

July 12, 2023

MANITOBA PUBLIC INSURANCE ANNUAL BUSINESS PLAN

2023/24

THE CROWN CORPORATIONS GOVERNANCE AND ACCOUNTABILITY ACT

Manitoba Public Insurance hereby submits its Annual Business Plan as required by [The Crown Corporations Governance and Accountability Act](#), consistent with the provided guidelines for a standard format among Crown corporations' plans and in alignment and compliance with the Department of Crown Services' Alignment and Accountability Project.

Deemed final and approved by Board of Directors on February 9, 2023.

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1.0 Mandate and Strategic Direction

At Manitoba Public Insurance, we are guided by a combination of legislation, government directives, and corporate principles and priorities. To complement our mission, vision and values, we have created a 5-Year Ambition to further set our direction and help us achieve our goals.

1.1 Corporation's Mandate, Objects or Purposes as set out in [The Manitoba Public Insurance Corporation Act](#)

It is the function of the Corporation to engage in and carry out the activity of all classes of automobile insurance, to administer the universal, compulsory automobile insurance as well as Extension insurance as prescribed by regulation. In carrying out these responsibilities the Corporation may also repair, salvage and dispose of any property insured by it. The Corporation also has the responsibility to administer [The Drivers and Vehicle Act](#).

1.2 Directives from Province

In accordance with [The Crown Corporations Governance and Accountability Act](#), the Minister appointed to administer the Act may issue directives to Manitoba Public Insurance to support provincial policy and Manitoba Public Insurance must comply with any directive given.

The following directives have been issued to Manitoba Public Insurance:

- On April 3, 2023, the minister responsible for *The Crown Corporations Governance and Accountability Act* issued a [directive](#) to Manitoba Public Insurance respecting an organizational review. The organizational review shall consider the Corporation's operations over the period of fiscal year 2021/22 and fiscal year 2022/23, with the findings of the organizational review to be delivered by way of a written report to the Minister responsible for the Corporation and to the Board of Directors of the Corporation on or before December 31, 2023.
- On February 1, 2023, the minister responsible for *The Crown Corporations Governance and Accountability Act* issued a [directive](#) to MPI respecting procurement policies and procedures. This directive applies to the procurement of goods and services by the Corporation through non-competitive processes, and requires that the Corporation publish as part of its annual report information regarding agreements entered into pursuant to a direct award or sole source arrangement or as a result of an emergency.
- On January 30, 2020, the Minister of Crown Services issued a [directive](#) to Crown Corporations concerning executive management compensation, overall staffing levels and review of management spans and layers. Manitoba Public Insurance continues to comply with this directive. This builds upon the management reductions in 2017, the completed span and layers analysis in 2017, and the Corporation's commitment to remain vigilant related to staffing levels and overall compensation.
- On July 24, 2019, the Minister of Crown Services issued a [directive](#) to Manitoba Public Insurance respecting conciliation with the Insurance Brokers Association of Manitoba (IBAM). Manitoba Public Insurance honoured this directive, and the

conciliation process led to a five-year agreement between MPI and IBAM, effective April 1, 2021.

- Although issued in support of the provincial Climate and Green plan, and not in accordance with *The Crown Corporations Governance and Accountability Act*, the Minister of Crown Services requested that all Crown corporations and government agencies cancel print-based subscriptions and the purchase or production of business cards, unless an appropriate exception has been granted. As well, all Crown corporations are to track and report greenhouse gas emissions on an annual basis. Manitoba Public Insurance is currently in discussions with the Province to ensure full compliance.

1.3 Framework letter

The Minister of Crown Services issued a framework letter to Manitoba Public Insurance on April 24, 2019. Manitoba Public Insurance has achieved the expectations set out in the letter, and maintains ongoing efforts to continue to support these expectations. This includes adherence to all operational directives issued per The Crown Corporations Governance and Accountability Act and all financial directives received by Treasury Board. As was demonstrated throughout the pandemic, Manitoba Public Insurance is proud to support the province's larger efforts and initiatives where able to assist. For full details, see Appendix A.

1.4 Corporate Mission

Exceptional coverage and service, affordable rates and safer roads through public auto insurance.

1.5 Vision and Values

Our Vision

The trusted auto insurance and driver services provider for every Manitoban.

