my presentation, because interest rates

1 increased the projected investment income has fallen
2 because bond prices have fallen due to those increases
3 in interest rates.

4 MS. KARA MOORE: And conversely, we
5 see that for 2026/27, the new forecast is now about
6 126 million, which is 2.8 million higher than the
7 amount originally forecast in the Application?

8 MR. GLENN BUNSTON: Yes. That's
9 because the higher interest rates produce higher
10 interest income earned on those bonds.

11 MS. KARA MOORE: Okay. And in
12 2027/28, the new forecast again is -- is now 133.6
13 million being 4.6 million higher than the original
14 forecast. Is that for the same reason?

15 MR. GLENN BUNSTON: Yes.

16 MS. KARA MOORE: We could now go to
17 page 58 of this exhibit. So, this is PUB/MPI-2-18.
18 And so, in this updated IR response, you've provided
19 an updated figure 1. If we could scroll down to that,
20 figure 1 here.

21 And this is the 2026 rate update
22 investment income versus the 2026 forecast?

23 MR. GLENN BUNSTON: Yes, that's right.

24 MS. KARA MOORE: And again, at line
25 44, so if we just scroll down, we see the total

1 investment income reduction of the 61 million that we
2 just spoke about, and that's in the far right column?

3 MR. GLENN BUNSTON: Correct.

4 MS. KARA MOORE: And underneath this
5 table or underneath this figure, we have the
6 explanation being that this change is almost entirely
7 due to the increase in interest rates as you've said?

8 MR. GLENN BUNSTON: Yes, that's right.

9 MS. KARA MOORE: And the new money
10 yield has been increased from 4.09 percent on March
11 31st, 2025, to 4.38 percent on August 31st, 2025,
12 being an increase of 29 basis points. Would you like
13 a reference? Sorry. I don't think it's on here.

14 MR. GLENN BUNSTON: Yes, please.

15 MS. KARA MOORE: Sure. So, it'll be
16 on page 4 of this -- of this pf (phonetic) of the rate
17 update. So, if we look at the narrative underneath
18 this figure 1, says, the updated new money yield net
19 of investment expenses increases from the initial 4.09
20 percent using March 31st data to 4.3 percent using
21 August 31st data, correct?

22 MS. CARA LOW: That is correct.

23 MS. KARA MOORE: Thank you. Madam
24 Chair, this is a natural break in my questions would
25 be a good time for us to take our afternoon break.

1 PANEL CHAIRPERSON: Okay. Thank you.
2 Ms. Moore, could we come back please, at 10 to 3:00.

3

4 --- Upon recessing at 2:30 p.m.

5 --- Upon resuming at 2:52 p.m.

6

7 PANEL CHAIRPERSON: Thank you. Ms.
8 Moore...?

9

10 CONTINUED BY MS. KARA MOORE:

11 MS. KARA MOORE: Thank you, Madam
12 Chair. I'd now like to ask some questions regarding
13 MPI's investment benchmarking.

14 First, I'm wondering whether any other
15 Provincial Crowns have adopted the OCIO model that MPI
16 is intending to adopt.

17 MS. CARA LOW: SGI and ICBC have very
18 similar models, so that was part of the decision-
19 making, yes.

20 MS. KARA MOORE: Thank you. MPI's
21 Investment Committee Working Group is responsible for
22 monitoring the investment portfolio performance?

23 MR. GLENN BUNSTON: Yes, that's right.

24 MS. KARA MOORE: And MPI's review of
25 the investment manager performance is based on active

1 manager monitoring policy?

2 MR. GLENN BUNSTON: Yes, that's right.

3 That's one of the policies with the -- within the

4 investment policy manual

5 MS. KARA MOORE: And performance

6 reporting is done internally?

7 MR. GLENN BUNSTON: Yes. Currently,

8 we're using software that we purchased from Moody's

9 called PFaroe to calculate returns.

10 MS. KARA MOORE: Yes. And I'm going

11 to bring up some of those reports. But this is the

12 same reporting that was previously completed by

13 Element Consulting, correct?

14 MR. GLENN BUNSTON: Yes, that's right.

15 MS. KARA MOORE: And why was this

16 reporting moved internally?

17 MR. GLENN BUNSTON: It was the result

18 of a request for proposal that was issued. We

19 reviewed various alternatives. And it was felt that

20 the software would give us more flexibility, more

21 frequent reporting and because the Element reports

22 were -- they were calculating performance on a

23 quarterly basis, but providing us with written reports

24 only on an annual basis.

25 So, the software -- and our portfolio

1 is becoming more and more complicated with five (5)
2 portfolios and multiple managers. And so, the
3 software allows us to -- to aggregate that performance
4 and -- and view it at different levels of aggregation
5 and calculate performance more frequently, so monthly
6 rather than quarterly.

7 MS. KARA MOORE: Thank you. If we can
8 go to INV Appendix 13. And we'll go to page 2. Okay.

9 And so, you mentioned that the internal
10 reporting is done using Moody's software called
11 PFaroe. Is -- is this an example of a report prepared
12 by the PFaroe software?

13 MR. GLENN BUNSTON: The table at the
14 top would be output from PFaroe and the commentary
15 below is prepared by my team.

16 MS. KARA MOORE: Okay. So that's
17 added by MPI?

18 MR. GLENN BUNSTON: Yes.

19 MS. KARA MOORE: Does the -- or do the
20 reports produced by PFaroe include a narrative or
21 analysis to explain the results, or is it just the
22 table?

