

Quarterly Financial Report

1st QUARTER

Three months ended
May 31, 2015



**Manitoba
Public Insurance**

Management Discussion and Analysis

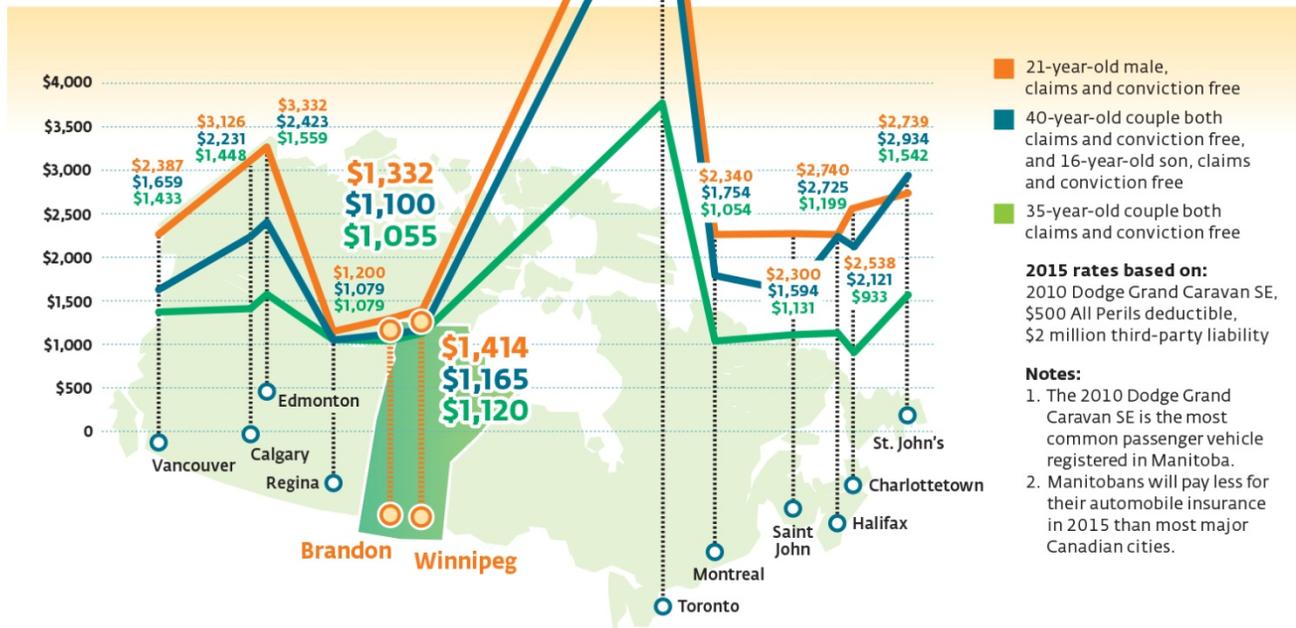
Management’s discussion and analysis provides a review of the financial results and future outlook of Manitoba Public Insurance. It should be read in conjunction with the unaudited condensed interim financial statements and supporting notes for the first quarter ended May 31, 2015 included herein and the annual audited financial statements and supporting notes included in the Corporation’s 2014 Annual Report. Certain information in this report may consist of forward-looking statements. These statements are based on various techniques and assumptions including predictions about future events which may not occur. Actual results could deviate significantly from the forward-looking statements.

Goal 1

Universally available mandatory protection against the cost of automobile accidents. Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

Why? One reason for our creation was to deliver the best insurance value to Manitobans. This is the essence of our continuing success.

Among the lowest vehicle rates in Canada



Goal 2

The Basic plan will return at least 85 per cent of premium revenue to Manitobans in the form of claims benefits.

Why? Over the long-term, returns within this range strike the right balance. We pay back to Manitobans substantially more of their premiums than would private insurers, while keeping a sound financial footing.