Our Values

As a public auto insurer, we hold ourselves accountable to all Manitobans to deliver value by fostering a culture of excellence. We achieve this through our four core values:

- **Striving for Excellence:** We provide exceptional coverage and service. We adapt to meet evolving customer and industry needs, focusing on continuous improvement.
- **Providing Value to Manitobans:** We maintain affordable rates and ensure accessible coverage. As a public auto insurer, fiscal responsibility is at the forefront of everything we do.
- **Doing What's Right:** We act with integrity and accountability. We strive to be open and transparent.
- **Investing in People:** We empower our employees to provide excellent service. We work together with business, community and road safety partners to fulfil our mission.

1.6 Our 5-Year Ambition

MPI has developed a 5-Year Ambition that focuses on meeting the needs of customers, employees and business stakeholders. In a broad sense, our ambition is to realize three aspirational statements from customers, employees and business stakeholders:

- Customers: “Manitoba Public Insurance understands my needs. They make it easy and effortless.”
- Employees: “Manitoba Public Insurance is a rewarding and progressive place to work.”
- Stakeholders: “Manitoba Public Insurance is fair, transparent and does things right.”

The 5-Year Ambition will guide us through our ongoing major digital transformation, Project Nova, and into MPI 2.0, our future state. MPI 2.0 and the aspirational statements will be achieved through five guiding principles:

1. Customer experience drives improvements.
2. Improvements must make financial sense.
3. Create a culture of continuous improvement through empowerment and automation.
4. Be a fast follower of industry best practices and trends.
5. Engage stakeholders actively along the way.

1.7 Corporate Priorities for 2023/24

We will deliver on operational imperatives and transformation plans, align and streamline processes and mature core functions, and advance our people and culture agenda.

The following is a list of our five key areas of focus for the 2023/24 fiscal year:

Operational Imperatives – Deliver on financial goals (including revenues, net income, MCT), customer metrics (including CX Index) and regulatory or market requirements (including GRA, PUB orders, regulatory changes, compliance, road safety, partner agreements, high priority product changes).

Nova & IT – Deliver on Nova release milestones (including SRE, IRP, release 3A/4A preparation) and Technology transformation plans (including Cloud Adoption, Data Infrastructure, Cybersecurity, CoEs for Integration, Testing, Digital, Automation, Architecture, and EAM transformation).

Customer Centricity & Operational Excellence – Define our desired CX and EX based on needs and embed these into our transformation plans. Deliver E2E customer journeys, streamline and automate mass processes where relevant. Assign clear business, process, data and risk ownership across MPI. Continue to establish and mature our Business Architecture and SAFe practices (including Lean CoE, BPM CoE, LPM, LACE, VA).

Finance, Actuarial, Risk and Investments – Pursue technical excellence by continuing to evolve actuarial practices (valuation, pricing, capital management), financial forecasting (greater granularity and increased frequency), risk management

(ERM maturity, ORM), investment/ALM (ALM study, investment performance and risk reporting), and ensure IFRS readiness.

People, Culture, Change Management and Communications – Evolve People and Culture practices and processes to enable and empower our people to achieve the 5-Year Ambition. Further mature Operational Readiness, Change Management, and Employee and Corporation Communications practices to support our ambitions and goals. Articulate and tell our transformation story.

2.0 Operating Environment

At MPI, we are proud that our public insurance model provides Manitobans with coverage that is among the most comprehensive in Canada and rates that are among the lowest. We take a long-term view of providing sustainable and predictable Basic insurance to Manitobans at affordable rates, without compromising coverage or service, and we are constantly evolving to meet the diverse needs and service expectations of our customers.

2.1 Internal Environment

The Corporation's internal operating environment is extremely dynamic. The 2023/24 year will see a continued focus on Nova program delivery, with additional systems coming online.

To support Nova and realize our 5-Year Ambition, the Corporation has defined six Strategic Themes to guide our strategic transformational initiatives:

- Customer Focus
- Product Innovation
- Process Automation
- Nova & Technology
- People, Culture and Leadership
- Business Capabilities

Several of the strategic transformational initiatives that are linked to these strategic themes are outlined below.

2.1.1 Customer Focus

Customer Experience Maturity

The Corporation began its customer experience journey by developing a CX maturity roadmap to improve and enhance customer experience in all our channels. We began this initiative by first understanding customer journeys as they serve a comprehensive source-of-truth to advance improvements. Journey maps were developed from surveys, focus groups, mystery customer interactions, and input from subject matter experts and data analysis. The findings of the journeys have been further validated through customer research and insight. We will use these findings to inform our vision, roadmap, priorities, and company KPIs to both advance CX and track our success.