23 MR. GLENN BUNSTON: There's no
24 narrative. It's just a quantitative analysis.

25 MS. KARA MOORE: And if we could go to

1 INV Appendix 1, starting at page 15. And we'll scroll
2 down to the bottom, 6.10.

3 So, this is the investment policy
4 statement. And section 6.10 -- and we don't need to
5 go through it in depth, but if we can just scroll down
6 to look at the -- the graph onto the next page, or the
7 boxes onto the next page.

8 Are these the benchmarks that are used
9 for investment benchmarking?

10 MR. GLENN BUNSTON: Yes, they are.

11 MS. KARA MOORE: And how were these
12 benchmarks selected?

13 MR. GLENN BUNSTON: Well, they're
14 selected partially in consultation with the relevant
15 investment managers. You know for a benchmark to be
16 effective the manager needs to own the benchmark and
17 agree to be evaluated relative to it. And for the
18 fixed income benchmarks, they are selected. Some of
19 them are -- are weighted or composite benchmarks, so a
20 combination, more than one.

21 And the idea there is to get to a
22 duration that is reflective of ideally the
23 liabilities, and -- and also of the assets that are
24 being managed.

25 So, it's a -- it's a combination of

1 consultation with the investment managers and
2 reflecting the liabilities.

3 MS. KARA MOORE: Thank you. And on a
4 couple of these benchmarks we see the addition of
5 basis points. So, for instance, if we look at
6 Canadian corporate bonds, corporate bonds, long-term
7 pooled fund, and then we look next to the right of
8 that, FTSE Canada long-term corporate bond index plus
9 25 basis points.

10 How -- how was that determined, the
11 addition of the basis points?

12 MR. GLENN BUNSTON: I believe that was
13 -- is the benchmark for the pooled fund in which we
14 invested. So, that was determined by the investment
15 manager, which in this case is Addenda Capital.

16 MS. KARA MOORE: I see. Okay. And
17 so, this is what MPI evaluates its performance
18 against?

19 MR. GLENN BUNSTON: Correct.

20 MS. KARA MOORE: Is there any
21 additional analysis prepared by MPI staff so that this
22 can be provided to the Investment Committee and the
23 Investment Committee Working Group?

24 MR. GLENN BUNSTON: Well, I mean, we
25 review the benchmarks every time we hire a new manager

1 or we add a new asset class, and we propose the
2 benchmark at that time. And we review the investment
3 policy statement on an annual basis. And if we feel
4 that there is reason to make -- or recommend changes
5 to the benchmarks, then we would do that.

6 And -- and we can also make changes
7 during the interim. And some -- occasionally, we have
8 done that, where we felt that the benchmarks needed to
9 be revised. And so, we brought those recommendations
10 to the Investment Committee on an interim basis as
11 well.

12 MS. KARA MOORE: And I think you went
13 over this in your presentation earlier this afternoon.
14 MPI also provides an information ratio?

15 MR. GLENN BUNSTON: We -- we calculate
16 the information ratio, yes.

17 MS. KARA MOORE: If we could now look
18 to INV Appendix 10. So, this is a graph showing the
19 performance of MPI relative to the peer group.

20 And if we look at the graph on this
21 page, MPI's portfolio is represented by the -- I think
22 it's a dark blue dot?

23 MR. GLENN BUNSTON: Yes. The
24 benchmark is the pentagon, I guess that is.

25 MS. KARA MOORE: Yeah.

1 MR. GLENN BUNSTON: And the Basic --
2 our portfolio is the dark blue dot.

3 MS. KARA MOORE: Thank you. The Basic
4 claims portfolio -- or the Basic portfolio
5 underperformed the benchmark over a one (1) year
6 period, but outperformed over a four (4) year period
7 based on the current analysis, correct?

8 MR. GLENN BUNSTON: That's right, yes.

9 MS. KARA MOORE: And it's -- it's
10 MPI's interpretation that for the one (1) year period
11 ending March 31, 2025, the Basic claims portfolio
12 underperformed relative to the benchmark?

13 MR. GLENN BUNSTON: Yes, added a
14 return of 8.04 percent while the benchmark returned
15 8.26, so underperformed by 22 basis points according
16 to this calculation.

17 MS. KARA MOORE: And how would you
18 interpret the relative peer group percentile for
19 2024/'25?

20 MR. GLENN BUNSTON: So, the number to
21 the right of the returns is the percentile for
22 '24/'25, so our portfolio ranked at the 34th
23 percentile, which would be in the second quartile. So
24 -- so, we're better than 66 percent of the funds in
25 the universe. So, that would be a relatively good

1 rating.

2 MS. KARA MOORE: And over the four (4)
3 year period, so looking kind of at the far right
4 columns, the Basic claims portfolio outperformed the
5 benchmark by 99 basis points with a return of 1.48
6 percent versus only a 0.49 percent return for the
7 benchmark, correct?

8 MR. GLENN BUNSTON: Yes, that's right.

9 MS. KARA MOORE: And the -- I believe
10 in the narrative underneath this graph it's identified
11 that the key reason for this outperformance was the
12 performance of MUSH bonds?

13 MR. GLENN BUNSTON: Yes, that's what
14 it says.

15 MS. KARA MOORE: If we could now go to
16 INV Appendix 11. With respect to -- this is with
17 respect to the RSR portfolio, correct?

18 MR. GLENN BUNSTON: Yes, that's right.

19 MS. KARA MOORE: And the investment
20 manager being Guardian?

21 MR. GLENN BUNSTON: Yes.

22 MS. KARA MOORE: And in this
23 portfolio, the Guardian funds underperformed over both
24 a one (1) and four (4) year period through 2025?