Premium returned for each dollar earned



Past results for the 12 months ending

103%	104%	114%	110%	116%	114%	109%	100%
Q2 · 13/14	Q3 · 13/14	Q4 · 13/14	Q1 · 14/15	Q2 · 14/15	Q3 · 14/15	Q4 · 14/15	Q1 · 15/16

Goal 3

Manitoba Public Insurance will be a leader in automobile insurance and vehicle and driver licensing, providing Manitobans with superior products, coverage and service.

Why? By measuring key performance indicators, we can track the public's view of our performance.

Corporate Performance Index



Past Results

3.5	3.7	3.6	3.5	3.4	3.5	3.6	3.5
Q2 · 13/14	Q3 · 13/14	Q4 · 13/14	Q1 · 14/15	Q2 · 14/15	Q3 · 14/15	Q4 · 14/15	Q1 · 15/16

Goal 4

Manitoba Public Insurance will provide service that is responsive, fair, courteous and convenient. Manitoba Public Insurance will meet customer service standards that are based on customer expectations.

Overall, How Often We Meet/Exceed Standards



Why? We value our customers and put their interests first. Also, Manitobans expect more from us than from private insurers, because Manitoba Public Insurance is their company. We believe their higher expectations are justified.

Past Results (in per cent)

95%	95%	94%	95%	95%	96%	97%	97%
Q2 · 13/14	Q3 · 13/14	Q4 · 13/14	Q1 · 14/15	Q2 · 14/15	Q3 · 14/15	Q4 · 14/15	Q1 · 15/16

Customer satisfaction in major operational areas

Physical Damage Claims



Past Results (in per cent)

86%	86%	87%	85%
Q2 · 13/14	Q3 · 13/14	Q4 · 13/14	Q1 · 14/15
84%	83%	87%	88%
Q2 · 14/15	Q3 · 14/15	Q4 · 14/15	Q1 · 15/16

Bodily Injury Claims



Past Results (in per cent)

81%	83%
Q3 · 13/14	Q1 · 14/15
81%	83%
Q3 · 14/15	Q1 · 15/16

Driver and Vehicle Licensing



Past Results (in per cent)

92%	91%	89%	90%
Q2 · 13/14	Q3 · 13/14	Q4 · 13/14	Q1 · 14/15
93%	92%	91%	91%
Q2 · 14/15	Q3 · 14/15	Q4 · 14/15	Q1 · 15/16

Insurance Operations Policyholder Transactions



Past Results (in per cent)

90%	89%	87%	89%
Q2 · 13/14	Q3 · 13/14	Q4 · 13/14	Q1 · 14/15
92%	89%	88%	90%
Q2 · 14/15	Q3 · 14/15	Q4 · 14/15	Q1 · 15/16

Goal 5

Total equity will be maintained within established target levels.

Basic Total Equity



Why? Our long-term objective is to break even financially and to be financially self-sufficient. Maintaining the total equity within its target range helps us control rates when claim costs rise substantially. Manitobans deserve stable, affordable premiums over the long term.

Past Results

Actual Target	213.0	225.7
	213.0 Year-End • Feb. 28, 2015	213.0 Q1 • 15/16

Extension Total Equity



Past Results

Actual Target	143.1	146.7
	72.0 Year-End • Feb. 28, 2015	72.0 Q1 • 15/16

SRE Total Equity



Past Results

Actual Target	65.3	61.7
	45.0 Year-End • Feb. 28, 2015	45.0 Q1 • 15/16

Goal 6

Manitoba Public Insurance will offer an environment and career opportunities that will encourage employees to strive for excellence. Our people will be treated with respect and fairness and their contributions will be recognized.

Why? We value our employees.

Employee Engagement



68%
Q1 · 15/16

Goal 7

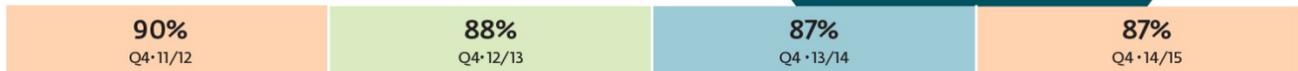
Manitoba Public Insurance will lead driver and vehicle safety initiatives that reduce risk and protect Manitobans, their streets and their neighbourhoods. Manitobans will recognize the Corporation is living its mission.

