

May 17, 2024

MANITOBA PUBLIC INSURANCE ANNUAL BUSINESS PLAN

2024/25

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. .

Deemed final and approved by Board of Directors on May 29, 2024.

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1.0 Mandate and Strategic Direction

At Manitoba Public Insurance (MPI) we are guided by a combination of legislation, government directives, and corporate priorities. To continue to uphold our mission, vision and values during a time of significant change and establish a strong foundation for responsible future growth, the 2024/25 Stability Strategy is anchored in three corporate priorities while recognizing the importance of and effort required to deliver on our mandate.

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 MPI to support provincial policy and MPI must comply with any directive given.

The following directives have been issued to MPI:

- On April 3, 2023, the minister responsible for *The Crown Corporations Governance and Accountability Act* issued a [directive](#) to MPI respecting an organizational review. The organizational review considered the Corporation's operations over the period of fiscal year 2021/22 and fiscal year 2022/23, with the findings of the organizational review delivered by way of a written report to the Minister responsible for the Corporation and to the Board of Directors of the Corporation in December 2023. As stipulated in the directive, MPI made "no material changes to the operations of the Corporation while the organizational review [was] being conducted" and proposed "no changes to rates for service" in the 2024 General Rate Application. The directive concluded with the delivery of the report.
- 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. MPI 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 MPI respecting conciliation with the Insurance Brokers Association of Manitoba (IBAM). MPI 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.

1.3 Framework letter

The Minister of Crown Services issued a framework letter to MPI on April 24, 2019. MPI has achieved the expectations set out in the letter and maintains ongoing efforts to continue to support these expectations, some which will remain forever evolving. 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, MPI is proud to support the province's larger efforts and initiatives where able to assist.

The Minister of Justice issued a framework letter to MPI on October 20, 2023. MPI has achieved the expectations set out in the letter respecting collective bargaining and maintains ongoing efforts to continue to support these expectations as part of workplace restoration efforts.

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 Corporate Priorities for 2024/25

MPI's Board of Directors announced Satvir Jatana as the Corporation's new President and CEO on February 6, 2024. Under Ms. Jatana's direction, MPI has embarked on corporate strategic planning efforts to determine clear direction for short- and long-term horizons. While concurrent efforts are underway to develop a multi-year corporate strategy, MPI executives approached 2024/25 planning as an opportunity to create stability in the organization and establish a sound foundation for responsible future growth. The Corporate Stability Strategy addresses critical risks and vulnerabilities for the organization by identifying three corporate priorities, each with specific key measures to ensure progress against our commitments can be evaluated. Our Corporate Stability Strategy demonstrates a practice of articulating expected outcomes in a tangible and measurable way, and a discipline of committing to objectives that drive value at an achievable pace of delivery. For 2024/25, MPI will focus attention on the following priorities to establish stability and deliver value for all Manitobans:

Meet Customer Expectations: Improve how MPI serves its customers by focusing on defining service levels, delivering cycle times that match customer expectations and improving helpfulness of information provided to customers.

Restore Trust and Engagement: Rebuild a high performing team by defining roles and responsibilities, determining organization capability and capacity needs and creating two-way communication with employee listening efforts that translates into trust with our employees and with our external partners and regulator.

Strengthen Enterprise Technology Ecosystem: Derisk core systems with multi-year management plans and achieve operational success measures for Nova R1 and R2.

1.7 Multi-Year Corporate Strategic Planning

MPI embarked on the development of a multi-year corporate strategy and associated strategic plan in mid-February 2024. The approach leverages internal expertise to lead a fact-based process that facilitates alignment through organization-wide participation, capitalizes on insights provided by the recent organizational review and acts as an opportunity to demonstrate a performance oriented and collaborative culture. The multi-year corporate strategy is scheduled to be approved by the Board of Directors in the fall of 2024 with execution starting in 2025/26.