25 MR. GLENN BUNSTON: Correct.

1 MS. KARA MOORE: The relative return
2 for the four (4) year period, again, looking at those
3 far right columns was 7.62 percent versus a peer group
4 benchmark of 11.91 percent?

5 MR. GLENN BUNSTON: That's right.

6 MS. KARA MOORE: For 2023/'24,
7 Guardian's return was significantly below the peer
8 group at 8.94 percent versus 25.10 for the benchmark?

9 MR. GLENN BUNSTON: Correct.

10 MS. KARA MOORE: So, this put Guardian
11 in the bottom quartile at the 98th percentile level,
12 meaning that 98 percent of the peer group performed
13 better than guardian.

14 Is that accurate?

15 MR. GLENN BUNSTON: For '23/'24,
16 that's correct, yes.

17 MS. KARA MOORE: Yes. And for
18 2024/'25, Guardian's return was 9.98 percent compared
19 to a peer group of 13.84 percent, correct?

20 MR. GLENN BUNSTON: Yes.

21 MS. KARA MOORE: And, again, this put
22 guardian's return in the bottom quartile at 72 percent
23 of the peer group.

24 MR. GLENN BUNSTON: Sorry, that would
25 be in the second quartile, I believe.

1 MS. KARA MOORE: Yeah, in the -- in
2 the fourth column.

3 MR. GLENN BUNSTON: Sorry, what period
4 are you referring to?

5 MS. KARA MOORE: 2024/'25.

6 MR. GLENN BUNSTON: Yeah. So, they're
7 in the second -- 72nd percentile --

8 MS. KARA MOORE: Yes.

9 MR. GLENN BUNSTON: -- which would be
10 the third quartile.

11 MS. KARA MOORE: Okay. I see. Thank
12 you. And so, based on this poor performance, MPI has
13 taken steps to replace Guardian?

14 MR. GLENN BUNSTON: Yes. They were
15 terminated in April of 2025.

16 MS. KARA MOORE: So, I'd now like to
17 bring you to PUB-MPI-2-38, question B. So, in this
18 Information Request MPI was asked to explain the
19 reason for the change from Guardian to BlackRock as
20 well as the timeline for the transition.

21 You see that?

22 MR. GLENN BUNSTON: I see that, yes.

23 MS. KARA MOORE: And if we scroll down
24 to the response to 'B', you've -- you provided the
25 timeline here. And if we scroll down to the next

1 page. Keep scrolling to where it says, "April 1,
2 2025." There it is.

3 So, it says that:

4 "On April 1st, 2025, PGM Global
5 liquidated the Guardian's funds
6 underlying holdings and subsequently
7 units of URTHETF."

8 You see that?

9 MR. GLENN BUNSTON: Yes. I see that,
10 on April 7th.

11 MS. KARA MOORE: April 7th, sorry.
12 They were appointed as the transition manager as of
13 April 1st.

14 So, did Guardian stop managing the
15 portfolio as of March 31st, when -- like, immediately
16 before PGM was appointed as the transition manager?

17 MR. GLENN BUNSTON: Yes. The -- there
18 was an in-kind redemption from the fund that occurred
19 on April 1st. So, MPI received shares of the equities
20 that were held in the portfolio on that date. And so,
21 guardian ceased to manage the portfolio as of that
22 date.

23 MS. KARA MOORE: As of April 1st?

24 MR. GLENN BUNSTON: Yes.

25 MS. KARA MOORE: If we could now look

1 -- we're still on the same Information Request, but if
2 we could just scroll back up to question C. MPI was
3 asked when the change to BlackRock occurred and to
4 identify the performance pre and post replacement
5 related to assets now under management by BlackRock.

6 You see that?

7 MR. GLENN BUNSTON: I see that.

8 MS. KARA MOORE: And we'll go to the
9 response, which is page 7 of 7 of this document.
10 First, is the same benchmark being used to evaluate
11 the new ETF?

12 MR. GLENN BUNSTON: Yes.

13 MS. KARA MOORE: So, based on the May
14 to July 2025 period, the URTHETF tracked the benchmark
15 and marginally -- marginally outperformed, adding 2
16 basis points?

17 MR. GLENN BUNSTON: I believe so.

18 Could we scroll down just a little?

19 MS. KARA MOORE: Yeah, I'll have to
20 scroll down a little bit to see that, I think.

21 MR. GLENN BUNSTON: Yes, that's right.

22 MS. KARA MOORE: And this compared
23 with the Guardian fund, which had a negative carry of
24 322 basis points. And it's 2024/'25 timeframe?

25 MR. GLENN BUNSTON: Correct.

1 MS. KARA MOORE: And if we could go to
2 PUB-MPI-1-32. And we'll just scroll down to the
3 graphs. I believe there are some graphs here. Oh,
4 maybe not. Sorry. We'll look at Appendix 1 to this -
5 - to this Information -- Information Request. Okay.
6 So, yes, so the same type of graph we were just
7 looking at.

8 Is MPI tracking the performance of the
9 URTHETF in a similar basis on these types of -- with
10 these types of graphs?

11 MR. GLENN BUNSTON: Yes. We have the
12 ability to produce these graphs for URTH.

13 MS. KARA MOORE: Is that something
14 that we could obtain by way of undertaking?

15 MR. GLENN BUNSTON: Yes, we'd agree to
16 that undertaking.

17

18 --- UNDERTAKING NO. 1: To produce graphs for URTH

19

20 CONTINUED BY MS. KARA MOORE:

21 MS. KARA MOORE: Thank you very much.
22 So, still looking at this Appendix 1. MPI answered
23 this in request -- or in response to a request to
24 update the performance reports as of June 30th. And
25 if we look at the -- at -- at this appendix again, the

1 portfolio underperformed the benchmark over a one (1)
2 year period and outperformed over a four (4) year
3 period based on the current analysis?