2.1.2 Product Innovation

Over the next several years the Corporation will modernize regulations, legislation, policies and procedures with the goal of enhancing products and services for customers. To assist in achieving this goal we are evolving our Product Roadmap with customer feedback and insight to enhance our current offering and introduce new products. Major product initiatives planned in 2023/24 include:

- Driver Safety Rating (DSR): MPI intends to evolve the DSR scale towards +20 in one-year increments to provide further incentives for the safest drivers while finding ways to move premiums closer to the actuarial target.

Additionally, the Corporation intends to begin a multi-year in-depth analysis of the current Registered Owner model.

- Vehicle for Hire (VFH): Following a substantial VFH insurance model review and stakeholder engagement, the Corporation intends to file the proposed changes to the VFH model to the Public Utilities Board for approval of the premium rates associated with the new VFH framework.
- Annual Renewals: The Corporation intends to transition all current vehicle registration and insurance policies from a multi-year term (5-year and 2-year) to an annual term. Substantial work will be conducted in the 2023/24 year with the goal of a 2024/25 transition.
- Personal Injury Plan Protection (PIPP) Improvements: Continued improvements to PIPP to ensure claimants are provided the highest quality of care. These changes include broadening the eligibility base to those 65 years or older if the victim has a job offer or a history of seasonal, casual or temporary employment, and ensuring that the remaining two benefits are made subject to the indexation formula effective April 1, 2023 (Vehicle Acquisition Benefit; Recreation and Leisure Benefit).

2.1.3 Process Automation

Liabilities and Assets

MPI will be implementing statutory requirements and standards related to Liabilities [Insurance Liabilities IFRS 17] and Assets [Investments IFRS 9]. The new standards will replace IFRS 4 and IAS39 respectively. Adopting the new standards ensures the Corporation will remain compliant with changing accounting standards, as well as increase the transparency and usefulness for financial statement users.

Business Process Management and Lean Centre of Enablement

To assist with our transformational Project Nova and to realize our 5-Year Ambition, we will improve our internal processes through the creation of a Business Process Management and Lean Centre of Enablement. Together, these will improve our internal processes and will:

- Develop an inventory of all processes and a framework that defines accountability and ownership for each process.
- Develop measurement systems and define performance indicators and targets for process performance.
- Run Lean improvement events in partnership with department leadership.
- Establish standards of practice and develop/support Lean capability among staff.
- Manage and report on the portfolio of Lean projects to ensure they are aligned to strategic objectives and are delivering tangible results.

Core Process Optimization

MPI will outline a vision to optimize core processes to improve customer service. Our goal is to improve efficiency and effectiveness of high-volume core processes in the areas of claims, insurance, registration and DVA administration.

2.1.4 Nova & Technology

Project Nova is a multi-year program to modernize and transform our in-house legacy applications and technology footprint. This transformation will deliver the following key business objectives and outcomes:

- Stable Technology Platform – We will significantly lower the downtime and technology risks to perform day-to-day service transactions by moving to modern technology and exploring customer online functionality.
- Cost Effective – We will reduce current operating costs and IT risks of managing and supporting legacy systems by moving into new commercial off-the-shelf applications for property and casualty insurance and driver licensing and vehicle registration.
- Agility to Meet Future Business Needs – We will be better equipped to implement new legislative requirements and offer new products and services.
- Secured Solution – We will improve infrastructure, processes, procedures and controls to protect customer information from security threats.
- Availability and Device Portability to External Partners – We envision greater around-the-clock availability via desktop and mobile platforms.
- Modernizing Commercial Insurance – We will modernize the manual SRE/commercial insurance products.
- Customer Experience – We will transform customer service delivery channels, resulting in enhanced customer experience.
- Online Services – We will expand online service offerings for our customers.

The program further aims to drive simplification and efficiency in its core technology systems in the near term, while setting a strong base for long-term growth and flexibility. Project Nova is also transforming our business by empowering our people and partners with new technology and processes that are responsive and efficient, giving customers more choice and a better experience.

Security and Technology Risk Management

MPI regularly invests in improvements to its cyber security maturity via enhancements in processes and technology. This includes initiatives to maintain existing technology in a stable and supported state.

IT Strategic Initiatives

In 2023/24 the Corporation will focus on several major IT strategic initiatives to support the overall strategy. Assessment and roadmaps will be outlined in the following areas and continue to be updated:

- Cloud & Next Generation Technologies – Shifting existing technology from on premises to the cloud will provide a more flexible technical footprint and better position MPI to respond to change.
- Billing Architecture – Definition and implementation of a modernized billing architecture.
- Data & Analytics – Technology and tooling to manage data warehousing, AI, predictive analytics and more.