1.8 Annual Business Planning and Strategic Governance

In conjunction with adopting agile and SAFe methodology for execution in recent years, MPI decoupled the annual budgeting process from initiative planning. While an agile approach to delivery has provided benefits, the trade-off saw collaborative, enterprise wide annual and in-year planning efforts compromised. In the absence of a formal corporate strategic plan to guide decision making, strategic governance also suffered.

The introduction of the Strategy to Execution Pipeline with enterprise planning and prioritization processes that effectively enable investment in and execution of initiatives that deliver the most value to Manitobans began in 2023 with a robust corporate prioritization process. Subsequent implementation of processes and structures including the Integrated Corporate Portfolio (ICP) and the evolution of Objectives and Key Results (OKRs) and Lean Portfolio Management (LPM) will leverage 2024/25 as a transition year to adopting collaborative, enterprise-wide planning and execution methodologies. A fully integrated approach to annual budgeting and planning will be in place and provide governance to strengthen the multi-year corporate strategy realization starting in 2025/26.

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.

There are several key factors, internal and external to the Corporation, which present immediate and long-term implications for MPI's business.

2.1 Internal Environment

The Corporation's internal operating environment is extremely dynamic. In 2024/25, MPI will prioritize meeting customer expectations in critical journeys, look to restore trust and engagement with employees, partners and our regulator, and strengthen our enterprise technology ecosystem to protect and improve the systems that run our public insurance model. We will do this while managing the ongoing impacts of the first strike in MPI's 52-year history.

2.1.1 Operational Backlog

MPI experienced a 10-week strike in 2023/24 that created operational backlogs, resulting in tangible and intangible impacts to service delivery and stakeholder relationships.

Tangible Impacts

- Operating expense variances – As a result of increased training, overtime utilization, and utilization of Full-Time-Equivalent employees without increasing the overall complement of approved staffing levels to address operational backlogs.
- Customer Disruption – Includes delays in securing core services, such as road tests and estimating and adjusting services.
- Special Initiatives Disruption – Project timelines and associated budgets were impacted due to a focus on core services during the strike and effort required to ramp up project work when regular services resumed.
- Operational Innovation – Includes the use of the hail scanner for claims expediency and online first notice of loss option for physical damage claims.

Intangible Impacts

- Employee Engagement and Restoration – Impacts of strike on both in-scope and out-of-scope staff have a long tail and could result in turnover, performance or culture impacts. Sustained efforts for workplace restoration are reflected in the corporate priority of restoring trust and engagement.
- Partner Relationships - Brand revitalization efforts and partner engagement is required to rebuild relationships and trust with our community and stakeholders.
- Customer Dissatisfaction – Same as above, with an exclusive focus on reestablishing customer service excellence.

2.1.2 Product Evolution & Customer Experience (CX) Insights

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 2024/25 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.
- Vehicle for Hire (VFH): Following a substantial VFH insurance model review and stakeholder engagement, the Corporation has filed proposed changes to the VFH model to the Public Utilities Board for approval of the new VFH framework. This work will continue as part of the 2025 General Rate Application.
- Basic Insurance Model: MPI intends to issue a customer survey to gauge customer sentiment and understanding for the purpose of analyzing and reviewing insurance models, to possibly replace the current Registered Owner model. MPI is evaluating the Primary Driver, Listed Driver and Combined Driver models as potential alternatives. MPI will continue to update the Public Utilities Board as part of the annual GRA process as to the year over year progress in the selection and eventual move to a new model.
- Extension Product Review: MPI has begun a complete review of its extension product offering evaluating the opportunities to improve current products, ensure value, sustain profitability, and expand the overall offering. MPI plans to continue to offer a variety of products that meet the evolving needs of the customer and represent good value to Manitobans.
- Special Risk Extension (SRE): MPI will ease into rate indication required to return to profitability, reducing rate shock to customers by absorbing some of the underwriting losses for the next two or more fiscal years. The changes will help reduce overall exposure and return the line of business to a state of stability.
- Electric Vehicle (EV) Rebate: MPI is working with Manitoba Finance and Environment and Climate Change to administer the electric vehicle rebate. Eligible registrants will receive a government rebate, issued from MPI at the point of registration of a new, used or leased vehicle, subject to established criteria.