4 MR. GLENN BUNSTON: Yes. We
5 underperformed the benchmark over the one (1) year and
6 outperformed over the four (4) years -- four (4)
7 years.

8 MS. KARA MOORE: And, again, the key
9 reason for over performance was the performance of
10 MUSH bonds, which outperformed the benchmark by 493
11 basis points?

12 MR. GLENN BUNSTON: Over which period?

13 MS. KARA MOORE: Sorry. I think if
14 you -- if we scroll down a bit. Just if you look at
15 the second last paragraph there.

16 MR. GLENN BUNSTON: Yes, over the last
17 four (4) years that MUSH bonds was the primary driver
18 of the outperformance.

19 MS. KARA MOORE: Whereas government
20 bonds underperformed by 148 basis points?

21 MR. GLENN BUNSTON: Yes, that's right.

22 MS. KARA MOORE: What are the
23 difference for this performance difference between
24 MUSH bonds and government bonds to your understanding?

25 MR. GLENN BUNSTON: I believe MUSH

1 bonds have a shorter duration than government bonds,
2 and so, therefore, they're a little bit less sensitive
3 to interest rate changes.

4 MS. KARA MOORE: Thank you. If we
5 could look at figure INV 31.

6

7 (BRIEF PAUSE)

8

9 MS. KARA MOORE: It should be on page
10 67. There we go. Thank you, Ms. Dweh.

11 So, this figure shows the fiscal year
12 gross annual returns when comparing MPI to other Crown
13 Corporation auto insurers?

14 MR. GLENN BUNSTON: Yes, that's right.

15 MS. KARA MOORE: And when comparing to
16 SGI in particular, the MPI relative return is 3.4
17 percent lower over the last five (5) year period? And
18 I'm looking at row eight for that.

19 MR. GLENN BUNSTON: That's correct.

20 MS. KARA MOORE: Over the last five
21 (5) years through 2024, the returns for SGI have been
22 6.1 percent while MPI has been 2.7 percent overall on
23 average?

24 MR. GLENN BUNSTON: Correct.

25 MS. KARA MOORE: And I understand that

1 the Investment Committee requested that the Investment
2 Committee Working Group perform an investment
3 portfolio comparison with SGI.

4 MR. GLENN BUNSTON: They requested
5 information regarding SGI's investments, yes.

6 MS. KARA MOORE: And if we could now
7 turn to PUB-MPI-2-38 at question A. So, question A:

8 "MPI was asked to provide the
9 analysis requested by the Investment
10 Committee and provide a comparison
11 of SGI asset allocation with MPI
12 with a narrative description of the
13 differences."

14 Do you see that?

15 MR. GLENN BUNSTON: Yes, I see that.

16 MS. KARA MOORE: And if we scroll down
17 to the answer at figure 1 here, this shows that
18 comparison that we just discussed. And if we look at
19 the overall portfolio size, SGI's portfolio is 3.1
20 billion while MPI's is 3 billion?

21 MR. GLENN BUNSTON: Yes, that's right.

22 MS. KARA MOORE: So, they're a similar
23 size. But it appears that the main difference between
24 the portfolios is that MPI has a higher percentage of
25 its portfolio in fixed income and a lower portion of

1 the portfolio inequities?

2 MR. GLENN BUNSTON: That's correct.

3 MS. KARA MOORE: More specifically,
4 MPI allocates a higher proportion to fixed income
5 assets at 67.8 percent compared to SGI at 54.6
6 percent?

7 MR. GLENN BUNSTON: That's right.

8 MS. KARA MOORE: And in contrast, SGI
9 invests more heavily in equities and alternative asset
10 classes at 45.4 percent as compared to MPI at 31.6
11 percent?

12 MR. GLENN BUNSTON: The alternatives
13 are -- allocation is very close between the two (2)
14 organizations, only a difference of 30 basis points.
15 The main difference is in -- is in equities.

16 MS. KARA MOORE: Thank you. And would
17 it be fair to classify equities and alternative asset
18 classes as generally considered higher -- higher risk
19 but often have higher returns?

20 MR. GLENN BUNSTON: Yes, that's right.

21 MS. KARA MOORE: MPI has only 9
22 percent of its portfolio in equities of which 3.7
23 percent is in the Canadian market, correct?

24 MR. GLENN BUNSTON: That's correct.

25 MS. KARA MOORE: Whereas SGI has 22.7

1 percent of its portfolio in equities with the vast
2 majority in Global Equities?

3 MR. GLENN BUNSTON: Yes, that's right.

4 MS. KARA MOORE: And as you noted, MPI
5 and SGI have similar weightings for alternative
6 investments as a category, although SGI is more
7 heavily weighted into infrastructure?

8 MR. GLENN BUNSTON: That's right.

9 MS. KARA MOORE: Is it -- is it
10 therefore, from looking at this, fair to conclude that
11 the reason MPI has lagged behind SGI related to
12 returns over the last five (5) years as being due to
13 the lower exposure to equity investments?

14 MR. GLENN BUNSTON: That's the
15 significant difference between our portfolios. And
16 equities have performed well since the lows of the
17 pandemic, so, yes, that'd be a reasonable conclusion.

18 MS. KARA MOORE: Has MPI drawn any
19 other conclusions from this comparison?

20

21 (BRIEF PAUSE)

22

23 MS. CARA LOW: Sorry. What we're
24 looking for is, we know the SGI has moved away and
25 they've changed their investment mix where they have

1 moved away from being -- having equities in their
2 liability portfolio. We're just trying to find the
3 date of that.