Why? Pursuing traffic safety and loss-prevention programs reflects our long standing commitment to the well-being of Manitobans and to affordable auto insurance. Manitobans have told us they support these efforts.

Public Support for Road Safety



Past Results (in per cent)



Results of Operations

Manitoba Public Insurance reported net income of \$23.0 million for the three months ended May 31, 2015 compared to net income of \$14.2 million for the same period last year. This includes net income of \$19.8 million (2013 – net income of \$0.3 million) from the Basic insurance line of business. Corporate net income increased from the previous year by \$8.8 million due to:

- i) an increase in earned revenues of \$15.9 million, offset by an increase in total expenses of \$0.8 million;
- ii) a decrease in claims cost of \$49.6 million;
- iii) a decline in investment income of \$55.9 million mainly due to the decrease of unrealized gains/loss on Fair Value Through Profit or Loss bonds of \$57.3 million, a \$3.1 million decrease in unrealized gain on infrastructure, a \$0.8 million decrease in gains on the sale of Canadian equities, and a \$1.4 million decrease in pooled real estate real estate income, offset by higher gains on the sale of Fair Value Through Profit or Loss bonds of \$6.5 million.

Current Year and Last Year

Total earned revenues for the three months ended May increased from the previous year by \$15.9 million. This increase is primarily attributed to motor vehicle earned revenues which increased by \$12.2 million or 5.5%. The increase in earned revenues is primarily due to the growth in the number of vehicles on the road in Manitoba, and the value of these vehicles and movement of drivers down the Drivers Safety Rating scale resulted in higher premiums.

Claims costs for the three months ended May 31, 2015 decreased by \$49.6 million compared to last year due primarily to a decrease of \$42.5 million or 66.7% in bodily injury claims incurred and a decrease of \$7.7 million or 6.0% in physical damage claims incurred. Claims expense and road safety and loss prevention expenses collectively increased by \$0.6 million or 1.6% from the previous year.

Total expenses increased by \$0.8 million compared to last year due primarily to an increase of \$0.4 million or 5.9% in premium taxes, an increase of \$0.2 million or 0.7% in operating expenses and an increase of \$0.2 million or 1.2% in commission expenses.

Retained Earnings

Net income of \$23.0 million for the first three months ending May 31, 2015 increased retained earnings from \$378.1 million to \$401.1 million (May 31, 2014 – \$334.7 million). Retained earnings are comprised of \$197.7 million for Basic insurance (May 31, 2014 - \$100.2 million) and \$203.4 million for non-Basic lines (May 31, 2014 - \$234.5 million).

Total Equity

Total equity of \$434.1 million (May 31, 2014 – \$428.6 million) are comprised of \$401.1 million retained earnings and \$33.0 million accumulated other comprehensive income (May 31, 2014 - \$93.9 million).

The Corporation's Chief Actuary concluded that a minimum total equity level of \$213.0 million would be required for Basic to achieve satisfactory future financial condition. At the end of the first quarter, Basic insurance reported total equity of \$225.7 million (May 31, 2014 – \$178.0 million). Extension's current capital target level for total equity is \$72.0 million based on the 2014 MCT report. At the end of the first quarter, Extension insurance reported total equity of \$146.7 million (May 31, 2014 - \$189.2 million). Special Risk Extension's current capital target level for total equity is \$45.0 million based on the 2014 MCT report. At the end of the first quarter, Special Risk Extension insurance reported total equity of \$61.7 million (May 31, 2014 - \$61.3 million).

Outlook

The Corporation remains committed to achieving its seven Corporate goals. Actual results will be monitored, and corrective actions taken when necessary, to ensure that expected outcomes are realized.