There is elevated corporate importance to address customer experience (CX). In alignment with the corporate priority to Meet Customer Expectations, a CX Target Action Plan that aims to dedicate corporate efforts to improve performance is in execution. Dedicated efforts to improving critical customer journeys, explicitly addressing communication and timeliness challenges is underway. Additionally, a website refresh initiative aims to address several information efficacy performance gaps along several customer journeys. Normal CX experience engagement was paused during the strike but has since resumed.

2.1.3 Restoring a Trusting and Productive Workplace

The Corporation is focused on progressing its culture, talent and professional and leadership development initiatives to address immediate needs of restoring a trusting workplace and creating bench strength to meet the needs of the future.

Build Internal Execution Effectiveness

MPI will look to clarify roles and responsibilities, ensure effective cross-functional collaboration, enable modernization at an appropriate pace and, most importantly, deliver exceptional services through a reorganization that aligns with our strategy. Organization design and job architecture efforts will also be combined with enterprise workforce planning to establish skill and capacity supply and demand. A learning needs assessment is also a critical first step in identifying MPI's top learning needs to take a strategic approach to workforce development.

Employee Experience

Employee experience will focus on initiatives that foster action-oriented and consistent two-way communication channels with employees. Initiatives including leadership development, strengthening the Hybrid Work Program and an employee listening plan and implementation will drive positive outcomes.

2.1.4 Nova

Project Nova is a multi-year program to modernize and transform our in-house legacy applications and technology footprint used today to deliver services for:

- Personal and commercial automobile insurance;
- Driver licensing, vehicle registration, and associated registries;
- Physical damage claims.

It is managed against the overall approved program business case scope and budget across the timeline.

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.

2.1.5 Digital and Technology Considerations

Growing technical debt poses a challenge to achieve stability as an organization. An appropriate balance of meeting business needs and addressing aging systems and platforms will strengthen our enterprise technology ecosystem.

System and Platform Renewal and Maintenance

MPI has historically minimized funding for IT renewal and maintenance initiatives. Starting in 2024/25, MPI will begin addressing mounting technical debt with dedicated annual investments that mitigate vulnerabilities and system outages.

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.

Customer Needs and Digital Preferences

MPI keeps a pulse on customer needs and digital preferences through regular survey data. Although more than half of MPI customer prefer online services, they have voiced their expectation is for MPI to deliver value and convenience rather than cutting-edge technology innovation. By leveraging the voice of the customer, MPI will address options to meet their needs in a digital channel.

Internal IT Requirements

As MPI transforms to meet evolving customer needs, IT will also continue to support the internal operating environment by delivering on foundational IT infrastructure:

- 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.
- 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.

2.2 External Environment

MPI 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 Macro-Economic Conditions

Inflationary Pressures

Supply chain issues, pent-up consumer demand, and labour shortage resulted in an increase to Manitoba CPI and are expected to have numerous implications for 2024-2025:

- Personal Injury Protection Plan Benefits - Weekly indemnity benefits are tied to CPI with a one-year lag.
- Parts and Repairs - A rapid increase in vehicle parts prices and repair costs continues to put cost pressure on vehicle repair severity.
- Health Care Costs - Increases in health care costs impact the costs associated with medical supplies, prescription drugs, treatments, and associated expenses for Accident Benefits.
- Technology - Higher production costs for technology providers due to increased costs for raw materials, labour and other inputs.

Immigration and Demand for Drive and Vehicle Administration (DVA) Services

Manitoba's population and economic growth is driven by international immigration. Newcomers to Manitoba need access to Driver and Vehicle Administration (DVA) services to successfully settle in Manitoba and obtain employment, including government identification, driver testing and licensing, and vehicle registration. The increase in population is evidence of a growing province and economy, but also points to growing demands on MPI's DVA services. MPI will continue discussions for sustainable funding solutions.

