2010 Annual Report

Strengthening partnerships for you

Manitoba Public Insurance

Manitoba Public Insurance is a provincial Crown corporation that has provided automobile insurance coverage since 1971. We assumed a broader spectrum of services in 2004, when we merged driver and vehicle licensing into our operations. The Corporation is governed by *The Manitoba Public Insurance Corporation Act* and *The Drivers and Vehicles Act*.

Selected highlights of this annual report are available in French at mpi.mb.ca

Les grandes lignes du rapport sont présentées en français dans le site mpi.mb.ca

Strengthening partnerships for you

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Letters of Transmittal

May 16, 2011

Honourable Andrew Swan
Minister Responsible for the Manitoba Public Insurance Corporation
Room 104, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Dear Minister:

In accordance with Section 43(1) of *The Manitoba Public Insurance Corporation Act*, I have the honour of submitting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2011.

Respectfully submitted,

Jake Janzen
Chairperson of the Board

Manitoba Public Insurance

May 16, 2011

The Honourable Philip S. Lee
Lieutenant Governor of the Province of Manitoba
Room 235, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

May it please your Honour:

I have the privilege of presenting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2011.

Respectfully submitted,

Andrew Swan
Attorney General and Minister of Justice
Minister Responsible for Manitoba Public Insurance

Manitoba

2010 Year-End Summary

The following are 2010/11 fiscal year totals, covering the period March 1, 2010 to February 28, 2011.

Dollars and Cents	
Approximate Autopac claims paid per working day:	$2.1 million
Total Autopac claims paid for injury and property damage, respectively (before expenses):	$118.9 million and $415.2 million
Amounts paid by Manitoba Public Insurance to Manitoba medical practitioners on behalf of customers:	$25.1 million
Commissions paid by Manitoba Public Insurance to independent insurance brokers for product sales:	$81.2 million
Grants-in-lieu of taxes paid to Manitoba municipalities by Manitoba Public Insurance:	$1.6 million
Provincial premium taxes paid by Manitoba Public Insurance:	$28.2 million
Estimated savings to policyholders through use of recycled parts:	$16.4 million
Estimated direct savings to policyholders through subrogation:	$15.8 million
Dollars invested in road safety programs:	$18.1 million

Significant Numbers	
Average number of Autopac claims reported to Manitoba Public Insurance per working day:	1,112
Total Autopac claims reported:	275,763
Bodily injury claims reported:	17,186
Property damage claims reported:	258,577
Total theft claims reported in Winnipeg:	2,014
Total theft claims reported elsewhere in province:	959
Number of Autopac policies in force (average):	979,730

By the Numbers	
Cents of every Basic premium dollar returned to Manitobans in the form of claim benefits:	104 cents
Average amount per policy that 2010/11 Basic premiums were reduced because of investment income:	$96.12
Savings resulting from fraudulent claims investigations this year:	$9.4 million
Manitoba Public Insurance's operating costs for Basic compared to the industry average:	50.3%

Corporate Five Year Statistics	**2010**	2009	2008	2007	2006
Premiums Written ($000)	**929,724**	906,229	885,682	842,053	812,378
Claims Incurred ($000)	**418,411**	614,198	605,643	618,399	628,370
Number Of Claims	**275,763**	267,611	254,856	280,319	269,135
Claim Expenses ($000)	**110,857**	97,448	90,443	84,505	79,850
Other Expenses ($000)	**228,904**	232,973	221,563	194,879	181,490
Net Income (Loss) ($000)	**299,377**	86,944	(6,555)	97,440	68,388
Net Income (Loss) After Surplus Distribution ($000)	**(22,301)**	86,944	(6,501)	34,875	8,736
Investments At Year-End ($000)	**2,398,035**	2,207,582	2,022,893	2,181,838	2,012,821
Total Assets ($000)	**2,992,030**	2,791,551	2,434,137	2,570,939	2,357,731

Board of Directors (L to R)

SEATED

Kerry Bittner, Vice-Chairperson
Mary Johnson
Manisha Pandya

STANDING

Dale Paterson
Annette Maloney
Jake Janzen, Chairperson
Debbie Mintz
Daryl Reid
Ed Arndt
Marilyn McLaren, Ex-Officio

Message from the Chairperson

Having completed my first full year as Chairperson of the Board of Manitoba Public Insurance, I am pleased to have this opportunity to share some of the Corporation's achievements in 2010 that promise to bring significant benefits to Manitobans.

Manitoba's Personal Injury Protection Plan (PIPP) is among the most comprehensive and affordable auto-injury compensation plans in Canada. Over this past year the Government of Manitoba continued to enhance the plan with the introduction of benefit enhancements for Manitobans who are seriously injured as the result of auto crashes. These enhancements will extend coverage to claimants to better support their continuation of pre-accident activities and assist them to live fulfilling and active lives.

The value we provide to Manitobans also remains strong.

We returned 86 cents of every dollar in premiums paid back to Manitobans in the form of claims benefits – significantly better than the industry average. And Manitoba's auto insurance rates remain among the lowest in the country, proving that public insurance is still the best way to ensure Manitobans receive comprehensive auto insurance coverage at a fair price.

For more than a decade Manitoba Public Insurance, the Public Utilities Board and other key stakeholders have agreed that excess Basic net income belongs to policyholders and, as such, have returned six rebates to customers over the past 12 years worth approximately $645 million. This mandatory, universally-available system is based on a principle of breaking even, another significant difference, and true advantage, of the public auto insurance model.

Our organization is able to provide superior customer service and value to Manitobans as a result of the commitment and skill our people and our partners bring forward every day. In partnership with local insurance brokers, we are able to assist Manitobans – whether they are buying insurance or renewing a driver's licence – across the Province.

Over this past year I have observed an organization that supports individual growth and fosters caring, competent service. In the coming year, I look forward to further service enhancements to help make the Corporation even more responsive to customer needs and expectations.

To my colleagues on the Board of Directors, and to the management, staff and business partners of Manitoba Public Insurance, I thank you for your professionalism and commitment to serve Manitobans.

Jake Janzen
Chairperson of the Board

Message from the President

Manitoba Public Insurance exists to provide guaranteed access to auto insurance and is able to provide a higher level of coverage as a result of Manitoba's compulsory auto insurance system. The system clearly works for the benefit of Manitobans and we, in conjunction with our service partners, are committed to continually reviewing our processes and programs, making the necessary changes to provide superior value to our customers.

This year, our annual report will highlight some of our service partnerships that have been particularly important.

Vehicles play an essential role in society today. They empower individuals, serve our communities and help to build our economy. But they also pose a risk. As Manitoba's public auto insurer, we seek to manage this risk through our road safety initiatives and quality insurance coverage.

The reality is that there are risks associated with driving. So, we also understand the importance of supporting organizations that are on the leading edge of mitigating the effects of major crashes once they've happened.

Through our support of the Kleysen Institute for Advanced Medicine's Centre for Surgical Innovation and the Rick Hansen Foundation, whose purpose is to find a cure for spinal cord injuries (SCI) and improve the quality of life for those with SCI and related disabilities, we can have a positive impact on the lives of Manitobans who have been injured on our roadways.

As always, service remains a top priority. Last year, we continued to transition some of our Claim Centres into Service Centres, which provide a wider range of services under one roof in more communities across the province. We also partnered with Snoman Inc. to offer members of Manitoba's recreational snowmobiling community more payment options for purchasing Snopasses, which allow them to ride on Manitoba's safe designated trail system.

Strong communities benefit everyone. Manitoba Public Insurance is made up of a community of people working in collaboration with external partners to provide our customers with a wide spectrum of products and services to meet their needs. As a group, we constantly challenge each other to find innovative ways to create value and provide the best service possible to Manitobans.

It is this spirit of collaboration and commitment to excellence that ensures Manitoba Public Insurance will continue to provide value to Manitobans for years to come.

Marilyn McLaren
President and Chief Executive Officer

Executives (L to R)

SEATED

Don Palmer, Vice-President,
Finance and Chief Financial Officer

Ted Hlynsky, Vice-President,
Claims Control and Safety Operations

Kathy Kalinowsky,
General Counsel and Corporate Secretary

STANDING

MaryAnn Kempe, Vice-President,
Community and Corporate Relations

Marilyn McLaren,
President and Chief Executive Officer

Christine Martin, Vice-President,
Service Operations

Dan Guimond, Vice-President,
Strategy and Innovation and
Chief Information Officer

Autopac agents throughout the province deliver a variety of Manitoba Public Insurance products and services to our customers.

Customer Service

Our number one priority

When Manitoba Public Insurance merged with the Division of Driver and Vehicle Licensing in 2004, the ultimate goal was improved customer service and value.

We began to see this vision come to fruition with the integration of driver licensing, vehicle registration, driver insurance and vehicle insurance, which allows us to offer a more holistic customer experience to Manitobans.

Through our partnership with the Insurance Brokers Association of Manitoba (IBAM), which represents approximately 2,000 broker members from communities across the province, Manitoba Public Insurance is able to provide even greater convenience and accessibility to our customers.

While we have made great strides in becoming an organization that is synonymous with service excellence, we continue, along with our service partners, to enhance our service to Manitobans.

Service Where You Want It, When You Want It

Last year, we continued to transition some of our Claim Centres into Service Centres to provide a wider range of services under one roof, including expanded driver licensing and claims services. We opened three new conveniently-located Service Centres in Winnipeg (offering extended hours on weeknights and Saturdays) and converted Claim Centres in seven communities outside of Winnipeg, for a total of 21 Claim and Service Centres across Manitoba.

Customer service is one of three inextricably linked key business areas currently being examined to determine a new business vision that reflects customer expectations and capitalizes on new technologies, business practices and opportunities.

More Payment Options For Snowmobilers

Thanks to a partnership between Manitoba Public Insurance and Snoman Inc., snowmobilers in Manitoba have more options for paying for passes to ride on designated trails in Manitoba. Last year we made upgrades to our Autopac On-Line system that enable snowmobilers in Manitoba to pay for their Snopasses, registration and insurance together in one transaction. As an added convenience, we also introduced the Snoman Trail Voucher, which can be purchased at any Autopac agent or Service Centre and presented as a gift towards the purchase of a Regular Snopass or an Annual Snopass.

Snoman Inc. executive director Ken Lucko

"Our partnership with Manitoba Public Insurance has provided the snowmobiling community with an enhanced Snopass purchasing venue that adds convenience and accountability," said Snoman Inc. executive director Ken Lucko. "This will enable our dedicated volunteers to focus their time on trail maintenance and grooming."

More Convenience For Driver Education Students and Instructors

Last year we introduced new technology and leveraged existing technology to enhance the Driver Education Program. A new centralized electronic system enables Driver Education Department staff to schedule courses to meet demand more effectively. Eventually, our Driver Education instructors will use this system to perform administrative duties online. Because of the introduction of this new system, students are now also able to view course schedules online, before registering at Autopac agents.

Working With Brokers to Serve Manitobans

As the primary channel for insurance and licensing services in Manitoba, independent insurance brokers are an integral part of the Corporation's service delivery model.

"Our well-established partnership with Manitoba Public Insurance is built on our shared belief that the best interests of consumers should always be front and centre," said IBAM chief executive officer David Schioler. "Our brokers provide service that is second to none, and Manitoba Public Insurance has demonstrated its commitment to ensuring they remain the primary provider of insurance services in Manitoba."

IBAM chief executive officer David Schioler

Customer Service

The Report Impaired Drivers 911 pilot program is helping to make roads safer in Brandon.

Road Safety

Reducing risk on the road

Manitoba Public Insurance will lead driver and vehicle safety initiatives that reduce risk and protect Manitobans, their streets and their neighbourhoods.

One of the ways we fulfill this essential mandate is by partnering with community groups across Manitoba and supporting community-based initiatives that increase road safety awareness and education opportunities.

One of our strongest partnerships is with MADD Canada, with whom we share an important common goal: reducing drinking and driving.

Over this past school year, the harsh realities of impaired driving were driven home to more than 85,000 students across the province, as MADD Canada and Manitoba Public Insurance partnered to present Shattered (En Éclats), a multi-media presentation about drinking and driving.

As a provincial sponsor of the program, Manitoba Public Insurance helped to ensure it was seen by as many Manitoba students as possible. The Corporation directly sponsored 85 presentations of Shattered or En Éclats throughout the province.

We continued our work combating impaired driving when we collaborated with a number of our partners on the Report Impaired Drivers 911 campaign, a pilot initiative, in Brandon. The campaign combines public awareness, enforcement and grassroots community engagement to achieve its goals. It was initiated in Manitoba by the Brandon Police Service and the City of Brandon, in partnership with Manitoba Public Insurance, the Manitoba Liquor Control Commission and MADD Canada.

The Road Ahead

As Manitoba's auto insurer and as administrator of *The Drivers and Vehicles Act*, we continue to seek opportunities to leverage this dual role to make Manitoba's roads safer. Going forward, we will continue to provide a clear and understandable driver safety rating program that rewards safe drivers and motivates higher-risk drivers to improve their driving behaviour, through insurance rates that reflect the risk they represent on the road.

Road safety is one of three inextricably linked key business areas currently being examined to determine a new business vision that reflects expectations and capitalizes on new technologies, practices and opportunities.

"Everyone has a stake in making our roads safer, and every call that takes an impaired driver off the road could save a life or prevent an injury," said MADD Canada CEO Andrew Murie. "We're proud to partner with Manitoba Public Insurance to deliver this important program to protect our community from impaired driving."

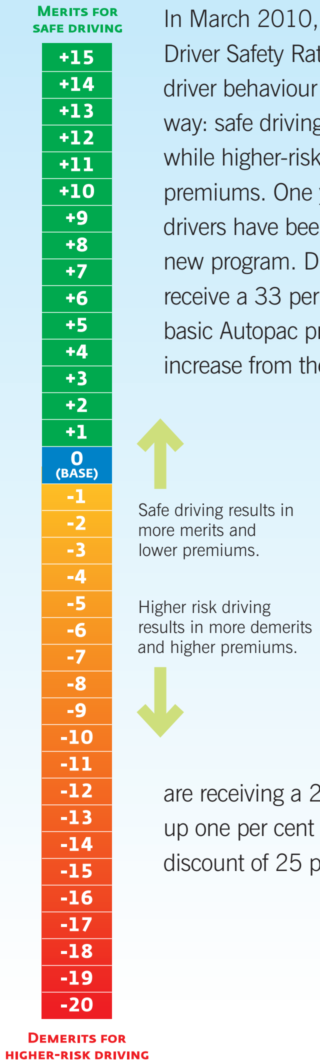
MADD Canada CEO Andrew Murie

Campaign 911 educates the public on how to spot an impaired driver and encourages them to call 911. Manitoba Public Insurance supports the program through the development and funding of public education.

There are, on average, 30 people killed on public roadways in Manitoba each year in alcohol-related crashes, representing 29 per cent of people killed on public roadways in Manitoba. From a road safety perspective, our partnership with MADD Canada makes sense to Manitobans. And, with the annual cost of impaired driving in 2009 calculated to be approximately $33.4 million, our partnership with MADD helps to protect Manitobans from the human and economic cost of automobile collisions.

Driver Safety Rating:

Even greater savings for safe drivers



In March 2010, we introduced the Driver Safety Rating to recognize safe driver behaviour in a fair and simple way: safe driving yields more savings, while higher-risk driving brings higher premiums. One year later, all Manitoba drivers have been transitioned to the new program. Drivers at level +15 now receive a 33 per cent discount off their basic Autopac premiums, a significant increase from the previous year where the maximum discount was 25 per cent.

We've also added levels +11 to +14 to the scale, so people who have driven safely for 11 to 14 years save between 27 and 30 per cent. Drivers at level +10 are receiving a 26 per cent discount, up one per cent from the previous discount of 25 per cent.

Manitoba Public Insurance supports the health of the automotive repair industry in Manitoba.

Physical Damage Claims Administration

Collaborating to support the health of the auto repair industry

Manitoba Public Insurance provides insurance protection to all Manitobans against the costs of automobile damage resulting from automobile collisions.

In doing so, we maintain minimum standards against which the quality and cost of repair are measured to ensure Manitobans receive superior value for their insurance dollars.

A strong relationship with the automotive trade industry is a critical component in the achievement of this mandate. Last year, the Corporation partnered with the Automotive Trades Association and the Manitoba Motor Dealers Association (MMDA) to complete a study examining the impact of recent industry trends, labour market pressures and financial results to identify realistic and practical solutions for the collision repair industry.

These partnerships are even more important today as vehicle manufacturing becomes increasingly complex. Automobile systems and repairs are more complicated than they were 20 years ago. With technology advancing at a rapid speed, our partnerships will continue to take on added significance.

Manitobans continue to obtain high-quality, safe vehicle repairs at a reasonable cost, combined with excellent customer service, now and into the future.

A historic new agreement between Manitoba Public Insurance, the Automotive Trades Association and the Manitoba Motor Dealers Association addresses the issue of recruiting and retaining quality trades people. It includes a $5,000 tool allowance that is available to registered apprentices, and a $2,000 per-level grant to registered apprentices who successfully complete each level of the four-level program ($8,000 maximum).

MMDA Director and Birchwood Automotive Group CEO and president Stephen Chipman

"This agreement sets the stage for the further development of the collision repair industry, which will ultimately support and advance the automotive industry throughout Manitoba," said Stephen Chipman, Manitoba Motor Dealers Association director and Birchwood Automotive Group CEO and president. "We are committed to this collaborative approach to developing solutions to common industry issues."

The result of our collaboration was a historic four-year agreement between the three groups that addresses many of the issues identified in the *Manitoba Collision Repair Industry Study* and supports the collaborative development of a robust repair industry into the future. It will ensure that Manitobans continue to obtain high-quality, safe vehicle repairs at a reasonable cost, combined with excellent customer service, now and into the future.

We look forward to an era of renewed co-operation and partnership that will provide value to Manitobans for years to come.

Physical Damage Claims Administration is one of three inextricably linked key business areas currently being examined to determine a new business vision that reflects expectations and capitalizes on new technologies, business practices and opportunities.

Manitoba's Personal Injury Protection Plan supports Manitobans in their recovery from automobile collisions.

The Personal Injury Protection Plan (PIPP)

Peace of mind for Manitobans

Through PIPP, Manitoba Public Insurance is able to ensure that Manitobans are compensated adequately, fairly and promptly for their economic losses from automobile collisions, and that Autopac premiums remain stable, predictable and affordable.

With this in mind, last year Manitoba Public Insurance launched the Bodily Injury Improvement Initiative, which has resulted in numerous benefits for our customers, the Corporation and its business partners. This new service delivery model means enhanced case management, less administrative work and more efficient information storage and retrieval (all paperless). For our customers, it means faster response time, a more streamlined process and resolutions based on industry practices and standards.