As approved by the Public Utilities Board (PUB), effective March 1, 2015, there was an overall rate increase of 3.4 per cent to average Basic insurance rates for the 2015/16 insurance year. The Basic premium increase for the 2015/16 insurance year, combined with normal levels of claims costs being forecasted and the Corporation's ongoing efforts to control operating costs, has allowed Manitoba Public Insurance to request no overall rate increase for the 2016/17 insurance year in its general rate application. If approved, this would be the 12th time in 15 years that Manitoba's public auto insurer has not requested a rate increase.

Overall:

- 547,032 vehicles will receive reductions in their Basic premium next year, while another 78,442 vehicles will remain the same
- The average vehicle premium for Private Passenger Vehicle Class will be \$975 if the 2016 rate application is approved
- Motorcycle rates (including moped and motor scooters) will decrease 7.6 per cent
- If approved rate changes will take effect March 1, 2016

Manitoba Public Insurance is committed to keeping rates stable over the long term. Manitoba Public Insurance continues to have one of the lowest rates of year-over-year premium increases of all Canadian provinces. Manitoba Public Insurance continued to exceed its mandate for the Basic plan of returning at least 85 cents of every dollar collected in Basic premiums to Manitobans in the form of claims benefits. For 2014/15, the return was \$1.09 on every dollar.

Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position

(Unaudited - in thousands of Canadian dollars)	<i>Notes</i>	May 31, 2015	February 28, 2015
Assets			
Cash and cash equivalents	5	39,176	68,882
Investments	5	2,467,006	2,491,176
Investment property	5	42,121	42,417
Due from other insurance companies		167	443
Accounts receivable		400,113	387,909
Prepaid expenses		5,234	537
Deferred policy acquisition costs		24,618	24,014
Reinsurers' share of unearned premiums		12,327	79
Reinsurers' share of unpaid claims		8,620	8,118
Property and equipment		121,322	122,385
Deferred development costs		69,409	69,089
		3,190,113	3,215,049
Liabilities			
Due to other insurance companies		8,174	1
Accounts payable and accrued liabilities		48,532	62,287
Financing lease obligation		4,345	4,364
Unearned premiums		538,702	527,121
Provision for employee current benefits		22,662	22,164
Provision for employee future benefits		395,165	391,119
Provision for unpaid claims	4	1,738,417	1,786,566
		2,755,997	2,793,622
Equity			
Retained Earnings		401,050	378,050
Accumulated Other Comprehensive Income		33,066	43,377
Total Equity		434,116	421,427
		3,190,113	3,215,049

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Operations

(Unaudited - in thousands of Canadian dollars)	<i>Notes</i>	Three Months Ended	
		May 31, 2015	May 31, 2014
Earned Revenues			
Gross premiums written		304,340	281,011
Premiums ceded to reinsurers		(16,375)	(17,767)
Net premiums written		287,965	263,244
(Increase) decrease in gross unearned premiums		(39,410)	(30,760)
Increase (decrease) in reinsurers' share of unearned premiums		12,248	13,300
Net premiums earned		260,803	245,784
Service fees & other revenue		7,789	6,932
<i>The Drivers and Vehicles Act operations recovery</i>		6,975	6,975
Total Earned Revenues		275,567	259,691
Claims Costs			
Direct claims incurred		142,203	194,402
Claims incurred ceded to reinsurers		(708)	(2,699)
Net claims incurred		141,495	191,703
Claims Expense		33,449	32,728
Loss prevention/Road safety		2,715	2,865
Total Claims Costs		177,659	227,296
Expenses			
Operating		29,799	29,583
Commissions		18,709	18,493
Premium taxes		7,948	7,508
Regulatory/Appeal		723	728
Total Expenses		57,179	56,312
Underwriting income (loss)		40,729	(23,917)
Investment income	6	(17,729)	38,165
Net income (Loss) from operations		23,000	14,248

Condensed Interim Statement of Comprehensive Income (Loss)