4 And they have put in commercial
5 mortgages similar to what we have. So, they have a
6 very similar investment portfolio for their liability
7 matching portfolio now.

8 MS. KARA MOORE: Okay. But the
9 question was whether MPI had drawn any other
10 conclusions from this analysis.

11 MR. GLENN BUNSTON: And by that,
12 Counsel, you mean something other than the equities --

13 MS. KARA MOORE: Yeah.

14 MR. GLENN BUNSTON: -- in the
15 portfolios?

16 MS. KARA MOORE: Correct.

17 MR. GLENN BUNSTON: Well, we see from
18 this, that they have a higher allocation to
19 infrastructure by about 10 percent, and also higher
20 allocation to mortgages, about 6 percent higher. So,
21 those are some of the obvious differences between our
22 portfolios other than just the higher allocation to
23 equities.

24 MS. KARA MOORE: And is this analysis
25 guiding any changes in MPI's investment policy or

1 portfolio composition?

2 MR. GLENN BUNSTON: It hasn't so far.
3 You know, we are going to be doing an asset liability
4 management study. So, the consultant will develop
5 Efficient Frontiers, and that will be based on our --
6 the risk appetite of our Board, the asset classes that
7 they are interested in considering and the other
8 constraints that are identified.

9 So, this is useful background
10 information, but I wouldn't say that it would directly
11 drive the outcome of the study.

12 MS. CARA LOW: Understood. I have
13 found that it was June 1st, 2025, effective they
14 changed their investment mix, but I don't have
15 permission to share it --

16 MS. KARA MOORE: Okay.

17 MS. CARA LOW: -- so.

18 MS. KARA MOORE: That's fine. Thank
19 you, Ms. Low.

20 And, Ms. Low, just to follow up that
21 change in SGI's investment portfolio, appreciating
22 that you can't share -- well, I'm not sure what you
23 can't share. Maybe you can clarify if it's the new
24 investment portfolio information or how you came to
25 learn about this change.

1 MS. CARA LOW: I received it from
2 their investment team, but they're asking us not to
3 share it.

4 MS. KARA MOORE: Okay.

5 MS. CARA LOW: So, their portfolio, as
6 we see here, is very different than -- it's not really
7 different, but there are changes.

8 MS. KARA MOORE: Thank you. I'd now
9 like to switch gears to ALM performance reporting.
10 So, if we could start by pulling up PUB-MPI-1-58. And
11 I'll just have you -- if we could just scroll down to
12 the questions. I'll just have you review those
13 quickly.

14 Then if we could go in the response --
15 or to Appendix 1, which is -- might be a separate
16 document, which was part of the response to 'B' and
17 'C'. And it's the asset liability management report.
18 Thank you, Ms. Dweh. And if we could go to page 2 of
19 this report, please.

20 So, just by way of background, MPI
21 manages and ALM program for its Basic claims
22 portfolio, correct?

23 MR. GLENN BUNSTON: Yes, that's right.

24 MS. KARA MOORE: And the goal is to
25 manage interest rate risk?

1 MR. GLENN BUNSTON: The goal is to
2 mitigate the -- the net impact of changes in interest
3 rates, yes.

4 MS. KARA MOORE: And so, it says here
5 on page 2 that the objective of the rate -- interest
6 rate risk management for Basic claims is to ensure
7 that the tracking error or hedge ratio is less than 1
8 percent of the market value of the Basic claims
9 investment portfolio, correct?

10 MR. GLENN BUNSTON: Correct.

11 MS. KARA MOORE: And this objective is
12 met by controlling two items; first, interest rate
13 hedge ratio. The Corporation is to maintain a 100
14 percent hedge ratio within plus or minus 5 percent
15 between the Basic claims fixed income assets and Basic
16 claims liabilities.

17 And this does not include real estate,
18 correct?

19 MR. GLENN BUNSTON: That's right.

20 MS. KARA MOORE: And then the second
21 item is dollar matching. The market value of the
22 basic claims total portfolio, including real estate,
23 shall match the present value of the associated
24 liabilities within plus or minus 100 million?

25 MR. GLENN BUNSTON: Correct.

1 MS. KARA MOORE: And if we can scroll
2 to the next page of this report. As of June 30th,
3 2025, the credit spread hedge ratio was 105.7 percent.

4 And it's indicated to be outside of the
5 range, correct?

6 MR. GLENN BUNSTON: Yes, that's right.

7 MS. KARA MOORE: And what factors led
8 to -- to the corporation not being within the range
9 that it had established as of June 30th?

10 MR. GLENN BUNSTON: Well, the
11 credit spread hedge ratio was a relatively new
12 addition to the policy, and so it was something that
13 we were newly monitoring.

14 And so, when we realized that we were
15 outside of the -- the range, we -- we met with our
16 fixed income -- external fixed income manager at
17 Addenda Capital and discussed strategies we could
18 implement to -- to address that. And one (1) of them
19 was to sell some of the corporate bonds that were held
20 in the Basic claims portfolio. And that was because
21 our actual allocation to corporate bonds exceeded the
22 target weight of 28 percent.

23 And so, if I -- memory serves
24 correctly, I believe we sold \$8 million of corporate
25 bonds I think in June and transferred that into

1 government bonds. And that helped to reduce this --
2 this ratio.

3 MS. KARA MOORE: Thank you. And as of
4 June 30th, the tracking error was -- and we might have
5 to scroll down for it, but it was less than 1 million.
6 You see a minor tracking error of 0.2 million at the
7 bottom of the page there?