We recognize that Manitobans injured in automobile collisions need more than financial compensation. They need access to quality care that will ensure they are able to continue to lead meaningful lives to the best of their abilities. We help to ensure this access by actively seeking out linkages with our partners in the health care system.

Rick Hansen Institute CEO Bill Barrable

"Manitoba Public Insurance's investment is supporting the implementation of an Internet pressure ulcer clinic, which utilizes a real-time interactive camera to enable medical specialists in Winnipeg to provide expert pressure ulcer diagnoses and treatment remotely," said Rick Hansen Institute CEO Bill Barrable. "This is especially valuable to people living in rural areas of Manitoba, eliminating delays, costs and inconveniences of travel to access critical health care."

Mediation Pilot

Through PIPP, Manitoba Public Insurance plays a vital role in the lives of Manitobans injured in automobile collisions. That's why, in partnership with the Government of Manitoba, we are constantly seeking new and innovative ways to improve the plan. In 2010, the government announced a pilot project offering independent mediation to Manitobans appealing PIPP decisions. Over the next two years, the mediation pilot office will offer mediation and collect data to evaluate the viability of the plan. This pilot project will contribute to the ongoing provision of adequate and fair compensation through PIPP for years to come.

Manitobans can be assured that PIPP continues to achieve its objectives – rate stability and predictability – while insuring that Manitobans injured in automobile collisions are adequately protected.

Health Sciences Centre COO Adam Topp

"Health Sciences Centre Winnipeg and Manitoba Public Insurance share a natural organizational alignment stemming from our shared commitment to ensuring Manitobans injured by motor vehicle collisions receive state-of-the-art medical treatment," said Health Sciences Centre COO Adam Topp.

Last year, the Corporation was pleased to once again provide support for the Kleysen Institute for Advanced Medicine's Centre for Surgical Innovation, which we believe will have a long-term positive impact on our claimants who live with brain injuries as a result of motor vehicle collisions.

"The greater the level of surgical expertise at Health Sciences Centre, the better the quality of outcomes for Manitoba Public Insurance claimants and all trauma patients in Manitoba. Manitoba Public Insurance's support for the Kleysen Institute of Advanced Medicine's Centre for Surgical Innovation assists with early intervention treatments and improved quality of life for brain-injured patients, in particular," said Health Sciences Centre COO Adam Topp.

Our partnership with the Rick Hansen Foundation supports its work with leading care providers and researchers in Manitoba, ensuring the best possible outcomes for Manitobans living with spinal cord injuries.

The Ma Mawi Wi Chi Itata Centre at 363 McGregor Street. The program will be expanding its services to the donated King Street Claim Centre.

Community and Corporate Citizenship

At work for you

We lead by example, conducting our affairs responsibly and professionally. We contribute to the social and economic well-being of our communities as well as the sustainable development of Manitoba now, and into the future.

As a major partner in our communities, one of the ways we demonstrate our commitment is through our support of local charities and non-profit organizations that enhance the quality of life of Manitobans.

One such group is the Ma Mawi Wi Chi Itata Centre (Ma Mawi) in Winnipeg. A community-based organization, Ma Mawi provides culturally relevant prevention and support-based programs and services to the Aboriginal community.

Last year, after the closure of our Claim Centre at 445 King Street, we donated the building to Ma Mawi, who will continue to provide community-service programs.

"Through this donation Ma Mawi can continue to build our capacity to provide holistic services to the communities we serve," said Ma Mawi executive director Diane Roussin. "As a result, the individuals and families who need us most will continue to benefit from this building for years to come."

Ma Mawi executive director Diane Roussin

Last year, after the closure of our Claim Centre at 445 King Street, we donated the building to Ma Mawi, who will continue to provide community-service programs.

The King Street Claim Centre was our first Claim Centre and had been a fixture in the community for almost 40 years, so it is fitting that this location remains an asset to the community that will enrich and enhance the lives of its residents for years to come.

Manitoba Public Insurance employees volunteered their time to help build affordable "green" housing in the Sir Sam Steele neighbourhood.

Supporting Sustainable Housing Development in Partnership with Habitat For Humanity Winnipeg

In June of 2010, more than 120 Manitoba Public Insurance employees rolled up their sleeves to help Habitat for Humanity Winnipeg (HFHW) with the "greenest" housing development in Manitoba.

Manitoba Public Insurance employees donated their time shovelling gravel and hauling patio stones to build sidewalks and patios for 10 new homes that are now providing affordable, sustainable housing in the Sir Sam Steele neighbourhood in Winnipeg.

HFHW works with people from all walks of life to build safe, decent, affordable housing for purchase by low-income working families.

Habitat for Humanity Winnipeg CEO Sandy Hopkins

"HFHW would not have been able to build these homes without the support of our generous volunteers," said Habitat for Humanity Winnipeg CEO Sandy Hopkins. "Volunteers from Manitoba Public Insurance made a lasting contribution to this community through their efforts last summer. It's a tribute to the entire organization that they were so willing to step up and offer help where it was needed."

Community

At Manitoba Public Insurance, we believe in leading by example. Our leaders have worked hard to incorporate the value of corporate citizenship in everything they do, and our people, in turn, have reflected this value in their commitment to giving back to the community.

Commitment in Action

- Manitoba Public Insurance has been instrumental in raising more than $2 million dollars for the United Way since 1993. The 2010 "I am United Way" campaign was another resounding success, with Manitoba Public Insurance employees raising $315,300, well above the $280,000 campaign goal. Through events such as the annual campaign plane pull, chilli cook-offs, garage sales and countless events throughout our Manitoba locations, our people showed their capacity to give.
- Manitoba Public Insurance employees also responded with generosity to the people of Haiti. In the three short weeks following the powerful earthquake that devastated the small island nation, employee fundraising events resulted in a collection of $31,918.78 for the Canadian Red Cross. The Corporation matched all money donated or raised by employees dollar for dollar for a total donation amount of $63,837.56.
- Operation Donation 2010: Manitoba Public Insurance employees donated 7,065 pounds of food for Winnipeg Harvest.
- Christmas Cheer Board: Manitoba Public Insurance staff, friends and family delivered 134 hampers to families in need, and 21 Manitoba Public Insurance departments participated in the Feed-A-Family program.
- Operation Red Nose: Over 100 Manitoba Public Insurance volunteers gave rides to motorists who accessed the program over the holidays.
- Manitoba Public Insurance partnered once again this year with organizers of the Freeze Frame International Film Festival to promote road safety and eco-friendly driving habits among Manitoba's youth with its annual youth video competition. Students from around the province submitted short films with an eco-driving message to compete for the top prize in two age categories offered in both official languages.

Since its inception in 1971, Manitoba Public Insurance has endeavoured to be more than a service provider, but a contributing member of the communities we serve. Through this simple approach, we have been able to enhance the health of our province. We look forward to continued partnerships with community groups throughout Manitoba, who share our commitment to stronger communities for everyone.

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MD&A

Management Discussion and Analysis

Corporate Profile

Corporate Vision

Manitoba Public Insurance will be a leader in automobile insurance and driver services, providing Manitobans with guaranteed access to superior products, coverage and value. We will anticipate and meet the evolving needs of Manitobans. We are dedicated to offering province-wide accessibility and, in co-operation with our business partners, will perform at the highest attainable levels of economy, efficiency and effectiveness.

Manitoba Public Insurance will make our roadways and communities safer by enforcing standards for drivers and vehicles, by raising awareness of the inherent risk of driving and by investing in lasting solutions. We will develop educational programs and controls that help and encourage Manitobans to acquire the skills to avoid collisions.

Our people will deliver knowledgeable service with care, efficiency and justifiable pride, and will be appropriately recognized for their contributions in helping the Corporation achieve its goals. Manitoba Public Insurance will be one of the best and most inclusive places in the province to work and pursue a career, where people will deliver knowledgeable and caring services in new and innovative ways.

We will ensure Manitobans understand and support the unique contribution Manitoba Public Insurance makes to the Province of Manitoba.

Corporate Mission

Working with Manitobans to reduce risk on the road.

Corporate Values

At Manitoba Public Insurance, we value:

OUR CUSTOMERS

Our customers' interests are at the heart of everything we do. We balance the individual customer's needs with the needs of Manitobans as a whole. We base our relationships on respect, fairness, honesty and integrity. We safeguard the confidentiality of information and personal privacy. We are committed to the highest ethical standards and excellence in service.

OUR PEOPLE

Our people are given the skills, tools and encouragement they need to succeed. We provide a respectful, inclusive and safe environment where our staff is well trained, confident and committed to the Corporate Mission. We provide our people with clear and consistent direction. Our people have the authority they need to do their jobs, providing a sense of achievement from their work, and the opportunity for career growth and advancement. We encourage and support our people to make a positive contribution, both inside and outside the workplace.

WORKING TOGETHER

We work co-operatively with each other and with our business associates, sharing expertise, ideas and resources. Each of us, in our daily work, creates a team environment, drawing on one another to do the best job possible. Our communication with one another is respectful, appropriate and helpful.

FINANCIAL RESPONSIBILITY

Manitoba Public Insurance holds the funds of its policyholders in trust to meet their needs into the future. We operate in a fiscally responsible and cost-effective manner, using investment income to reduce rates and provide long-term benefits to Manitobans.

EXCELLENCE AND IMPROVEMENT

We constantly improve our products, services and procedures. As our customers' needs and the business environment continue to change, so must we. We value initiative, creativity and a strong desire for personal, team and corporate success in everything we do. We recognize and reward excellence and improvement in our work.

OUR CORPORATE CITIZENSHIP

We lead by example, conducting our affairs responsibly and professionally. We contribute to the social and economic well-being of our communities as well as the sustainable development of Manitoba now and into the future.

The Corporation's Service Delivery Model

Manitoba Public Insurance was created in 1971 with the primary purpose of administering the basic compulsory, universally available auto insurance program. From the beginning, basic insurance was charged to both vehicle owners and drivers in an integrated manner, along with vehicle registration and driver licensing. Said another way, registration and insurance have been inextricably linked on both driver's licences and vehicle registration since 1971.

This integration of licensing and insurance is one of the greatest advantages of our public insurance system, because it significantly reduces the likelihood of uninsured drivers on the roadway by ensuring that all licensed drivers are insured drivers and all registered vehicles are insured vehicles.

Beginning in 1971, until the merger of the Division of Driver and Vehicle Licensing (DDVL) into the Corporation in 2004, work effort and responsibility were shared in the following manner:

- Manitoba Public Insurance administered vehicle registration and insurance processing;
- DDVL administered driver's licensing and insurance.

In 2004, the government merged the operations of the former DDVL (which was a division of the Ministry of Transportation) into Manitoba Public Insurance and the Corporation became responsible for the administration of *The Drivers and Vehicles Act* (DVA). The government's stated objectives for the 2004 merger were:

- Improve customer service;
- Save costs and become more efficient by reducing overlap and duplication; and
- Create a new model for meeting the licensing, registration and insurance needs of Manitobans.

The Corporation's chosen approach to achieving the third objective was to enhance its customer-centric service model and create a truly holistic approach to serving Manitobans. The Board of Directors took the view that not only was this an opportunity to significantly improve service, but a responsibility to enhance value to Manitobans, to the maximum extent possible. Excess retained earnings from competitive insurance lines of business were set aside commencing in 2007 for this purpose. A total of $101.6 million has been set aside, of which $58.4 million has been expensed to date.

Today, the Corporation, its staff and business partners are available to serve Manitobans where and when they need us and we have significantly reduced unnecessary or lower value interactions. This new model would not have been possible without the merger and is clearly a leading practice in delivering customer service.

BROKER NETWORK

Independent insurance brokers are the main conduit for selling and renewing Autopac insurance and renewing driver's licences. Brokers are also taking on additional responsibilities, including booking appointments and collecting application fees from Manitobans applying for Manitoba Enhanced Driver's Licences, Manitoba Enhanced Identification Cards and Manitoba Identification Cards.

Customers have responded very favourably to the broadening of the Autopac broker's role. As an example, in 2010/11, 92 per cent of customers renewing their driver's licences were satisfied with the service they received.

Brokers have welcomed and supported the changes to the service delivery model. They have recognized that together, we are enhancing the value provided to Manitobans by the automobile insurance and registration system.

SERVICE CENTRES

In 2010, the Corporation continued to move forward with its new service model, converting a Claim Centre in Dauphin into a Service Centre and opening three new Service Centres in Winnipeg.

These include the Main Street Service Centre, which replaced the King Street Claim Centre, and the new Gateway and Bison Service Centres now serving the growing populations of Winnipeg's northeast and southern communities. Additionally, a new Service Centre will be opening in Selkirk in 2011. The three Winnipeg sites, which offer a full range of claims and licensing services, were selected after careful evaluation and independent assessment by a third-party expert. In choosing the locations, a variety of factors were considered, including housing starts, population growth and projected claims growth. Locations were also chosen that will decrease the environmental impact of service delivery by reducing the distance customers need to drive.

All of the new centres meet the standards of Leadership in Energy and Environmental Design (LEED) silver status. This will significantly reduce their energy consumption and environmental impact, using technologies such as geothermal heat recovery systems and motion sensors for lighting.

The Service Centre model combines all claims, insurance sales, driver testing and licensing services under one roof, which will provide better customer service, reduced costs, and better employment conditions. While the centres are capable of offering all services, the Corporation continues to support the broker network as the primary and dominant channel for insurance and licensing services.

The Service Centre concept was successfully piloted in Winkler in 2007 before being rolled out to Brandon and Thompson in 2008. Customer response has been highly favourable, with frequent customer comments on the convenience of the new model.

ROAD SAFETY

The Corporation continues to focus efforts on education, awareness and strategies to build community involvement in helping to reduce risk on the road. Our goals are to inform and educate Manitobans about key road safety concerns, including the risks and costs associated with speed and aggressive driving, drinking and driving, and non-use of occupant restraints. We do this in collaboration with other like-minded road safety stakeholders and community groups throughout Manitoba.

With the understanding that traditional road safety models require coordinated educational, enforcement and engineering efforts to have a maximum impact, we continue to work closely with law enforcement partners throughout Manitoba to facilitate optimal results.

In 2010, the Corporation worked with police groups to integrate our road safety education and enforcement campaigns. Manitoba Public Insurance officials met with the traffic committee of the Manitoba Association of Chiefs of Police (MACP), which includes representation from the Royal Canadian Mounted Police (RCMP), the Brandon Police Service and the Winnipeg Police Service.

One outcome of this collective approach is an integrated education and enforcement campaign calendar for 2011. The calendar has been distributed across the province to facilitate coordinated action.

In addition, several key road safety issues that provide opportunities for integrated awareness and enforcement were identified. Examples include coordinated speed campaigns in January and April, impaired driving campaigns in May, July, August and December, back to school safety in September, seatbelts in October and wildlife awareness in November. Integrating these components is the best way to improve road safety and ensure the most efficient use of valuable road safety resources.

We also provide data and data capture tools that assist police agencies in tailoring their enforcement efforts.

The Corporation also remains the proud sponsor of Manitoba's High School Driver Education Program, and works closely with Safety Services Manitoba in the delivery of other road safety and driver improvement courses.

Corporate Goals, Strategies and Measures

Manitoba Public Insurance's Corporate Goals, Strategies and Measures are as follows:

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.

STRATEGIES

1.1 Basic automobile insurance – to ensure that the basic, compulsory program meets the needs of Manitoba motorists for affordable, accessible and comprehensive coverage.

1.2 To keep all controllable costs at their lowest possible level through loss prevention strategies.

1.3 To improve the efficiency and convenience of Manitoba Public Insurance's distribution and service network by reducing or eliminating low value transactions.

1.4 To the maximum extent possible, leverage synergies offered by strategic partners that are mutually beneficial, improve customer service and reduce costs.

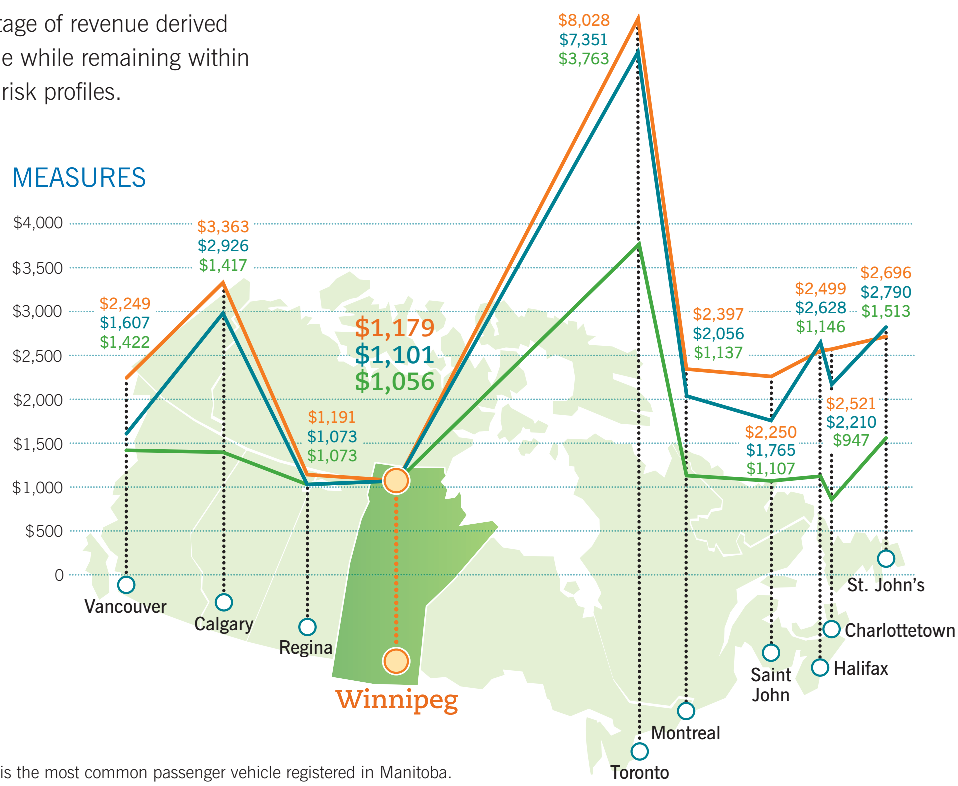
1.5 To increase the percentage of revenue derived from investment income while remaining within acceptable investment risk profiles.

1.6 To create and maintain an information technology environment that is efficient, adaptable, expandable and current to capitalize on opportunities. We will use economies of scale, new technology and existing capabilities to improve customer service or reduce costs.

1.7 We will develop systems that leverage technologies and processes across divisions providing the greatest corporate benefit possible.

1.8 To maintain the Basic Insurance Rate Stabilization Reserve to protect vehicle owners from rate increases caused by unexpected events and losses resulting from non-recurring events or factors.