2.2.2 Industry Trends

Hardened Special Risk Extension (SRE) market and larger jury awards

MPI has seen more frequent large losses with larger payouts in trucking. Larger jury awards are the reason for these large losses. Juries are concerned with accountability for injuries, media attention, and redistribution of capital from

insurers to injured persons to cover rising medical costs. Increasing reinsurance costs and/or inability to purchase reinsurance for SRE casualty, exposing MPI to additional risk.

In 2024/25, MPI will be looking to undertake changes to its SRE line of business. These comprehensive underwriting changes will help reduce the amount of SRE capital placed at risk, ensuring long-term sustainability for this line of business and Manitoba's commercial carriers who rely upon it.

IFRS 17 Implementation

IFRS 17 – Insurance Contracts became effective for MPI on April 1, 2023. IFRS 9 – Financial Instruments was adopted at same time. The fiscal year ending March 31, 2024, is the first fiscal year to report under these standards. The introduction of IFRS 17 changes where, when and how activities related to insurance contracts are reported in financial statements. Based on industry analysis and commentary of the changes, more volatility is expected in the financial results reported.

2.2.3 Road Safety

MPI will maintain its commitment to safer roads through significant investments to raise awareness of road safety issues and promoting safer driving through annual advertising campaigns. Addressing major road-safety issues is supported by an evidence-based approach related to the top drivers of fatalities in Manitoba: 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 northern and First Nations communities, with an emphasis on education, training, and removing barriers to access.

Provincial Road Safety Committee

Co-chaired by MPI and Manitoba Transportation and 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. As part of the multi-year corporate strategic planning process, MPI's dedication to road safety in the context of corporate social responsibility will be defined and further

External Stakeholder Committee on Road Safety

Through this stakeholder committee, MPI 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, MPI faces risks in its operations that must be handled effectively in order to achieve its goals. MPI continues to adopt and incorporate the principles of Enterprise Risk Management (ERM) into our practices.

For each fiscal year, MPI identifies and assesses the risks that it faces in delivering its strategic and business objectives over a 12-month horizon. The ranking is intended to inform allocation of resources and actions to manage and monitor the most critically important risks first.

In late 2023/24, MPI's Executive Risk Management Committee revised the top corporate risks, which will continue to be monitored and reported upon internally and confidentially throughout the 2024/25 fiscal year.

2.4 Capital Reserves

The MPIC Act section 18 was amended November 2022 to establish capital targets in legislation. MPI filed for a proposed Capital Management Plan in the 2024/25 GRA. The Capital Management Plan establishes the means and pathway to achieve and maintain the legislated capitalization for the Basic line of business. 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:

- The specific criteria and processes under which MPI will apply for a capital rebate when the MCT ratio exceeds the upper threshold.
- The specific criteria and process under which MPI will apply a capital build when the MCT ratio falls below the targeted MCT.

3.0 Performance Measures & Targets

To match the strategic themes of our multi-year strategy, associated governance and budgeting structures and operational efficiency and effectiveness priorities, a KPI framework of industry standard metrics that measure costs, investments and operating performance is in development.

3.1 Stability Strategy Key Measures

Performance against key measures of the Stability Strategy will be tracked to evaluate if objectives are being met via the execution of strategic initiatives, and to determine if additional efforts are required to achieve anticipated outcomes.

Meet Customer Expectations	Restore Trust and Engagement	Strengthen Enterprise Technology Ecosystem
1. Improve CX Index Score from 69.0 to 70.0	2. Rate of Regrettable Turnover	3. Technology System Availability 4. Planned Project Completion 5. NIST Maturity Score

3.2 Objectives and Key Results Framework

MPI has adopted an Objective and Key Results (OKR) framework to support strategy realization and track progress against strategic priorities. This capability will continue to mature in the 2024/25 year, leveraging best practices from the recent Organizational Review report which will be used to establish baseline Key Performance Indicators (KPIs). The OKR framework is expected to 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.