8 MR. GLENN BUNSTON: Yes, I see the
9 bullet point there that refers to the track near of
10 0.2 million.

11 MS. KARA MOORE: And overall, the ALM
12 performance improved from the original filing to the
13 June 30th results?

14 MR. GLENN BUNSTON: Sorry, could you
15 repeat the question?

16 MS. KARA MOORE: Overall, the ALM
17 performance improved from the original filing to the
18 June 30th results?

19 MR. GLENN BUNSTON: I believe so. Do
20 you have a reference?

21 MS. KARA MOORE: I do. If we can go -
22 - I think I do. If we can go to the investments
23 chapter at page 29. I don't believe we have the same
24 graph that we just looked at. So just under this, if
25 we could go up -- sorry. Yeah. The bottom half of

1 this page under the heading 'Update on Current ALM
2 Strategy', you just want to review those two (2)
3 paragraphs.

4 MR. GLENN BUNSTON: Yes. I see here
5 that the tracking error for fiscal 24/'25 was 19.5
6 million, and I believe actually the tracking error you
7 were referring to in the previous slide is not
8 comparable to this.

9 MS. KARA MOORE: Oh. Okay.

10 MR. GLENN BUNSTON: There is a
11 different tracking error, so we -- if you'd like, we
12 could go back to the --

13 MS. KARA MOORE: Sure, yeah, if we
14 could --

15 MR. GLENN BUNSTON: -- to the ALM
16 report --

17 MS. KARA MOORE: -- that would be
18 helpful.

19 MR. GLENN BUNSTON: -- to find the
20 comparable number.

21 MS. KARA MOORE: That was PUB/MPI-1-
22 58.

23

24 (BRIEF PAUSE)

25

1 MR. GLENN BUNSTON: So, what I would
2 suggest is going back to the Asset/Liability
3 Management report and so we could find the comparable
4 number.

5

6 (BRIEF PAUSE)

7

8 MR. GLENN BUNSTON: I'm looking --

9 MS. KARA MOORE: Sorry. Go ahead.

10 MR. GLENN BUNSTON: -- I'm looking at
11 the Appendix 1 to PUB-1-58, the original table that we
12 were looking at. And the -- the fourth line there
13 shows the tracking error hedge ratio of negative \$1
14 million.

15 Now, keep in mind, this is for the --
16 the three (3) month period, and the previous number we
17 were looking at was for a twelve (12) month period.

18 MS. KARA MOORE: I see. Okay. If we
19 can go back to MPI Exhibit 17, which is the rate
20 update.

21

22 (BRIEF PAUSE)

23

24 MS. KARA MOORE: And we'll go to page
25 73 of this exhibit. This is the updated PUB/MPI-2-30.

1 So, this is an update to the ALM report that we had
2 previously discussed as of August 31st, 2025. So, if
3 we could scroll down, it's actually on page 77 of the
4 PDF, if you want to just jump ahead to that, Ms. Dweh.

5 This is the updated Figure 1. And so,
6 it appears that as of August 31st, 2025, everything
7 was within the ALM study range?

8 MR. GLENN BUNSTON: Yes. All of the
9 metrics were within the approved limits.

10 MS. KARA MOORE: And if we can go --
11 we're still on this exhibit to page 46 of the PDF.

12 So, this is RU Appendix 5, PF 5 statement of
13 operations. And if we look at line 29 for 2025/'26,
14 there's -- the net loss for rate setting was
15 previously 46.3 million. But as of this update, it
16 was 51.3 million. You see that?

17 MR. GLENN BUNSTON: Yes, I do.

18 MS. KARA MOORE: Or 5 million worse
19 off from the interest rate changes?

20 MR. GLENN BUNSTON: Yes. It's \$5
21 million worse.

22 MS. KARA MOORE: And is this change --
23 I believe this change is within the acceptable range
24 that we discussed?

25

1 (BRIEF PAUSE)

2

3 MS. CARA LOW: We don't have a range
4 for the net income and the change in the net income.
5 There's a number of factors that go into here. The
6 valuation actuaries, we discount the liabilities. The
7 investment team update the investment assumptions.
8 But at this point we didn't change the AEP. I believe
9 it's still the 2.07 percent.

10 MS. KARA MOORE: Okay. Thank you. I
11 just have two (2) more areas of questions and then
12 I'll be done my cross-examination.

13 But -- so the first area that I'd like
14 to ask is about the change in benchmark used for real
15 estate. So, if we could go to figure INV 5, please,
16 Ms. Dweh.

17

18 (BRIEF PAUSE)

19

20 MS. KARA MOORE: Sorry, no. Figure
21 INV 5. Let me see if I can find it. Yeah, there we
22 go. Thank you.

23 This is the major asset class summary,
24 and if we look at line 31 in both the 2025 GRA and the
25 2026 GRA as filed, the expected return on the real

1 estate pooled fund was CPI plus 4 percent, correct?

2 MR. GLENN BUNSTON: Yes, that's right.

3 MS. KARA MOORE: And CPI stands for
4 Consumer Price Index?

5 MR. GLENN BUNSTON: Yes, it does.

6 MS. KARA MOORE: And if we could now
7 look at Figure INV 28.

8 This is the real estate summary table
9 and the forecasted return by fiscal year on line 5 was
10 6.4 percent for 2025/'26, 5.9 percent for 2026/'27,
11 and then 6 percent for each year thereafter?

12 MR. GLENN BUNSTON: Correct.

13 MS. KARA MOORE: And this was based on
14 CPI plus 4 percent?

15 MR. GLENN BUNSTON: Yes, it was.

16 MS. KARA MOORE: And if we could just
17 scroll down to section INV.9.3, MPI writes here that:

18 "The return on MPI's real estate
19 portfolio is based on the forecast
20 for the CPI plus a spread of 4
21 percent. The assumption for real
22 estate has been unchanged since
23 the first investment by MPI in the
24 asset class in 2009."