- Digital Workplace – Process and technologies to support a digital work environment and culture.
- Integration, Testing, and Automation Centre for Enablement – Increasing self-sufficiency in key areas of technical dependencies.
- Enterprise Content Management – Evolution of platforms and technologies that manage content, information and customer-facing areas (such as our website) so they can provide a paperless digital experience.

2.1.5 People, Culture & Leadership

Culture 2.0, Talent 2.0, and Professional and Leadership Development

Employees are key to achieving our 5-Year Ambition. Our aim is for employees to experience Manitoba Public Insurance as “a rewarding and progressive place to work”. Creating a shared set of beliefs and values is important for building the kind of culture that staff can thrive in.

The Corporation is progressing on its culture, talent and professional and leadership development initiatives , so that we can grow, attract, mentor and develop the needed talent within the organization, today and into the future.

2.1.6 Business Capabilities

Scaled Agile Framework & Lean Portfolio Management

MPI will continue its adoption of Agile principles. The culture of how work is developed, defined, and delivered will change to reflect best practices from the Scaled Agile Framework (SAFe) methodology. Key components of the SAFe methodology being introduced are Lean Portfolio Management (LPM), business agility, Agile product delivery, and a continuous learning culture. LPM is the structure that aligns strategy with execution and ensures decisions on capacity allocation provide the greatest customer value.

Change Management

MPI will expand its Organizational Change Management practice to an enterprise level. This initiative will provide a more robust, scalable and flexible approach to ensure the benefits of organizational change are realized.

Operational Risk Management

MPI will develop and mature the operational risk management framework in alignment with best practices. This initiative will improve decision-making and planning processes by identifying risks in alignment with strategic objectives.

2.2 External Environment

Manitoba Public Insurance operates in a challenging and fast-changing external environment. Key relationships in this environment include the public and customers,

government, the Public Utilities Board, and delivery partners such as healthcare providers, brokers and repair shops.

2.2.1 Upcoming Negotiations and Contracts

- MGEU Agreement expired in September 2022.
- Agreement with Manitoba Commercial Vehicle Repair Association expired Dec. 31, 2021.

2.2.2 COVID-19

Since the start of the pandemic, MPI has responded with agility and resiliency to the challenges of COVID–19, while contributing to provincial health efforts to benefit the wider community. Due in large part to the pandemic-related reduction in collision frequency and the resulting favourable financial results, Manitoba Public Insurance was proud to provide three surplus distribution rebates to customers totalling almost \$500 million.

Looking forward, we cannot foresee with any certainty how COVID–19 will affect our customers, business operations and investment portfolio in 2023/24. However, we are well-positioned to continue to respond nimbly to deal with business and financial impacts, address all public health requirements, and support the Province of Manitoba in its ongoing efforts to protect all Manitobans.

2.2.3 Road Safety

MPI will maintain its commitment to safer roads, and we will continue to focus on major road-safety issues: unsafe speed, driver distraction, impaired driving and non-use of seatbelts. Our programming consists of stakeholder engagement, driver education and awareness, community outreach, standardized training, optimized law enforcement support, and research into the key contributors to serious injury and death on Manitoba’s roadways. Advancing reconciliation efforts, our road safety strategy will include a renewed focus on Indigenous engagement and the issues facing our First Nations communities.

Provincial Road Safety Committee

Co-chaired by MPI and Manitoba Infrastructure, the Provincial Road Safety Committee’s (PRSC) mandate is to reduce collision-related injuries and fatalities in Manitoba through collaboration of key stakeholders. With a renewed focus on information sharing and data-led decision making, the PRSC aims to bring greater alignment of road safety activities between provincial government departments, municipalities, law enforcement, and road safety stakeholders in order to improve safety for all road users and eliminate casualties on Manitoba roads. The PRSC’s *Manitoba Road Safety Plan 2017-2020: Road to Zero* identified the key priorities for its stakeholders, and MPI has actively collaborated with provincial partners to further these road safety priorities.

External Stakeholder Committee on Road Safety

Through this stakeholder committee, Manitoba Public Insurance will continue to engage and inform external road-safety stakeholders on our road-safety efforts. This committee will also continue to provide a forum for interest and advocacy groups to identify opportunities to mitigate provincial road-safety issues.