MEASURES



21-year-old male, 5 year clean driving record

40-year-old couple both with 15-year clean driving records, and 16-year-old son who's accident-free

35-year-old couple both with 15-year clean driving records

2011 rates based on:
2010 Dodge Grand Caravan SE,
$500 All Perils deductible,
$2 million third-party liability

Notes:

1. The 2010 Dodge Grand Caravan SE is the most common passenger vehicle registered in Manitoba.
2. Considering Manitoba's 2011 rates and the premium rebate, Manitobans will pay less for their automobile insurance in 2011 than all major Canadian cities.

Goal 2

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

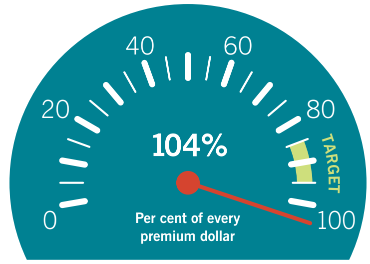
STRATEGIES

2.1 To maintain operating costs at a maximum of 50 per cent of industry average.

2.2 To break even over the long term on Basic automobile insurance.

2.3 To use investment income to reduce the average premium paid by Manitobans.

MEASURES



Premium returned for each dollar earned

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. The Corporation will utilize technology to provide products and services that will enhance the value it delivers to Manitobans.

STRATEGIES

3.1 To ensure Manitobans receive understandable information on Manitoba Public Insurance products, entitlements, services and service standards. The Corporation will adopt a strategy that ensures information reaches the appropriate target groups at appropriate times.

3.2 Autopac Extension – to be profitable by providing products and services that continue to recognize the changing needs of our customers and continue to successfully achieve high levels of customer satisfaction through strategic pricing, accessibility and convenience. To mitigate risk through appropriate product design and automated underwriting techniques.

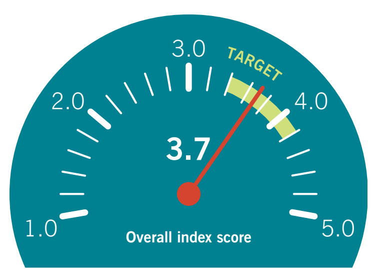
3.3 Special Risk Extension – to be profitable by responding to the variable and specialized needs of our commercial customers and providing personalized auto-related insurance products that cannot be met by the universal compulsory program or by the automobile extension program. To partner with customers in pursuing fleet safety and loss prevention initiatives. To provide Manitobans with a stable market choice that promotes long-term partnerships.

3.4 To leverage the new service delivery model to meet customer expectations, increasing accessibility and convenience.

3.5 To expand the value that the Corporation provides Manitobans by capitalizing on the effectiveness of its technology and distribution channels to develop innovative solutions that benefit its customers in a cost-effective manner.

3.6 To improve the service relationship between drivers and vehicle owners and the Corporation by modernizing business processes and ensuring all aspects of driver risk rating are consistent, clear and fair.

MEASURES



Corporate Performance Index

Goal 4

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

STRATEGIES

4.1 To enhance a customer-centric service philosophy.

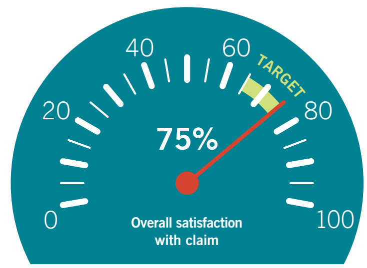
4.2 To create, publish and comply with comprehensive customer service standards for ourselves, brokers, business associates and service providers who are in contact with our customers.

4.3 To promptly address and respond to legitimate concerns expressed by our customers. To provide internal and external appeal mechanisms.

MEASURES

Physical Damage Claims

Overall, how often we meet/exceed standards



Bodily Injury Claims

Insurance Operations Policyholder Transactions

Driver and Vehicle Licensing

Goal 5

Retained earnings and Rate Stabilization Reserve will be maintained within established target levels.

STRATEGIES

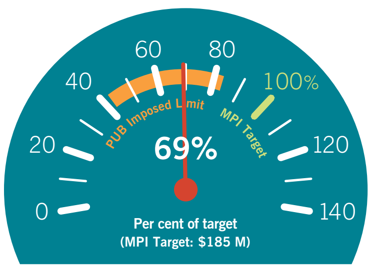
5.1 To maintain financial stability by setting appropriate premium rates, strengthening investment income and maintaining retained earnings and Rate Stabilization Reserve within established target levels.

5.2 To continuously identify and assess the likelihood and magnitude of potential risks and act explicitly to avoid and mitigate such risks.

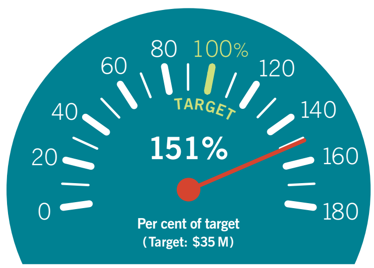
5.3 To develop business strategies to ensure competitive lines of business are profitable and contribute to the benefit of all Manitobans.

5.4 To assess corporate financial risk in keeping with industry standards and establish appropriate retained earnings and Rate Stabilization Reserve target levels for each line of business.

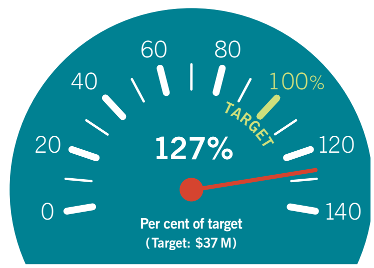
MEASURES



Basic Rate Stabilization Reserve



Extension Retained Earnings



SRE Retained Earnings

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.

STRATEGIES

6.1 To foster a culture that attracts and retains a diverse workforce throughout the Corporation. To remove systemic barriers that might impede our progress toward these goals.

6.2 To continue to respond to the issues raised by our employees. Particular emphasis will be given to providing clear direction and fostering a management style that reflects our values and supports employee commitment to the organization.

6.3 To use change management strategies that ensure communication, education and employee training support and facilitate business change.

6.4 To ensure employees are provided with effective, informative and timely two-way communication.

MEASURES

Level of employee satisfaction

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.

STRATEGIES

7.1 To develop an evidence-based road safety strategy with an aim to reduce automobile accidents, using a multi-faceted approach.

7.2 To ensure Manitobans meet and continue to maintain established standards of knowledge, skill and behaviour to gain access to Manitoba roads.

7.3 To ensure vehicles and vehicle repairs meet provincial mechanical standards.

7.4 To develop strategies and initiatives that support continuous monitoring of vehicle and driver performance to ensure Manitoba roads remain safe for everyone.

7.5 To continue to provide a clear and understandable Driver Safety Rating program, which rewards safe drivers and motivates higher-risk drivers to improve their driving behaviour through insurance rates that reflect the risk they represent on the road.

7.6 To partner with community groups across Manitoba supporting community-based initiatives that increase road safety awareness and education opportunities.

MEASURES

Public support for road safety

Results of Operations

Corporate

The Corporation's financial mandate is to break even over the long term. During the reporting period the Corporation provided Manitobans with 86 cents in claims benefits for every dollar of revenue earned after surplus distribution. Broker commissions and premium taxes accounted for 15 cents of every dollar of revenue earned after surplus distribution while other operating expenses including regulatory and appeal expenses cost 18 cents. Investment income equal to about 16 cents per dollar of revenue offset these expenses, resulting in the Corporation's net loss after surplus distribution being about 3 cents for every dollar of revenue earned after surplus distribution during the year.

WHERE YOUR PREMIUM DOLLAR HAS GONE

TOTAL CLAIMS COSTS	OPERATING & REGULATORY/ APPEAL EXPENSES	BROKER COMMISSIONS	PREMIUM TAXES
86¢	**18¢**	**12¢**	**3¢**

TOTAL EARNED REVENUES AFTER SURPLUS DISTRIBUTION		TOTAL CLAIMS AND EXPENSES		UNDERWRITING LOSS		INVESTMENT INCOME		NET LOSS AFTER SURPLUS DISTRIBUTION
$1.00	–	**$1.19**	=	**(19)¢**	+	**16¢**	=	**(3)¢**

CURRENT YEAR AND LAST YEAR

Due to the decrease in claims reserves of approximately $268 million and an increase in investment income of $4.5 million compared to last year, net income from annual operations rose by $212.4 million to $299.4 million. The payment of the surplus distribution of $321.7 million has resulted in a net loss after surplus distribution of $22.3 million, $109.2 million less than last year.

REVENUE

Total earned revenues increased to $956.8 million in 2010/11, an increase of 2.3 per cent from 2009/10. This is due mainly to increases in the number and value of vehicles insured in Manitoba.

Total earned revenues include $21.0 million received from the Province of Manitoba. This amount is received annually as part of the agreement with the Province of Manitoba for providing services related to *The Drivers and Vehicles Act* (DVA) operations.

CLAIMS COSTS

The Corporation's overall claims costs decreased by approximately 25 per cent or $189.2 million to $547.3 million compared to 2009/10. This reduction was caused by the one-time release of $268 million held in reserve for claims of prior loss years. The total number of claims filed increased by 8,152 to 275,763 from 267,611 in 2009/10.

Injury claims incurred decreased by $258.8 million from the previous year. Beginning in 2005, a new reserving method was implemented for older open Personal Injury Protection Plan (PIPP) claim files. Since the new reserving method was based on theoretical models that had not been empirically tested against Manitoba Public Insurance's own emerging experience, the External Appointed Actuary was reluctant to fully reflect the results of the new method in establishing the reserves.

There are now five years of development observations under this process of reserving for open claims with continuing periodic payments. These observations have shown relative consistency in the periodic claim development patterns since the introduction of the new process in 2005. Therefore, beginning with this review, the Corporation has shifted to relying largely on the post-2005 claim development observations for all insurance years. The result of this change was a decrease in claims reserves of approximately $268 million, or 17 per cent of unpaid claims reserves.

This reduction was offset by benefit enhancements for Manitobans seriously injured in auto crashes, which will provide for better support for claimants' active participation in the community. These improvements will apply to all active PIPP no-fault injury claims, at a one-time cost of $40 million, as well as all new claims on a go-forward basis.

Physical damage claims incurred increased by $63.0 million from the previous year. The number of collision claims increased by 12,856 or 9.0 per cent from 142,259 last year to 155,115 this year. This sharp rise in volume was partially offset by a 2.0 per cent drop in severity from $2,377 per collision claim to $2,330.

CLIMATE CHANGE

For Manitoba, climate change has become synonymous with increasing and unpredictable levels of flooding, fires and severe weather conditions, including hailstorms.

For Manitoba Public Insurance the impact of severe weather conditions, especially hailstorms, has been dramatic. For 25 years, from 1971 to 1996, the Corporation did not experience any significant claims costs related to hail damage requiring reinsurance recovery. However, since 1996, the once stable and consistent weather pattern has changed, resulting in the Corporation making four reinsurance claims following severe hailstorms.

And while there were no reinsurance claims made in 2010/11, we did realize a 20 per cent increase in hail claims (based over the long-term average).

We will continue to carefully monitor and respond to future projections, which call for a continued trend in unpredictable and variable weather patterns.

EXPENSES

Total corporate expenses increased to $210.9 million, up $2.7 million from last year as the Corporation continued to integrate DVA operations and invest in customer service improvements made possible by the October 2004 merger.

INVESTMENT INCOME

Total investment income, net of impairments and investment management fees, was up 4.6 per cent from last year to $100.7 million compared to $96.3 million last year. The $4.4 million improvement is primarily due to realized gains on the equity portfolio. Refer to Note 14 of the Financial Statements for a breakdown of investment income by type of investment.

Manitoba Public Insurance invests money it sets aside for future claim payments and other liabilities. Investment income reduces rates that would otherwise be payable by policyholders. The total fair value of the Corporation's investment portfolio was $2.4 billion at February 28, 2011, a rise of 8.9 per cent or $197.4 million from the previous year. The bond portfolio, which accounts for 70.9 per cent of the investment portfolio, is invested in three types of bonds:

- Marketable bonds, mainly issued by the governments of Manitoba and other provinces, including floating rate notes (50.7 per cent of the total portfolio market value);
- Non-marketable bonds issued by Manitoba municipalities and school divisions and purchased through the Manitoba Department of Finance (19.9 per cent); and
- Real return bonds providing returns linked to the rate of inflation and issued by the Government of Canada and provinces (0.3 per cent).

Manitoba Public Insurance contracts four external investment managers to administer its Canadian equity portfolio, which represents 16.5 per cent of the total investment portfolio. The Corporation also has 5.4 per cent of its portfolio in United States equities which are passively managed by one external investment manager with exposure to the U.S. equity market through two Indexed Funds – Russell 1000 and Russell 2000. The Corporation stopped hedging the currency exposure on its U.S. dollar denominated assets in May, 2010. Short-term investments account for 2.7 per cent of the investment fund; venture capital and private equity investments represent 0.3 per cent of the portfolio's carrying value and pooled real estate funds account for 3.6 per cent while directly held real estate investments account for 0.6 per cent of the investment portfolio.

The total portfolio, on a market value basis, had an 8.4 per cent return during the fiscal year. Marketable bonds returned 5.1 per cent, non-marketable bonds 6.2 per cent, floating rate notes 0.6 per cent and real return bonds 7.2 per cent. Large cap Canadian equities returned 26.7 per cent over the same time period, small cap Canadian equities returned 23.4 per cent and U.S. equities returned 11.4 per cent. Over a four year period, the investment portfolio has achieved an annualized return of 4.8 per cent.

Basic

CURRENT YEAR AND LAST YEAR

Basic insurance net income from annual operations increased by $202.1 million compared to last year to $289.8 million. The primary reason for this increase is due to a decrease in the Basic unpaid claims of $266 million resulting from the revised PIPP claims development assumptions that were fully reflected in the actuarial review. This reduction was offset by the financial impact of benefit enhancements estimated to be $40 million on a one-time basis and has been recorded in the provision for unpaid claims. Investment income also increased compared to last year by $3.9 million.

REVENUE

Total earned revenues increased to $764.6 million compared to $743.7 million last year, as the number of policies in force at year-end increased from 931,942 to 955,564.

CLAIMS COSTS

Total claims costs decreased by 28 per cent to $447.0 million due primarily to the revised PIPP claims development assumptions being fully reflective of the post 2005/06 experience in the October 31, 2010 actuarial review.

Injury claims

Current year claims costs decreased by $17.7 million from $216.7 million to $199.0 million, a decline of 8.2 per cent. While the number of injury claims rose by 3.0 per cent to 17,186 from 16,671, the average cost per claim fell by 11.0 per cent to $11,577 from $13,001.

Favourable development on injury claims of prior years was $252.8 million this year compared to $31.8 million last year. During the current year the External Appointed Actuary revised the claims development assumptions to be fully reflective of post 2005/06 experience.

Physical damage claims

Physical damage claims costs increased $56.0 million to $386.9 million. The number of collision claims of 155,115 rose by 12,856 or 9.0 per cent which contributed to an increase in the cost of these claims of $40.8 million to $275.3 million. Comprehensive claims costs – which include primarily glass, weather-related, theft and attempted theft claims incurred – increased $14.3 million. Basic's share of the hailstorm that struck the City of Winnipeg increased this year's claims incurred by $12.3 million. The Immobilizer Incentive Program and Winnipeg Auto Theft Suppression Strategy (WATSS) are having a significant positive effect on theft claims as total theft claims costs decreased $2.1 million or 15.4 per cent and attempted theft claims costs fell $1.4 million or 29.0 per cent. Property damage claims costs rose by $0.9 million due mainly to a 2.2 per cent increase in volume.

INJURY CLAIMS

Years Ended February 28/29

Type of Claim*	**2011**	2010	2009	2008	2007
Fatal	**126**	135	131	159	161
Brain injury**	**146**	66	44	86	74
Quadriplegic	**2**	6	3	5	1
Paraplegic	**1**	3	6	6	14
Broken bones	**705**	754	766	785	837
Sprains and strains***	**3,198**	–	–	–	–
Whiplash	**10,735**	13,885	14,669	15,173	14,508
Bruising/Lacerations	**1,366**	801	651	707	610
Other	**907**	1,021	673	790	1,238
Total	**17,186**	16,671	16,943	17,711	17,443

* In 2011, a new bodily injury claims management system became operational which classifies injury types utilizing the International Classification of Diseases – ICD10 codes.

** Under ICD10, brain injury now includes concussions and loss of consciousness, which were not included in previous years' claims counts in this category.

*** Prior to 2011, sprains and strains were included in whiplash.

Years Ended February 28/29					
Basic Autopac Five Year Statistics ($000)	**2011**	2010	2009	2008	2007
Premiums Written	**759,552**	738,999	714,265	675,762	654,800
Claims Incurred	**333,071**	515,788	519,541	525,287	534,860
Claims Expense	**97,182**	84,012	77,620	73,146	68,965
Other Expenses	**132,569**	140,221	129,997	123,963	114,330
Net Income (Loss)	**289,849**	87,773	(8,165)	69,040	47,783
Net Income (Loss) after Surplus Distribution	**(31,829)**	87,773	(8,111)	6,475	(11,869)

EXPENSES

Basic's expenses decreased to $115.8 million compared to $116.6 million last year. The decrease in premium taxes of $9.0 million is directly related to the premium rebate and was offset by an increase in commission costs, relating to the rise in earned revenues.

INVESTMENT INCOME

Basic's share of corporate investment income was $88.1 million, net of impairments and investment management fees. This was an increase of 4.7 per cent or $3.9 million compared to last year.

RETAINED EARNINGS

At February 28, 2011, Basic retained earnings totalled $192.9 million compared to $224.7 million at February 28, 2010. Of the current year's retained earnings, $127.9 million was allocated to the Rate Stabilization Reserve (RSR) and $65.0 million was allocated to fund Basic's share of the Information Technology (IT) Optimization projects. Additional information is provided in the Notes to Financial Statements (Notes 3 and 24).

Extension

CURRENT YEAR AND LAST YEAR

Extension insurance, including *The Drivers and Vehicles Act* (DVA) operations, reported a net loss of $1.3 million. The sale of extension products provided net income of $25.7 million compared to $27.5 million last year while DVA operations experienced a net loss of $27.0 million compared to a net loss of $27.6 million last year. DVA operations continued to be reported through the Extension line of business this year as efforts continued to leverage the opportunities provided by the merger, because excess retained earnings from the competitive lines continue to fund both the improvement initiatives and difference between the payment from the Province and the cost of the ongoing operation. Beginning April 1, 2011, the government will increase its payments to the Corporation to $28.0 million annually. The Corporation expects that this will fully cover the costs of the DVA administrative operation and also allow for some annual contribution to repayment of the start-up costs for the Manitoba Enhanced Identification Card, Manitoba Enhanced Driver's Licence and Manitoba Identification Card.

A decrease of $1.5 million in Extension's underwriting results and its share of investment income of $0.3 million resulted in an overall reduction of $1.8 million in the net income from the sale of extension products compared to last year.