(Unaudited - in thousands of Canadian dollars)	Three Months Ended	
	May 31, 2015	May 31, 2014
Net income (loss) from operations	23,000	14,248
Other Comprehensive Income (Loss)		
Items that will be reclassified to income		
Unrealized gains (losses) on Available for Sale assets	(8,033)	20,052
Reclassification of net realized (gains) losses related to Available for Sale assets	(2,278)	(3,056)
Other Comprehensive Income (Loss) for the period	(10,311)	16,996
Total Comprehensive Income (Loss)	12,689	31,244

The accompanying notes are an integral part of these financial statements.¹⁾

Condensed Interim Statement of Changes in Equity

(in thousands of Canadian dollars)	Retained Earnings	Accumulated Other Comprehensive Income	Equity
Balance as at March 1, 2014	320,472	76,851	397,323
Net income (loss) from operations for the period	14,248	-	14,248
Other comprehensive income (loss) for the period	-	16,996	16,996
Balance as at May 31, 2014	334,720	93,847	428,567
Balance as at March 1, 2015	378,050	43,377	421,427
Net income (loss) from operations for the period	23,000	-	23,000
Other comprehensive income (loss) for the period	-	(10,311)	(10,311)
Balance as at May 31, 2015	401,050	33,066	434,116

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Cash Flows

(Unaudited - in thousands of Canadian dollars)	<i>Notes</i>	Three months ended	
		May 31, 2015	May 31, 2014
Cash Flows from (to) Operating Activities:			
Net income (loss) from operations		23,000	14,248
Non-cash items:			
Depreciation of property and equipment		1,460	1,655
Amortization of deferred development costs		3,614	3,633
Amortization of bond discount and premium		786	467
(Gain) loss on sale of investments		(12,169)	(6,462)
Unrealized (gain) loss on Fair Value Through Profit or Loss bonds		50,312	(6,944)
Unrealized (gain) loss on investment in real estate		(2,652)	(4,051)
Unrealized (gain) loss on investment in infrastructure		(351)	(3,525)
Impairment of available for sale investments		-	-
		64,000	(979)
Net change in non-cash balances:			
Due from other insurance companies		276	4,061
Accounts receivable and prepaid expenses		58,599	(14,656)
Deferred policy acquisition costs		(605)	384
Reinsurers' share of unearned premiums and unpaid claims		(12,749)	(5,273)
Due to other insurance companies		8,173	8,523
Accounts payable and accrued liabilities		(89,254)	(12,473)
Unearned premiums		11,581	5,338
Provision for employee current benefits		498	455
Provision for employee future benefits		4,046	3,728
Provision for unpaid claims		(48,149)	(10,376)
		(67,584)	(20,289)
		(3,584)	(21,268)
Cash Flows from (to) Investing Activities:			
Purchase of investments		(524,278)	(249,656)
Proceeds from sale of investments		502,506	191,918
Acquisition of property and equipment net of proceeds from disposals		(397)	(616)
Financing lease obligation		(19)	(15)
Deferred development costs incurred		(3,934)	(3,213)
		(26,122)	(61,582)
Increase (decrease) in Cash and Short-Term Investments		(29,706)	(82,850)
Cash and short-term investments beginning of period		68,882	93,208
Cash and Short-Term Investments end of period	5	39,176	10,358

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1) Status of the Corporation

The Manitoba Public Insurance Corporation (the “Corporation”) was incorporated as a Crown Corporation under *The Automobile Insurance Act* in 1970. In 1974, *The Automobile Insurance Act* was revised and became *The Manitoba Public Insurance Corporation Act* (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba. The address of the Corporation’s registered office is 234 Donald Street, Winnipeg, Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies. For financial reporting purposes, due to the immateriality of the financial results of the discontinued general insurance operations, the operations are reported as part of the Special Risk Extension line of business. The basic universal compulsory automobile insurance line of business rates are approved by the Public Utilities Board of Manitoba.