25 You see that?

1 MR. GLENN BUNSTON: I see that, yes.

2 MS. KARA MOORE: If we could go now to
3 figure RI-1. So, this is not within the -- within the
4 investment section of the Application. This will be
5 in the rate-making chapter.

6

7 (BRIEF PAUSE)

8

9 MS. KARA MOORE: Should be on page 8.
10 Yeah, there we go. Thank you.

11 So, this is the new money yield
12 calculation. And on line 6, the benchmark for real
13 estate is again CPI projection plus 4 percent,
14 correct?

15 MR. GLENN BUNSTON: Yes, that's right.

16 MS. KARA MOORE: If we could now go to
17 PUB/MPI-1-1.

18

19 (BRIEF PAUSE)

20

21 MS. KARA MOORE: Scroll down to the
22 question, please.

23 So, in this Information Request, MPI
24 was asked to file meeting minutes relating to a number
25 of items here. And if we scroll down, you can kind of

1 see the items.

2 I don't think we need to go through
3 each one, but if we could look at Appendix 3-A to this
4 Information Request that was provided in response by
5 MPI. Sorry, Ms. Dweh. I know I'm putting you to work
6 right now. Thank you.

7 These are investment committee minutes
8 for November 13th, 2024. You see that?

9 MR. GLENN BUNSTON: Yes, I do.

10 MS. KARA MOORE: And if we could
11 scroll down to the bottom of page 2. So, we'll start
12 at the bottom of page 2, and then it goes on to the
13 third page:

14 "It was resolved that members
15 recommended that the board of
16 directors approve the following
17 investment benchmark changes or
18 adjustments."

19 And if we scroll down to number 5 on
20 page 3:

21 "Real estate use MSCI quarterly
22 property funds index rather than CPI
23 plus 4 percent."

24 Do you see that?

25 MR. GLENN BUNSTON: Yes, I see that.

1 MS. KARA MOORE: And this was about
2 seven (7) months before the 2026 GRA was filed,
3 correct?

4 MR. GLENN BUNSTON: Yes. It was prior
5 to the filing of the GRA.

6 MS. KARA MOORE: But the 2026 GRA
7 still used CPI plus 4 percent?

8 MR. GLENN BUNSTON: Yes, it did.

9 MS. KARA MOORE: If we could go now to
10 PUB/MPI-2-3. So, in these questions, MPI was asked --
11 well, I'll let you review the questions, but
12 generally, MPI was asked to provide further
13 information regarding the -- the investment benchmark
14 change for real estate in this Information Request.

15 MR. GLENN BUNSTON: Yes, I see that.

16 MS. KARA MOORE: And if we scroll down
17 to the responses to 'C', 'D', and 'E', just below the
18 figure here, I'll just ask you to read those to
19 yourself and then I have a follow-up question.

20

21 (BRIEF PAUSE)

22

23 MS. KARA MOORE: So, at the time that
24 -- that these questions were answered, would you agree
25 that MPI had not indicated whether or not it intended

1 to change the benchmark for the new money yield
2 calculation?

3 MS. CARA LOW: So, as we saw, the
4 investment committee approved the change to the
5 benchmark. There was an oversight that we didn't make
6 the change in the financial model, nor did we make the
7 change in the new money yield.

8 MS. KARA MOORE: Understood. Thank
9 you. If we could go back to MPI Exhibit 17. We'll go
10 to page 4 of this exhibit. Okay. So, we're looking
11 at Figure 1.

12 This is the rate update new money yield
13 calculation as at August 31st, 2025. And on line 5,
14 as we -- as I pointed out earlier, the real estate
15 benchmark is CPI plus four (4), remained CPI plus four
16 (4), correct?

17 MR. GLENN BUNSTON: Yes, that's right.

18 MS. KARA MOORE: And if we just scroll
19 down to Figure 2 on the same page, this figure shows
20 the March 31st new money yield rate indication of 2.07
21 percent and the August 31st new money yield rate
22 indication of 1.57 percent, correct?

23 MR. GLENN BUNSTON: Correct.

24 MS. KARA MOORE: This figure also has
25 a row titled 'Returns on Real Estate Investments Using

1 QPF Results in a New Money Yield of 4.23 Percent'.

2 You see that?

3 MR. GLENN BUNSTON: I do see that.

4 MS. KARA MOORE: And the rate
5 indication in that row is 1.83 percent, correct?

6 MR. GLENN BUNSTON: Correct.

7 MS. KARA MOORE: All of the financial
8 exhibits provided in Exhibit 17 are based on the 1.57
9 percent rate indication, correct?

10 MS. CARA LOW: My understanding is
11 that the finance team kept the 2.07 percent in there
12 because it was going to be a final AEP at that time.

13 MS. KARA MOORE: Understood. Thank
14 you. But there are no financial -- just put another -
15 - put a different way, there are no financial exhibits
16 provided based on the 1.83 percent rate indication?

17 MS. CARA LOW: That is correct.

18 MS. KARA MOORE: Thank you. If we
19 could turn now to MPI Exhibit 28. These are the pre-
20 asks and we'll go to page 30. Thank you. This is P-
21 PUB/MPI Pre-ask 4. Question 1B asks MPI if MPI
22 considered the ten (10) year average return of the QPF
23 to be a reasonable estimate for future returns.