The current year's loss due to DVA operations was $10.8 million with the remaining $16.2 million loss due to project costs associated with improvement initiatives. The Corporation has purposefully chosen to maximize the advantages presented by the merger with Driver and Vehicle Licensing through these improvement initiatives. These project costs are recovered from the Extension Development Fund.

REVENUE

Earned revenues from the sale of extension products increased to $123.2 million compared to $121.9 million last year. All products, including the sale of coverage for third-party liability, deductible buy down, loss of vehicle use and off-road vehicle damage contributed to the increase.

A $21.0 million recovery from the Province of Manitoba was received last year, which partially offsets DVA operating costs.

CLAIMS COSTS

Total claims costs – including claims benefits, claims handling, loss prevention and road safety expenses – increased $0.1 million to $68.3 million. Physical damage claims costs increased by $5.5 million, exhibiting similar trends as the Basic line of business. Injury claims decreased by $6.1 million due primarily to decreased severity.

EXPENSES

Expenses related to the sale of Extension products was $37.3 million, an increase of $2.7 million. This increase was primarily due to an increase in commission costs of $1.8 million due to an increase in the number of products in force as well as new commission rates that were agreed to between the Corporation and the Insurance Brokers Association of Manitoba effective June 1, 2008. Higher operating expenses ($0.9 million more than last year) also contributed to the increase in expenses.

DVA operations expenses of $46.2 million were almost on par with last year's expenses of $46.3 million.

INVESTMENT INCOME

Total Extension's share of corporate investment income of $7.0 million, net of impairments and investment management fees, was $0.3 million higher than last year.

RETAINED EARNINGS

Extension's total retained earnings are made up of retained earnings from the sale of Extension products and the Extension Development Fund (EDF). As at February 28, 2011, Extension retained earnings totalled $52.8 million ($49.1 million previous year) and the EDF totalled $43.2 million ($48.3 million previous year).

From its inception in 2007 to 2010, $91.7 million has been appropriated from Extension retained earnings ($33.3 million) and Special Risk Extension retained earnings ($58.4 million) to fund the EDF projects undertaken to maximize the opportunities presented by the 2004 merger of the Corporation and the Division of Driver and Vehicle Licensing. In 2010/11, an additional appropriation was made from Extension retained earnings in the amount of $10.0 million to fund non-Basic's share of IT optimization projects. Including this increase, activity to February 28, 2011 has reduced the EDF to $43.2 million. Additional information is provided in the Notes to Financial Statements (Notes 3 and 25).

Years Ended February 28/29

Extension Five Year Statistics ($000)	**2011**	2010	2009	2008	2007
Premiums Written	**121,118**	118,985	118,693	110,618	100,754
Claims Incurred	**57,260**	57,863	63,517	59,621	60,925
Claims Expense	**9,990**	9,285	8,807	7,988	7,868
Other Expenses*	**84,594**	81,953	80,046	58,710	55,144
Net Income (Loss)	**(1,278)**	(144)	(13,289)	12,351	3,235

* Includes expenses related to DVA operations which are partially offset by an annual payment of $21.0 million from the Province of Manitoba.

Special Risk Extension (SRE)

CURRENT YEAR AND LAST YEAR

SRE insurance reported a net income of $10.8 million, an increase of $11.5 million from the previous year. An increase in underwriting results of $11.2 million and higher investment income of $0.3 million contributed to the year-over-year improvement.

REVENUE

Total earned revenues decreased $0.7 million to $48.7 million. The current global decline in economic activity has negatively affected sales of SRE products, which include large trucking companies' liability, cargo and physical damage coverage.

CLAIMS COSTS

Total claims costs, including claims expense and loss prevention and road safety expenses, decreased $12.9 million to $32.0 million. Physical damage claims incurred increased by $1.5 million due to higher volume and severity. Liability and cargo claims incurred decreased by $14.0 million due mainly to decreased severity. Claims expense and loss prevention and road safety costs decreased by $0.4 million from the previous year.

EXPENSES

SRE's expenses increased from $10.6 million to $11.5 million. Operating costs increased by $0.5 million while commission costs increased by $0.3 million.

INVESTMENT INCOME

SRE's share of corporate investment income, net of impairments and investment management fees, was $5.7 million, a rise of $0.3 million compared to $5.4 million last year.

RETAINED EARNINGS

SRE's retained earnings are derived from the annual operations of the SRE line of business. SRE's retained earnings, as at February 28, 2011 were $47.1 million compared to $36.3 million last year. Since its inception in 2007, SRE retained earnings have also contributed $58.4 million to fund the EDF.

Years Ended February 28/29

SRE Five Year Statistics ($000)	**2011**	2010	2009	2008	2007
Premiums Written	**49,054**	48,245	52,724	55,673	56,824
Claims Incurred	**28,080**	40,547	22,585	33,491	32,585
Claims Expense	**3,685**	4,151	4,016	3,371	3,017
Other Expenses	**11,741**	10,799	11,520	12,207	12,016
Net Income (Loss)	**10,806**	(685)	14,899	16,049	17,370

Risk Management

Like any enterprise, Manitoba Public Insurance assumes risks in its operations that must be handled effectively in order to achieve its goals.

The Audit Committee of the Board of Directors ensures that enterprise-wide risk assessment processes and controls are in place to identify and mitigate these risks. The Audit Committee also monitors the Corporation's risks on an ongoing basis.

Management is responsible for developing, updating and enforcing the Corporation's Risk Management Framework, which includes:

- Risk identification and assessment of impact if there were no risk mitigation actions in place;
- Risk monitoring procedures;
- Processes and controls to manage and mitigate risks;
- The residual risk, after consideration of management action.

The Framework ensures a consistent approach for addressing risks and a common understanding of risk and its mitigation throughout the Corporation. The risks are categorized based on the Corporation's seven overall strategic goals.

Much of the risk management process is focused on Goal 1: Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

The key risk mitigation areas are:

- Maintaining adequate unpaid claims reserve;
- Maintaining an adequate Rate Stabilization Reserve;
- Governance of investments;
- Loss prevention strategies;
- Claims control strategies;
- Information Technology Processes.

Unpaid Claims

Manitoba Public Insurance maintains provisions for unpaid claims on a discounted basis to cover its future claims commitments. The Corporation makes provisions for future development on claims that have been made, and an estimate for those that may have occurred but have not yet been reported.

In the case of major injuries, only a small portion of the total benefit is paid in the first year. As time passes and more information is available, the estimates are revised to reflect the most current forecast of claims costs.

Because the total amount paid on any single claim may be different from its initial reserve, Manitoba Public Insurance reviews the adequacy of these reserves quarterly. Adjustments, if needed, are calculated by the Corporation's actuary. An independent assessment of the reserves is also conducted, twice a year, by the Corporation's External Appointed Actuary. The external auditor also reviews the adequacy of the reserves as part of its annual audit of the Corporation's financial results. This process serves to mitigate risk of misstatement of unpaid claims reserves.

For all insurance companies, long lasting injury claims are the largest source of year to year variability in the estimate of ultimate costs. This variability and volatility 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. For Manitoba Public Insurance, factors such as the effects of inflationary trends and changing interest rates contribute to this variability. We manage the investment portfolio to reduce this potential volatility.

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.

Beginning in 2005, a new reserving method was implemented for older open PIPP claim files. Since the new reserving method was based on theoretical models that had not been empirically tested against Manitoba Public Insurance's own emerging experience, the External Appointed Actuary was reluctant to fully reflect the results of the new method in establishing the reserves.

There are now five years of development observations under this process of reserving for open claims with continuing periodic payments. These observations have shown relative consistency in the periodic claim development patterns since the introduction of the new process in 2005. Therefore, beginning with this review the External Appointed Actuary shifted to relying largely on the post-2005 claim development observations for all insurance years. The result of this change was a decrease in claims reserves of approximately $268 million, or 17 per cent of unpaid claims reserves.

This reduction was offset by benefit enhancements, for Manitobans seriously injured in an auto crash, which will provide for better support for claimants' active participation in the community. These improvements will apply to all active PIPP no-fault injury claim files, at a one-time cost of $40 million, as well as all new claims on a go-forward basis.

The changes made in 2005 have proven over the last five years to enhance the quality of the claims reserve estimate. However, there will always be variability in the estimate from year to year.

Rate Stabilization Reserve

The Corporation establishes and maintains a Rate Stabilization Reserve (RSR) to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

While the Public Utilities Board and the Corporation have differed on the method of determining the maximum required RSR, the divergent approaches are within $30 million, a significant reduction in the previous gap. The Corporation has and will continue to base its Public Utilities Board rate applications on the maximum of the Public Utilities Board RSR target.

The Corporation has maintained an RSR at or above the maximum Public Utilities Board target for a number of years. The Public Utilities Board has approved rates that result in the Corporation having a RSR in excess of the maximum target. The Public Utilities Board has gone on record that there was sufficient financial uncertainty in many areas to justify an excess amount.

As a result of Public Utilities Board Order 43/11, the RSR was reduced to $127.9 million at February 28, 2011. Management expects the RSR to be fully funded to the Public Utilities Board maximum at February 29, 2012.

Investments

In accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*, the Minister of Finance is responsible for the investments of the Corporation. The Minister has charged the Department of Finance with the operational management of the fund. The Corporation, through the Investment Committee of the Board, and the Department jointly make recommendations to the Minister regarding appropriate policies and strategies to maximize return, minimize volatility and mitigate risk. For example, because the unpaid claims liabilities of the Corporation are inflation sensitive, investments that are inflation sensitive, such as real estate and real return bonds, are included in the portfolio. The Corporation has completed asset liability management studies to ensure that the asset mix chosen is compatible with the Corporation's liability profile. A complete description of these risks and risk mitigation strategies are outlined in the Notes to Financial Statements (Note 5).

Loss Prevention Strategies

As part of its loss prevention strategy, the Corporation has been a key player in Manitoba's fight against auto theft and claims fraud.

Auto Theft Strategies

Manitoba Public Insurance continues to make significant progress in reducing auto crime in almost every category. From 2004 – just prior to the Corporation implementing its auto theft initiatives – to 2010, auto thefts in Winnipeg have dropped 77.6 per cent. Across the Province, the combined, total and attempted thefts continue to be the lowest since 1992, and are 71.1 per cent lower than 2006 when this combined total peaked.

After making very significant progress against auto theft in 2009, the Corporation continued to see further declines in 2010. In 2010, there were 2,973 total thefts and 2,111 attempted thefts in the province as compared to 2009, when there were 3,328 total thefts and 2,816 attempted thefts. This gives a combined reduction of 17.25 per cent from 2009.

The Winnipeg Police Service reports that in 2010, the average number of vehicles stolen daily was 5.2, or approximately one-fifth of the number stolen in 2004, when an average of 24 vehicles were stolen every day.

The bulk of our success can be attributed to two initiatives: the Winnipeg Auto Theft Suppression Strategy (WATSS) and the immobilizer incentive program.

Impact of Auto Theft Initiatives

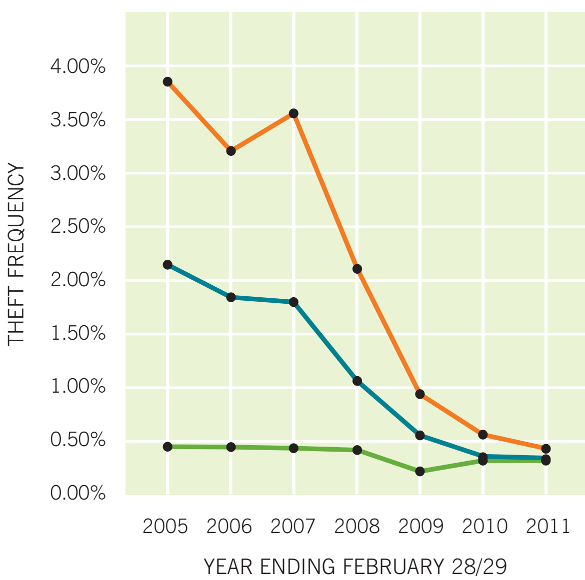
The real cost of auto theft in 2010 was more than $30 million less than had been forecasted in 2004, before WATSS and our immobilizer incentive program were implemented.

In 2010, claims costs for total and attempted theft were roughly $14.9 million – a drop of approximately $3.5 million from the $18.4 million incurred in 2009, and a reduction of more than $7 million from what was spent in 2008. More specifically, from 2009 to 2010:

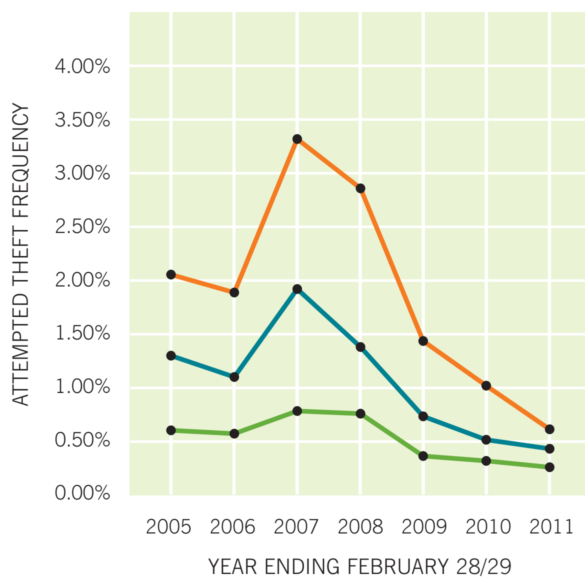
- Total theft claims costs declined $2.1 million or 15.4 per cent;
- Attempted theft claims costs declined by $1.4 million or 29 per cent.

Most importantly, our multi-pronged approach to auto theft is keeping more reckless, joyriding car thieves off of Manitoba roads, improving the safety and security of our communities.

TOTAL THEFT – WINNIPEG



ATTEMPTED THEFT – WINNIPEG



Total Theft MAR (Most-At-Risk) Total Non-MAR (Non-Most-At-Risk)

Special Investigation Unit

The Special Investigation Unit (SIU) is a key component of the corporate loss prevention strategy. The SIU investigates suspicious claims which expose the Corporation to financial risk and fraud. Investigators with specialty expertise investigate claims which may arise due to arson, fraud, auto theft, organized criminal activity and other suspicious circumstances. The department works co-operatively with other departments within Manitoba Public Insurance, police agencies and the Crown attorney. In addition, the department works to continually refine policies and procedures to deter criminal activity and identify suspicious claims for recovery.

Special Accounts and Subrogation

The Special Accounts and Subrogation department (SAS) acts to secure, preserve and enforce the Corporation's rights of recovery through its various services, such as subrogation, litigation, and collections. The goal of maximizing recovery – and thereby minimizing claims loss – requires SAS to work closely with other internal departments on claims recoveries and with police agencies and Crown prosecutors to secure court ordered restitution on criminal recoveries.

For the fiscal year ending February 28, 2011, SAS activity resulted in roughly $11.3 million in recoveries for the Corporation.

Claims Control Strategies

Our cost control measures with respect to claims management range from:

- Establishment of an accreditation program for the collision repair industry to ensure high quality, safe repairs at a reasonable cost. This requires shops and the technicians within shops to meet standards for facilities, equipment and annual training of technicians;
- Delivery of high quality training programs to the collision repair industry to ensure repairs are performed by highly trained technicians to high standards using current technologies;
- Use of estimating compliance software to ensure all repairs estimates are prepared accurately and consistently ensuring that only required repairs are performed;
- Use of aftermarket and recycled parts in vehicle repairs;
- Discounted pricing on glass replacement;
- Ensuring collection of claims costs from other insurers and at fault parties (subrogation); and
- A team-based approach to managing bodily injury claims intended to assist individuals in achieving as full a recovery as possible.

The savings from these initiatives are significant. For example, the use of aftermarket and recycled parts resulted in savings of almost $30 million. These savings are directly passed on to customers in the form of lower insurance premiums.

Information Technology Optimization

The Corporation will continue to review, rationalize and upgrade all applications and system infrastructure to ensure that the Corporation is operating in the most effective and efficient manner, while planning ahead for future needs and development.

Therefore, the Corporation has developed a robust, risk management strategy entitled IT Optimization. This plan will assess and address operational risk associated with information systems and capability, including risk associated with key areas of applications, infrastructure, operational processes, information security, controls and disaster recovery. In addition, an outcome of this project will be a three to five year roadmap focused on ensuring the Corporation's technology remains current and has long term viability.

In February 2011, the Corporation's Board of Directors authorized the appropriation of $75.0 million from retained earnings of the Corporation to fund costs for Information Technology (IT) Optimization projects. These projects will refurbish the Corporation's IT infrastructure to lower the risk of service interruption and to enable future service improvements to the benefit of ratepayers. The appropriations will be allocated between Basic and the non-Basic lines of business based on the approved cost allocation formulae. The appropriations are $65.0 million from Basic retained earnings to a new IT Optimization Fund for Basic-related project costs and $10.0 million from Extension retained earnings to the Extension Development Fund to fund non-Basic IT Optimization project costs.

Outlook

The Corporation remains committed to achieving its seven corporate goals. Actual results are monitored quarterly by the Board of Directors and corrective action is taken when necessary to ensure that expected outcomes are realized.

BASIC AUTOPAC RATES

Under *The Crown Corporations Public Review and Accountability Act*, Manitoba Public Insurance is required to submit Basic Autopac rates to the Public Utilities Board for approval. The Corporation generally files its rate application in June of each year for the fiscal year beginning the following March.

On December 15, 2010 the Public Utilities Board released its ruling on Manitoba Public Insurance's rate application for the 2011/12 fiscal year. Effective March 1, 2011 overall Basic compulsory insurance premiums will decrease by an average of 4 per cent. Average premiums will decrease by 3.3 per cent for owners of private passenger vehicles and 2.76 per cent for commercial vehicles.

The current financial strength of the Corporation is expected to continue. The reduction in unpaid claims reserves, noted above, also reduces the revenue requirement in future years. Therefore, we expect that the Corporation will apply to the Public Utilities Board for another rate reduction in the Basic Autopac rates for the 2012/13.

NET INCOME

Current projections indicate that the Basic Autopac line is expected to realize net income. This net income combined with the transition adjustment for the change to International Financial Reporting Standards (IFRS) is expected once again to fully fund the RSR by February 29, 2012. Extension and Special Risk Extension are expected to realize profits and on-going operations related to the administration of *The Drivers and Vehicles Act* are expected to break even.

Key improvements to DVA operations, to enhance service and value to Manitobans will continue to be funded through the Extension Development Fund, which was created from excess retained earnings from competitive lines of business.

COST ALLOCATION

For companies that operate a line of business that is subject to rate regulation and also operate other non-regulated lines of business, cost allocation methodologies serve as the basis for the regulators to determine how costs are allocated to the regulated line of business.