Driver Education and Training

Driver Z, the new High School Driver Education program, was launched in 2019. Driver Z uses a blended learning approach that involves interactive online learning, richer classroom engagement, greater parent/guardian involvement and more practice time for students. MPI will implement changes to improve program efficacy, customer engagement and outcomes, based on the results of a program evaluation.

2.3 Risks

Like any enterprise, Manitoba Public Insurance faces risks in its operations that must be handled effectively in order to achieve its goals. Several risks are outlined below.

2.3.1 Financial Losses from Weather or Investments

A key risk is the potential for financial loss arising from increased claims due to weather-events such as hail or winter conditions. An additional related risk is the depletion of financial reserves, which is possible from significant losses in the investment portfolio or increases in claims due to adverse experience or higher than expected inflation. The implementation of the new Asset-Liability Management (ALM) strategy in 2019/20 de-risked the assets backing Basic's liabilities (with no equities and alternatives), reducing interest-rate risk for the Basic line of business. MPI is expecting to make changes to its strategic asset mixes as a result of the 2022/23 ALM study, which will add inflation protection to the Basic claims portfolio.

To mitigate claims volatility, Manitoba Public Insurance will continue to incorporate reinsurance where appropriate and ensure reserves are adequate for each line of business. MPI has an aggregate catastrophe reinsurance program to protect from both single large weather events and a combination of multiple small weather events, ultimately aimed at reducing volatility for both customers and Government.

2.3.2 Business Risk

The Corporation keeps watch on insurance technology developments and auto maker self-insurance models to mitigate potential risks from these areas.

2.3.3 Cyber Security

The cyber security landscape is constantly changing and evolving. The Corporation mitigates the ever-increasing risks related to cyber attacks by continuously evolving its cyber defence plans, increasing its information-security maturity, advancing its risk-management program and enhancing its cyber resiliency.

2.3.4 Workforce Capacity

Inadequate capacity of staff, both in key areas impacted by Nova or due to COVID-19, will negatively affect the Corporation's ability to meet objectives on time and on budget. The Corporation is working to address current and future workforce-capacity challenges through workforce planning and capacity modelling.

2.4 Capital Reserves

Manitoba Public Insurance is proposing a revised Capital Management Plan in 2023/24. We will work with stakeholders to refine the capital rebate and build components of the plan. The Capital Management Plan ensures appropriate capitalization for all lines of business, while continually moving toward capital targets in a manner that promotes financial and rate stability. The plan utilizes the insurance industry standard Minimum Capital Test (MCT), which was developed by the Office of the Superintendent of Financial Institutions to monitor all federally regulated property-and-casualty (P&C) insurers. The MCT is calculated by assessing a number of risks faced by P&C insurers including:

- Insurance risk
- Market risk
- Credit risk
- Operational risk

The Capital Management Plan includes the following components:

- Capital targets by line of business based on MCT ratios.
- Basic capital build and rebate provisions.
- Excess capital policy for competitive lines of business.

3.0 Performance Measures & Targets

Performance in all areas is regularly tracked and measured to evaluate if objectives are being met, and to determine if additional steps are required to achieve successful outcomes.

Strategic KPIs:

Strategic Themes	Objectives	KPI	Target	Frequency/ Measure	Results as September/22	Notes
Customer Focus	Maintain high customer service	CX Score	81	Yearly	76.8	Measured yearly, we are reviewing customer feedback to understand customer experience requirements to ensure alignment with target.
	Provide low/affordable rates	Rate change < inflation	-1.2%	Yearly	Aligning to target	The overall rate, is aligned with the Public Utilities Board. For 23/24 we expect a rate decrease of -0.1%.
Product Innovation	Maintaining Basic + Extension revenue	Basic GWP	\$1,170M	Monthly	On track	MPI is on track and reviews GWP alignment tracking with executive monthly.
		Extension GWP	\$181M	Monthly	On track	MPI is on track and reviews GWP alignment tracking with executive monthly.
Efficiency & Effectiveness	Manage Operational Performance	Combined Ratio %	96.3%	Monthly	104.2%	Combined ratio is higher than target due to a significant impact of inflation on claims.
		Combined Expense Ratio %	24.8%	Monthly	23.6%	Combined expense ratio is better than target mainly driver by prudent financial management of costs.
	Control Claims Costs	Loss Ratio %	77%	Monthly	67%	Loss ratio results are better than expected based on lower claims costs. Within the loss ratio we have excluded the impact from changes in discount rate which is a beneficial impact of ~10%, thus our Loss Ratio inclusive of discount rate is ~57%. MPI continues to track the claims management processes and notes that Loss ratio fluctuates with seasonality.
		Cost Per Claim	\$4,533	Monthly	Tracking within target	MPI is tracking within target for the Cost per Claim, and will update.
	Capital Adequacy	Basic MCT	100%	Quarterly	106%	Above threshold of capital requirements.
		Extension MCT	200%	Quarterly	282%	Above threshold of capital requirements.
	Manage Investment Assets	SRE MCT	300%	Quarterly	257%	MPI continues to track SRE Capital Requirements and is working through SRE budgeting refinements which will include capital refinements.
	Net Investment Yield	3.2%	Monthly	-5.4%	MPI continues to track the Investment Yield which is based on investment mix, and market conditions which will fluctuate.	
Nova/ Technology	Nova delivery on scope/budget	Spend ≤ Budget	\$274M	Quarterly	On track	Nova Budget remains in line for the current established budget for Q2 0222.
People, Culture, Leadership	Employ an engaged workforce	Employee Engagement Survey	75%	Yearly	81%	Employee engagement remains strong overall. MPI continues to monitor and place best practices in place.
Risk Exposure & Sensitivity	Minimize Interest Rate Risk	Basic ALM Budget Variance	+/- \$10M	Quarterly	-\$3.2M	ALM Program is operating effectively.