Under *The Drivers and Vehicles Act (DVA)*, the Corporation is responsible for DVA operations pertaining to driver safety, vehicle registration and driver licensing, including all related financial, administrative and data processing services.

2) Basis of Reporting

Statement of Compliance

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of *The Manitoba Public Insurance Corporation Act* and are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Presentation

The Corporation presents its Statement of Financial Position broadly in order of liquidity.

These statements are presented in thousands of Canadian dollars which is the Corporation’s functional and presentational currency except as otherwise specified.

Seasonality

The automobile insurance business, which reflects the primary business of the Corporation, is seasonal in nature. While net premiums earned are generally stable from quarter to quarter, underwriting income is typically highest in the first and second quarter of each year and lowest in the fourth quarter of each year. This is driven mainly by weather conditions which may vary significantly between quarters.

Basis of Measurement

The Corporation prepares its financial statements as a going concern, using the historical cost basis, except for financial instruments and insurance contract liabilities and reinsurers' share of unpaid claims. Measurement of the financial instruments is detailed in Note 3 of the 2014 Annual Report. Insurance contract liabilities and reinsurers' share of unpaid claims are measured on a discounted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy for fair value).

Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

3) Summary of Significant Accounting Policies

Refer to the 2014 Annual Audited Financial Statements for a summary outlining those accounting policies followed by the Corporation that have a significant effect on the condensed interim financial statements.

4) Provision for Unpaid Claims

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as Personal Injury Protection Plan (PIPP) and public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends, and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends, investment rates of return and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

5) Cash and Investments

Cash consists of cash net of cheques issued in excess of amounts on deposit.

Cash equivalent investments have a total principal amount of \$44.8 million (2014 – \$20.1 million) comprised of provincial short-term deposits with effective interest rates of 0.63% to 0.70% (2014 - 0.92% to 0.93%), with interest receivable at varying dates.

The Corporation has an unsecured operating line of credit with its principal banker in the amount of \$5.0 million (2014 - \$5.0 million). There were no drawdowns against this line of credit at May 31, 2015 (2014 – nil).

Cash and Investments

(in thousands of Canadian dollars)	Financial Instruments			Non-Financial Instruments	Total Fair Value
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss		
As at May 31, 2015					
Cash and cash equivalents	39,176				39,176
Bonds					
Federal	-	-	174,408	-	174,408
Manitoba:					
Provincial	-	-	197,746	-	197,746
Municipal	-	10,499	25,438	-	35,937
Hospitals	-	-	10,654	-	10,654
Schools	-	616,364	-	-	616,364
Other provinces:					
Provincial	-	-	483,692	-	483,692
Municipal	-	-	110,865	-	110,865
Corporations	-	-	54,831	-	54,831
	-	626,863	1,057,634	-	1,684,497
Other investments	2,446	-	-	-	2,446
Infrastructure	-	-	56,281	-	56,281
Equity investments	516,284	-	-	-	516,284
Pooled Real Estate Fund	-	-	207,498	-	207,498
Investments	518,730	626,863	1,321,413	-	2,467,006
Investment property	-	-	-	42,121	42,121
	557,906	626,863	1,321,413	42,121	2,548,303

(in thousands of Canadian dollars)	Financial Instruments			Non-Financial Instruments	Total Fair Value
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Fair Value Through Profit or Loss		
As at May 31, 2014					
Cash and cash equivalents	10,358				10,358
Bonds					
Federal	-	-	85,276	-	85,276
Manitoba:					
Provincial	-	-	274,676	-	274,676
Municipal	-	12,548	18,702	-	31,250
Hospitals	-	-	11,328	-	11,328
Schools	-	598,132	-	-	598,132
Other provinces:					
Provincial	-	-	467,403	-	467,403
Municipal	-	-	95,148	-	95,148
Corporations	-	-	49,583	-	49,583
	-	610,680	1,002,116	-	1,612,796
Other investments	3,876	-	-	-	3,876
Infrastructure	-	-	53,603	-	53,603
Equity investments	543,633	-	-	-	543,633
Pooled Real Estate Fund	-	-	196,971	-	196,971
Investments	547,509	610,680	1,252,690	-	2,410,879
Investment property	-	-	-	38,088	38,088
	557,867	610,680	1,252,690	38,088	2,459,325