For many years, Manitoba Public Insurance has allocated its operating expenses amongst the three insurance lines of business according to a cost allocation methodology that was vetted and approved by the Public Utilities Board.

After the merger of Manitoba Public Insurance and the Division of Drivers and Vehicles Licensing, both the Corporation and Public Utilities Board agreed the approved methodology required reconsideration. To that end, the Corporation hired Deloitte to conduct a new cost allocation study, the results of which were approved by the Board of Directors in June 2009.

In its Order 161/09, the Public Utilities Board found both the Deloitte cost allocation methodology report and the evidence of Deloitte's representative to be valuable and credible with respect to the development of a revised cost allocation formula for the Corporation. The Public Utilities Board directed the Corporation to further its research into the proposed methodology for consideration at the 2011 General Rate Application. This further research was completed. However, in Order 145/10, the Public Utilities Board endorsed the new method but disallowed the use of the new methodology for ratemaking purposes.

The Corporation is satisfied that the new methodology better allocates the costs to its lines of business, and will therefore implement the new methodology, effective March 1, 2011. Compared to the old methodology, expenses will be reduced for both Basic insurance and DVA operations, while Extension and SRE will experience an increase in allocated expenses.

However, future Public Utilities Board applications will calculate the required Basic Autopac rates, based on the old allocation basis until such time as Public Utilities Board approves the use of the new methodology for basic ratemaking.

FUTURE DVA OPERATIONS AND FUNDING

The Corporation has been responsible for administering the functions and activities specified in *The Drivers and Vehicles Act* (DVA) since 2004. At that time, the government began to provide funding in the amount of $21 million per year and committed to do so in perpetuity.

Given the effects of inflation, population growth, different accounting approaches and increased responsibilities, the base costs of the DVA administrative responsibilities have increased. The Corporation's improvement initiatives have served to mitigate these cost increases in addition to significantly improving service and value for motorists.

Beginning April 1, 2011 the government will increase its payments to Manitoba Public Insurance to $28 million per year. The Corporation expects that this will fully cover the costs of the DVA administrative operation and also allow for some annual contribution to repayment of the start-up costs for the Manitoba Enhanced Identification Card, Manitoba Enhanced Driver's Licence and Manitoba Identification Card.

One-time non-recurring project costs to enhance service and value to Manitobans will continue to be funded through the EDF, which was created from excess retained earnings from competitive lines of business.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual reporting in fiscal years beginning on or after January 1, 2011. The Corporation will be adopting IFRS reporting requirements for the fiscal year beginning March 1, 2011. This requirement also extends to any comparative financial information included within the reports.

The Corporation made considerable progress in the IFRS project to ensure a smooth transition to the new accounting standards. The following steps have been completed by the Corporation to date:

- Engaged an external consultant to prepare an IFRS high level diagnostic which was presented to senior management and the Board of Directors and disclosed to the Public Utilities Board;
- Established a project team, including a team of external consultants, to oversee the transition to and manage the implementation of IFRS;
- Commenced analysis to identify key differences between current accounting policies and IFRS requirements that may have a significant impact on the reported results;
- Prepared papers on primary and secondary areas where differences were identified;
- Reviewed all papers with senior management, the Board of Directors and external auditors;
- Board of Directors approved all transition and ongoing policies;
- Elected to re-designate the Marketable Bonds from the current designation of Available for Sale to Fair Value Through Profit or Loss (formerly known as Held for Trading). The impact of the change in designation would be to transfer $24.16 million of unrealized gains from Accumulated Other Comprehensive Income (Note 15) to Retained Earnings; and
- Performed assessment of supporting software systems and made appropriate changes where necessary.

The Corporation has determined that the largest impact of the adoption of the new standards will be the re-designation of Marketable Bonds, as described above. The Corporation does not expect that the other changes required will have a material impact on future financial results.

However, the IFRS insurance standards (IFRS 4) are currently under review and the IASB (International Accounting Standards Board) issued an exposure draft on July 30, 2010 titled IFRS 4 Phase II. The exposure draft is one of the steps being taken by the IASB in developing new insurance accounting standards. Comments on the new standard were accepted until November 30, 2010 and it is expected that the new standard will be issued in July, 2011 and will be implemented not earlier than January 1, 2013.

The most debated of the proposed changes is a change in the discount rate used to value liabilities. This mandated change in the interest assumptions could have a significant financial impact. For example, for every 10 basis points change in the discount rate, there is approximately a $13 million reserve impact. Therefore, a one per cent decrease in the discount rate would increase reserves by approximately $130 million.

There are several factors that offset this downside risk for Manitoba Public Insurance. The current discount rate used to value liabilities is based on a conservative bond portfolio that is primarily composed of government bonds. Therefore the current rate used is almost a "risk free rate." In addition, the Provision for Adverse Deviation (PfAD) margins have been set at a level to fully mitigate the risk of under-estimation. While possible, we believe that a large unpaid claims reserve adjustment is unlikely.

THE CORPORATE SERVICE VISION

Manitoba Public Insurance will continue to define a new corporate vision and philosophy for Customer Service, Physical Damage Claims Administration and Road Safety: three distinct, yet inextricably linked elements of our business.

Over the next few years, we will create a service delivery framework and transformational roadmap that will serve as a foundation for the development of a comprehensive project plan. This plan will guide our staff and business partners as we work together to meet the evolving needs and expectations of our customers.

Corporate Governance

Responsibilities of the Board

Manitoba Public Insurance was created by an act of the Legislature to achieve the Corporation's founding principles. The Corporation's Board, appointed by the Government of Manitoba, ensures that corporate policies are consistent with its public policy mandate. The Board is also responsible for policy development and approval, and provides oversight and monitoring. The Board is currently at its full complement of nine members. The President and Chief Executive Officer is an Ex-Officio Member of the Board and the Board Committees.

The Corporation has a comprehensive annual strategic planning process. The Board approves a five-year strategic plan. Flowing from that document are lines of business strategies, human capital forecasts, premises and technology requirements, as well as a financial forecast. Divisional plans and departmental strategies support the strategic plan.

In 2005, the Corporation introduced an anonymous and confidential Whistleblower Hotline system for the receipt, retention and treatment of complaints about suspected fraud or financial mismanagement from employees. In 2006, the Corporation took steps to ensure it was fully compliant with the then-new *The Public Interest Disclosure (Whistleblower Protection) Act.*

As these matters are of paramount concern to the Board of Directors and senior management, the Corporation has retained the services of an independent third party to administer the Hotline, receive complaints and provide reports directly to the Chair of the Audit Committee, the corporate General Counsel and Manager of Internal Audit – recognizing that employees will be more likely to submit reports if they have a direct channel open to them with which they are comfortable.

Furthermore, it is the policy of the Corporation to ensure there are no reprisals against any employee for accessing the Whistleblower Hotline and making a report, should the identity of the reporting employee become known despite stringent provisions for confidentiality. The purpose of the policy is to discipline those responsible, not to discipline those who report such abuses.

Under the provisions of *The Manitoba Public Insurance Corporation Act,* the Board chairperson is required to provide the Minister Responsible for Manitoba Public Insurance with an annual report, which is subsequently reviewed by the Standing Committee of the Legislature. Additional oversight is provided by the Crown Corporation Council, a body given legislative authority to conduct a mandate and strategy review of provincial Crown corporations. The Public Utilities Board approves Basic Autopac insurance rates.

Whistleblower Report

This report on the Whistleblower Hotline covers the fiscal period March 1, 2010 to February 28, 2011.

There have been no reports to the Whistleblower Hotline this year.

Fair Practices Office

Our public auto insurance system strives for continuous improvement in all aspects of its operation, particularly those aimed at ensuring fair and appropriate service to customers. With that goal in mind, the Fair Practices Office (FPO) was created in 1999.

The FPO is a means for customers and other interested parties to bring issues of a systemic nature to the attention of the Corporation. The FPO generally deals with concerns related to corporate policy, or issues involving complex or unusual situations where the correct interpretation of policy may seem unclear. The office may initiate its own investigations or respond to inquiries referred by others. It is free to scrutinize the Corporation's policies and procedures in an objective and constructive manner.

The office reports its observations directly to the President and Chief Executive Officer. It can recommend review of an issue and alert senior management of any systemic concerns or policies that should be addressed.

Many of these matters are referred to the FPO by the provincial Ombudsman, by staff and by customers. Inquiries of a systemic or policy nature may also be referred by the Customer Relations unit, which deals primarily with individual customers.

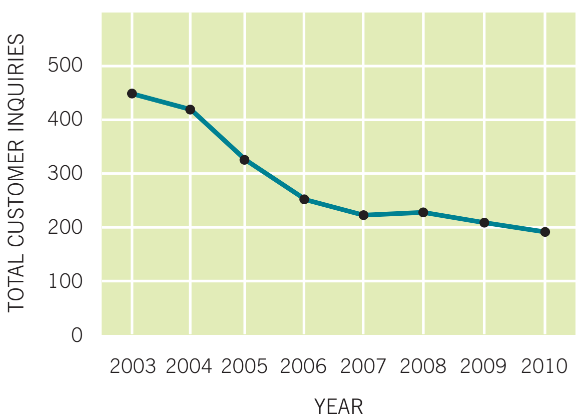
The number of inquiries handled by the FPO has declined in recent years. This year's total of 198, is down from last year's 206, and is indicative of a decreasing trend over the years. The Corporation continues to improve processes for handling escalating concerns and for identifying duplicate inquiries. As a result, we anticipate individual customer concerns will continue to be successfully resolved without the involvement of the FPO.

2010 Fair Practice Results

In the 2010/11 fiscal year, the FPO received 198 documented inquiries from the following referral sources:

Customer	68
Formal Ombudsman inquiries	15
Informal Ombudsman inquiries	95
Internal referrals	20

The FPO recommended the Corporation revise its decision in 20 situations, or about 10 per cent of the cases it reviewed.



Compliance to Legislative Authority Audit

In 2005, at the request of the Auditor General of Manitoba, the Corporation's external auditors undertook a pilot project to audit the Corporation's compliance with specified legislative and related authorities. The external auditors concluded that the Corporation complied in all material respects with the specified legislative and related authorities.

The Corporation determined there is value in this process and therefore, since 2006, has engaged its external auditors to continue to conduct this audit. This audit, in 2010, again found that the Corporation is in compliance in all material respects with the specific legislative and related authorities.

Compliance to Legislative Authority: Sustainable Development Act

In accordance with Section 14 of *The Manitoba Sustainable Development Act* (1997), the Corporation experienced one environmental incident between March 1, 2010 and February 28, 2011. This was a gasoline spill at the Plessis Physical Damage Centre which was contained on the asphalt lot and cleaned up by employees and a contractor.

The Corporation has a sustainable development program including policies and guidelines to reduce the environmental impact of the Corporation and its business partners. Highlights of this program are outlined as follows.

ENVIRONMENTAL TESTING

The Corporation undertakes environmental testing to ensure that environmental risks are detected and managed.

Environmental Testing	Results (2010-11)
New properties to identify environmental issues.	No testing occurred during the reporting period.
Well water quality at those sites where a well is used.	Testing showed no bacterial contamination.
Runoff water and sediments for vehicle related contaminants.	Testing showed no or trace levels of ethylene glycol, hydrocarbons, or metals except at two sample sites which had higher than acceptable levels of copper or zinc. These will be retested in the spring to determine if a problem exists.
Waste audits to evaluate recycling success and opportunities.	Results showed that the Corporation continues to achieve a high level of waste diversion.

FLEET VEHICLE MANAGEMENT

The Corporation's fleet of vehicles is largely comprised of newer hybrid vehicles and fuel efficient cars as well as E-85 capable vehicles. Average fuel efficiency for the regular fleet improved from 12.5 to 11.4 litres /100 km in the last year.

FACILITIES MANAGEMENT

The Corporation continues to apply sustainable practices in the construction and operation of its facilities including certifying building to accepted environmental standards.

- LEED (Leadership in Energy and Environmental Design) Silver Certification for New Construction: four in development
- BOMA (Building Owners and Managers Association) Go Green Plus Certification for Existing Buildings: four certified and three underway

All of the Corporation's newest Service Centres meet these standards.

The three newest Service Centres in Winnipeg are located in areas with a high concentration of drivers, significantly reducing the distance that customers have to travel to access Manitoba Public Insurance services. Fewer kilometres driven equals a cleaner environment. We estimate a savings of 27,720 kilograms of greenhouse gases per year.

In older buildings, the Corporation pursues sustainable upgrades during lifecycle replacement or major renovations by adding features found in its newer buildings including:

Heating, Ventilating and Air Conditioning (HVAC)

- Digital control and integration of major HVAC components;
- High efficiency components (boilers, roof top units, heaters);
- Geothermal heat pumps that utilize ground temperature to heat and cool the building;
- Glycol heat recovery systems to reuse exhaust heat within the building;
- Variable speed motors in HVAC components to conserve electricity;
- Air quality sensors to control the amount of fresh air brought into the building;
- Under-floor heat distribution.

Electrical Conservation

- Design elements (reflective light shelves, clerestory windows, skylights in garages) make better use of natural light and reduce the need for artificial lighting;
- Sensor controlled lighting uses occupancy and natural light sensors to control light fixture output;
- Conversion of older incandescent lighting used in garages and outside buildings to more efficient compact fluorescent, T5 fluorescent, halogen lighting and LED exit lights;
- High efficiency hot water tanks;
- Temperature sensitive block heater plugs.

Water Conservation

- Low flow toilets and fixtures;
- Waterless urinals;
- Sensor controlled bathroom fixtures.

RECYCLING AND THE USE OF RECYCLED GOODS

The Corporation has programs to divert waste into reusable forms and promotes the use of materials with recycled content.

Results (2010-11)	Activity
24,979	Salvage vehicles were sold to automobile recyclers and the public to be rebuilt or used for replacement parts
17,130	Number of salvage vehicles from which freon was extracted (from the vehicle air conditioning system)
7,173	Litres of gasoline extracted from salvage vehicles and used for corporate vehicles
	Materials are recycled including:
466	Electronic devices
233.2	Tonnes of paper and cardboard
0.31	Tonnes of plastic and metal containers
1.9	Tonnes of carpet
88,825	Number of recycled parts used in claims repairs

Responsibility for Financial Statements

The financial statements are the responsibility of management and are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report is consistent with that in the financial statements. The financial statements necessarily include amounts that are based on management's best estimate and judgments which have been reached based on careful assessment of data available through the Corporation's information systems. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements fairly reflect the financial position and results of operations of the Corporation.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by the Internal Audit Department.

The financial statements were approved by the Board of Directors, which has overall responsibility for their contents. The Board of Directors is assisted with this responsibility by its Audit Committee (the "Committee"), which consists primarily of Directors not involved in the daily operations of the Corporation.

The general responsibilities of the Committee are categorized into the following: review of financial reporting, review of internal controls and processes, review of actuarial functions, monitoring of corporate integrity, compliance with authorities and review of performance reporting. The Committee's role is that of oversight in these areas in order to ensure management processes are in place and functioning so as to identify and minimize risks to the business operations.

In carrying out the above responsibilities, this Committee meets regularly with management, and with both the Corporation's external and internal auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Committee is readily accessible to the external and internal auditors.

The Committee is responsible for the review of the actuarial function. As well, the Committee recommends, for approval, the appointment of the external actuary and his fee arrangements to the Board of Directors. The actuary is responsible for ensuring that the assumptions and methods used in the valuation of policy and claims liabilities are in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. In addition, the actuary provides an opinion regarding the valuation of policy and claims liabilities at the balance sheet date to meet all policyholder obligations of the Corporation. Examination of supporting data for accuracy and completeness of assets and their ability to meet the policy and claims liabilities are important elements in forming the actuary's opinion.

KPMG LLP, the Corporation's appointed external auditors, have audited the financial statements. Their Auditors' Report is included herein. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position of the Corporation in accordance with Canadian generally accepted accounting principles.

M. J. McLaren
President and Chief Executive Officer

D. D. Palmer
Vice-President,
Finance and Chief Financial Officer

May 2, 2011

Independent Auditors' Report

To the Board of Directors of Manitoba Public Insurance Corporation:

We have audited the accompanying financial statements of Manitoba Public Insurance Corporation, which comprise the balance sheet as at February 28, 2011, the statements of operations, retained earnings, comprehensive income, accumulated other comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Public Insurance Corporation as at February 28, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Winnipeg, Canada
May 2, 2011

Actuary's Report

To the Board of Directors of Manitoba Public Insurance Corporation:

I have valued the policy liabilities of Manitoba Public Insurance Corporation for its balance sheet at February 28, 2011 and their change in the statement of operations for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly present the results of the valuation.