4.0 MPI Objectives & Key Results

MPI is adopting an Objective and Key Results (OKR) Framework to support strategy realization and track progress against our 5-Year Ambition. The application of an OKR framework with integration to maturing Individual Performance Review (IPR) processes and facilitated as a cascaded exercise from executive-level objectives to management objectives and associated Key Performance Indicators will deliver significant benefits to MPI including:

- Engage employees in aligning effort to strategy execution.
- Match business performance with individual performance.
- Empower leaders with business results and individual results.
- Connect divisional strategic paths through execution and performance management.
- Prioritize efforts and create awareness for execution teams.
- Create organization-wide visibility of common goals, mitigate competing priorities and optimize resource utilization.

2023/24 will focus on establishing baselines and first-year targets for many Key Results and KPIs within the cascaded OKR Framework.

5.0 Statement of Operations

(in thousands of Canadian dollars)	Actual for the year ended 31-Mar-22	Forecast for the year ended 31-Mar-23	Budget for the year ended 31-Mar-24
Earned Revenues			
Gross premiums written	1,422,583	1,494,253	1,607,247
Premiums ceded to reinsurers	(21,946)	(23,306)	(22,509)
Net premiums written	1,400,637	1,470,947	1,584,738
Net premiums earned	1,420,778	1,439,738	1,537,509
Service fees and other revenue	37,139	43,473	42,395
<i>The Drivers and Vehicles Act</i> operations recovery	30,250	40,250	40,250
Total Earned Revenues	1,488,167	1,523,461	1,620,154
Claims Costs			
Net claims incurred	883,226	1,032,049	1,184,202
Claims expense	166,547	181,475	183,938
Loss prevention/Road safety	11,917	12,731	17,856
Total Claims Costs	1,061,690	1,226,255	1,385,996
Expenses			
Operating	144,312	169,697	195,466
Commissions	95,393	99,890	110,143
Premiums taxes	38,593	43,888	46,803
Regulatory/Appeal	4,563	4,774	4,842
Total Expenses	282,861	318,249	357,254
Underwriting income	143,616	(21,043)	(123,096)
Investment income (loss)	(45,406)	1,187	152,859
Gain on disposal of property and equipment	136	132	-
Net income attributable to Owner of the Corporation before rebate to policyholders	98,346	(19,724)	29,763
Rebate to policyholders	(156,534)	-	-
Net income (loss) attributable to Owner of the Corporation after rebate to policyholders	(58,188)	(19,724)	29,763

Note: For additional information on the financials of Manitoba Public Insurance, please refer to the most recent Annual Report, available at mpi.mb.ca.

5.1 Key Planning Assumptions

Key assumptions include:

- Forecasts based upon data up to and including July 2022 month-end.
- The 2023/24 applied for PUB Basic rate decrease of 0.1%.
- Updated interest rates over the entire forecast period based on August 31, 2022, new money yield.
- No change to DVA government funding and no changes to DVA transaction fees.
- No significant changes to operations that would impact long-term fleet growth, vehicle upgrade over the outlook period.
- A 5% decrease in collision frequency due to more people working from home.
- Higher inflation in the next 3 years reverting to 2.0% afterwards. The main impact is on the indexation of PIPP benefits.