4.0 Statement of Operations

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

	<i>For the Years Ended March 31</i>		
	<u>2023A</u>	<u>2024A</u>	<u>2025F</u>
CORPORATE			
Insurance revenue	1,480,903	1,579,339	1,616,874
Insurance service expenses	(1,385,360)	(1,718,829)	(1,509,684)
Recovered claims from reinsurance contracts	6,594	135,501	2,042
Expenses from reinsurance contracts held	(23,624)	(31,029)	(42,276)
Insurance service result	78,514	(35,018)	66,957
Net investment income	25,219	97,773	166,316
Finance expenses from insurance contracts issued	45,952	(79,339)	(123,377)
Finance income from reinsurance contracts held	176	3,110	1,449
Net insurance finance expenses	46,128	(76,229)	(121,928)
Net insurance and investment result	149,861	(13,474)	111,345
Other Income	62,468	66,091	62,053
Other Operating expenses	(174,039)	(182,163)	(197,504)
Gain (loss) on disposal of property and equipment	147	44	-
Net income from operations	38,436	(129,502)	(24,106)

Note: Stated in IFRS 17. For additional information on the financials of MPI, please refer to the most recent Annual Report, available at mpi.mb.ca.

4.1 Key Planning Assumptions

Key assumptions include:

- In compliance with government directive, a zero per cent increase to Basic rate was filed in June. The 2024/25 budget includes a Basic rate decrease of five per cent in alignment with the Order received December 18, 2023.
- Updated interest rates over the entire forecast period based on August 31, 2023, new money yield.
- \$10M in additional 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 collision frequency decrease included to account for more people working from home.
- Increase in 2024/25 rate response for SRE.
- Increase in 2024/25 rate response for Extension.
- Corporate operating expenses remain relatively flat from 2023/24 to 2024/25.

4.2 Sensitivity Analysis

As MPI matures its Capital Management operations, one of the core objectives is to create Financial Condition Testing (FCT) reports for all lines of business, including a Corporate FCT report. Currently MPI has a Basic FCT report. Below are the results from the 2023 Financial Condition Testing report which states that the future financial condition of MPI's Basic line of business is satisfactory subject to corrective management actions.

Under the FCT standard there are two categories of adverse scenarios – Solvency and Going Concern scenarios. In order for the financial condition of MPI's Basic line of business to be deemed "Satisfactory", the following requirements must be met:

Scenario	Threshold
Base	MCT \geq 100%
Going Concern	MCT \geq 42%
Solvency	Statement Value of Assets > Statement Value of Liabilities

For MPI's Basic line of business, a Solvency scenario employs plausible adverse scenarios at the 99th percentile. The chart below summarizes the scenarios tested and the outcomes of those scenarios:

Solvency Scenarios	2024/25 Equity	2025/26 Equity	2024/25 MCT Ratio	2025/26 MCT Ratio	Impact on Equity in 2024/25 or 2025/26
Base Scenario	507,858	577,973	104%	115%	--
High Loss Ratio	287,561	198,738	53%	33%	(379,235)
Inflation	371,696	276,481	77%	56%	(301,492)
Underestimation of Policy Liabilities	397,617	433,285	78%	82%	(144,688)
Decline in Equity Markets	411,078	562,943	94%	112%	(96,780)
Interest Rate Decrease	469,628	567,590	84%	113%	(38,230)
Combined	232,351	172,985	45%	33%	(404,988)

For MPI's Basic line of business, a Going Concern scenario employs plausible adverse scenarios at the 90th percentile. The chart below summarizes the scenarios tested and the outcomes of those scenarios:

Going Concern Scenarios	2024/25 Equity	2025/26 Equity	2024/25 MCT Ratio	2025/26 MCT Ratio	Minimum MCT in 2024/25 or 2025/26
Base Scenario	507,858	577,973	104%	115%	104%
High Loss Ratio	383,140	358,526	74%	66%	66%
Inflation	483,097	561,475	101%	120%	101%
Underestimation of Policy Liabilities	446,615	497,594	89%	97%	89%
Decline in Equity Markets	427,543	569,279	93%	114%	93%
Interest Rate Decrease	494,840	571,544	95%	114%	95%
Combined	366,048	370,911	75%	76%	75%

Financial condition test results do not reflect the fiscal year end actuals for 2023/24. The full analysis can be found in the 2023 Basic FCT report.

5.0 Human Resources

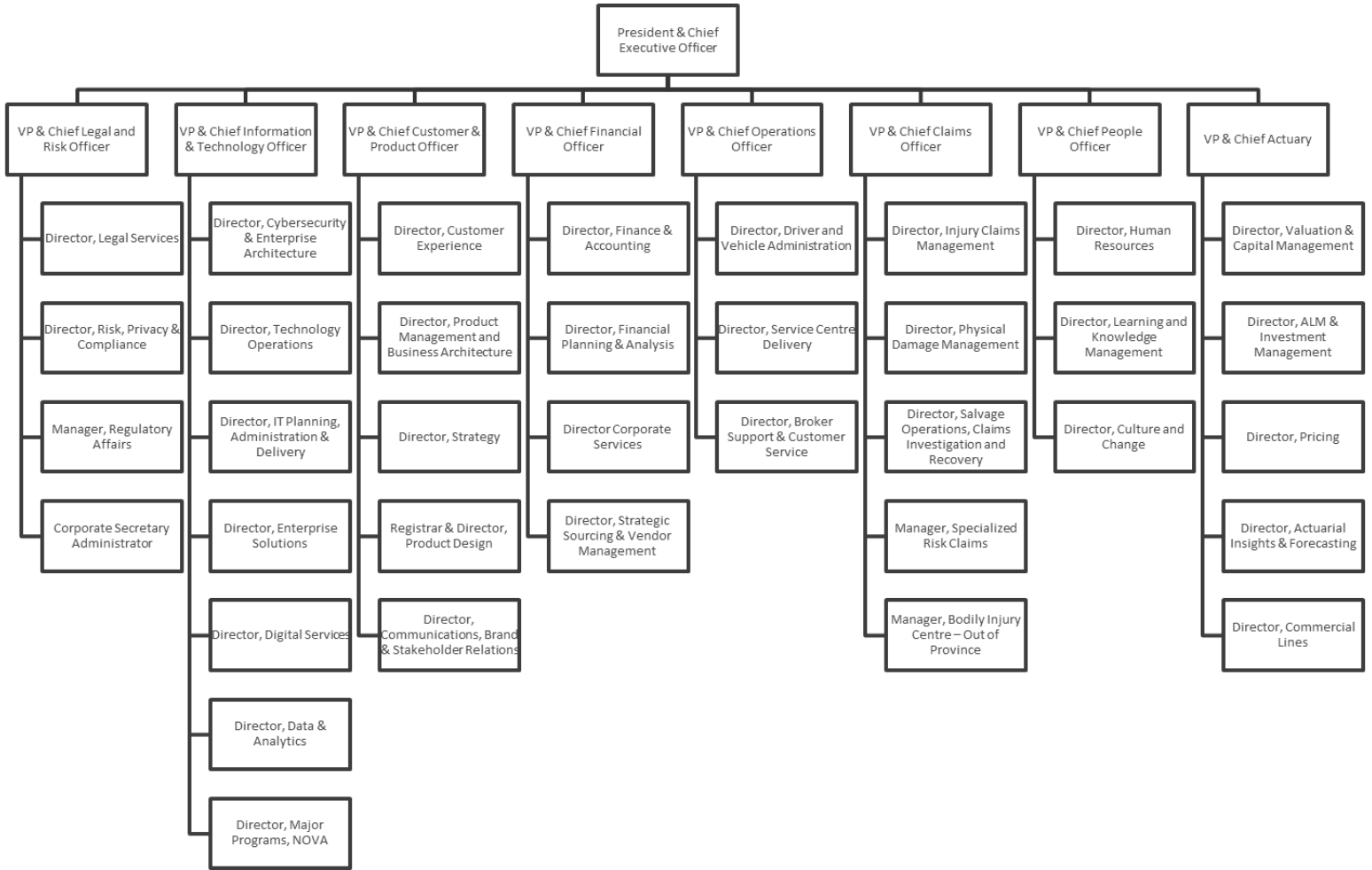
MPI employees work from offices and service centres in 12 communities across Manitoba: Arborg, Beausejour, Brandon, Dauphin, Portage la Prairie, Selkirk, Steinbach, Swan River, the Pas, Thompson, Winkler and Winnipeg.