Jim Christie

James K. Christie
Fellow, Canadian Institute of Actuaries
Winnipeg, Manitoba
May 2, 2011

Financial Statements

Statement of Operations

Years ended February 28		2011		2010
Revenue		(in thousands of dollars)		
Premiums written	**$**	**929,724**	$	906,229
Premiums earned (Note 11)	**$**	**918,905**	$	895,811
Service fees and other revenue (Note 21)		**16,907**		18,475
The Drivers and Vehicles Act operations recovery (Note 22)		**20,995**		20,995
Total earned revenues		**956,807**		935,281
Claims Costs				
Claims incurred (Note 11)				
Current year		**686,221**		653,278
Prior years (Note 10)		**(267,810)**		(39,080)
		418,411		614,198
Claims expense		**110,857**		97,448
Loss prevention/Road safety		**18,052**		24,868
		547,320		736,514
Expenses				
Commissions		**78,510**		72,382
Operating		**109,904**		104,363
Premium taxes		**18,329**		27,365
Regulatory/Appeal		**4,109**		3,995
		210,852		208,105
Total claims and expenses		**758,172**		944,619
Underwriting income (loss)		**198,635**		(9,338)
Investment income (Note 14)		**100,742**		96,282
Net income from annual operations (Note 17)		**299,377**		86,944
Surplus distribution (Note 18)		**(321,678)**		–
Net income (loss) after surplus distribution	**$**	**(22,301)**	$	86,944

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

Balance Sheet

February 28	2011	2010
Assets	(in thousands of dollars)	
Cash and investments (Note 4)	**$ 2,403,859**	$ 2,206,451
Due from other insurance companies	**11,971**	10,656
Accounts receivable	**292,035**	289,711
Prepaid expenses	**949**	981
Deferred policy acquisition costs	**46,950**	43,143
Reinsurers' share of unearned premiums	**9,760**	11,853
Reinsurers' share of unpaid claims (Note 10)	**42,407**	59,489
Property and equipment (Note 7)	**145,867**	134,649
Deferred development costs (Note 8)	**38,232**	34,618
	$ 2,992,030	$ 2,791,551
Liabilities		
Due to other insurance companies	**$ 13,386**	$ 23,386
Accounts payable and accrued liabilities	**361,579**	49,482
Capital lease obligation (Note 12)	**4,586**	–
Unearned premiums	**460,587**	449,554
Provision for employee current benefits	**16,007**	15,666
Provision for employee future benefits (Note 9)	**257,812**	226,834
Provision for unpaid claims (Notes 10 and 16)	**1,441,145**	1,628,528
	2,555,102	2,393,450
Retained Earnings		
Basic Insurance Retained Earnings		
Rate Stabilization Reserve (Note 6)	**127,880**	154,000
Retained Earnings	**–**	70,709
Information Technology Optimization Fund (Note 24)	**65,000**	–
	192,880	224,709
Competitive Lines Retained Earnings		
Retained Earnings	**99,969**	85,389
Extension Development Fund (Note 25)	**43,227**	48,279
	143,196	133,668
	336,076	358,377
Accumulated Other Comprehensive Income (Note 15)	**100,852**	39,724
	$ 2,992,030	$ 2,791,551

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

Approved by the Board of Directors:

Jake Janzen
Chairperson

Kerry Bittner
Vice-Chairperson

Statement of Retained Earnings

Years ended February 28	2011	2010
Basic Insurance	(in thousands of dollars)	
Rate Stabilization Reserve		
Balance beginning of year	**$ 154,000**	$ 134,915
Transfer from (to) Retained Earnings	**(26,120)**	19,085
Balance end of year	**127,880**	154,000
Retained Earnings		
Balance beginning of year	**70,709**	–
Net income (loss) from annual operations after surplus distribution (Notes 17 and 18)	**(31,829)**	87,773
Transfer from (to) Rate Stabilization Reserve	**26,120**	(19,085)
Transfer from Immobilizer Incentive Fund	**–**	2,021
Transfer to Information Technology Optimization Fund	**(65,000)**	–
Balance end of year	**–**	70,709
Immobilizer Incentive Fund		
Balance beginning of year	**–**	2,021
Transfer to Rate Stabilization Reserve	**–**	(2,021)
Balance end of year (Note 23)	**–**	–
Information Technology Optimization Fund		
Balance beginning of year	**–**	–
Transfer from Retained Earnings	**65,000**	–
Balance end of year (Note 24)	**65,000**	–
Balance Basic Insurance Retained Earnings end of year	**192,880**	224,709
Competitive Lines		
Retained Earnings		
Balance beginning of year	**85,389**	92,918
Net income (loss) from annual operations (Note 17)	**9,528**	(829)
Net transfer to Extension Development Fund	**5,052**	(6,700)
Balance end of year	**99,969**	85,389
Extension Development Fund		
Balance beginning of year	**48,279**	41,579
Net transfer from Retained Earnings	**(5,052)**	6,700
Balance end of year (Note 25)	**43,227**	48,279
Balance Competitive Lines Retained Earnings end of year	**143,196**	133,668
Balance Retained Earnings end of year	**$ 336,076**	$ 358,377

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

Statement of Comprehensive Income

Years ended February 28		2011		2010
		(in thousands of dollars)		
Net income (loss) after surplus distribution	**$**	**(22,301)**	$	86,944
Other Comprehensive Income				
Unrealized gains on Available for Sale assets		**84,613**		155,344
Reclassification of net realized (gains) losses related to Available for Sale assets		**(23,485)**		2,339
Other Comprehensive Income for the year		**61,128**		157,683
Total Comprehensive Income	**$**	**38,827**	$	244,627

Statement of Accumulated Other Comprehensive Income (Loss)

Years ended February 28		2011		2010
		(in thousands of dollars)		
Balance beginning of year	**$**	**39,724**	$	(117,959)
Other Comprehensive Income for the year		**61,128**		157,683
Balance end of year **(Note 15)**	**$**	**100,852**	$	39,724

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

Statement of Cash Flows

Years ended February 28	2011	2010
Cash Flows from (to) Operating Activities:	(in thousands of dollars)	
Net income (loss) after surplus distribution	**$ (22,301)**	$ 86,944
Non-cash items:		
Amortization of property and equipment	**8,196**	7,283
Amortization of deferred development costs	**5,594**	–
Amortization of bond discount and premium	**4,939**	3,744
(Gain) loss on sale of investments	**(32,796)**	(3,598)
Unrealized (gain) loss on Held for Trading bonds	**(3,208)**	(14,575)
Unrealized (gain) loss on real estate	**(3,455)**	–
Write-down of investments	**736**	3,080
	(42,295)	82,878
Net change in non-cash balances:		
Due from other insurance companies	**(1,315)**	(5,930)
Accounts receivable and prepaid expenses	**(2,292)**	(11,730)
Deferred policy acquisition costs	**(3,807)**	(21,823)
Reinsurers' share of unearned premiums and unpaid claims	**19,175**	(22,539)
Due to other insurance companies	**(10,000)**	7,569
Accounts payable and accrued liabilities	**312,097**	9,318
Unearned premiums	**11,033**	7,966
Provision for employee current benefits	**340**	1,151
Provision for employee future benefits	**30,978**	19,691
Provision for unpaid claims	**(187,383)**	67,092
	168,826	50,765
	126,531	133,643
Cash Flows from (to) Investing Activities:		
Purchase of investments	**(1,221,682)**	(1,028,541)
Proceeds from sale of investments	**1,091,854**	834,866
Acquisition of property and equipment net of proceeds from disposals	**(19,414)**	(99,045)
Capital lease obligation	**4,586**	–
Deferred development costs incurred	**(9,208)**	(18,856)
	(153,864)	(311,576)
Increase (Decrease) in Cash and Short-Term Investments	**(27,333)**	(177,933)
Cash and short-term investments beginning of year	**92,889**	270,822
Cash and Short-Term Investments end of year (Note 4)	**$ 65,556**	$ 92,889

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

Notes to Financial Statements

February 28, 2011

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.

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 (Note 16), the operations are reported as part of the Special Risk Extension line of business. The basic universal compulsory automobile insurance line of business is subject to regulation by the Public Utilities Board of Manitoba with respect to insurance rates and service fees (Note 26).

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

2. Basis of Reporting

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 Canadian generally accepted accounting principles.

The external actuary is appointed by the Board of Directors of the Corporation. With respect to preparation of these financial statements, the external actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Corporation's Board of Directors.

The external actuary also uses the work of the external auditors in his verification of the information prepared by the Corporation used in the valuation of the policy liabilities.

The external auditors are appointed by the Lieutenant Governor in Council to conduct an independent and objective audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors also make use of the work of the external actuary and his report on the Corporation's policy liabilities. The external auditors' report outlines the scope of their audit and their opinion.

3. Summary of Significant Accounting Policies

This summary outlines those accounting policies followed by the Corporation that have a significant effect on the financial statements.

Investments

Funds available for investments are managed by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*.

The Corporation's directly held real estate investments are being amortized over their estimated useful life.

Under the provision of CICA 3855 *Financial Instruments – Recognition and Measurement*, the financial assets of Manitoba Public Insurance's investment portfolio are designated as Available for Sale (AFS), Held to Maturity (HTM), or Held for Trading (HFT).

Corporate investments that experience a decline in fair value, which is determined to have been other than temporary, are deemed to be impaired and written down to their expected recoverable amount.

The fair value of financial instruments are obtained from external pricing services and are based on bid prices for financial assets. Short-term investments comprise investments due to mature within 12 months from the date of purchase and are carried at fair value.

The Corporation accounts for the purchase and sale of securities using settlement date accounting.

i) AFS Financial Assets

AFS financial assets are carried at fair value on the Balance Sheet starting on the settlement date and the changes in fair value are recorded in Other Comprehensive Income (OCI) until the asset is disposed of, or has become other than temporarily (OTT) impaired. As long as an AFS asset is held and not OTT impaired, the gains and losses are not recognized in the Statement of Operations. When the asset is disposed of, or has become OTT impaired, the gain or loss is recognized in the Statement of Operations and the amount is deducted from OCI.

The fair value of AFS bonds including federal, provincial, certain municipal, certain hospitals, other provinces and Corporations is estimated based on bid prices of these or similar investments.

Transaction costs related to AFS financial assets are capitalized on initial recognition and, where applicable, are amortized to interest income using the effective interest method.

ii) HTM Financial Assets

HTM financial assets are carried at amortized cost on the Balance Sheet starting on the settlement date.

The fair value of HTM bonds including schools, certain municipal and certain hospitals is based on their carrying value, which approximates market value.

Transaction costs related to financial assets and liabilities classified as HTM are capitalized on initial recognition, when applicable.

iii) HFT Financial Assets

HFT financial assets are carried at fair value on the Balance Sheet starting on the settlement date and the changes in fair value are recorded in the Statement of Operations.

Transaction costs related to HFT financial assets are recognized in the Statement of Operations on initial recognition.

Loans and Receivables

Accounts receivable and due from other insurance companies are designated as loans and receivables and are carried at amortized cost using the effective interest method. These receivables include financing plans for customers using interest rates set at the prime rate of the Corporation's principal banker plus two per cent and updated at each fiscal quarter. The interest rate for a customer remains unchanged throughout the term of the policy.

Cash and Short-Term Investments

Cash and short-term investments are comprised of cash, current operating accounts, provincial short term deposits and funds held in trust on behalf of other insurance companies and are designated as Available for Sale.

Due to Other Insurance Companies

Amounts due to other insurance companies are classified as Other Liabilities.

Accounts Payable and Accrued Liabilities

Amounts for accounts payable and accrued liabilities are classified as Other Liabilities.

Deferred Policy Acquisition Costs

Commissions and premium taxes are deferred and charged to expense over the term of the insurance contract to which such costs relate.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis which will amortize the cost of each asset over its estimated useful life:

Computer equipment . . . . .3 years

Vehicles . . . . .5 years

Furniture and equipment . . . . . .10 years

HVAC systems . . . . .20 years

Land improvements. . . . . .25 years

Roofing systems . . . . .30 years

Elevators/escalators . . . . .30 years

Buildings . . . . .40 years

Buildings held under a long-term lease arrangement are amortized on a straight-line basis over 40 years.

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Amortization of construction in progress will begin, in accordance with the above policy, when construction has been completed.

Deferred Development Costs

The costs of developing major information systems that are expected to provide an economic return to the Corporation and meet the requirements of Section 3064 "*Goodwill and Intangible Assets*" of the CICA Handbook are deferred to future periods. These information system expenditures are stated at cost net of accumulated amortization and are amortized on a straight-line basis over five years.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Employee Benefits

PROVISION FOR EMPLOYEE CURRENT BENEFITS

The provision for employee current benefits includes an accrual for vacation pay determined in accordance with the Collective Agreement.

PROVISION FOR EMPLOYEE FUTURE BENEFITS

Included in the provision for employee future benefits are the pension benefit plan and other benefit plans.

i) Pension Benefit Plan

The employees of the Corporation are members of a defined benefit pension plan administered under *The Civil Service Superannuation Act*. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to market interest rates at the measurement date based on high quality debt instruments, salary changes, withdrawals and mortality rates. Changes in experience gains and losses are recognized in the current period.

ii) Other Benefit Plans

Other benefit plans consist of post-retirement extended health and severance pay benefits.

The provision for post-retirement extended health benefits is actuarially determined on an annual basis using the projected benefit method prorated on services, which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporate policy. The provision for severance pay is actuarially determined on an annual basis using the projected benefit method prorated on services, without salary projection, which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire.

Provision for Unpaid Claims

The provision for unpaid claims represents an estimate for the full amount of all costs, including adjustment expenses, and the projected final settlements of claims incurred to the Balance Sheet date. These provisions take into account the time value of money. These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. To recognize the uncertainty in establishing these estimates and to allow for possible deterioration in experience, actuaries include explicit margins for adverse deviation in their assumptions. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded as incurred claims in the current period.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claims costs. Expected future subrogation recoveries are included in the provision for unpaid claims.

Premium Deficiencies

A premium deficiency exists when estimated future claims and related expenses exceed unearned premiums.

Premium deficiencies are recognized first by writing down the deferred policy acquisition costs with any remainder recognized as a liability.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Service fees and other revenue are allocated to the automobile insurance division lines of business and *The Drivers and Vehicles Act* operations on the following basis:

i) Identifiable direct service fees and other revenue are allocated to each line of business.

ii) Where direct allocation is not possible, service fees and other revenue are prorated to each line of business based mainly on factors such as premiums written ratios, expense allocation ratios and investment income allocation ratios. The formulas developed for the allocation of service fees and other revenue are approved by the Board of Directors.

Investment income is allocated to the automobile insurance division lines of business and the discontinued general insurance division based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business and *The Drivers and Vehicles Act* operations on the following basis:

i) Identifiable direct expenses are charged to each line of business.

ii) Where direct allocation is not possible, expenses are prorated to each line of business based mainly on factors such as space, number of employees, time usage, premiums written ratios and claims incurred ratios. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

Premiums, claims and expenses are reported net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders.

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used in determining the unearned premium liability.

Foreign Currency

Monetary items denominated in foreign currencies are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items in foreign currencies are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

The Corporation uses currency swaps to manage the currency risk on specific foreign exchange denominated assets. Any gains or losses are recorded in the Statement of Operations under the heading "Investment income," on a fair value basis.

Changes in unrealized foreign exchange currency translation amounts for AFS equity investments are recorded in the Statement of Comprehensive Income, and included in accumulated other comprehensive income until recognized in the Statement of Operations.

Basic Insurance Rate Stabilization Reserve

The Basic Insurance Rate Stabilization Reserve relates to basic universal compulsory automobile insurance and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

Immobilizer Incentive Fund

The Immobilizer Incentive Fund was an appropriation from the Basic Insurance Rate Stabilization Reserve. The fund was used to provide financial resources for vehicle owners to install electronic immobilizers and cover the administrative costs of the program. As the Immobilizer Incentive Fund has been completely depleted, program costs incurred are being funded through normal operations.

Information Technology Optimization Fund

The Corporation's Board of Directors authorized the appropriation of $75.0 million from Retained Earnings of the Corporation to fund costs for Information Technology (IT) Optimization projects. These projects will refurbish the Corporation's IT infrastructure to lower the risk of service interruption and to enable future service improvements to the benefit of ratepayers. The project costs will be allocated between Basic and non-Basic lines of business based on the approved cost allocation formulae. The appropriations are $65.0 million from Basic Retained Earnings to the new Information Technology Optimization Fund for Basic-related project costs and $10.0 million from Extension Retained Earnings to the Extension Development Fund to fund non-Basic project costs.

Extension Development Fund

The Extension Development Fund (EDF) is an appropriation from the Competitive Lines Retained Earnings. The EDF was established to defray the costs of projects undertaken to maximize the opportunities presented by the 2004 merger of Manitoba Public Insurance and the Division of Driver and Vehicle Licensing. There was an additional appropriation of $10.0 million in 2010/11 from Extension Retained Earnings to the EDF to fund non-Basic IT optimization project costs. The project costs will be allocated between Basic and non-Basic lines of business based on the approved cost allocation formulae. These projects will refurbish the Corporation's IT infrastructure to lower the risk of service interruption and to enable future service improvements to the benefit of ratepayers.

Retained Earnings

Retained earnings are comprised of the accumulation of net income or losses for the Basic, Extension and Special Risk Extension lines of business.

Comprehensive Income

Comprehensive income consists of net income (loss) after surplus distribution and other comprehensive income. Changes in unrealized gains and losses on financial assets classified as Available for Sale, and changes in unrealized foreign exchange currency translation amounts are recorded in the Statement of Comprehensive Income, and included in accumulated other comprehensive income until recognized in the Statement of Operations. Accumulated other comprehensive income is included on the Balance Sheet as a separate component.

Future Changes in Accounting Policy and Disclosure

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual reporting in fiscal years beginning on or after January 1, 2011. The Corporation will be adopting IFRS reporting requirements for the fiscal year beginning March 1, 2011. This requirement also extends to any comparative financial information included within the reports.

The Corporation is in the process of determining the full impact of the change to IFRS on the financial results.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions 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 from these estimates.

4. Cash and Investments

Cash consists of cash net of cheques issued in excess of amounts on deposit. There is no amount held in trust on behalf of other insurance companies included in cash and short-term investments (2010 – $1,059,000).

Short-term investments have a total principal amount of $59,732,000 (2010 – $94,019,000) comprised of provincial short-term deposits with effective interest rates of 0.85 per cent (2010 – 0.05 per cent), 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. There were no drawdowns against this line of credit at February 28, 2011.

Cash and Investments

(in thousands of dollars)	2011				
	Financial Instruments				
	Classified as Available for Sale	**Classified as Held to Maturity**	**Classified as Held for Trading**	**Non-Financial Instruments**	**Total Carrying Value**
Cash and short-term investments	**$ 65,556**	**$ –**	**$ –**	**$ –**	**$ 65,556**
Bonds					
Federal	**1,584**	**–**	**357,529**	**–**	**359,113**
Manitoba:					
Provincial	**161,635**	**–**	**153,295**	**–**	**314,930**
Municipal	**38,367**	**20,347**	**–**	**–**	**58,714**
Hospitals	**12,497**	**–**	**–**	**–**	**12,497**
Schools	**–**	**458,395**	**–**	**–**	**458,395**
Other provinces:					
Provincial	**82,251**	**–**	**352,136**	**–**	**434,387**
Municipal	**–**	**–**	**36,450**	**–**	**36,450**
Corporations	**18,560**	**–**	**10,368**	**–**	**28,928**
	314,894	**478,742**	**909,778**	**–**	**1,703,414**
Other investments	**7,126**	**–**	**–**	**–**	**7,126**
Equity investments	**526,972**	**–**	**–**	**–**	**526,972**
Real estate	**–**	**–**	**85,799**	**14,992**	**100,791**
	534,098	**–**	**85,799**	**14,992**	**634,889**
	$ 914,548	**$ 478,742**	**$ 995,577**	**$ 14,992**	**$ 2,403,859**

(in thousands of dollars)	2010				
	Financial Instruments				
	Classified as Available for Sale	Classified as Held to Maturity	Classified as Held for Trading	Non-Financial Instruments	Total Carrying Value
Cash and short-term investments	$ 92,889	$ –	$ –	$ –	$ 92,889
Bonds					
Federal	6,741	–	367,448	–	374,189
Manitoba:					
Provincial	255,325	–	88,137	–	343,462
Municipal	50,590	23,598	10,233	–	84,421
Hospitals	12,901	–	–	–	12,901
Schools	–	425,182	–	–	425,182
Other provinces:					
Provincial	131,216	–	276,796	–	408,012
Municipal	–	–	12,461	–	12,461
Corporations	28,589	–	14,389	–	42,978
	485,362	448,780	769,464	–	1,703,606
Other investments	7,650	–	–	–	7,650
Equity investments	387,091	–	–	–	387,091
Real estate	–	–	–	15,215	15,215
	394,741	–	–	15,215	409,956
	$ 972,992	$ 448,780	$ 769,464	$ 15,215	$ 2,206,451

The following table presents the financial instruments measured at fair value, classified by the fair value hierarchy set out in CICA Handbook Section 3862, *Financial Instruments – Disclosures* ("Section 3862"). Section 3862 has expanded disclosure requirements, which require all financial instruments measured at fair value be categorized into one of three levels of the hierarchy. The three levels are based on the transparency of the inputs used to measure the fair values of assets and liabilities as follows:

Level 1 – Unadjusted quoted market prices of identical instruments in active markets;

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The classification in the hierarchy of a financial instrument is based on the lowest level of input that is significant to the measurement of fair value.