5.2 Sensitivity Analysis

Due to the nature of its business, Manitoba Public Insurance's primary risks relate to claims experience on its insured book of business and impacts on investment income stemming from fluctuations in the marketplace.

The following table depicts Manitoba Public Insurance's sensitivity to various scenarios stated on the basis of impact to net income.

Scenario	2023/24 Net Income	\$ Change from Base Scenario	% Change from Base Scenario
1. Base Scenario	29,763	0	0%
2. Collision Frequency +1%	24,265	-5,498	-18%
3. Collision Severity +1%	24,265	-5,498	-18%
4. Interest Rates +50 bps	27,154	-2,609	-9%
5. Interest Rates -50 bps	32,872	3,109	10%
6. 1-in-40 Adverse Winter Collision Frequency	-80,176	-109,939	-369%
7. 1-in-40 Favourable Winter Collision Frequency	134,434	104,671	352%
8. 1-in-40 Adverse Hail	-4,518	-34,281	-115%
9. 1-in-40 Favourable Hail	38,619	8,856	30%
10. 1-in-40 Adverse Loss Ratio 1	-137,958	-167,721	-564%
11. 1-in-40 Favourable Loss Ratio 1	152,115	122,352	411%
12. 1-in-40 Decreasing Interest Rates 2	40,189	10,426	35%
13. 1-in-40 Increasing Interest Rates 2	54,395	24,632	83%
14. 1-in-40 Adverse Equities	-1,083	-30,846	-104%
15. 1-in-40 Favourable Equities	114,625	84,862	285%
16. 1-in-40 Adverse Inflation	-2,139	-31,902	-107%
17. 1-in-40 Favourable Inflation	65,825	36,062	121%

1. Loss Ratio: Includes Basic, Extension, and SRE losses. Assumes correlations between lines where applicable.

2. Interest Rates: +213 bps increase and -230 bps decrease to GOC 10 Year Bond. Assumed interest rate floor of 0.47%.

6.0 Human Resources

MPI employees work from offices and centres in 12 communities across Manitoba: Arborg, Beausejour, Brandon, Dauphin, Portage la Prairie, Selkirk, Steinbach, Swan River, the Pas, Thompson, Winkler and Winnipeg.

6.1 Full-Time Employees

Normal Ops		
	Budget 2022/23	Budget 2023/24
Senior Management	33.00	54.00
Management	125.00	118.00
Employees	1,828.20	1,874.75
Total	1,986.20	2,046.75
Specialty Program	9.00	9.00
Total	1,995.20	2,055.75
Nova & Improvement Initiatives		
	Budget 2022/23	Budget 2023/24
Senior Management	4.00	1.67
Management	6.00	7.33
Employees	43.30	58.04
Total	53.30	67.04
Bubble Staff	0.00	28.00
Total	53.30	95.04
Total Corp.	2,048.5	2,150.79

6.2 Organizational Chart

The organizational chart shows senior roles organized across eight divisions to best realize our 5-Year Ambition.



6.3 Factors That May Affect Compensation and Staffing

The proposed 2023/24 plan includes 2,150.79 (FTEs) with a total compensation budget of \$215.2 million. FTE counts will be managed to ensure proper workforce composition to meet operational demands. Approximately 85 per cent of Manitoba Public Insurance's employees are represented by the Manitoba Government and General Employees' Union, with its two-year contract expiring September 26, 2022. A new agreement will be negotiated and ultimately wage impacts will be determined through bargaining process.

7.0 Capital Plans

The Corporation does not debt finance any of its project initiatives. All of Manitoba Public Insurance's capital projects will be financed through cash generated from operations, and ultimate project costs will be recovered by insurance rate payers as programs are amortized over time and included in future years' base expenses for purposes of rate setting (to the extent the projects relate to the Corporation's Basic, Extension, SRE and DVA lines of business).