5.1 Full-Time Employees

Normal Ops		
	Budget 2023/24	Budget 2024/25
Senior Management	54.00	54.00
Management	118.00	118.00
Employees	1,874.75	1,874.75
Total	2,046.75	2,046.75
Specialty Program	9.00	9.00
Total	2,055.75	2,055.75
Nova & Improvement Initiatives		
	Budget 2023/24	Budget 2024/25
Senior Management	1.67	1.67
Management	7.33	7.33
Employees	58.04	58.04
Total	67.04	67.04
Bubble Staff	28.00	
Total	95.04	67.04
Total Corp.	2,150.79	2,122.79

5.2 Organizational Chart

The organizational chart shows senior roles organized across eight divisions to best realize our Corporate priorities. Structure may be subject to change pending outcomes of the organizational review and stability with permanent Executive leadership.



5.3 Factors That May Affect Compensation and Staffing

The proposed 2024/25 plan includes 2,123 (FTEs) for normal operations and initiatives with a total compensation budget of \$219 million. FTE counts match approved 2023/24 levels and will be managed to ensure proper workforce composition to meet operational demands. Approximately 85 per cent of MPI's employees are represented by the Manitoba Government and General Employees' Union. A new agreement was ratified on November 1, 2023.

6.0 Capital Plans

The Corporation does not debt finance any of its project initiatives. All of MPI'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				
2024/25 Improvement Initiatives				
(\$000's)	LTD Forecasted Spend to March 31 2024	Proposed Budget 2024/25	Remaining forecasted spend for future years	Total Forecast at Completion
Nova Program	172,808 **	56,409	44,328 *	273,545 *
<p>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</p> <p>*Project total budgeted amount to completion including 30% contingency of \$49.7 million. Approved business case contingency is 40%. At 40% contingency is \$65.8M for a total budget of \$290M.</p> <p>** Forecasted spend pre-labour interruption. Adjusted forecast post-labour interruption will be less and will be updated in December 2024</p>				
Nova Ongoing Costs	43,514	28,538	19,126	91,178
<p>Nova Ongoing Costs include cloud subscription expenses for licensing, application maintenance and support.</p> <p>Nova Ongoing Costs will be included in normal operations at the completion of the corresponding Nova stream.</p>				
Security Technology Risk Management - 2024/25	-	3,500	-	3,500
<p>Implement projects relating to Application, Security and Infrastructure Risk Management. Program is budgeted annually.</p>				
Lean Portfolio Management - 2024/25	-	11,490	-	10,490
<p>Implement projects that focus on growing and transforming MPI</p>				
Sub-Total IT Projects	216,322	99,937	63,454	378,713
Administrative Capital [^]	78,830	18,400	42,127	139,357
Investment Capital	8,393	-	-	8,393
Grand Total	303,545	118,337	105,581	526,463
<p>[^]Includes Cityplace Space Plan initiative, Cityplace Tenant Fit-ups and other building location projects.</p>				