Assets measured at fair value	Level 1		Level 2		Level 3	
	Quoted Market Price		Valuation technique – Observable market inputs		Valuation technique – Non-observable market inputs	
(in thousands of dollars)	**2011**	2010	**2011**	2010	**2011**	2010
Held for Trading financial assets						
Bonds	**$ 195,425**	$ 343,400	**$ 714,353**	$ 426,064	**$ –**	$ –
Real Estate	**–**	–	**85,799**	–	**–**	–
Total Held for Trading financial assets	**195,425**	343,400	**800,152**	426,064	**–**	–
Available for Sale financial assets						
Cash and short-term investments	**65,556**	92,889	**–**	–	**–**	–
Bonds	**–**	21,515	**301,540**	450,576	**13,354**	13,271
Other investments	**–**	–	**–**	–	**7,126**	7,650
Equity investments	**526,972**	387,091	**–**	–	**–**	–
Total Available for Sale financial assets	**592,528**	501,495	**301,540**	450,576	**20,480**	20,921
Total assets measured at fair value	**$ 787,953**	$ 844,895	**$1,101,692**	$ 876,640	**$ 20,480**	$ 20,921

Fair value measurement for instruments included in Level 3	Available for Sale bonds		Available for sale other	
(in thousands of dollars)	**2011**	2010	**2011**	2010
Balance, March 1	**$ 13,271**	$ 12,647	**$ 7,650**	$ 7,327
Total gains (losses)				
Included in net income	**–**	–	**(595)**	(991)
Included in other comprehensive income	**83**	624	**1,062**	733
Purchases	**–**	–	**156**	601
Sales	**–**	–	**(1,147)**	(20)
Balance, February 28	**$ 13,354**	$ 13,271	**$ 7,126**	$ 7,650

5. Financial Risk Management

Investments carry certain financial risks including market risk, credit risk and liquidity risk. In accordance with Section 12(1) of *The Manitoba Public Insurance Corporation Act*, the Minister of Finance is responsible for the investments of the Corporation. The Minister has charged the Department of Finance with the operational management of the fund. The Corporation, through the Investment Committee of the Board, and the Department jointly determine appropriate policies and strategies to mitigate risk. The investment objectives and goals of the Corporation are embodied in an Investment Policy document, which sets target asset allocation and portfolio concentration limits as well as defining the credit quality of the counterparties and the percentage of highly liquid investments required to meet cash flow needs.

Market Risk

Market risk is the risk that changes in foreign exchange rates, market interest rates and other changes in market prices will result in fluctuation of the fair value or future cash flows of a financial instrument.

CURRENCY RISK

Currency risk is the risk that changes in foreign exchange rates will result in fluctuation of the fair value or future cash flows of a financial instrument. The Corporation has low exposure to currency risk because the Corporation has limited non-Canadian financial instruments. At February 28, 2011, total U.S. dollar financial instruments had a carry value of $133,290,000 U.S. ($130,450,000 Cdn) which is approximately five per cent of the Corporation's investment portfolio.

The Corporation has entered into a currency swap relating to a Province of Quebec provincial bond denominated in U.S. dollars for $10,000,000. The currency swap provides a fixed 5.76 per cent return in Canadian dollars. The agreement also provides that at predetermined future dates, the Corporation pays a fixed 7.5 per cent rate based on the U.S. $10,000,000 par value of the bond and receives 5.76 per cent return based on a Canadian dollar notional value of $13,350,000. The maturity date of the currency swap and the bond is July 15, 2023.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will result in fluctuation of the fair value or future cash flows of a financial instrument.

The market valuation of the Corporation's fixed income portfolio is directly impacted by fluctuations in interest rates and will have a larger impact on instruments with a long duration.

Bonds	Average Effective Rate – %	
	2011	2010
Federal	**2.34**	2.77
Provincial	**3.32**	3.09
Municipal	**4.14**	4.36
Hospitals	**3.45**	3.48
Schools	**5.67**	5.91
Corporations	**4.93**	4.62

As at February 28, 2011, a 100 basis point change in interest rates would result in a change in the fair value of the Corporation's fixed income portfolio of approximately $82.2 million comprised of a change of $21.1 million in other comprehensive income and $61.1 million in net income.

Fluctuations in interest rates would also have an impact on the Corporation's unpaid claims. The Corporation's duration of its fixed income portfolio approximates the duration of unpaid claims liability and therefore, any change in interest rates related to these investments would have an offsetting impact on the unpaid claims liability.

EQUITY PRICE RISK

The fair value of equity securities held by the Corporation can be affected by changes in market prices, other than currency and interest rate risks, which may be caused by factors specific to the individual financial instrument or factors affecting all similar financial instruments. General economic conditions, political conditions and other factors affect the equity market. As at February 28, 2011, a 10 per cent change in the fair value of the Corporation's equity portfolio would result in a $52.7 million change in other comprehensive income.

As all equities are classified as AFS, all changes in prices are recorded as other comprehensive income and do not directly impact the Statement of Operations until such time as an investment is sold or has become other than temporarily impaired. The Corporation has policies in place to limit and monitor its exposure to individual issuers and classes of issuers of equity securities.

Credit Risk

Credit risk is the potential for the Corporation to incur a financial loss due to the failure of the other party to discharge an obligation. Financial instruments that give rise to potential credit risk for the Corporation include fixed income securities, accounts receivable, reinsurance receivables and structured settlements.

The following table summarizes the Corporation's maximum exposure to credit risk on the Balance Sheet. The maximum credit exposure is the carrying value of the asset net of any allowance for loss.

(in thousands of dollars)	**2011**	2010
Bonds	**$ 1,703,414**	$ 1,703,606
Due from other insurance companies	**11,971**	10,656
Accounts receivable	**292,035**	289,711
Reinsurance receivable	**38,007**	49,289
Maximum credit risk exposure on the balance sheet	**$ 2,045,427**	$ 2,053,262

FIXED INCOME SECURITIES CREDIT RISK

The Corporation mitigates its exposure to credit risk by placing fixed income securities with high-quality institutions with investment grade ratings. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. The following table highlights the fixed income securities by credit quality according to Moody's Investors Service at February 28.

(in thousands of dollars)	**2011**		2010	
	Carrying Value	**Percentage of Portfolio**	Carrying Value	Percentage of Portfolio
Aaa	**$ 438,066**	**25.7%**	$ 421,669	24.7%
Aa	**1,238,750**	**72.7%**	1,244,625	73.1%
A	**25,548**	**1.5%**	24,411	1.4%
Not rated	**1,050**	**0.1%**	12,901	0.8%
Total	**$ 1,703,414**	**100.0%**	$ 1,703,606	100.0%

ACCOUNTS RECEIVABLE CREDIT RISK

The Corporation's accounts receivable are comprised of customers with varying financial conditions as the Corporation is required to provide basic insurance to all vehicle owners and drivers in the Province of Manitoba. All significant past due receivables, including subrogation receivables, are fully provided for due to the uncertainty of collection. The credit risk pertaining to premiums receivable is mitigated as a customer's policy may be cancelled for default of payment.

The following table highlights the Corporation's accounts receivable by major category.

(in thousands of dollars)	**2011**	2010
Policy and time payments	**$ 264,026**	$ 260,983
Accrued interest	**25,601**	26,783
Subrogation and other receivables	**10,895**	12,493
Allowance for doubtful accounts	**(8,487)**	(10,548)
Total	**$ 292,035**	$ 289,711

Details of the allowance for doubtful accounts are as follows:

(in thousands of dollars)	**2011**	2010
Allowance for doubtful accounts, opening balance	**$ 10,548**	$ 12,692
Accounts written off	**(1,653)**	(1,827)
Current period provision	**(408)**	(317)
Allowance for doubtful accounts, closing balance	**$ 8,487**	$ 10,548

REINSURANCE RECEIVABLE CREDIT RISK

The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant losses from reinsurer insolvency. The Corporation holds collateral in regards to unregistered reinsurance in the form of amounts on deposit and letters of credit of $4.4 million (2010 – $10.2 million). Furthermore, a corporate guideline requiring reinsurers to have a minimum credit rating of A- from A.M. Best and BBB+ credit rating from Standard & Poors is in place.

For the 2011 calendar year, nine reinsurers share the Corporation's casualty reinsurance coverage, ranging from 2.5 per cent to 35.0 per cent on any one layer. The reinsurer exposed to 35.0 per cent of the losses is licensed in Canada by the Office of the Superintendent of Financial Institutions and, therefore, subject to minimum capital requirements.

For the 2011 calendar year, 15 reinsurers share the Corporation's catastrophe reinsurance coverage, none holding more than 22 per cent of the reinsurance exposure on any one layer. The 2011 catastrophe reinsurance program is placed on a rolling one-third, three-year term to further mitigate the Corporation's exposure to reinsurer insolvency.

No amount due from reinsurers was considered uncollectible during 2010/11 and no allowance for doubtful accounts has been established as at February 28, 2011.

STRUCTURED SETTLEMENTS CREDIT RISK

The claims settlement processes may involve the use of structured settlements, which are purchased through various financial institutions. As of the balance sheet date, the present value of expected payments totals $138.5 million (2009 – $145.2 million) based on various dates of purchase. The Corporation assumes a financial guarantee to make payments to claimants in the event that financial institutions default on payments under the terms of the structured settlement.

Liquidity Risk

A significant risk of the insurance industry is the ability to match the cash inflows of the investment portfolio with the cash requirements of the policy liabilities and operating expenses. The Corporation has taken the overall historical liability settlement pattern as a basis to define diversification and duration characteristics of the investment portfolio. To meet the cash requirements for claims and operating expenses, the Corporation has policies to ensure that assets and liabilities are broadly matched in terms of their duration.

Cash and cash equivalents are essential components of the Corporation's financial liquidity management. Cash flows are monitored to ensure sufficient resources are available to meet our current operating requirements. Excess funds not needed to meet current operating requirements are invested in long-term instruments to generate additional revenue for future obligations.

Bonds – Maturity Profile

(in thousands of dollars)	2011			
	Within One Year	**One Year to Five Years**	**After Five Years**	**Total Carrying Value**
Federal	**$ –**	**$ 174,452**	**$ 184,661**	**$ 359,113**
Manitoba:				
Provincial	**5,089**	**87,921**	**221,920**	**314,930**
Municipal	**465**	**40,651**	**17,598**	**58,714**
Hospitals	**–**	**–**	**12,497**	**12,497**
Schools	**3,142**	**16,130**	**439,123**	**458,395**
Other provinces:				
Provincial	**55,910**	**135,548**	**242,929**	**434,387**
Municipal	**–**	**5,344**	**31,106**	**36,450**
Corporations	**301**	**–**	**28,627**	**28,928**
	$ 64,907	**$ 460,046**	**$ 1,178,461**	**$ 1,703,414**

(in thousands of dollars)	2010			
	Within One Year	One Year to Five Years	After Five Years	Total Carrying Value
Federal	$ 10,095	$ 91,598	$ 272,496	$ 374,189
Manitoba:				
Provincial	14,648	49,222	279,592	343,462
Municipal	681	38,597	45,143	84,421
Hospitals	–	–	12,901	12,901
Schools	4,393	23,677	397,112	425,182
Other provinces:				
Provincial	7,229	188,760	212,023	408,012
Municipal	–	5,000	7,461	12,461
Corporations	–	5,039	37,939	42,978
	$ 37,046	$ 401,893	$ 1,264,667	$ 1,703,606

6. Capital Management

The Corporation's Board of Directors has approved risk-based capital adequacy target levels by line of business to maintain financial stability. In addition, specific levels of retained earnings have been appropriated to support two major corporate initiatives:

- The Information Technology Optimization Fund, which was established to fund Basic's share of IT optimization project costs. The project costs will be allocated between Basic and the non-Basic lines of business based on the approved cost allocation formulae. See Note 3 for full details of the IT Optimization Fund; and
- The Extension Development Fund, which was established to defray the costs of projects undertaken to maximize the opportunities presented by the 2004 merger of Manitoba Public Insurance and the Division of Driver and Vehicle Licensing. There was an additional appropriation of $10.0 million in 2010/11 from Extension Retained Earnings to the EDF to fund non-Basic IT optimization project costs. The project costs will be allocated between Basic and non-Basic lines of business, based on the approved cost allocation formulae. (See Note 3 for full details of the Extension Development Fund.)

Basic Retained Earnings are comprised of the Rate Stabilization Reserve (RSR), the Information Technology Optimization Fund and Retained Earnings in excess of the RSR. The Corporation's Board of Directors' current target RSR level is $185 million based on the 2009 Basic Insurance Dynamic Capital Adequacy Test (DCAT) report. In his report, the Corporation's internal actuary concluded that a minimum RSR level of $185 million would be required for Basic to achieve a satisfactory future financial condition. An RSR level lower than $185 million would result in a "not satisfactory" opinion because there were plausible adverse scenarios identified where liabilities exceed assets.

The Public Utilities Board of Manitoba, by its Order 161/09, has established the Basic RSR target for rate-setting purposes to be $77 million to $154 million. The target is reflective of 10 per cent to 20 per cent of written premiums.

In 2010/11, the Corporation began separately reporting the RSR, based on the Public Utilities Board target, and excess retained earnings that are available for future rebates. Retained earnings in excess of the Public Utilities Board ordered Basic RSR target will be held in Basic Retained Earnings. For more than a decade, the Corporation, the Public Utilities Board, and other stakeholders have agreed that excess Basic Retained Earnings belongs to policyholders and would be available for future rebates. The new category of Retained Earnings better reflects this reality. The Public Utilities Board has full discretion regarding the amount and timing of rebates. At February 28, 2011, there are no funds in excess of the Basic RSR target.

The Corporation's Board of Directors' current target level for Extension Retained Earnings is $35.0 million based on the 2009 Extension DCAT report. Based on this target the Corporation's internal actuary has concluded that the future financial condition of this line of business is satisfactory.

The Corporation's Board of Directors' current target level of $37.0 million for SRE Retained Earnings is based on the 2009 SRE DCAT report. The Corporation's internal actuary has concluded that, based on this target, the future financial condition of this line of business is satisfactory.

7. Property and Equipment

(in thousands of dollars)	2011			2010
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	$ 16,926	$ –	$ 16,926	$ 12,251
Land improvements	8,631	2,941	5,690	3,827
Buildings	110,274	17,862	92,412	71,999
Capital lease	13,415	307	13,108	–
Elevators/escalators	183	169	14	100
HVAC systems	147	27	120	134
Computer equipment	45,203	42,555	2,648	4,261
Vehicles	6,756	4,484	2,272	1,987
Furniture and equipment	17,993	13,738	4,255	3,851
Leasehold improvements	2,706	723	1,983	2,263
Construction in progress*	6,439	–	6,439	33,976
	$ 228,673	$ 82,806	$ 145,867	$ 134,649

* The Corporation is in the process of building a new Service Centre in Selkirk and restoring the parkade in cityplace.

8. Deferred Development Costs

(in thousands of dollars)	2011	2010
Balance, beginning of year		
Gross carrying amount	$ 67,082	$ 48,225
Accumulated amortization	(32,464)	(32,464)
Net carrying amount	34,618	15,761
Expenditures during the year	9,208	18,857
Amortization expense during the year	(5,594)	–
Balance, end of year		
Gross carrying amount	76,290	67,082
Accumulated amortization	(38,058)	(32,464)
Net carrying amount	$ 38,232	$ 34,618

9. Provision for Employee Future Benefits

The Corporation has a defined benefit pension plan, severance benefit plan and a post-retirement extended health benefit plan available to eligible employees. The defined benefit pension plan is based on years of service and final average salary whereas the severance benefit plan is based on years of service and final salary.

The Corporation uses an actuarial valuation, on an annual basis, to measure the accrued provision for its benefit plans. The most recent actuarial valuation was conducted by an external actuary as at December 31, 2010, with the next scheduled actuarial valuation being December 31, 2011.

The actuarial valuation is based on the Corporation's best estimate of various economic assumptions. With respect to the demographic assumptions, the Corporation relies on and uses the assumptions adopted by the Civil Service Superannuation Board. Results from the most recent actuarial valuations, projected to February 28 and the corresponding economic and demographic assumptions are as follows:

	Pension Benefit Plan		Other Benefit Plans	
	2011	2010	**2011**	2010
Economic assumptions:				
Discount rate	**4.85%**	5.25%	**4.85%**	5.25%
Inflation rate	**2.00%**	2.00%	**–**	–
Expected salary increase	**2.90%**	2.90%	**–**	–
Expected health care cost increase	**–**	–	**6.50%**	7.00%
Demographic assumption:				
Mortality	**UP2020**	UP2015	**UP2020**	UP2015

(in thousands of dollars)	Pension Benefit Plan		Other Benefit Plans	
	2011	2010	**2011**	2010
Balance, beginning of year	**$ 189,113**	$ 171,402	**$ 37,721**	$ 35,741
Current service cost	**9,318**	8,287	**4,824**	4,059
Interest cost	**9,990**	9,133	**764**	724
Benefits paid	**(5,980)**	(4,792)	**(3,537)**	(1,988)
Actuarial valuation deficiency (redundancy)	**16,431**	5,083	**(832)**	(815)
Provision for employee future benefits	**$ 218,872**	$ 189,113	**$ 38,940**	$ 37,721
Employee contribution for the year	**$ 6,387**	$ 6,166	**$ –**	$ –

Plan Assets

The Corporation has not segregated investment assets to fund the benefit plans. Funding occurs as benefits are paid. The Corporation has established a provision against general assets, which is being increased to match the increase in its benefit plan liabilities. The interest cost associated with the various benefit plans is based on market interest rates at the most recent valuation date.

(in thousands of dollars)	Pension Benefit Plan		Other Benefit Plans	
	2011	2010	**2011**	2010
Plan expenses for the year:				
Current service cost	**$ 9,318**	$ 8,287	**$ 4,824**	$ 4,059
Interest cost	**9,990**	9,133	**764**	724
Actuarial valuation deficiency (redundancy)				
Pertaining to interest	**10,352**	3,202	**–**	–
Pertaining to expense	**6,079**	1,881	**(832)**	(815)
	$ 35,739	$ 22,503	**$ 4,756**	$ 3,968

10. 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.