Gross unrealized gains and gross unrealized losses included in accumulated other comprehensive income on available for sale equity and other investments are comprised as follows:

As at May 31, 2015

(in thousands of Canadian dollars)	Book Value	Unrealized Gains/(Losses)	Fair Value
Equity Investments			
With unrealized gains	310,796	112,328	423,124
With unrealized (losses)	110,133	(16,973)	93,160
Subtotal – Equity Investments	420,929	95,355	516,284
Other Investments			
With unrealized gains	791	1,562	2,353
With unrealized (losses)	164	(71)	93
Subtotal – Other Investments	955	1,491	2,446
Total AFS Equity and Other Investments	421,884	96,846	518,730

As at May 31, 2014

(in thousands of Canadian dollars)	Book Value	Unrealized Gains/(Losses)	Fair Value
Equity Investments			
With unrealized gains	419,791	115,990	535,771
With unrealized (losses)	8,360	(498)	7,862
Subtotal – Equity Investments	428,141	115,492	543,633
Other Investments			
With unrealized gains	1,242	2,128	3,370
With unrealized (losses)	598	(92)	506
Subtotal – Other Investments	1,840	2,036	3,876
Total AFS Equity and Other Investments	429,981	117,528	547,509

AFS financial assets where the investment's underlying cost is greater than the fair value, the loss has not been recognized in net income either because:

- there is not objective evidence of impairment, or
- the loss is not considered to be significant or prolonged.

Fair Value Measurement

Financial instruments that are measured at fair value are classified by their level within the fair value hierarchy. The fair value hierarchy consists of three levels that are defined on the basis of the type of inputs used to measure fair value. The classification cannot be higher than the lowest level of input that is significant to the measurement:

Level 1 – Fair value is determined based on unadjusted quoted prices of identical assets in active markets. Inputs include prices from exchanges where equity and debt securities are actively traded.

Level 2 – Level 2 valuations utilize inputs other than quoted market prices included in Level 1 that are observable, directly or indirectly, for the asset. These inputs include quoted prices for similar assets in active markets and observable inputs other than quoted prices, such as interest rates and yield curves. The fair values for some Level 2 securities were obtained from a pricing service. Pricing service inputs may include benchmark yields, reported trades, broker/dealer quotes and bid/ask spreads.

Level 3 – Fair value measurements using significant inputs that are not based on observable market data are Level 3. This mainly consists of derivatives and private equity investments. In these cases prices may be determined by internal pricing models utilizing all available financial information, including direct comparison and industry sector data. For some investments, valuations are obtained annually. For periods between valuations, management assesses the validity of the valuation for current reporting purposes. The following table presents financial instruments measured at fair value in the Statement of Financial Position, classified by level within the fair value hierarchy.

The following table presents financial instruments measured at fair value in the Statement of Financial Position, classified by level within the fair value hierarchy.

As at May 31, 2015

(in thousands of Canadian dollars)	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	130,123	912,031	15,480
Infrastructure	-	-	56,281
Pooled Real Estate Fund	-	207,498	-
Total FVTPL financial assets	130,123	1,119,529	71,761
AFS financial assets			
Cash and cash equivalents	39,176	-	-
Other investments	-	-	2,446
Equity investments	516,284	-	-
Total AFS financial assets	555,460	-	2,446
Total assets measured at fair value	685,583	1,119,529	74,207