Annual Business Plan				
2023/24 Improvement Initiatives				
(\$000's)	LTD Forecasted Spend to March 31 2023	Proposed Budget 2023/24	Remaining forecasted spend for future years	Total Forecast at Completion
Nova Program	144,041	64,535	64,969 *	273,545
Nova Program is a multi-year program, established with a vision to modernize and transform MPI's in-house legacy applications and technology footprint, to deliver MPI services to its customers in the areas of personal and commercial automobile insurance, driver licencing, vehicle registration and associated registries, and physical damage claims				
*Project total forecast to completion includes contingency of \$49.7 million.				
Nova Ongoing Costs	20,103	19,432	31,762	71,297
Nova Ongoing Costs include cloud subscription expenses for licensing, application maintenance and support.				
Nova Ongoing Costs will be included in normal operations at the completion of the corresponding Nova stream.				
Technology Risk Management - 2023	-	4,500	-	4,500
Implement projects relating to Application, Security and Infrastructure Risk Management. Program is budgeted annually.				
Lean Portfolio Management	16,071	19,890	39,780	75,741
Implement projects that focus on growing and transforming MPI				
Sub-Total IT Projects	180,215	108,357	136,511	425,083
Administrative Capital [^]	72,144	18,770	81,587	172,501
Investment Capital	8,500	210	1,889	10,599
Grand Total	260,859	127,337	219,987	608,183
[^] Includes Cityplace Space Plan initiative, Cityplace Tenant Fit-ups and other building location projects.				

8.0 APPENDIX A: Status of April 2019 [Framework Letter](#) Expectations

Framework Letter Directive	Status	
	Ongoing	Completed
<p>Engage with the Public Utilities Board to implement a Capital Management Plan that includes:</p> <ul style="list-style-type: none"> • A minimum rate stabilization reserve of 100% Minimum Capital Test (MCT) for Basic; • A minimum reserve of 200% MCT for Extension; • A minimum reserve of 300% MCT for Special Risk Extension; • A rate setting structure that is driven to MCT ratios; and • Continue efforts to reduce volatility and enhance stability to MPI's reserves through increased re-insurance. 		✓
<p>Continue efforts to reduce risk and volatility in MPI's investment portfolio and divest assets that are not aligned with MPI's mission or financial interests.</p>		✓
<p>We ask that you limit advertising to responsible mandate focused advertising considered essential for you to successfully perform your core business and continue to work with Government on the alignment of all sponsorship activities with central government.</p>		✓
<p>Government is committed to advancing reconciliation with Indigenous Manitobans through the renewal of its consultation framework to ensure respectful and productive consultations. All government organizations are expected to contribute to</p>	✓	

Framework Letter Directive	Status	
	Ongoing	Completed
reconciliation in their interactions with Indigenous communities and individuals.		
We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanism.		✓
Government understands the value that brokers bring to both the consumer and MPI in assisting with the sale, delivery and service of MPI products. MPI will develop a comprehensive plan in partnership with the broker community to modernize service delivery, including on-line services. Manitobans must retain access to professional advice from the broker network to help them understand insurance options, manage risks and make the right choice.	✓	
Modernize public automobile insurance regulations, policies and procedures, with the goal of achieving better value for ratepayers.	✓	
Work with the Public Utilities Board to streamline processes, in an effort to reduce overall costs to ratepayers of regulatory hearings.		✓
In the coming year, we will be taking more steps to fully integrate Crown corporations into our summary budget process. This may affect the timing of budget processes and other financial matters. I am seeking your support in ensuring accurate, timely financial reporting to government, in particular your vigilance in providing clear and early notice of		

Framework Letter Directive	Status	
	Ongoing	Completed
<p>significant variances to budgets, or changes to your medium and long-term forecasts. Please continue to work with Crown Services and Treasury Board Secretariat to strengthen alignment with government overall.</p>		✓
<p>We expect you to scrupulously manage all operating costs, defer all non-critical capital projects without a clear return on investment and carefully examine business plans for opportunities to achieve improved financial results. We also expect the Board to carefully examine overall staffing efficiencies. Centrally, we have reduced overall management by over 15%, conducted a “spans and layers” review of management structures and reduced overall headcount by 8%. We expect you to work towards the same, or more.</p>		✓
<p>We ask you to review all compensation agreements, including executive compensation practices and interchange agreements to ensure alignment with government policies and practices. The expectation is that compensation practices will reflect the principles of responsible fiscal management and protect the sustainability of services to customers and ratepayers.</p>		✓
<p>We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanisms.</p>		✓
<p>Achieve more open government through increased transparency in tendering and procurement practices. All Crown</p>		

Framework Letter Directive	Status	
	Ongoing	Completed
<p>corporations should ensure their procurement practices reflect this priority and are aligned with the requirements of trade agreements to which Manitoba is a signatory. In Government, we are centralizing our procurement practices and we urge you to pro-actively join us in this process so that we can shop smarter for all Manitobans.</p>		
<p>Government is committed to ensuring all employees are treated with dignity and respect. Respectful workplace policies need to be reviewed and updated to ensure employees have safe and effective pathways to report disrespectful or harassing behaviour without fear of repercussion.</p>		