Beginning in 2005, a new reserving method was implemented for older open PIPP claim files. Since the new reserving method was based on theoretical models that had not been empirically tested against Manitoba Public Insurance's own emerging experience, the External Appointed Actuary was reluctant to fully reflect the results of the new method in establishing the reserves.

There are now five years of development observations under this process of reserving for open claims with continuing periodic payments. These observations have shown relative consistency in the periodic claim development patterns since the introduction of the new process in 2005. Therefore, beginning with this review the External Appointed Actuary shifted to relying largely on the post-2005 claim development observations for all insurance years. The result of this change was a decrease in claims reserves of approximately $268 million, or 17 per cent of unpaid claims reserves.

This reduction was offset by the financial impact of benefit enhancements estimated to be $40.0 million on a one-time basis and has been recorded in the provision for unpaid claims.

The provision for unpaid claims, including adjustment expenses, by major claims category includes:

(in thousands of dollars)	**2011**		2010	
	Gross	**Reinsurers' Share**	Gross	Reinsurers' Share
Automobile Insurance Division				
Liability	**$ 1,271,794**	**$ 37,655**	$ 1,481,548	$ 43,314
Physical Damage	**165,944**	**4,752**	143,021	16,175
	1,437,738	**42,407**	1,624,569	59,489
Discontinued Operations				
Personal/Commercial	**3,407**	**–**	3,959	–
	$ 1,441,145	**$ 42,407**	$ 1,628,528	$ 59,489

The provision for unpaid claims is calculated as the present value of expected future payments plus actuarially determined provisions for adverse deviations, and is considered an indicator of fair value, as there is no organized market for the trading of insurance liabilities.

The provision for unpaid claims, including adjustment expenses, is discounted using the following discount rates:

	2011	2010
Benefits	Interest Rate Assumptions	
Pre-PIPP Weekly Indemnity	**2.1% per year**	2.0% per year
PIPP other than death and impairment	**2.1% per year**	2.0% per year
All other coverages	**4.1% per year**	4.0% per year

PIPP – Personal Injury Protection Plan

According to accepted actuarial practice, the discounted reserve includes a provision for adverse deviation of $245.0 million (2010 – $288.7 million) comprised of a claims development component of $137.7 million (2010 – $165.4 million), an interest rate component of $105.5 million (2010 – $121.0 million) and a reinsurance component of $1.8 million (2010 – $2.3 million).

Net claims incurred and adjustment expenses included no losses from catastrophes in the current fiscal year (2010 – $13.3 million). Catastrophes are an inherent risk to the Corporation and may contribute materially to the year-to-year fluctuations in the Corporation's results of operations and financial condition when they occur.

Unpaid claim liabilities are carried at values that reflect their remaining estimated ultimate costs for all accident years.

Changes in the estimate of net unpaid claims, recognized during the fiscal year ended February 28, 2011 for prior years, are as follows:

(in thousands of dollars)	Accident Years				
	2010	2009	2008	2007 and Prior	Total
Net unpaid claims (valuation estimate as at February 28, 2010)	$ 303,391	$ 147,489	$ 139,970	$ 978,138	
Net payments for the year	126,909	25,686	10,344	51,816	
	176,482	121,803	129,626	926,322	
Net unpaid claims (revised valuation estimate as at February 28, 2011)	139,934	106,243	97,562	742,684	
(Redundancy) deficiency	$ (36,548)	$ (15,560)	$ (32,064)	$ (183,638)	$ (267,810)
Prior years (redundancy) deficiency		$ (26,746)	$ 1,983	$ (14,317)	$ (39,080)

Changes in the estimate of net unpaid claims for discontinued operations recognized during the fiscal year ended February 28, 2011 are a decrease of $0.4 million (2010 – decrease of $0.3 million). All of the net unpaid claims relate to loss dates prior to October 1, 1990.

11. Reinsurance

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at February 28, 2011, these reinsurance agreements limit the Corporation's exposure on a casualty basis to a maximum amount of $5.0 million (2010 – $5.0 million) on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $16.7 million (2010 – $15.9 million). These arrangements protect the Corporation against losses up to $266.7 million (2010 – $266.7 million).

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

The figures shown in the Statement of Operations are net of the following amounts relating to reinsurance ceded to other companies:

(in thousands of dollars)	**2011**	2010
Premiums earned	**$ 13,747**	$ 16,370
Claims incurred	**$ 3,417**	$ 33,480

12. Capital Lease Obligation

On March 29, 2010 a new Service Centre built on land in Winnipeg at 1284 Main Street became operational. The Service Centre and land are owned by a third-party and are leased to the Corporation. The provisions of the lease include an initial term of 25 years and, at the Corporation's option, three further terms of five years each. In accordance with CICA Handbook Section 3065 *Leases*, the land portion has been recorded as an operating lease and the building portion as a capital lease. A capital lease exists when essentially all of the benefits and risks incident to ownership of the property have been transferred to the lessee. The details of the capital lease are as follows:

Property and Equipment

(in thousands of dollars)	
Cost of the building	$ 13,415
Less: Accumulated amortization	(307)
Net carrying value	$ 13,108

The building is being amortized on a straight-line basis over 40 years, the same period over which buildings owned by the Corporation are being amortized. Amortization expense of $307,000 has been recorded for the year ended February 28, 2011.

Capital Lease Obligation

Interest rate	7.12%
Interest expense for the year ended February 28, 2011 (in thousands of dollars)	$ 301
Maturity date	February 28, 2035
Amount outstanding at February 28, 2011 (in thousands of dollars)	$ 4,586

Minimum lease payments under the capital lease for each of the next five years and thereafter are presented in Note 13 – Commitments.

13. Commitments

The Corporation is committed to make minimum annual lease payments for land, buildings and equipment. The minimum annual lease payments required are approximately as follows:

(in thousands of dollars)		
Fiscal Year	Minimum Lease Payments	
2012	$	1,425
2013	$	1,265
2014	$	1,041
2015	$	760
2016	$	780
thereafter	$	11,277

The Corporation has committed $3.9 million for the construction of a new Service Centre in Selkirk and the restoration of the parkade in cityplace.

14. Investment Income

(in thousands of dollars)		**2011**		2010
Interest from bonds	**$**	**53,761**	$	62,561
Gain (loss) on sale of Available for Sale bonds		**6,241**		14,080
Gain (loss) on sale of Held for Trading bonds		**8,581**		2,862
Unrealized gain (loss) on Held for Trading bonds		**3,208**		14,575
Unrealized gain (loss) on real estate investments		**3,455**		–
Dividends from equities		**10,191**		9,580
Gain (loss) on sale of equities		**18,352**		(13,344)
Gain (loss) on foreign exchange		**81**		11,093
Income from real estate investments		**731**		670
Write-down of investments		**(736)**		(3,080)
Investment management fees		**(3,123)**		(2,715)
Total	**$**	**100,742**	$	96,282

Income from real estate investments consists of gross income of $2,020,000 (2010 – $1,618,000) and expenses of $1,289,000 (2010 – $948,000).

Investment income is net of investment management fees paid to the Department of Finance in the amount of $3.1 million (2010 – $2.7 million). This includes $1.8 million (2010 – $1.5 million) of fees the Province paid to outside managers on the Corporation's behalf.

15. Accumulated Other Comprehensive Income (Loss)

Accumulated Other Comprehensive Income (Loss) (AOCI) reflects the net unrealized gain or loss on financial assets classified as Available for Sale. Changes in AOCI by type of asset are presented below:

(in thousands of dollars)	AOCI at February 28, 2010	Unrealized Gains (Losses) in 2010/11	Realized (Gains) Losses transferred to Net Income in 2010/11	AOCI at February 28, 2011
Canadian Equities	$ 13,320	$ 72,742	$ (14,289)	$ 71,773
U.S. Equities	1,493	12,019	(3,544)	9,968
Bonds and Other	24,911	(148)	(5,652)	19,111
	$ 39,724	$ 84,613	$ (23,485)	$ 100,852

16. Discontinued General Insurance Operations

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987, and personal and commercial insurance policies effective October 1, 1990.

As of February 28, 2001, the Corporation accepted a third-party offer to purchase the reinsurance assumed business from the Corporation. Under the terms of the agreement, the Corporation transferred and assigned to the third party the title, interest and all of the obligations resulting from the un-commuted reinsurance assumed treaties written by the Corporation for the period July 1, 1975 to November 18, 1987, including retrocessional treaties. The obligations include all known or unknown liabilities. The primary liability to the treaty holders remains with the Corporation in the event of the third party's insolvency.

Claims costs and expenses on personal and commercial policies will be incurred until all claims on existing policies are settled.

Discontinued operations resulted in net income of $0.6 million (2010 – $0.5 million) which is reported as part of the Special Risk Extension line of business (Note 17). Included in the provision for unpaid claims is $3.4 million (2010 – $4.0 million) relating to discontinued operations.

17. Net Income (Loss) from Annual Operations

The lines of business reported net income (loss) from annual operations as follows:

(in thousands of dollars)	**2011**	2010
Basic insurance	**$ 289,849**	$ 87,773
Extension insurance	**(1,278)**	(144)
Special Risk Extension	**10,806**	(685)
	9,528	(829)
Net income (loss) from annual operations	**299,377**	86,944
Surplus distribution	**(321,678)**	–
Net income (loss) after surplus distribution	**$ (22,301)**	$ 86,944

18. Surplus Distribution

As outlined in the Public Utilities Board ruling on December 4, 2009 on the Corporation's 2010/11 Basic Insurance rate application, there was no surplus distribution.

On December 8, 2010 the Public Utilities Board released its ruling on the Corporation's 2011/12 Basic Insurance rate application and ordered a surplus distribution of 10 per cent of the basic motor vehicle premiums written based on 2009/10 rates, conditional to the receipt of additional financial information. The conditional rebate was estimated to be $71,484,000.

On March 30, 2011, the Public Utilities Board held a special one-day hearing to determine the amount of the surplus distribution that had conditionally been ordered to be 10 per cent of the basic motor vehicle premiums written based on 2009/10 rates in the Public Utilities Board Order 122/10. On March 31, 2011, the Public Utilities Board ruled, in Order 43/11, that the surplus distribution be increased to 45 per cent of the basic motor vehicle premiums written based on 2009/10 rates which is estimated to result in an increase to the surplus distribution from $71,484,000 to $321,678,000. The increase was attributed to the release of unpaid claims reserves (Note 10). The surplus distribution was recorded in the fourth quarter of fiscal year 2010/11.

19. Fair Value Disclosure

The fair value of financial assets and liabilities, not otherwise disclosed in these financial statements, approximates their carrying value due to their short term to maturity.

20. External Auditor and External Actuary Costs

The Basis of Reporting note (Note 2) provides information on the appointment of the external auditor and external actuary. In the normal course of business, and in addition to the annual attest audit of the Corporation's financial statements and valuation of policy liabilities, the external auditor and external actuary provided advisory services to the Corporation.

Costs incurred for services rendered are:

(in thousands of dollars)		**2011**		2010
KPMG LLP				
Audit fees	**$**	**204**	$	209
Regulatory related fees		**72**		–
Advisory fees		**–**		41
Total	**$**	**276**	$	250
Ernst & Young LLP				
Valuation of policy liabilities fees	**$**	**136**	$	104
Actuarial advisory fees		**3**		23
Total	**$**	**139**	$	127

21. Service Fees and Other Revenue

(in thousands of dollars)		2011		2010
Transaction fees	$	**6,803**	$	6,547
Time payment fees		**2,453**		2,319
Time payment interest		**10,096**		12,289
Late payment fees		**1,030**		1,091
Dishonoured payment fees		**697**		655
Identification Card/Enhanced Identification Card fees		**290**		350
Net rental income		**2,373**		2,040
Other miscellaneous revenue		**1,400**		1,129
Credit card and other service charges		**(8,235)**		(7,945)
Total	$	**16,907**	$	18,475

Net rental income includes gross rental income of $8,885,000 (2010 – $7,086,000) and gross rental expenses of $6,512,000 (2010 – $5,046,000).

22. The Drivers and Vehicles Act Operations Recovery

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

The Province of Manitoba provides funding to the Corporation in the amount of $21.0 million annually, into perpetuity, payable in equal monthly instalments of $1.75 million to defray the cost borne by the Corporation for the DVA operations. Beginning April 1, 2011 the government will increase its payments to the Corporation to $28.0 million per year.

The Corporation, on behalf of the Province of Manitoba, collects and transfers motor vehicle registration fees and driver licensing fees to the Province of Manitoba.

Fees collected on behalf of and transferred to the Province of Manitoba include:

(in thousands of dollars)		2011		2010
Vehicle registration fees	$	**130,845**	$	127,151
Driver licensing fees		**20,990**		20,225
Total	$	**151,835**	$	147,376

23. Immobilizer Incentive Fund

Activity in the Immobilizer Incentive Fund includes:

(in thousands of dollars)		2011		2010
Balance, beginning of year	$	**–**	$	2,021
Less: Funds transferred to Basic Insurance Retained Earnings to offset program costs		**–**		(2,021)
Balance, end of year	$	**–**	$	–

The Immobilizer Incentive Fund was established during the 2005/2006 fiscal year by appropriating $40.0 million from the Basic Insurance Retained Earnings to fund the Immobilizer Incentive Program. An additional $10.0 million was transferred to the Immobilizer Incentive Fund during 2006/2007 to expand the No Cost Immobilizer Program to all Manitobans owning Most-at-Risk vehicles.

Program costs incurred are included in the “Net income (loss) from annual operations after surplus distribution” for the Basic Insurance line of business, which is reported in the Statement of Retained Earnings.

Funds were transferred from the Immobilizer Incentive Fund to the Basic Insurance Retained Earnings to offset the program costs incurred. As the Immobilizer Incentive Fund has been completely depleted, programs costs incurred are being funded through normal operations.

24. Information Technology Optimization Fund

Activity in the Information Technology Optimization Fund includes:

(in thousands of dollars)		**2011**		2010
Balance, beginning of year	**$**	**–**	$	–
Transfer from Basic Insurance Retained Earnings		**65,000**		–
Less: Funds transferred to Basic Insurance Retained Earnings to offset program costs		**–**		–
Balance, end of year	**$**	**65,000**	$	–

See Note 3 for full details of the IT Optimization Fund.

25. Extension Development Fund

Activity in the Extension Development Fund includes:

(in thousands of dollars)		**2011**		2010
Balance, beginning of year	**$**	**48,279**	$	41,579
Transfer from Competitive Lines Retained Earnings		**10,000**		20,917
Transfer to Competitive Lines Retained Earnings		**(15,052)**		(14,217)
Balance, end of year	**$**	**43,227**	$	48,279

See Note 3 for full details of the Extension Development Fund.

26. Rate Regulation

The Corporation's basic universal compulsory automobile insurance line of business (Basic Insurance) rates are approved by the Public Utilities Board of Manitoba. Under the provisions of *The Crown Corporations Public Review and Accountability Act*, the Public Utilities Board has the authority to review and approve Basic Insurance rates, premiums and service fees charged with respect to compulsory driver and vehicle insurance provided by the Corporation. No new rates or fees for services can be introduced without the approval of the Public Utilities Board.

Annually the Corporation prepares its Basic Insurance general rate application and files it with the Public Utilities Board in the month of June for implementation the following fiscal year commencing on March 1. The general rate application includes the prospective rate requirements based on historical and forecasted financial and other information as well as the application of actuarial, accounting and statistical principles and practices.

The Corporation is required to pay a portion of the Public Utilities Board's operating costs relating to the Corporation's share of the overall Public Utilities Board budget. In addition, the Public Utilities Board can also order the Corporation to reimburse other proceeding participants for specified costs such as their time, legal and expert witness fees.

27. Subsequent Events

On March 1, 2011, the Corporation sold a surplus property for $3.8 million, resulting in a gain of $3.1 million.

28. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year financial statement presentation.

Manitoba Public Insurance Locations

Administrative Offices

Brandon
731-1st Street
R7A 6C3
Head office and Special Risk Extension

Winnipeg
Box 6300
R3C 4A4

Customer Service

Winnipeg
Tel: 985-7000

Outside Winnipeg
(Toll-free)
Tel: 1-800-665-2410

Deaf Access TTY/TDD
Tel: 985-8832

Out-of-Province Claims
Tel: 1-800-661-6051

Service Locations

WINNIPEG

Service Centres

1284 Main Street
R2W 3T3

1103 Pacific Avenue
R3E 1G7

930 St. Mary's Road
R2M 4A8

420 Pembina Highway
R3L 2E9

125 King Edward Street East
R3H 0V9

15 Barnes Street
R3T 2H9

40 Lexington Park
R2G 4J1

cityplace Service Centre
Main Floor
234 Donald Street
R3C 4A4

ID Verification and Data Integrity
Box 6300
R3C 4A4

Rehabilitation Management Centre
Box 6300
R3C 4A4
Tel: 985-7200

Serious and Long Term Case Management Centre
Box 6300
R3C 4A4
Tel: 985-7200

Bodily Injury Centre
Box 6300
R3C 4A4
Tel: 985-7200

Physical Damage Centre
1981 Plessis Road
Box 45064
Regent Postal Outlet
R2C 5C7
Tel: 985-7771

Holding Compound/Receiving
Tel: 985-7766

Salvage
Tel: 985-7844

Commercial Claims
Tel: 985-7877

ARBORG

Service Centre
323 Sunset Boulevard
Box 418
R0C 0A0

BEAUSEJOUR

Service Centre
848 Park Avenue
Box 100A
R0E 0C0

BRANDON

Service Centre
731-1st Street
R7A 6C3
Includes:
Enhanced ID Centre

DAUPHIN

Service Centre
217 Industrial Road
Box 3000
R7N 2V5

FLIN FLON

Claim Centre
8 Timber Lane
Box 250
R8A 1M9

PORTAGE LA PRAIRIE

Claim Centre
2007 Saskatchewan Avenue West
Box 1150
R1N 3J9

Driver and Vehicle Licensing Centre
Provincial Building
25 Tupper Street North
R1N 3K1

SELKIRK

Service Centre
1008 Manitoba Avenue
R1A 2C2

STEINBACH

Claim Centre
91 North Front Drive
Box 2139
R5G 1N7

Steinbach Service Centre
Clearspring Mall 2
PTH 12
R5G 1T7
Includes:
Injury Claim Services
Enhanced ID Centre

SWAN RIVER

Claim Centre
125-4th Avenue North
Box 1959
R0L 1Z0

THE PAS

Claim Centre
424 Fischer Avenue
Box 9100
R9A 1R5
Includes:
Driver and Vehicle Licensing

THOMPSON

Service Centre
53 Commercial Place
Box 760
R8N 1N5
Includes:
Driver and Vehicle Licensing
Enhanced ID Centre

WINKLER

Service Centre
355 Boundary Trail
Box 1990
R6W 4B7
Includes:
Driver and Vehicle Licensing
Enhanced ID Centre

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Public Insurance

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