As at May 31, 2014

(in thousands of Canadian dollars)	Level 1	Level 2	Level 3
FVTPL financial assets			
Bonds	69,450	917,246	15,420
Infrastructure	-	-	53,603
Pooled Real Estate Fund	-	196,971	-
Total FVTPL financial assets	69,450	1,114,217	69,023
AFS financial assets			
Cash and short term investments	10,358	-	-
Other investments	-	-	3,876
Equity investments	543,633	-	-
Total AFS financial assets	553,991	-	3,876
Total assets measured at fair value	623,441	1,114,217	72,899

Fair value measurement of instruments included in Level 3 (in thousands of Canadian dollars)	FVTPL		AFS	
	2015	2014	2015	2014
Balance at March 1	71,410	63,469	2,446	3,876
Total gains/(losses)				
Included in net income	351	3,525	-	-
Included in other comprehensive income	-	-	-	-
Purchases	2,029	2,029	-	-
Sales	-	-	-	-
Balance at May 31	71,761	69,023	2,446	3,876

The fair value of HTM bonds, which include schools and certain municipalities, is based on their carrying value, which approximates market value.

6) Investment Income

(in thousands of Canadian dollars)	May 31, 2015	May 31, 2014
Interest income	13,170	12,809
Gain (loss) on sale of FVTPL bonds	9,890	3,407
Unrealized gain(loss) on FVTPL bonds	(50,312)	6,944
Unrealized gain on pooled real estate	2,652	4,051
Dividends on infrastructure investments	512	345
Unrealized gain on infrastructure investments	351	3,525
Dividend income	3,962	3,980
Gain on sale of equities and other investments	2,310	3,055
Gain on foreign exchange	6	(17)
Income from investment property	794	778
Investment management fees	(1,064)	(712)
Total Investment income (loss)	(17,729)	38,165

7) Employee Future Benefits Expense

The total benefits costs included in expenses are as follows:

(in thousands of Canadian dollars)	May 31, 2015	May 31, 2014
Pension benefits	6,453	5,963
Other post-employment benefits	443	7
Total	6,896	5,970

8) Depreciation and Amortization

The total depreciation and amortization included in expenses are as follows:

(in thousands of Canadian dollars)	May 31, 2015	May 31, 2014
Amortization – Deferred Development	3,614	3,633
Depreciation – Property and equipment	1,460	1,655
Total	5,074	5,288

Manitoba Public Insurance Locations

Customer Service

Winnipeg

Tel: 204-985-7000

Outside Winnipeg

Tel: 800-665-2410

Deaf Access TTY/TDD

Tel: 204-985-8832

Out-of-Province Claims

Tel: 800-661-6051

Administrative Offices

Winnipeg

234 Donald Street
Box 6300
R3C 4A4

Brandon

731-1st Street
R7A 6C3

Service Locations

Winnipeg Service Centres

15 Barnes Street
40 Lexington Park
1284 Main Street
930 St. Mary's Road
125 King Edward Street East
1103 Pacific Avenue
420 Pembina Highway

CITYPLACE

Service Centre – Main Floor
ID Verification and Data Integrity
Rehabilitation Management
Centre
Serious and Long-Term Case
Management Centre
Bodily Injury Centre
234 Donald Street

Physical Damage Centre Holding Compound/Receiving Salvage

Commercial Claims
1981 Plessis Road

Arborg

Service Centre
323 Sunset Boulevard

Beausejour

Service Centre
848 Park Avenue

Brandon

Service Centre
731-1st Street

Dauphin

Service Centre
217 Industrial Road

Flin Flon

Claim Centre
8 Timber Lane

Portage la Prairie

Service Centre
2007 Saskatchewan Avenue West

Selkirk

Service Centre
1008 Manitoba Avenue

Steinbach

Service Centre
91 North Front Drive

Swan River

Claim Centre
125-4th Avenue North

The Pas

Claim Centre
424 Fischer Avenue

Thompson

Service Centre
53 Commercial Place

Winkler

Service Centre
355 Boundary Trail

For more information contact:

**Manitoba Public Insurance
Corporate Communications**

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Winnipeg, MB R3C 4A4



***Manitoba
Public Insurance***