24 You see that?

25 MR. GLENN BUNSTON: Yes, I see that.

1 MS. KARA MOORE: And if we scroll down
2 to MPI's response.

3

4 (BRIEF PAUSE)

5

6 MS. KARA MOORE: Okay. So, if we look
7 at your response, it says:

8 "In our view using a ten (10) year
9 average is appropriate as it
10 captures a full market cycle and
11 provides a balanced perspective on
12 performance."

13 Correct?

14 MR. GLENN BUNSTON: Yes, that's what
15 we wrote.

16 MS. KARA MOORE: And if we scroll up
17 to -- back to the questions to 1-C, the question asks:

18 "Is MPI proposing replacing the CPI
19 plus 4 percent estimate with the ten
20 (10) year average return for the QPF
21 for the new money yield for the 2026
22 GRA?"

23 You see that?

24 MR. GLENN BUNSTON: I do.

25 MS. KARA MOORE: And if again --sorry

1 -- we scroll down to the response, we can see MPI's
2 response here, and it says:

3 "Yes, MPI proposes to replace the
4 CPI plus 4 percent estimate with the
5 ten (10) year average return of the
6 MSCI QPF for the new money yield
7 calculation for the 2026 GRA."

8 Correct?

9 MS. CARA LOW: That is the plan to
10 update it.

11 MS. KARA MOORE: In the financial
12 model -- and it might be helpful to go back to Exhibit
13 17, page 42. Yeah. Page 42 shows the PF-1.

14 Just as an aside, I would note that the
15 name of this document is '1.57 Percent Basic Rate
16 Change'. So, was the 1.57 percent used in this PF-1?

17 MS. CARA LOW: We're currently trying
18 to find that out from the finance team, 'cause it's a
19 -- under the CFO.

20 MS. KARA MOORE: Okay. Thank you.
21 But that actually wasn't my question, I just noticed
22 that after we had our exchange earlier.

23 In the financial model that was used
24 for the rate update, what was the basis of the real
25 estate return used for the financial forecast in PF-1,

1 PF-2, PF-3. Was it the CPI plus 4 percent, or was it
2 the 10-year average of QPF?

3 MR. GLENN BUNSTON: It was CPI plus
4 four (4).

5 MS. KARA MOORE: Thank you. We could
6 now go to PUB/MPI-2-15 at 'E'. So MPI was asked in
7 the, kind of preamble to this list, MPI was asked to
8 provide statistical information for each of the last
9 twenty (20) fiscal years on selected benchmarks and
10 'E' shows for real estate yield. Do you see that?

11 MR. GLENN BUNSTON: Yes, I do.

12 MS. KARA MOORE: And if we go to
13 Appendix 1 of the response to this IR, we can see, and
14 I'm -- it -- I know it's very small, I don't -- we're
15 not going to go to many specific numbers on here, but
16 we can see that the real estate yield at March 31st of
17 each year, August 31st of each year and the average
18 bond yield over the entire year was provided?

19 MR. GLENN BUNSTON: Yes. We've
20 provided yields for each asset class at March 31st and
21 August 31st of each year.

22 MS. KARA MOORE: Okay. And what was
23 the basis of the real estate yields at March 31 and
24 August 31 of each year? Was it CPI plus 4 percent
25 again?

1

2

(BRIEF PAUSE)

3

4

5

6

MR. GLENN BUNSTON: I -- I believe it was CPI plus 4, but we're checking that to confirm right now.

7

8

9

10

11

12

13

MS. KARA MOORE: Sure. And my next question, 'cause it might be easier to check both at once, is if we scroll down on this page, we can see the average yield over the entire year. So, I would -- I'm also going to be asking what the basis was. The basis of the real estate yield was for that -- that calculation as well.

14

15

16

MR. STEVE SCARFONE: And, again, Counsel, the -- as against perhaps the 10-year average, is that what you're asking?

17

18

19

20

MS. KARA MOORE: What I'm asking for is whether the real estate yield that was used for these -- for this calculation was the CPI plus 4 percent --

21

22

23

MR. STEVE SCARFONE: 4 percent.

MS. KARA MOORE: -- for the 10-year average? Yes.

24

25

(BRIEF PAUSE)

1

2 MR. GLENN BUNSTON: Yeah, so this is
3 based on CPI plus 4.

4

5 CONTINUED BY MS. KARA MOORE:

6 MS. KARA MOORE: Thank you. If we can
7 now go to -- it -- it -- it's not in MPI Exhibit 17,
8 it's Appendix 1, Attachment A. It's a separate
9 spreadsheet. The Historical New Money Yield
10 Forecasts, if we could pull that up.

11

12 (BRIEF PAUSE)

13

14 MS. KARA MOORE: Thank you very much.
15 So, if we could go to the tab at the bottom left of
16 the page called, New Money Yield. And so, we can see
17 in this attachment that for real estate, again, CPI
18 plus 4 percent was used.

19 MR. GLENN BUNSTON: Yes, that's
20 correct.

21 MS. KARA MOORE: And if we go to the
22 Actual Yield tab, this shows the one (1) year returns
23 for real estate. Correct?

24 MR. GLENN BUNSTON: Well, it shows the
25 -- the yield for real estate, yes, which I was --

1 yeah, I believe it was the actual yield for each year,
2 the -- the actual return. Sorry.

3 MS. KARA MOORE: Yes, thank you. And
4 if we look at the nine (9) years from March of 2017 to
5 March of 2025, and you might --

6

7 (AUDIO DISCONNECT)

8

9 (PANEL RETIRES)

10

11 --- Upon adjourning at 3:59 p.m.

12

13 Certified correct.

14

15

16 _____

17 Wendy Woodworth, Ms.

18

19

20

21

22

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25